ROBINSONS LAND

ANNUAL REPORT
2009

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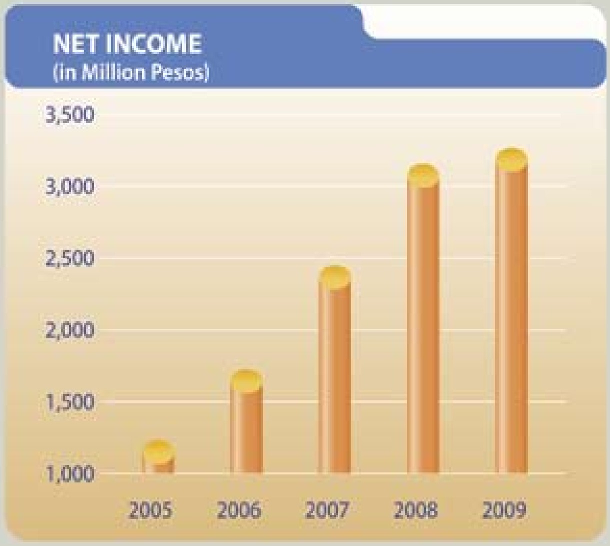
FINANCIAL HIGHLIGHTS

	2009	2008	2007	2006	2005
FOR THE FISCAL YEARS ENDED SEPTEMBER 30					
(in Million Pesos)					
Gross Revenues	**10,733.51**	11,182.05	8,888.58	6,883.45	5,373.77
Cost and Expenses	**6,453.41**	7,418.66	5,472.89	4,459.53	3,771.29
Income Before Income Tax	**4,280.10**	3,763.39	3,415.69	2,423.92	1,602.48
Net Income	**3,266.24**	3,152.74	2,447.04	1,725.00	1,231.90
FOR THE FISCAL YEARS ENDED SEPTEMBER 30					
(in Million Pesos)					
Total Assets	**51,479.31**	40,310.56	36,785.78	28,611.77	23,218.98
Total Liabilities	**25,912.83**	17,323.59	15,495.68	13,986.01	9,583.20
Minority Interest	**119.86**	118.08	115.38	109.68	103.65
Stockholders' Equity	**25,566.48**	22,986.97	21,290.10	14,625.76	13,635.78



James L. Go
Chairman and CEO

Lance Y. Gokongwei
Director, Vice Chairman and Deputy CEO

Dear Shareholders:

We are pleased to report that your company, **Robinsons Land Corp. (RLC)** *reported commendable results in what was both a challenging and rewarding fiscal year ended September 2009. The Philippine financial community felt to a lesser degree the after effects of the global financial crises, while on a positive note, the local real estate industry was virtually spared from the global property decline. There were noticeable slowdowns in the BPO sector and OFW remittances inflows, which resulted in lower GDP and GNP growths of 1% and 3%, respectively. The stronger peso and the continued low interest rates environments failed to lift sentiments in the residential sector, which was hobbled by the absence of overseas sales and job insecurity of OFWs.*

RLC's revenues declined slightly by 4% to PhP10.73 billion on lower revenue contribution from our residential and hotel businesses. Our office division posted the highest revenue growth at 26%, mainly due to new rentals in the Cybergate Complex buildings. Our commercial centers division continued its stellar performance with a 14% increase in revenues. The company's continuous efforts towards operating efficiency paid off, with EBIT reporting a commendable 14% growth to PhP4.28 billion. Our EBITDA rose by 12% to PhP5.95 billion from PhP5.32 billion and EBITDA margins improved to 55% from 47% last fiscal year. The improved profitability and the recognition of our gain from interest rate swap transaction of PhP102.99 million pertaining to our PhP2.00 billion bond resulted in the increase in net income. For the period, net profits after tax amounted to PhP3.27 billion, up 4% from the same period last year. Taking out the interest swap gain this year and deferred income tax adjustment in FY2008 of PhP253.10 million, RLC's audited net income would have reported a larger increase of 10%.

Your company's financial position remained solid with stronger cash flows and manageable net gearing. Total assets stood at PhP51.48 billion from last year's PhP40.31 billion, while Stockholder's Equity rose to PhP25.57 billion from last year's PhP22.99 billion. The increase in assets was largely due to two 5-year bond issues by the company totaling PhP10.00 billion. Both issues were several times oversubscribed and were given the highest rating of AAA by Philratings. We finished the year with a net financial debt to equity ratio of 0.24:1. Net book value excluding minority stood at PhP9.26 per share at the period end compared to FY2008's PhP8.33 per share. We continue to take pride in our ROE of 13%, one of the highest in the industry.

Our investment properties contributed 59% to revenues, while our development properties accounted for 41%. This balanced mix ensures that your company has stable and recurring revenues from investment properties and at the same time has the ability to participate in a property upcycle thru its development businesses. The investment business have higher margins and accounted for 68% of net profits before tax.

Reliability of the Investment Properties

RLC's **Commercial Centers Division** performed well on resilient consumer spending. In FY2009, it reported a steady 14% increase in revenues to PhP4.21 billion, substantially due to a 10% increase in rentals of existing malls. We ended with a 30% higher level of net profit before tax at PhP2.05 billion, whereas EBITDA increased by 20% to PhP3.22 billion in the period. We opened five malls located in Pulilan (Bulacan), Tagaytay City, Davao City, Tacloban City, and General Santos City and completed the redevelopment of our mall in Luisita (Tarlac). The new projects increased our total mall count to 26 and our GLA by 9% to 745,000 sqm. Our malls enjoy an enterprise wide average occupancy rate of 93%.

The **Office Buildings Division** reported annual revenues of PhP1.11 billion. This is a 26% growth year on year due mainly to new office space leased out in Robinsons Cybergate Towers 2 and 3. This division accounted for 10% of total company revenues. Net income before tax increased to PhP737.86 million, a growth of 20% over the same period last year, while EBITDA increased by 17% to PhP1.03 billion. We are a leading provider of space to voice based and non-voice based BPOs in the Philippines with about 165,000 square meters of leasable office space in our buildings plus about 50,000 square meters of commercial center space allocated to BPO companies.

The **Hotels Division** booked revenues of PhP1.04 billion, EBITDA of PhP313.26 million and net income before tax of PhP130.49 million for the fiscal year ended 2009. These are declines of 9% in revenues and 14% in EBITDA over last year. Despite the global slowdown, which has adversely affected this segment because of reduced business and holiday travel, we posted respectable occupancy rates of 77% in Holiday Inn Galleria Manila and 72% in Crowne Plaza Galleria Manila. We have just opened the 108- room Summit Ridge Hotel Complex in Tagaytay City. This hotel has a magnificent commanding view of the Taal lake and the Tagaytay ridge.

Brand strength of the Development Properties

The realized sales of our **Residential Condominiums** group contracted by 20% to PhP3.81 billion for the full fiscal year 2009. Revenues were realized from projects such as McKinley Park Residences, East of Galleria, Gateway Garden Heights, Otis 888, Gateway Garden Ridge, and Fifth Avenue Place. Net income before tax increased by 6% to PhP1.18 billion. For the fiscal year, we have launched three projects: the second tower of Sonata Private Residences in the Ortigas Center, the first tower of the Magnolia Residences project, and the first tower of the twin tower Signa Designer Residences in Makati.

For its part, our **Housing and Land Development** business unit posted realized sales of PhP560.43 million, a 20% decline year on year. The division posted a net income before tax of PhP180.51 million, a 30% decrease because of lower construction completion. We have launched seven new and expansion projects in FY2009 including the second phase of Wellington Courtyard in Tagaytay City, Vimana Verde Residences in Pasig City, and Grand Tierra in Capas, Tarlac.

What Lies Ahead

We believe in the resiliency of the Philippines and the future of its economy. We have allocated PhP9.00 billion for our various projects in the coming fiscal year, while being on the lookout for relevant business and property acquisition opportunities in the coming year. With strong confidence in your company's business prospects, your board has approved and authorized management to engage in a PhP1.00 billion buy back program of its shares.

We will continue to focus on growing our **Commercial Centers Division.** For FY2010, we have opened all our planned malls - Dumaguete on November 23, Ilocos Norte on December 3 and Cybergate Cebu on December 9. We now have 29 malls, and the new malls have brought our total portfolio to 1.52 million sqm in Gross Floor Area and 809,000 sqm in Gross Leaseable Area. We are one of the dominant players in the Philippine mall industry and we plan to cement this position by adding 2 to 3 new shopping malls per year and expanding highly successful malls when possible.

Moreover, the passage of Republic Act No. 9856, otherwise known as An Act Providing the Legal Framework for Real Estate Investment Trust (REIT) and for Other Purposes, which was passed into law on February 9, 2010 opens up numerous

Frederick D. Go
Director, President and COO

opportunities for our mall, office, and hotel businesses. The implementing rules of this law will be completed soon and it is our intention to be among the early Philippine property companies to form a REIT and list it in the Philippine Stock Exchange.

Our **Office Buildings Division** will still face challenges in fiscal year 2010 with supply still outstripping demand, tempering office lease rates. We have completed the construction of Robinsons Cybergate Plaza, which will add another 25,000 sqm of leasable area. Cybergate Plaza will be opened in the first half of year 2010. Despite the oversupply situation, serious negotiations are under way with several companies who intend to locate in this building, a testament to our reliability as one of the Philippines' leading provider of BPO space in the country.

Our **Hotels Division** will similarly face a difficult year with global tourism not expected to recover. We are in the process of constructing our value hotel chain, the GO Hotels, with its pilot site in Robinsons Pioneer Cybergate complex for completion in 2Q 2010. This hotel will be a good strategic fit to our affiliate Cebu Pacific Airlines, the Philippines' leading domestic carrier. The GO Hotels will be the third brand group in our hotels division, in addition to our internationally managed and Summit brands.

Our condominium and housing groups will be consolidated under the **Residential Division** and categorized into four brands - Robinsons Luxuria, Robinsons Residences, Robinsons Communities and Robinsons Homes. The projects under the different brands differ in terms of target market, location, type of development and price range. The organizations created after the brand segmentation will allow clear differentiation among markets, which should result in improved sales and customer satisfaction. We plan to launch at least 6 new and expansion projects under the various brands in FY2010, with focus on Robinsons Communities, which we believe to have the most growth potential. In FY2009, the residential division has about PhP9.30 billion in unrealized revenues and reservations, mostly to be realized in the next three years. We greatly rely on domestic sales, which remain relatively satisfactory given the global property slump.

Appreciation

We would like to extend our sincerest appreciation to our Shareholders and our Board of Directors for your continuing trust. Our gratitude goes to our customers and business partners for your unwavering faith in RLC. We also acknowledge the efforts of our employees, whose dedication and diligence allowed us to achieve our goals.

The Philippine economy and real estate industry still face many challenges. With your support, your management is confident that we can hurdle these challenges and surpass our previous achievements.

Thank you very much.

James L. Go
Chairman and CEO

Lance Y. Gokongwei
Director, Vice Chairman and Deputy CEO

Frederick D. Go
Director, President and COO

Commercial Centers Division

Robinsons Place GenSan

26 malls

93% occupancy

985,000 foot traffic per day

4,312 tenants

27,968 cinema seating capacity

Robinsons Cybergate Davao

Robinsons Movieworld

Summit Ridge Promenade

The Commercial Centers Division is committed to enhancing the overall experience of its mall visitors. From improving the shopping and dining experience to creating friendlier washroom facilities, Robinsons Malls continues to find ways of making its customers happy. Fiscal Year 2009 witnessed the opening of 5 new malls: Robinsons Place Pulilan, Summit Ridge Promenade Tagaytay, Robinsons Cybergate Davao, Robinsons Place Tacloban, and Robinsons Place General Santos, and the completion of the first phase of the redevelopment of Robinsons Luisita.

Its flagship mall, Robinsons Place Manila, continues to lead the retail scene in Manila City. To maintain consistency with the modern look and green ambience of the new Midtown wing, the original building of Robinsons Place Manila is undergoing a major redevelopment, starting with the relocation of its major tenants, Robinsons Department Store and Robinsons Supermarket. Redevelopment work for the second phase of the same project will be completed this year.

Capitalizing on the success of its specialty zones, the Division expanded and replicated the most innovative concepts to its other malls. Doing business in a highly competitive environment has made the Division focus marketing efforts toward creating more value for shoppers and merchants.

The Division will continue to expand its reach in Metro Manila and in the regions. The group's business development team has been strengthened to intensify site search and selection throughout the country. As of September 2009, there were 26 operating Robinsons Malls while an additional 3 opened in the first quarter of FY 2010.

Robinsons Luisita

Residential Division

Signa Designer Residences

Sonata Private Residences

6 residential buildings

1,248 units

4 locations

Robinsons Luxuria

Only the most prestigious and premium projects of RLC are classified under the Robinsons Luxuria Brand. The projects under this brand would have a combination of excellent locations, upscale finishes, designer architects, and special amenities or distinctive features.

The Magnolia Residences

18 residential buildings

7,471 units

13 locations

Vimana Verde Residences

Robinsons Residences

This is the brand most identified with the traditional residential developments of RLC. These projects offer strategic locations within the main central districts, where anything an active resident would need is within convenient reach. The projects are designed specifically for the urban market, mindful of the appointments, facilities and amenities important to a cosmopolitan lifestyle.

Residential Division

Woodsville Viverde Mansions

The Wellington Courtyard

Robinsons Communities

A new business unit created to cater to families who want to live a peaceful and suburban lifestyle in comprehensive, well master-planned communities. The projects are designed with large open spaces, complete with playgrounds, gardens, and clubhouse facilities for those who value family recreational amenities.

21 residential buildings

2,663 units

9 locations

Robinsons Homes Design Collections

Fernwood Parkhomes

Montclaire Highlands

33 residential projects

22,591 units

27 locations

Robinsons Homes

The business brand widely recognized all over the provinces. Its mission is to provide quality homes and residential subdivisions at affordable prices. The projects are master-planned by experienced professionals, and usually built in phases to maximize value creation for the Company and the residents. The business unit continues to build its brand nationwide, especially focusing in localities where it already has a strong presence.

Office Buildings Division

Robinsons Cybergate Complex

Robinsons Cybergate Plaza

The Office Buildings Division is a leading provider of office space to Business Process Outsourcing and non-BPO companies in the country. Its building projects feature premier locations, widest geographic spread, and world-class facilities and infrastructure. These buildings were designed by seasoned professionals offering locations with large floor plates and contiguous spaces with widely spaced columns. High-speed telecommunication and broadband data lines are made available through major service providers.

The Division has a pipeline of premier buildings in the main business districts of Metro Manila and major urban centers outside Metro Manila. RLC also has a growing portfolio of BPO spaces integrated into its Commercial Centers located in different regional centers in the country.

At the end of Fiscal Year 2009, the Office Buildings Division has 6 buildings in the top business districts, with one to be completed in 2010.

Robinsons Summit Center

74 lessees

BPO spaces in
10
locations nationwide

6 office buildings

Hotels Division

Summit Ridge Hotel

4 hotels

3,375 ballroom capacity

866 guestrooms

RLC's Hotels Division owns and operates four hotels – IHG-managed Crowne Plaza Galleria and Holiday Inn Galleria in the Ortigas Business District, as well as RLC-managed Cebu Midtown Hotel in Cebu City and the newly opened Summit Ridge Hotel complex in Tagaytay City. The four hotels provide excellent facilities for accommodation and special events with international standards of quality and service.

SUMMIT RIDGE
Hotel • Promenade

Summit Ridge Hotel is located along the main highway of Tagaytay City. The hotel has a total of 108 rooms, consisting of 90 single bedrooms and 18 2-bedroom suites with kitchen, dining, and living areas. All rooms are fitted with balconies facing the picturesque Taal Lake and volcano. The hotel has the best view in all of Tagaytay. In addition to its gaining reputation as an excellent tourist spot along the ridge, Summit Ridge Hotel also caters to an active MICE (Meetings, Incentives, Conferences and Exhibition) market with its 500 capacity ballroom and state-of-the-art auditorium called the Summit Learning Center.

GO gohotels.ph

Slated for opening in June 2010 is the 225-room GO Hotel in the Cybergate Complex in Mandaluyong City. This will be the first of the GO branded value hotel chain that will rise in selected mixed-use complexes of RLC. A totally new concept in the hospitality business, GO Hotels will offer the smart traveler value-for-money accommodation. This smart value hotel concept is in line with RLC's commitment to deliver quality and value-for-money products and services to support the discerning Filipino consumer.

BOARD OF DIRECTORS

John Gokongwei, Jr.
Chairman Emeritus

James L. Go
Chairman & CEO

Lance Y. Gokongwei
Director, Vice Chairman & Deputy CEO

Frederick D. Go
Director, President & COO

Robina Y. Gokongwei-Pe
Director

Patrick Henry C. Go
Director

Johnson Robert G. Go, Jr.
Director

Chief Justice
Artemio V. Panganiban* *(Ret.)*
Director

Roberto F. De Ocampo
Director

Emmanuel C. Rojas, Jr.
Director

ROBINSONS LAND
CORPORATION

43/F ROBINSONS EQUITABLE TOWER, ADB AVENUE CORNER POVEDA ROAD, ORTIGAS CENTER, 1605 PASIG CITY, PHILIPPINES
TELEPHONE NO.: (632) 633-7631 • FAX NO.: (632) 395-2608

January 11, 2010

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

The Management of Robinsons Land Corporation and Subsidiaries is responsible for all information and representations contained in the consolidated financial statements as of September 30, 2009 and 2008 and for each of the three years in the period ended September 30, 2009. The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

Sycip, Gorres, Velayo and Co. (SGV), the independent auditors appointed by the stockholders, have examined the consolidated financial statements of the Company and its subsidiaries in accordance with Philippine Financial Reporting Standards and have expressed their opinion on the fairness of presentation upon completion of such examination, in the attached report to the stockholders and the Board of Directors.

Signed under oath by the following:

JAMES L. GO
Chairman and Chief Executive Officer

CONSTANTE T. SANTOS
SVP-Corporate Controller

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PAGE NO. 11
BOOK NO. R-II
SERIES OF: 2010

SUBSCRIBED AND SWORN TO BEFORE ME ON THIS ___ DAY OF 20__ AT MANILA EXHIBITING JAN 12 2010 HIS/HER RES. CERT. NO. _____ ISSUED ON _____ AT _____

ATTY. DELFIN R. AGCAOILI JR.
NOTARY PUBLIC
PTR NO. 9220238, 01/7/2010 MLA.
IBP NO. 794119, 01/7/2010 MLA.
ROLL NO. 2[illegible]

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines
Phone: (632) 891-0307
Fax: (632) 819-0872
www.sgv.com.ph
BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-1

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Robinsons Land Corporation

We have audited the accompanying consolidated financial statements of Robinsons Land Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2009, 2008 and 2007, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2009, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 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 Robinsons Land Corporation and Subsidiaries as of September 30, 2009, 2008 and 2007, and their financial performance and their cash flows for each of the three years in the period ended September 30, 2009 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-A
Tax Identification No. 160-302-865
PTR No. 2087568, January 4, 2010, Makati City

January 11, 2010

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		
	2009	2008 (As restated)	2007 (As restated)
ASSETS			
Cash and cash equivalents (Notes 7, 18, 29 and 30)	**₱8,925,696,125**	₱519,080,453	₱1,555,623,418
Receivables (Notes 8, 18, 29 and 30)	**4,068,957,866**	4,352,991,997	2,932,643,996
Subdivision land, condominium and residential units for sale (Note 9)	**6,886,878,770**	6,527,089,627	5,831,610,405
Investment properties and other investments (Notes 3 and 10)	**27,493,265,645**	25,760,089,629	23,310,100,504
Property and equipment (Notes 3 and 11)	**2,184,732,779**	1,829,006,323	1,909,825,882
Other assets (Notes 12, 29 and 30)	**1,919,775,837**	1,322,302,757	1,245,974,070
	₱51,479,307,022	₱40,310,560,786	₱36,785,778,275
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses (Notes 13, 18, 27, 29 and 30)	**₱4,937,228,525**	₱5,082,110,853	₱4,081,871,018
Income tax payable	**341,498,823**	268,136,171	180,817,533
Deposits and other liabilities (Notes 14, 18, 29 and 30)	**3,489,064,849**	4,278,019,722	4,868,976,063
Loans payable (Notes 15, 29 and 30)	**15,115,000,000**	6,017,000,000	4,560,000,000
Deferred tax liabilities - net (Note 25)	**2,030,038,648**	1,678,324,516	1,804,017,921
	25,912,830,845	17,323,591,262	15,495,682,535
Equity			
Equity attributable to equity holders of the Parent Company			
Capital stock (Note 17)	**2,746,918,457**	2,746,918,457	2,746,918,457
Additional paid-in capital (Note 17)	**8,181,576,147**	8,181,576,147	8,181,576,147
Retained earnings (Note 16)			
Unappropriated	**4,018,122,230**	8,440,392,907	6,746,220,504
Appropriated	**10,500,000,000**	3,500,000,000	3,500,000,000
	25,446,616,834	22,868,887,511	21,174,715,108
Minority Interest in a Consolidated Subsidiary	**119,859,343**	118,082,013	115,380,632
	25,566,476,177	22,986,969,524	21,290,095,740
	₱51,479,307,022	₱40,310,560,786	₱36,785,778,275

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2009	2008	2007
REVENUE			
Real estate (Notes 18 and 19)	**₱9,462,505,411**	₱9,551,500,240	₱7,071,996,579
Hotel operations (Note 19)	**1,033,231,696**	1,135,820,627	1,106,213,500
Interest income (Note 24)	**237,775,558**	494,732,616	710,366,315
	10,733,512,665	11,182,053,483	8,888,576,394
COSTS AND EXPENSES			
Real estate (Notes 10, 11, 20 and 22)	**4,130,396,012**	5,095,048,762	3,180,439,198
Hotel operations (Notes 10, 11, 20, 22 and 23)	**905,875,298**	947,524,345	922,025,081
General and administrative (Notes 18, 21, 23 and 27)	**1,348,518,484**	1,315,483,830	1,251,391,875
Interest expense (Notes 18 and 24)	**68,624,827**	60,603,120	119,030,864
	6,453,414,621	7,418,660,057	5,472,887,018
INCOME BEFORE INCOME TAX	**4,280,098,044**	3,763,393,426	3,415,689,376
PROVISION FOR INCOME TAX (Note 25)			
Current	**662,147,645**	586,346,265	464,057,510
Deferred	**351,714,132**	24,306,595	504,595,109
	1,013,861,777	610,652,860	968,652,619
NET INCOME	**₱3,266,236,267**	₱3,152,740,566	₱2,447,036,757
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**₱–**	₱–	₱–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱3,266,236,267**	₱3,152,740,566	₱2,447,036,757
Net Income Attributable to:			
Equity holders of Parent Company	**₱3,264,458,937**	₱3,150,039,185	₱2,441,338,382
Minority interest in a Consolidated Subsidiary	**1,777,330**	2,701,381	5,698,375
	₱3,266,236,267	₱3,152,740,566	₱2,447,036,757
Earnings Per Share (Note 26)			
Basic, net income for the year attributable to equity holders of the Parent Company	**₱1.19**	₱1.15	₱0.89
Diluted, net income for the year attributable to equity holders of the Parent Company	**₱1.19**	₱1.15	₱0.89

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company					
	Common Stock (Note 17)	**Additional Paid-in Capital** (Note 17)	**Unappropriated Retained Earnings** (Note 16)	**Appropriated Retained Earnings** (Note 16)	**Attributable to Minority Interest in a Consolidated Subsidiary**	**Total Equity**
As of October 1, 2008	**₱2,746,918,457**	**₱8,181,576,147**	**₱8,440,392,907**	**₱3,500,000,000**	**₱118,082,013**	**₱22,986,969,524**
Additional appropriation during the period	**–**	**–**	**(7,000,000,000)**	**7,000,000,000**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**3,264,458,937**	**–**	**1,777,330**	**3,266,236,267**
Cash dividends	**–**	**–**	**(686,729,614)**	**–**	**–**	**(686,729,614)**
Balances at September 30, 2009	**₱2,746,918,457**	**₱8,181,576,147**	**₱4,018,122,230**	**₱10,500,000,000**	**₱119,859,343**	**₱25,566,476,177**
As of October 1, 2007	₱2,746,918,457	₱8,181,576,147	₱6,746,220,504	₱3,500,000,000	₱115,380,632	₱21,290,095,740
Total comprehensive income for the period	–	–	3,150,039,185	–	2,701,381	3,152,740,566
Cash dividends	–	–	(1,455,866,782)	–	–	(1,455,866,782)
Balances at September 30, 2008	₱2,746,918,457	₱8,181,576,147	₱8,440,392,907	₱3,500,000,000	₱118,082,013	₱22,986,969,524
As of October 1, 2006	₱2,296,918,457	₱3,397,915,263	₱5,321,241,952	₱3,500,000,000	₱109,682,257	₱14,625,757,929
Additional subscription	450,000,000	4,783,660,884	–	–	–	5,233,660,884
Total comprehensive income for the period	–	–	2,441,338,382	–	5,698,375	2,447,036,757
Cash dividends	–	–	(1,016,359,830)	–	–	(1,016,359,830)
Balances at September 30, 2007	₱2,746,918,457	₱8,181,576,147	₱6,746,220,504	₱3,500,000,000	₱115,380,632	₱21,290,095,740

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2009	2008 (As restated)	2007 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,280,098,044**	₱3,763,393,426	₱3,415,689,376
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 20 and 22)	**1,668,846,295**	1,557,862,231	1,402,911,884
Interest expense (Notes 10, 11 and 24)	**68,624,827**	60,603,120	119,030,864
Loss on disposal of investment property	**29,956,910**	–	–
Provision for impairment losses (Notes 8 and 21)	**1,000,601**	18,982,104	19,000,000
Loss on retirement of property and equipment	**–**	688,284	–
Write-off of receivables	**–**	–	(2,700,556)
Unrealized mark to market gain on derivative assets (Notes 12 and 29)	**(102,985,391)**	–	–
Interest income (Note 24)	**(237,775,558)**	(494,732,616)	(710,366,315)
Operating income before working capital changes	**5,707,765,728**	4,906,796,549	4,243,565,253
Decrease (increase) in:			
Receivables (Note 8)	**164,311,439**	(1,038,305,815)	(800,703,676)
Subdivision land, condominium and residential units for sale (Note 9)	**(359,789,143)**	(695,479,222)	(3,080,746,954)
Receivable from Meralco (Note 12 and 28)	**18,857,699**	22,194,535	24,018,987
Prepaid expenses and value-added input tax (Note 12)	**19,140,689**	(190,692,976)	(214,783,848)
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 13)	**338,531,067**	1,077,650,574	230,517,969
Net pension liabilities (Note 13 amd 27)	**12,676,380**	(15,263,354)	(16,407,913)
Customers' deposits (Note 14)	**290,219,926**	(571,754,832)	142,710,149
Cash generated from operations	**6,191,713,785**	3,495,145,459	528,169,967
Income tax paid	**(588,784,993)**	(499,027,627)	(452,535,841)
Net cash flows provided by operating activities	**5,602,928,792**	2,996,117,832	75,634,126
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**345,763,597**	151,944,497	479,007,332
Decrease (increase) in:			
Advances to lot owners (Note 12)	**3,934,944**	(19,366,080)	177,886,141
Advances to suppliers and contractors (Note 12)	**(8,764,416)**	554,148	166,580,641
Advances to Altus San Nicolas Corporation (Note 12)	**(487,805,693)**	–	–
Other assets (Note 12)	**(12,333,063)**	110,981,686	(166,397,319)
Receivables from affiliated companies (Note 8 and 18)	**1,631,106**	(31,812,509)	6,703,810
Proceeds from sale of investment property	**45,000,000**	–	–
Additions to:			
Investment properties and other investments (Note 10)	**(3,246,363,437)**	(3,803,403,954)	(4,404,168,103)
Property and equipment (Note 11)	**(604,757,143)**	(150,739,789)	(198,633,134)
Net cash flows used in investing activities	**(3,963,694,105)**	(3,741,842,001)	(3,939,020,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of loans payable (Note 15)	**₱10,000,000,000**	₱2,677,000,000	₱3,000,000,000
Interest paid	**(565,717,004)**	(274,079,654)	(220,402,589)
Payments of loans payable (Note 15)	**(902,000,000)**	(1,220,000,000)	(110,000,000)
Decrease in payable to affiliated companies and other liabilities (Note 14)	**(1,079,174,799)**	(19,201,509)	(2,033,296,106)
Payments of cash dividends (Note 16)	**(685,727,212)**	(1,454,537,633)	(1,015,923,850)
Capital stock subscriptions (Note 17)	**–**	–	450,000,000
Additional paid-in capital arising from capital stock subscriptions (Note 17)	**–**	–	4,783,660,884
Net cash flows provided by (used in) financing activities	**6,767,380,985**	(290,818,796)	4,854,038,339
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,406,615,672**	(1,036,542,965)	990,651,833
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**519,080,453**	1,555,623,418	564,971,585
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱8,925,696,125**	₱519,080,453	₱1,555,623,418

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized under the laws of the Philippines and has four wholly-owned subsidiaries, namely: Robinsons Inn, Inc. (RII); Robinsons Realty and Management Corporation (RRMC); Robinsons (Cayman) Limited (RCL); and Robinsons Properties Marketing and Management Corporation (RPMMC); and a 51%-owned subsidiary, Altus Angeles, Inc. (AAI) (collectively known as the "Group").

On March 4, 2009, the Securities and Exchange Commission (SEC) approved the plan of merger of the Parent Company with wholly owned subsidiaries, Robinsons Homes, Inc. (RHI), Trion Homes Development Corporation (THDC) and Manila Midtown Hotels and Land Corporation (MMHLC). The merger resulted to enhanced operating efficiencies and economies, increased financial strength through pooling of resources and more favorable financing and credit facilities. No Parent Company shares were issued in exchange for the net assets of RHI, THDC and MMHLC.

The merger was accounted for similar to a pooling of interest method because the combined entities were under common control, therefore, has no effect on the consolidated financial statements. The subsidiaries after the merger are RII, RRMC, RCL, RPMMC and AAI.

The Group is engaged in the business of selling, acquiring, constructing, developing, leasing and disposing of real properties such as land, buildings, shopping malls, commercial centers and housing projects, hotels and other variants and mixed-used property projects. The Group is 60.01% owned by JG Summit Holdings, Inc. (JGSHI), the Group's ultimate parent company. JGSHI is one of the country's largest conglomerates, with diverse interests in branded consumer foods, agro-industrial and commodity food products, textile, telecommunications, petrochemicals, air transportation and financial services.

The Parent Company's principal executive office is located at 43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City.

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention method, except for a derivative financial instrument that have been measured at fair value, and are presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Robinsons Land Corporation and its subsidiaries (see Note 1) as at September 30, 2009, 2008 and 2007 and for each of the three (3) years in the period ended September 30, 2009. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intercompany balances, transactions, income and expense and profit and loss are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

Minority interest represents the portion of profit or loss and net assets in a subsidiary not wholly owned and is presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity section in the consolidated statement of financial position, separately from the Parent Company's equity.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new accounting standards and amendments adopted starting October 1, 2008 that are discussed below. The adoption of the new and amended standards gave rise to additional disclosures, reclassifications of Construction in Progress from Property and Equipment to Investment Properties and revised financial statements presentation with the adoption of PAS 1 (Revised), *Presentation of Financial Statements,* which introduced the *"Statement of Comprehensive Income"*. Also, previous captions have been revised to make it similar to requirements of the revised standard.

On October 1, 2008, the Group early adopted the following new and revised accounting standards which are mandatory for the Group beginning October 1, 2009. The early adoption was made to make the accounting policies consistent to the accounting policies of its ultimate parent company, JGSHI, which adopted the changes in accounting standards that became effective beginning January 1, 2009.

- PFRS 7, *Financial Statements: Disclosures (effective for annual periods beginning on or after January 1, 2009).* The Amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level three (3) fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The Amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

  As disclosed in Note 30, the new disclosures relate to the fair values by source of inputs using a three (3) level fair value hierarchy.

The liquidity risk disclosures are presented in Note 29. The Amendments in the disclosures include a liquidity gap analysis which is presented in a tabular format.

- PFRS 8, *Operating Segment (effective for annual periods beginning on or after January 1, 2009)*. This new standard replaces PAS 14, *Segment Reporting* and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the consolidated statement of financial position and consolidated statement of comprehensive income and entities will need to provide explanations and reconciliations of the differences. PFRS 8 disclosures are shown in Note 6, including the related revised comparative information. The disclosures are similar to information used internally by management and it is significantly similar to the previous years' presentation.

- Philippine Accounting Standard (PAS) 1 (Revised), *Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2009)*. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income. It presents all items of recognized income and expense, either in one (1) single statement, or in two (2) linked statements. The Group has elected to present a single statement to present items of recognized income and expense in the statement of comprehensive income. There are no items of other comprehensive income as of and for the period ended September 30, 2009, 2008 and 2007.

- PAS 23 (Revised), *Borrowing Costs (effective for annual periods beginning on or after January 1, 2009)*. The Amendment requires that all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset must be capitalized. This Amendment will not have any effect in the consolidated financial statements as the previous accounting policy which capitalizes borrowing costs to qualifying assets is consistent with the revised accounting standard.

- Improvements to PAS 40, *Investment Property*
  Under the Improvements, the scope that property under construction or development for future use as an investment property was previously classified as property and equipment was revised. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, the Improvements revised the conditions for a voluntary change in accounting policy to be consistent with PAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability.

  The adoption of the Improvements resulted to the reclassification of "Construction in Progress" account from Property and equipment to Investment properties and other investments. Pursuant to the adoption of the PAS 1 (Revised), a third consolidated statement of financial position was presented as of September 30, 2007. The increase in the Investment properties and other investment account and decrease in the Property and equipment account amounted to ₱2,454 million and ₱2,581 million as of September 30, 2008 and 2007, respectively. The disclosures are presented in Notes 10 and 11.

- Improvements to PAS 18, *Revenue*
  The International Accounting Standard Board (IASB) has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

  - Has primary responsibility for providing the goods or service
  - Has inventory risk
  - Has discretion in establishing prices
  - Bears the credit risk

  The Improvement does not have an impact in the consolidated financial statement.

The following are the remaining new and revised accounting standards that were early adopted but have no impact to the Group.

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* and PAS 27, *Consolidated and Separate Financial Statements (effective for annual periods beginning on or after January 1, 2009)*
- PFRS 2, *Share-based Payment - Vesting Condition and Cancellations (effective for annual periods beginning on or after January 1, 2009)*
- Amendment to PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after January 1, 2009)*

The following Philippine Interpretations and amendments to Philippine Interpretation and Standards, which are already effective did not have a significant impact on the consolidated financial statements of the Group:

- Amendments to Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) 9, *Reassessment of Embedded Derivatives*, and PAS 39, *Financial Instruments: Recognition and Measurement (effective for periods ending on or after June 30, 2009)*
- Amendment to Philippine Interpretation IFRIC 11*, PRFS 2 - Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007)*
- Philippine Interpretation IFRIC 1*2, Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008)*
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008)*
- Amendment to Philippine Interpretation IFRIC 14, *PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008)*
- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after October 1, 2008)*

<u>Future Changes in Accounting Policies</u>
The Group has not applied the following new and amended PFRS and Philippine Interpretation which are not yet effective for the fiscal year ended September 30, 2009. Except for the adoption of Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate,* the following new and amended PFRS and Philippine Interpretation will not significantly impact the consolidated financial statements:

Effective in 2010 for adoption on fiscal year ending September 30, 2010

- Amendment to PFRS 2, *Share-based Payment: Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2010).* This Amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. This Amendment will have no impact on the consolidated financial position or performance of the Group, as the Group is not involved in any similar transaction.

- Revised PFRS 3, *Business Combination* and PAS 27, *Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2009).* The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to PAS 7, *Statement of Cash Flows*, PAS 12, *Income Taxes*, PAS 21, *The Effects of Changes in Foreign Exchange Rates*, PAS 28, *Investment in Associates* and PAS 31, *Interests in Joint Ventures.* The changes introduced by the revised PFRS 3 must be applied prospectively while the changes introduced by the revised PAS 27 must be applied retrospectively with a few exceptions. The changes by PFRS 3 and PAS 27 will affect future acquisitions or loss of control and transactions with minority interests. The Standards may be early applied. However, the Group does not intend to take advantage of this option.

- Amendment to PA*S 39, Financial Instruments: Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after July 1, 2009).* This Amendment addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The Amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Group has not entered into transactions involving hedges and as such the Amendment is unlikely to impact the consolidated financial position or performance of the Group.

- Philippine Interpretation IFRIC 17, *Distribution of Non-cash Assets to Owners (effective for annual period beginning on or after July 1, 2009).* This Philippine Interpretation covers accounting for two types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners. The two types of distribution are:

    a. distributions of non-cash assets (e.g., items of property, plant and equipment, businesses as defined in PFRS 3, ownership interests in another entity or disposal groups as defined in PFRS 5); and

    b. distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

  This Philippine Interpretation addresses only the accounting by an entity that makes a non-cash asset distribution. It does not address the accounting by shareholders who receive such a distribution.

- Philippine Interpretation IFRIC 18, *Transfers of Assets from Customers (effective for annual period beginning on or after July 1, 2009).* This Philippine Interpretation covers accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. Agreements within the scope of this Interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. This Philippine Interpretation also applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

Improvements to PFRSs
The following are the IASB issued omnibus of amendments to its standards, issued in May 2008 and April 2009, effective January 1, 2010, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the consolidated financial position or performance of the Group.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
  When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

- PAS 1, *Presentation of Financial Statements*
  Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated statement of financial position. The Group amended its accounting policy accordingly and analyzed whether Management's expectation of the period of realization of financial assets and liabilities differed from the classification of the instrument. This will not result in any re-classification of financial instruments between current and noncurrent in the statement of financial position.

- PAS 7, *Statement of Cash Flows*
  Expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This Amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2009 upon cash settlement.

- PAS 16, *Property, Plant and Equipment*
  Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

- PAS 17, *Leases*
  Removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either 'finance' or 'operating' in accordance with the general principles of PAS 17. The Amendments will be applied retrospectively.

- PAS 19, *Employee Benefits*
  Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.

  The reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* was deleted.

- PAS 20, *Accounting for Government Grants and Disclosures of Government Assistance*
  Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other PFRS.

- PAS 23, *Borrowing Costs*
  The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with PAS 39. The Group has amended its accounting policy accordingly which will not result in any change in its financial position.

- PAS 28, *Investment in Associates*
  If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment has no impact on the Group as it does not account for its associates at fair value in accordance with PAS 39.

  An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance. This amendment has no impact on the Group because this policy was already applied.

- PAS 31, *Interest in Joint ventures*
  If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This Amendment will have no impact on the Group because it does not account for its joint ventures at fair value in accordance with PAS 39.

- PAS 36, *Impairment of Assets*
  When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment has no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

- PAS 38, *Intangible Assets*
  Expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the services. This amendment has no impact on the Group because it does not enter into such promotional activities.

  The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed. This Amendment has no impact on the Group because it does not have intangible assets.

- PAS 39, *Financial Instruments: Recognition and Measurement*
  Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. The reference in PAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge was removed. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

Effective in 2012 for adoption by the Group on fiscal year ending September 30, 2012

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate (effective for annual periods beginning on or after January 1, 2012).* This Philippine Interpretation, which may be early applied, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts,* or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

  The adoption of this Philippine Interpretation will be accounted for retrospectively and will result to the restatement of prior period consolidated financial statements. The adoption of this Philippine Interpretation may significantly affect the determination of the net income and the related Installment contract receivables, Deposit from real estate buyers, Deferred tax liabilities and Retained earnings accounts.

4. **Summary of Significant Accounting Policies**

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 revenue is recognized:

Real estate sales
Real estate sales are accounted for under the percentage-of-completion method when: (a) equitable interest and/or legal title to the subject properties is transferred to the buyer; (b) the seller is obliged to perform significant acts after the subject properties are sold; (c) the amount of revenue can be measured reliably; (d) the costs incurred or to be incurred can be measured reliably; and (e) it is probable that the economic

benefits will flow to the entity. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If any of the criteria under the percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the “Deposits from real estate buyers” account which is shown as part of the “Deposits and other liabilities” account in the liabilities section of the consolidated statement of financial position.

Rental income
The Parent Company leases its commercial real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue from hotel operations
Revenue from hotel operations are recognized when services are rendered. Revenue from banquets and other special events are recognized when the events take place. Rental income on leased areas of the hotel is recognized on a straight-line basis over the lease term.

Interest income
Interest income is recognized as the interest accrues (using the effective interest (EIR) method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income
Dividend income is recognized when the Group’s right to receive the payment is established.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of changes in value.

<u>Financial Instruments</u>
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
Financial assets within the scope of PAS 39 are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held to maturity investments (HTM) and available for sale (AFS) financial assets, as appropriate. The Group determines the classification of the financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

The Group’s financial assets are of the nature of financial assets at FVPL and loans and receivables; whereas, financial liabilities are of the nature of other financial liabilities.

The subsequent measurement bases for financial assets depend on the classification. Financial assets that are classified as loans and receivables are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount, premium and transaction costs on acquisition, over the period to maturity. Amortization of discounts, premiums and transaction costs are taken directly to the consolidated statement of comprehensive income.

Determination of fair value
The fair value for financial instruments traded in active markets at the consolidated reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value technique, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Day 1 profit
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset.

In cases where variables used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the ‘Day 1’ profit amount.

Loans and Receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the EIR method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in the "Interest Income" in the consolidated statement of comprehensive income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of comprehensive income.

The Group's loans and receivables include Cash and cash equivalents, Receivables, Utility deposits, Advances to lot owners and Receivables from Meralco.

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading purposes, derivative instruments, or those designated by management upon initial recognition as at FVPL , subject to any of the following criteria:

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

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are reflected in the consolidated statement of comprehensive income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded in other operating income according to the terms of the contract, or when the right of the payment has been established.

The Group's financial asset at FVPL consists of derivative asset (see Note 12 and 29). The Group has no financial liability at FVPL.

Derivative Financial Instruments
Derivative financial instruments (including bifurcated embedded derivatives) are initially recognized at fair value on the date at which the derivative contract is entered into and is subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of the derivative (except those accounted for as accounting hedges) is taken directly to the consolidated statement of comprehensive income as "Other Income" under revenue. The derivative is carried as asset when the fair value is positive and as liability when the fair value is negative.

The Group has an outstanding interest rate swap agreement with an international bank to hedge its interest rate exposure (see Note 12).

Embedded Derivatives
An embedded derivative is separated from the host financial or non-financial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the consolidated statement of comprehensive income.

As of September 30, 2009, 2008 and 2007, the Group has no embedded derivatives required for bifurcation.

AFS financial assets
AFS financial assets are those which are designated as such and are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets include equity securities.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in the consolidated statement of financial position and consolidated statement of changes in equity.

When the security is disposed of, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is recognized in the consolidated statement of comprehensive income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of comprehensive income when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the consolidated statement of comprehensive income.

As of September 30, 2009, 2008 and 2007, the Group has no AFS financial assets in its consolidated financial statements.

Other Financial Liabilities
All financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans payable are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized or impaired, as well as through the amortization process.

Debt Issuance Costs
Expenditures incurred in connection with the availments of long-term debt are deferred and amortized using effective interest method over the term of the loans. The debt issuance costs are recorded as “Others” and reported under the “Other Assets” account under the consolidated statement of financial position.

Customers’ Deposits
Deposits from lessees
Deposits from lessees are measured initially at fair value. After initial recognition, customers’ deposits are subsequently measured at amortized cost using EIR method.

The difference between the cash received and its fair value is deferred (included in the “Deposits and other liabilities” in the consolidated statement of financial position) and amortized using the straight-line method.

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in the consolidated statement of comprehensive income as the related obligations are fulfilled to the real estate buyers. The deposits are recorded as “Deposits from real estate buyers” and reported under the “Deposits and other liabilities” account in the consolidated statement of financial position.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group has no financial instruments that contain both liability and equity elements.

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

- the rights to receive cash flows from the assets have 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 substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred the rights to receive cash flows from an asset or has entered into a pass-through arrangement 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 repay.

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Impairment of Financial Assets
The Group assesses at each reporting date whether a financial or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected 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).

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 a group of financial assets with similar credit risk 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 or continues to be recognized are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance for impairment loss account. The amount of the loss shall be recognized in the consolidated statement of comprehensive income. 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 the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed the amortized cost at the reversal date.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Subdivision Land, Condominium and Residential Units for Sale
Subdivision land, condominium and residential units for sale are carried at the lower of cost or net realizable value (NRV). Cost includes costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction. NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

Investment Properties and Other Investments
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group and investment in shares to stocks. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. Investment properties are depreciated and amortized using the straight-line method over their estimated useful lives as follow:

	Years
Land improvements	10
Buildings and improvements	10-20
Theater furniture and equipment	5

The useful life and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties and other investments..

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of comprehensive income in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use.

Property and Equipment
Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to the intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the acquisition or construction of property and equipment to the extent incurred during the period of construction and installation.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expenses in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of five (5) years.

Assets under construction are transferred to a specific category of property and equipment when the construction and other related activities necessary to prepare the property and equipment for their intended use are completed and the property and equipment are available for service.

Other equipment includes china, glassware, silver and linen on stock.

The useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of comprehensive income in the period the asset is derecognized.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's Subdivision, land, condominiums and residential units for sale, investment properties and property and equipment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories 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 any such indication exists, the Group makes an estimate of recoverable amount. 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 the 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 assets in prior period, such reversal is recognized in the consolidated statement of comprehensive income.

<u>Income Tax</u>
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is provided using the financial position liability method on 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference 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 taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax 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.

<u>Pension Expense</u>
Pension expense is actuarially determined using the projected unit credit (PUC) valuation method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension expense includes current service cost, interest cost and a portion of the net cumulative unrecognized actuarial gains and losses.

The liability recognized by the Group in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The present value of the defined benefit obligation is determined by discounting the estimated future cash inflows using long term government bond risk-free interest rates that have terms to maturity approximating the terms of the related pension liability or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

The Group applies the corridor method whereby actuarial gains and losses are recognized as income or expenses when the cumulative unrecognized actuarial gains or losses of the plan exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employee participating in the plan.

<u>Commission Expense</u>
The Group recognizes commission expense when services are rendered by the broker. The commission expense is recognized upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

<u>Leases</u>
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one (1) of the following applies:

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

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

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based the terms of the leased contract.

Group as a lessor
Leases where the Group retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs generally are expensed as incurred. Interest and other related financing charges on borrowed funds used to finance the acquisition and construction of a qualifying asset (included under Subdivision land, condominium and residential units for sale, Investment properties and Property and equipment accounts) are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress. It is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization is based on the weighted average borrowing cost.

The borrowing costs capitalized as part of investment properties and property and equipment are amortized using the straight-line method over the estimated useful lives of the assets. The borrowing cost capitalized as part of subdivision land, condominium and residential units for sale are expensed when the related assets are sold.

If after capitalization of the borrowing costs, the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of comprehensive income.

Interest expense on loans and borrowings is recognized using the EIR method over the term of the loans and borrowings.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Foreign Currency Transactions
Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

Earnings Per Share (EPS)
Basic earnings per share is calculated by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

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

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (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 and Estimates**

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

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

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

Revenue and cost recognition on real estate sales
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

The related balances from real estate transactions follow:

	2009	2008	2007
Revenue (Note 19)	**₱3,903,963,162**	₱4,942,149,125	₱2,896,397,480
Costs and expenses (Note 20)	**2,304,166,017**	3,302,412,914	1,417,930,410

Operating leases commitments - Group as lessee
The Group has entered into commercial property leases. Substantially, all the risks and benefits incidental to ownership of the leased item are not transferred to the Group. The future minimum rentals payable under noncancelable operating lease amounted to ₱6,557 million, ₱6,600 million and ₱6,351 million as of September 30, 2009, 2008 and 2007, respectively (see Note 32).

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. The future minimum rentals receivables under non-cancelable operating lease amounted to ₱2,369 million, ₱2,956 million and ₱4,111 million as of September 30, 2009, 2008 and 2007, respectively (see Note 32).

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the supply process.

Some properties are held to earn rentals or for capital appreciation and other properties are held for use in rendering of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in providing services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Distinction between subdivision land and land and land improvements
The Group determines whether a property will be classified as Subdivision land or Land and land improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Subdivision land) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (Land and land improvements).

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense on these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 32).

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

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate sales are recognized based on the percentage-of-completion and the completion rate is measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

The related balances from real estate transactions follow:

	2009	2008	2007
Revenue (Note 19)	**₱3,903,963,162**	₱4,942,149,125	₱2,896,397,480
Costs and expenses (Note 20)	**2,304,166,017**	3,302,412,914	1,417,930,410

Allowance for impairment losses
The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the based on the factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the tenant, the tenant's payment behavior and other known market factors. The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures.

The related balances follow (see Note 8):

	2009	2008	2007
Receivables	**₱4,118,417,642**	₱4,401,451,172	₱2,962,121,067
Allowance for impairment losses	**49,459,776**	48,459,175	29,477,071
Provision for impairment losses	**1,000,601**	18,982,104	19,000,000

Financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the consolidated statement of comprehensive income (see Note 30).

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

As of September 30, 2009, the Group has a derivative asset classified under FVPL amounting to ₱103 million (see Note 12).

Useful lives of investment properties and property and equipment
The Group estimates the useful lives of the investment properties and property and equipment based on the period over which the assets are expected to be available for use (see Note 4). The Group reviews periodically the estimated useful lives of investment properties and property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of investment properties and property and equipment would increase the recorded depreciation and amortization expense and decrease the related asset accounts.

The related balances follow:

	2009	2008	2007
Investment properties and other investments (Note 10)			
Cost	**₱37,154,610,696**	₱34,000,829,035	₱30,223,848,743
Accumulated depreciation and amortization	**9,661,345,051**	8,240,739,406	6,913,748,239
Depreciation and amortization	**1,420,605,645**	1,326,991,167	1,212,153,698
Property and equipment (Note 11)			
Cost	**4,328,144,148**	3,726,217,916	3,593,236,935
Accumulated depreciation and amortization	**2,143,411,369**	1,897,211,593	1,683,411,053
Depreciation and amortization	**248,240,650**	230,871,064	190,758,186

Impairment of nonfinancial assets
Assessing investment properties and other investments and property and equipment for impairment includes considering certain indications of impairment such as significant changes in asset usage, significant decline in market value and obsolescence or physical damage of an asset. If such indications are present, and where the carrying amount of the asset exceeds the recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

Determining the fair value of investment properties and other investments and property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future event could cause the Group to conclude that investment properties and other investments and property and equipment are impaired. Any resulting impairment loss could have a material impact on the consolidated financial statements.

The related balances follow:

	2009	2008	2007
Investment properties and other investments (Note 10)			
Cost	**₱37,154,610,696**	₱34,000,829,035	₱30,223,848,743
Accumulated depreciation and amortization	**9,661,345,051**	8,240,739,406	6,913,748,239
Depreciation and amortization	**1,420,605,645**	1,326,991,167	1,212,153,698
Property and equipment (Note 11)			
Cost	**4,328,144,148**	3,726,217,916	3,593,236,935
Accumulated depreciation and amortization	**2,143,411,369**	1,897,211,593	1,683,411,053
Depreciation and amortization	**248,241,580**	230,871,064	190,758,186

Deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. Deferred tax assets as of September 30, 2009, 2008 and 2007 amounted to ₱372 million, ₱316 million and ₱309 million, respectively (see Note 25).

As of September 30, 2009, 2008 and 2007, the Group has a hotel which enjoys the benefits of an ITH. As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse within the ITH period (see Note 31).

Pension expense
The determination of obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions, which are described in Note 27, include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations.

The related balances follow:

	2009	2008	2007
Pension liabilities (Notes 13 and 27)	**₱28,453,776**	₱15,777,396	₱31,040,750
Pension benefit obligation (Note 27)	**80,486,580**	101,706,300	84,707,150
Unrecognized net actuarial losses (gains) (Note 27)	**(8,526,756)**	28,360,414	53,562,400

6. **Operating Segment**

In 2009, the Group adopted PFRS 8, *Operating Segment*, which replaces PAS 14, *Segment Reporting,* which adopted a management approach to segment reporting. Under this approach, the information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the statement of financial condition which is in accordance with PFRS.

The Group derives its revenue from the following reportable units:

Commercial Center Division - develops, leases and manages shopping malls/commercial centers all over the Philippines.

Residential Buildings Division - develops and sells residential condominium spaces, as well as high-end horizontal residential projects.

Office Buildings Division - develops and leases offices spaces.

Housing and Land Development Division - develops and sells middle-income and socialized housing and residential lots.

Hotel Division - owns and operates a chain of prime hotels in Pasig City, Quezon City and Cebu City and a service apartment which closed operations in August 2007.

The financial information about the operations of these business segments is summarized as follows:

2009

	Commercial Center Division	**Residential Buildings Division**	**Office Buildings Division**	**Housing and Land Development Division**	**Hotel Division**	**Total**
Revenue	**₱4,210,395,126**	**₱3,814,406,965**	**₱1,111,914,654**	**₱560,433,185**	**₱1,036,362,735**	**₱10,733,512,665**
Costs and expenses	**990,466,972**	**2,618,980,773**	**80,086,599**	**371,933,037**	**723,100,945**	**4,784,568,326**
Earnings before income tax and depreciation and amortization	**3,219,928,154**	**1,195,426,192**	**1,031,828,055**	**188,500,148**	**313,261,790**	**5,948,944,339**
Depreciation and amortization (Note 22)	**1,172,179,099**	**11,931,337**	**293,966,695**	**7,994,811**	**182,774,353**	**1,668,846,295**
Income before income tax	**₱2,047,749,055**	**₱1,183,494,855**	**₱737,861,360**	**₱180,505,337**	**₱130,487,437**	**₱4,280,098,044**
Segment assets	**₱33,105,184,109**	**₱10,524,771,318**	**₱4,862,299,414**	**₱1,551,194,725**	**₱1,435,857,461**	**₱51,479,307,027**
Segment liabilities	**₱16,451,809,373**	**₱5,070,320,385**	**₱2,644,841,412**	**₱889,193,907**	**₱856,665,751**	**₱25,912,830,828**
Other segment information:						
Capital expenditures						**₱6,288,533,310**

2008

	Commercial Center Division	Residential Buildings Division	Office Buildings Division	Housing and Land Development Division	Hotel Division	Total
Revenue	₱3,697,371,463	₱4,757,157,577	₱883,379,078	₱704,344,233	₱1,139,801,132	₱11,182,053,483
Costs and expenses	1,013,430,176	3,632,144,599	3,902,937	437,549,497	773,770,617	5,860,797,826
Earnings before income tax and depreciation and amortization	2,683,941,286	1,125,012,978	879,476,141	266,794,736	366,030,516	5,321,255,657
Depreciation and amortization (Note 22)	1,106,835,557	5,859,167	263,829,616	7,584,159	173,753,732	1,557,862,231
Income before income tax	₱1,577,105,729	₱1,119,153,811	₱615,646,525	₱259,210,577	₱192,276,784	₱3,763,393,426
Segment assets	₱21,700,057,326	₱10,656,333,720	₱4,128,345,604	₱1,531,850,395	₱2,293,973,741	₱40,310,560,786
Segment liabilities	₱8,702,848,526	₱4,646,786,434	₱2,615,039,978	₱853,220,281	₱505,696,043	₱17,323,591,262
Other segment information:						
Capital expenditures						₱9,488,165,880

2007

	Commercial Center Division	Residential Buildings Division	Office Buildings Division	Housing and Land Development Division	Hotel Division	Total
Revenue	₱3,538,931,635	₱2,811,065,261	₱714,458,957	₱715,802,113	₱1,108,318,428	₱8,888,576,394
Costs and expenses	1,059,711,286	1,769,522,943	17,691,493	456,548,330	766,501,082	4,069,975,134
Earnings before income tax and depreciation and amortization	2,479,220,349	1,041,542,318	696,767,464	259,253,783	341,817,346	4,818,601,260
Depreciation and amortization (Note 22)	1,037,667,008	4,022,283	199,672,882	6,025,712	155,523,999	1,402,911,884
Income before income tax	₱1,441,553,341	₱1,037,520,035	₱497,094,582	₱253,228,071	₱186,293,347	₱3,415,689,376
Segment assets	₱20,085,067,259	₱9,282,828,455	₱3,652,705,282	₱1,346,574,628	₱2,418,602,651	₱36,785,778,275
Segment liabilities	₱6,150,841,506	₱4,944,239,729	₱2,876,955,213	₱1,057,578,737	₱466,067,350	₱15,495,682,535
Other segment information:						
Capital expenditures						₱8,884,207,767

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements amounting to ₱24 million, ₱14 million and ₱11 million in 2009, 2008 and 2007, respectively, are eliminated on consolidation.

No operating segments have been aggregated to form the above reportable segments.

Capital expenditures consists of additions to property and equipment, and investment properties and other investments, and subdivision land, condominium and residential units for sale.

Major customers in lease arrangements include the affiliated entities (see Note 18).

7. Cash and Cash Equivalents

This account consists of:

	2009	2008	2007
Cash on hand and in banks (Note 18)	**₱8,082,848,590**	₱162,876,637	₱127,153,450
Short-term investments (Note 18)	**842,847,535**	356,203,816	1,428,469,968
	₱8,925,696,125	₱519,080,453	₱1,555,623,418

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates.

8. Receivables

This account consists of:

	2009	2008	2007
Trade			
Installment contract receivables	**₱3,166,871,003**	₱3,541,591,155	₱2,220,262,428
Accrued rent receivables	**320,890,367**	235,681,052	194,380,916
Rental receivables (Note 18)	**238,719,742**	252,087,471	298,432,138
Hotel operations	**76,130,603**	68,663,338	68,951,642
	3,802,611,715	4,098,023,016	2,782,027,124
Affiliated companies (Note 18)	**93,126,774**	94,757,880	62,945,371
Others	**222,679,153**	208,670,276	117,148,572
	4,118,417,642	4,401,451,172	2,962,121,067
Less allowance for impairment losses	**49,459,776**	48,459,175	29,477,071
	₱4,068,957,866	₱4,352,991,997	₱2,932,643,996

The installment contract receivables aggregating ₱3,167 million, ₱3,542 million and ₱2,220 million as of September 30, 2009, 2008 and 2007, included under installment contract receivables, are collectible in monthly installments over a period of one (1) to five (5) years and bear annual interest ranging from 8.20% to 9.75% computed on the diminishing balance of the principal.

Rental receivables from affiliated companies amounted to about ₱162 million, ₱108 million and ₱91 million as of September 30, 2009, 2008 and 2007, respectively. For the nature, terms and conditions of the receivables from affiliated companies please refer to Note 18.

The accrued rent receivables represent the portion of the lease recognized as income on a straight line basis.

Other receivables consist primarily of advances to suppliers and accruals of interest on short-term investments.

Allowance for Impairment Losses on Trade Receivables
As of September 30, 2009, 2008 and 2007, trade receivables with carrying value of ₱49 million, ₱48 million and ₱29 million were impaired and fully provided for. Changes in allowance for impairment losses on trade receivables follow:

2009

	Individual Assessment			**Collective Assessment**	
	Installment Contract Receivables	**Rental Receivable**	**Hotels Operations**	**Installment Contract Receivables**	**Total**
Balances at October 1, 2008	**₱542,358**	**₱20,512,893**	**₱8,403,924**	**₱19,000,000**	**₱48,459,175**
Provision for impairment losses (Note 21)	**–**	**–**	**1,000,601**	**–**	**1,000,601**
Balances at September 30, 2009	**₱542,358**	**₱20,512,893**	**₱9,404,525**	**₱19,000,000**	**₱49,459,776**

2008

	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at October 1, 2007	₱542,358	₱4,837,203	₱5,097,510	₱19,000,000	₱29,477,071
Provision for impairment losses (Note 21)	–	15,675,690	3,306,414	–	18,982,104
Balances at September 30, 2008	₱542,358	₱20,512,893	₱8,403,924	₱19,000,000	₱48,459,175

2007

	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at October 1, 2006	₱542,358	₱7,537,759	₱5,097,510	₱–	₱13,177,627
Provision for impairment losses (Note 21)	–	–	–	19,000,000	19,000,000
Write-offs	–	(2,700,556)	–	–	(2,700,556)
Balances at September 30, 2007	₱542,358	₱4,837,203	₱5,097,510	₱19,000,000	₱29,477,071

Aging Analysis
The aging analysis of the Group's receivables follows:

2009

		Neither Past	**Past Due But Not Impaired**				**Past**
	Total	**Due Nor Impaired**	**Less than 30 days**	**30 to 60 days**	**60 to 90 days**	**Over 90 days**	**Due and Impaired**
Trade receivables							
Installment contract receivables	**₱3,166,871,003**	**₱2,847,977,762**	**₱49,835,054**	**₱17,329,617**	**₱27,428,275**	**₱205,300,295**	**₱19,000,000**
Rental receivables	**238,719,742**	**131,050,306**	**39,725,087**	**5,982,170**	**419,645**	**41,029,641**	**20,512,893**
Accrued rent receivables	**320,890,367**	**320,890,367**	**–**	**–**	**–**	**–**	**–**
Hotel operations	**76,130,603**	**37,983,835**	**12,535,280**	**7,095,504**	**3,366,052**	**5,203,049**	**9,946,883**
Affiliated companies (Note 18)	**93,126,774**	**93,126,774**	**–**	**–**	**–**	**–**	**–**
Others	**222,679,153**	**222,679,153**	**–**	**–**	**–**	**–**	**–**
	₱4,118,417,642	**₱3,653,708,197**	**₱102,095,421**	**₱30,407,291**	**₱31,213,972**	**₱251,532,985**	**₱49,459,776**

2008

		Neither Past	Past Due But Not Impaired				Past
	Total	Due Nor Impaired	Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Due and Impaired
Trade receivables							
Installment contract receivables	₱3,541,591,155	₱3,102,754,751	₱97,967,424	₱95,629,787	₱49,094,434	₱177,144,759	₱19,000,000
Rental receivables	252,087,471	124,378,250	1,737,728	7,226,497	42,613	98,189,490	20,512,893
Accrued rent receivables	235,681,052	235,681,052	–	–	–	–	–
Hotel operations	77,609,620	36,027,130	14,231,936	3,643,128	1,522,357	13,238,787	8,946,282
Affiliated companies (Note 18)	94,757,880	94,757,880	–	–	–	–	–
Others	208,670,276	208,670,276	–	–	–	–	–
	₱4,401,451,172	₱3,793,323,057	₱113,937,088	₱106,499,412	₱50,659,404	₱288,573,036	₱48,459,175

2007

	Total	Neither Past Due Nor Impaired	Past Due But Not Impaired: Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables							
Installment contract receivables	₱2,220,262,428	₱1,910,519,323	₱117,030,417	₱40,654,428	₱36,507,041	₱96,551,219	₱19,000,000
Rental receivables	298,432,138	209,985,629	18,337,197	33,439,233	5,096,943	21,096,065	10,477,071
Accrued rent receivables	194,380,916	194,380,916	–	–	–	–	–
Hotel operations	68,951,642	34,936,035	8,206,872	4,225,328	2,907,316	18,676,091	–
Affiliated companies (Note 18)	62,945,371	62,945,371	–	–	–	–	–
Others	117,148,572	117,148,572	–	–	–	–	–
	₱2,962,121,067	₱2,529,915,846	₱143,574,486	₱78,318,989	₱44,511,300	₱136,323,376	₱29,477,071

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2009	2008	2007
Land and Condominium units	**₱6,233,059,107**	₱5,969,537,369	₱5,389,154,835
Residential units and subdivision land development costs	**653,819,663**	557,552,258	442,455,570
	₱6,886,878,770	₱6,527,089,627	₱5,831,610,405

The subdivision land, condominium and residential units for sale are carried at cost (see Note 10). No amount of write down is recognized as expense for the period ended September 30, 2009, 2008 and 2007.

The amount of subdivision land, condominium and residential units for sale recognized as expense in the consolidated statement of comprehensive income amounted to ₱2,304 million, ₱3,302 million and ₱1,418 million for the period ended September 30, 2009, 2008 and 2007, respectively (see Note 20).

There are no subdivision land, condominium and residential units for sale as of September 30, 2009, 2008 and 2007 that are pledged as security to liabilities.

10. Investment Properties and Other Investments

The rollforward analysis of this account follows:

2009

	Land	**Land Improvements**	**Buildings and Improvements**	**Theater Furniture and Equipment**	**Construction In Progress**	**Others**	**Total**
Cost							
At October 1, 2008	**₱8,059,946,838**	**₱58,340,680**	**₱23,172,087,520**	**₱254,274,144**	**₱2,454,179,853**	**₱2,000,000**	**₱34,000,829,035**
Additions	**187,949,749**	**125,000**	**702,204,761**	**5,862,998**	**2,350,220,929**	**–**	**3,246,363,437**
Retirements/disposals	**(92,581,776)**	**–**	**–**	**–**	**–**	**–**	**(92,581,776)**
Reclassifications/transfers	**–**	**–**	**2,153,143,249**	**–**	**(2,153,143,249)**	**–**	**–**
At September 30, 2009	**8,155,314,811**	**58,465,680**	**26,027,435,530**	**260,137,142**	**2,651,257,533**	**2,000,000**	**37,154,610,696**
Accumulated depreciation and amortization							
At October 1, 2008	**–**	**39,991,185**	**8,006,713,709**	**194,034,512**	**–**	**–**	**8,240,739,406**
Depreciation and amortization (Note 22)	**–**	**4,285,938**	**1,397,019,432**	**19,300,275**	**–**	**–**	**1,420,605,645**
At September 30, 2009	**–**	**44,277,123**	**9,403,733,141**	**213,334,787**	**–**	**–**	**9,661,345,051**
Net book value as of September 30, 2009	**₱8,155,314,811**	**₱14,188,557**	**₱16,623,702,389**	**₱46,802,355**	**₱2,651,257,533**	**₱2,000,000**	**₱27,493,265,645**

2008 (As restated)

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Construction In Progress	Others	Total
Cost							
At October 1, 2007	₱7,540,494,897	₱56,219,266	₱19,789,730,810	₱254,274,144	₱2,581,129,626	₱2,000,000	₱30,223,848,743
Additions	545,875,603	944,206	1,422,772,549	–	1,833,811,596	–	3,803,353,954
Retirements/disposals	(26,423,662)	–	–	–	–	–	(26,423,662)
Reclassifications/transfers	–	1,177,208	1,959,584,161	–	(1,960,761,369)	–	–
At September 30, 2008	8,059,946,838	58,340,680	23,172,087,520	254,274,144	2,454,179,853	2,000,000	34,000,829,035
Accumulated depreciation and amortization							
At October 1, 2007	–	35,110,787	6,704,099,761	174,537,691	–	–	6,913,748,239
Depreciation and amortization (Note 22)	–	4,880,398	1,302,613,948	19,496,821	–	–	1,326,991,167
At September 30, 2008	–	39,991,185	8,006,713,709	194,034,512	–	–	8,240,739,406
Net book value as of September 30, 2008	₱8,059,946,838	₱18,349,495	₱15,165,373,811	₱60,239,632	₱2,454,179,853	₱2,000,000	₱25,760,089,629

2007 (As restated)

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Construction In Progress	Others	Total
Cost							
At October 1, 2006	₱6,117,768,463	₱46,986,296	₱17,013,718,563	₱254,274,144	₱2,438,047,305	₱2,000,000	₱25,872,794,771
Additions	1,478,411,958	8,749,479	816,042,871	–	2,100,963,795	–	4,404,168,103
Retirements/disposals	(55,685,524)	–	–	–	–	–	(55,685,524)
Reclassifications/transfers (Note 11)	–	483,491	1,959,969,376	–	(1,957,881,474)	–	2,571,393
At September 30, 2007	7,540,494,897	56,219,266	19,789,730,810	254,274,144	2,581,129,626	2,000,000	30,223,848,743
Accumulated depreciation and amortization							
At October 1, 2006	–	30,972,490	5,527,124,381	150,126,096	–	–	5,708,222,967
Depreciation and amortization (Note 22)	–	4,353,046	1,183,389,057	24,411,595	–	–	1,212,153,698
Reclassifications	–	(214,749)	(6,413,677)	–	–	–	(6,628,426)
At September 30, 2007	–	35,110,787	6,704,099,761	174,537,691	–	–	6,913,748,239
Net book value as of September 30, 2007	₱7,540,494,897	₱21,108,479	₱13,085,631,049	₱79,736,453	₱2,581,129,626	₱2,000,000	₱23,310,100,504

The investment properties consisted mainly of land held for appreciation, and shopping malls or commercial centers and office buildings that are held to earn rentals.

Depreciation and amortization expense charged to operations amounted to ₱1,421 million, ₱1,327 million and ₱1,212 million for the period ended September 30, 2009, 2008 and 2007, respectively (see Note 22).

Borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties under construction amounted to about ₱631 million, ₱331 million and ₱264 million in 2009, 2008 and 2007, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2009, 2008 and 2007 is 7.47%, 7.10% and 7.59%, respectively.

The fair value of investment properties, which has been determined based on valuations performed by independent professional qualified appraisers as of September 30, 2008, exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The aggregate fair value as of the date of appraisal amounted to ₱49,744 million.

The value of the investment properties was arrived at using the *Market Data Approach*. In this approach, the value of the investment properties is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Property operations and maintenance costs arising from investment properties amounted to ₱341 million, ₱369 million and ₱366 million for the period ended September 30, 2009, 2008 and 2007 (see Note 20).

There are no investment properties and other investments as of September 30, 2009, 2008 and 2007 that are pledged as security to liabilities.

11. Property and Equipment

The rollforward analysis of this account follows:

2009

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Total
Cost					
At October 1, 2008	**₱173,086,946**	**₱3,195,681**	**₱2,242,912,992**	**₱1,307,022,297**	**₱3,726,217,916**
Additions	**–**	**–**	**386,690,771**	**218,066,372**	**604,757,143**
Retirements/disposal	**–**	**–**	**–**	**(2,830,911)**	**(2,830,911)**
Reclassifications/transfers	**–**	**18,302,901**	**–**	**(18,302,901)**	**–**
At September 30, 2009	**173,086,946**	**21,498,582**	**2,629,603,763**	**1,503,954,857**	**4,328,144,148**
Accumulated depreciation and amortization					
At October 1, 2008	**–**	**3,195,681**	**916,818,739**	**977,197,173**	**1,897,211,593**
Depreciation and amortization (Note 22)	**–**	**–**	**127,410,274**	**120,830,376**	**248,240,650**
Retirements/disposal	**–**	**–**	**–**	**(2,040,874)**	**(2,040,874)**
Reclassifications/transfers	**–**	**13,047,225**	**–**	**(13,047,225)**	**–**
At September 30, 2009	**–**	**16,242,906**	**1,044,229,013**	**1,082,939,450**	**2,143,411,369**
Net book value as of September 30, 2009	**₱173,086,946**	**₱5,255,676**	**₱1,585,374,750**	**₱421,015,407**	**₱2,184,732,779**

2008 (As restated)

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Total
Cost					
At October 1, 2007	₱173,086,946	₱2,497,440	₱2,231,273,066	₱1,186,379,483	₱3,593,236,935
Additions	–	698,241	18,827,752	131,213,796	150,739,789
Retirements/disposal	–	–	(7,187,826)	(10,570,982)	(17,758,808)
At September 30, 2008	173,086,946	3,195,681	2,242,912,992	1,307,022,297	3,726,217,916
Accumulated depreciation and amortization					
At October 1, 2007	–	2,497,440	800,854,425	880,059,188	1,683,411,053
Depreciation and amortization (Note 22)	–	698,241	120,690,308	109,482,515	230,871,064
Retirements/disposal	–	–	(4,725,994)	(12,344,530)	(17,070,524)
At September 30, 2008	–	3,195,681	916,818,739	977,197,173	1,897,211,593
Net book value as of September 30, 2008	₱173,086,946	₱–	₱1,326,094,253	₱329,825,124	₱1,829,006,323

2007 (As restated)

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Total
Cost					
At October 1, 2006	₱170,035,106	₱2,980,931	₱2,133,093,951	₱1,091,065,206	₱3,397,175,194
Additions	3,051,840	–	100,267,017	95,314,277	198,633,134
Reclassifications/transfers	–	(483,491)	(2,087,902)	–	(2,571,393)
At September 30, 2007	173,086,946	2,497,440	2,231,273,066	1,186,379,483	3,593,236,935
Accumulated depreciation and amortization					
At October 1, 2006	–	2,980,931	694,863,559	803,600,794	1,501,445,284
Depreciation and amortization (Note 22)	–	–	102,233,199	88,524,987	190,758,186
Reclassifications/transfers	–	(483,491)	3,757,667	(12,066,593)	(8,792,417)
At September 30, 2007	–	2,497,440	800,854,425	880,059,188	1,683,411,053
Net book value as of September 30, 2007	₱173,086,946	₱–	₱1,430,418,641	₱306,320,295	₱1,909,825,882

Depreciation and amortization expense charged to operations amounted to ₱248 million, ₱231 million and ₱191 million for the period ended September 30, 2009, 2008 and 2007, respectively (see Note 22).

Land and certain building improvements with a carrying net book value of ₱1,300 million has an appraised value of ₱4,700 billion as of September 30, 2008.

There are no property and equipment items as of September 30, 2009, 2008 and 2007 that are pledged as security to liabilities.

12. **Other Assets**

This account consists of:

	2009	2008	2007
Value-added input tax	**₱665,505,765**	₱725,139,318	₱538,418,226
Advances to Altus San Nicolas Corp. (ASNC)	**487,805,693**	–	–
Advances to lot owners (Notes 29 and 30)	**226,847,680**	230,782,624	211,416,544
Utility deposits (Notes 29 and 30)	**202,695,993**	159,797,619	268,770,020
Prepaid expenses	**109,810,396**	69,317,532	65,345,648
Derivative asset (Note 29)	**102,985,391**	–	–
Supplies	**29,287,698**	31,126,241	38,420,921
Receivable from Meralco (Notes 28, 29 and 30)	**24,415,226**	43,272,925	65,467,460
Advances to suppliers and contractors	**12,507,954**	3,743,538	4,297,686
Others	**57,914,041**	59,122,960	53,837,565
	₱1,919,775,837	₱1,322,302,757	₱1,245,974,070

The value-added input tax can be applied against value-added output tax. The remaining balance is recoverable in future periods.

In August 2006, the Group entered into a Joint Venture Agreement with VVH Realty Corporation in an 80:20 proportion. The parties agreed to incorporate ASNC for the purpose of co-developing a parcel of land into a commercial complex in San Nicolas, Ilocos Norte. The advances to ASNC represents charges incurred by the Group for the construction and development of the commercial complex. The advances are intended as capital contribution to ASNC.

Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired.

Utility deposits consist primarily of bid bonds and meter deposits.

Prepaid expenses consist mainly of prepayments for taxes and insurance.

Advances to suppliers/contractors consist of advance payment to supplier or contractors which will be applied against the final billing.

13. **Accounts Payable and Accrued Expenses**

This account consists of:

	2009	2008	2007
Accrued taxes and licenses, bonus and other liabilities	**₱2,318,123,849**	₱2,194,353,395	₱2,037,295,839
Accounts payable (Note 18)	**1,707,898,821**	2,099,810,450	1,349,388,365
Accrued rent expense	**875,749,479**	766,169,414	659,475,015
Pension liabilities (Note 27)	**28,453,776**	15,777,396	31,040,750
Dividends payable	**7,002,600**	6,000,198	4,671,049
	₱4,937,228,525	₱5,082,110,853	₱4,081,871,018

Accounts payable - trade and accrued expenses are normally settled within one (1) year.

The accounts payable mainly includes unpaid billings from suppliers and contractors.

The accrued rent expense represents the unpaid portion of the lease recognized as expense on a straight line basis.

14. **Deposits and Other Liabilities**

This account consists of:

	2009	2008	2007
Deposits from real estate buyers (Note 30)	**₱1,569,294,477**	₱1,417,602,647	₱2,092,033,140
Deposits from lessees - net (Note 30)	**1,409,832,860**	1,271,304,764	1,168,629,103
Payables to affiliated companies (Notes 18 and 30)	**120,448,784**	1,189,250,880	1,163,061,617
Advances and others	**389,488,728**	399,861,431	445,252,203
	₱3,489,064,849	₱4,278,019,722	₱4,868,976,063

Deposits from real estate buyers represent cash received in advance which shall be applied against the total contract price as soon as the contractual obligation of the real estate buyer have begun. The deposits from real estate are normally applied against the total contract price within a year from the date the deposits were made.

Included in Deposits from real estate buyers are cash collections in excess of the installment contract receivables recognized under the percentage-of-completion method which amounted to ₱1,021 million, ₱381 million and ₱1,149 million as of September 30, 2009, 2008 and 2007, respectively.

The Deposits from lessees represent cash received in advance equivalent to three to six months rent which shall be refunded to lessees at the end of lease term. The Group recognized Discount on deposits from lessees amounting to ₱101 million, ₱103 million and ₱133 million as of September 30, 2009, 2008 and 2007, respectively. The related interest expense on the discount amounted to ₱69 million, ₱61 million and ₱119 million in 2009, 2008 and 2007, respectively (see Note 24). The Deposits from lessees was discounted using PDST-F rate plus 2% spread.

The Unearned rental income amounted to ₱91 million, ₱94 million and ₱130 million as of September 30, 2009, 2008 and 2007, respectively. The rental income on amortization of unearned rental income amounted to ₱53 million and ₱47 million and ₱132 million in 2009, 2008 and 2007, respectively.

For the nature, terms and conditions of the payables to affiliated companies, please refer to Note 18.

15. Loans Payable

This account consists of:

	Principal Amount	**2009**	2008	2007
Short-term Loans from Banco de Oro Unibank Inc. (BDO)	**₱677,000,000**	**₱–**	₱677,000,000	₱–
Loan from ING, Manila and Security Bank Corporation (SBC) under the Development Bank of the Philippines (DBP)-JBIC - 5 loan facility at fixed interest rate of 9.2% per annum + 1.5% margin payable in nine (9) semi-annual payments starting October 2005	**1,000,000,000**	**115,000,000**	340,000,000	560,000,000
Registered Bonds with interest repriced quarterly based on the three-month Treasury security displayed on Mart 1 page of Bloomberg plus 2% due on March 7, 2008; current rate is 11.235%	**1,000,000,000**	**–**	–	1,000,000,000
Five-year and one day loan maturing on May 29, 2012 with fixed rate at 6.375%, interest payable semi-annually in arrears on the last day of each six-month interest period	**3,000,000,000**	**3,000,000,000**	3,000,000,000	3,000,000,000
Notes subscribed to by Land Bank of the Philippines (LBP), China Banking Corporation (CBC), Hongkong Shanghai Banking Corporation (HSBC) and SBC under the Inverse Floating Rate Notes Facility Agreement maturing on June 6, 2013 bearing an interest rate of 15.7% less the 3-month benchmark rate (PDST-F), and a tenor of 5 years + 1 day; interest is payable quarterly, in arrears, on the last day of each 3-month interest period	**2,000,000,000**	**2,000,000,000**	2,000,000,000	–
Five-year and one day loan maturing on July 14, 2014 with fixed rate at 8.5%, interest payable semi-annually in arrears on the last day of each six-month interest period	**5,000,000,000**	**5,000,000,000**	–	–
Five-year and one day loan maturing on August 27, 2014 with fixed rate at 8.25%, interest payable semi-annually in arrears on the last day of each six-month interest period	**5,000,000,000**	**5,000,000,000**	–	–
		₱15,115,000,000	₱6,017,000,000	₱4,560,000,000

<u>Short Term Loans Payable due in October 2008</u>
In July 2008, the Group obtained three (3) clean loans with a total principal value of ₱677 million from BDO. The term of the loan ranges from three (3) to four (4) months from issue date to be issued in one tranche. Interest on the outstanding principal shall be repaid at each interest payment date. The average interest rate shall be 6.6% per annum computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Total borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties and other investments under construction amounted to ₱82 million and ₱10 million in 2009 and 2008, respectively.

No debt covenants were being maintained by the Group since the loan is short-term in nature.

Payable due in October 2009
On October 6, 2004, the Group obtained unsecured loans each amounting to ₱500 million from ING Bank N.V. and from Security Bank Corporation (collectively, the "Lenders") under the Omnibus Facility Agreement (the "Agreement") constituting direct and unconditional obligation of the Group ranking pari-passu with all present and future unsecured and unsubordinated obligations, other than obligations in respect of which a statutory preference is established solely by operation of law, for partial financing and/or reimbursement of construction cost of the Parent Company's projects. DBP advanced the loan granted by the Lenders to the Parent Company by virtue of various agreements. The loan is payable in nine (9) semi-annual installments beginning October 2005.

Interest on the outstanding principal amount shall be paid at each interest payment date, as follow: (i) the interest rate shall be fixed at 9.2% per annum plus an interest margin of 1.5% per annum; (ii) the Group will have a one-time option throughout the life of the loan to switch from the fixed rate of 9.2% per annum to a floating rate equivalent to the applicable DBP pass-on-rate plus an interest margin of 1.5% per annum, subject to the provision by the Group of one-week prior written notice for the exercise of such option; and (iii) in case the Group opts for a floating interest rate, the setting of rates shall be in accordance with the policies of DBP which, as of the date of Agreement, fixes January 1, April 1, July 1, and October 1 of every year as the interest setting dates. Interest shall accrue from and include the first day of an interest period, up to, and including, the last day of such interest period.

Interest period shall mean the period of six (6) months of each year; provided, however, that in the event the Group shall have exercised its option under (ii) above to switch to a floating interest rate, interest period shall mean the period of three months of each year.

The Group settled its semi-annual amortization of obligation on this loan which aggregated to ₱225 million, ₱220 million and ₱110 million in 2009, 2008 and 2007, respectively.

Total borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties and other investments amounted to ₱16 million, ₱36 million and ₱65 million in 2009, 2008 and 2007, respectively.

Debt Covenant
The Group is required to maintain a debt to equity ratio of not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group has complied with the debt covenant.

Loans Payable due in May 2012
On May 24, 2007, the Group issued ₱3,000 million Fixed rate Corporate Note Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of the Group ranking at least pari passu in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Group) with all other outstanding unsecured and unsubordinated obligations of the Group. The term of the bonds is five (5) years and one (1) day from issue date.

The interest rate is at 6.375% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Total borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties and other investments under construction amounted to ₱194 million, ₱194 million and ₱66 million in 2009, 2008 and 2007, respectively.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group must ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. The Group has complied with the debt covenants.

Loans Payable due in June 2013
On June 4, 2008, the Group issued ₱2,000 million Inverse Floating Rate Notes Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of the Group ranking at least pari passu in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Group) with all other outstanding unsecured and unsubordinated obligations of the Group with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Group. The term of the bond is five (5) years and one (1) day from issue date.

The interest rate is at 15.70% less the 3-month Benchmark Rate on an interest determination date rounded off to the nearest 1/100 or 1% per annum and shall be payable quarterly, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Total borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties and other investments under construction amounted to ₱179 million and ₱62 million in 2009 and 2008, respectively.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group must ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. The Group has complied with the debt covenants.

Bonds Payable due in March 2008
On March 13, 2003, the Group issued ₱1,000 million bonds constituting direct, unconditional, unsubordinated and unsecured obligations of the Group ranking pari-passu with all direct, unconditional, unsubordinated and unsecured obligations of the Group at par of 100% of face value, for general corporate purposes, such as, but not limited to the following: (i) financing various capital expenditures; (ii) debt refinancing; and (iii) funding permanent working capital. The bond is payable with a bullet payment on March 7, 2008 or shall be redeemable at par upon maturity or on a date which is five (5) years and one (1) day from issue date.

Interest on the outstanding principal sum of the bonds shall be paid at a rate determined for each quarterly interest period, accrued and payable quarterly on the dates indicated in the interest coupon of the bonds beginning December 12, 2003. The interest rate shall be the sum of the Base Rate (defined as the bid yield for the applicable 91-day Treasury Bills based on the secondary market bids as displayed on the MART 1 page of Bloomberg interest rate setting date) plus a spread of two percent (2%).

Total borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties and other investments under construction amounted to ₱28 million and ₱72 million in 2008 and 2007, respectively.

Debt Covenant
The Group is required to maintain a debt to equity ratio and interest coverage ratio of not exceeding 1.5:1. The Group has complied with the debt covenant.

Bonds Payable due in July 2014
On July 13, 2009, the Group issued ₱5,000 million bonds constituting direct, unconditional, unsubordinated and unsecured obligations of the Group ranking pari-passu in all respects and ratably without any preference or priority with all other outstanding unsecured and unsubordinated obligations of the Group. The proceeds shall be used for general corporate purposes, such as, but not limited to the financing various capital expenditures. The bond is payable with a lump-sum payment on July 14, 2014 or shall be redeemable at par upon maturity or on a date which is five (5) years and one (1) day from issue date.

The interest rate is at 8.5% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date. The payment of the interest shall begin on January 14, 2010.

Total borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties and other investments under construction amounted to ₱94 million in 2009.

Bonds Payable due in August 2014
On August 26, 2009, the Group issued ₱5,000 million bonds constituting direct, unconditional, unsubordinated and unsecured obligations of the Group ranking pari-passu in all respects and ratably without any preference or priority with all other outstanding unsecured and unsubordinated obligations of the Group. The proceeds shall be used for general corporate purposes, such as, but not limited to the financing various capital expenditures. The bond is payable with a lump-sum payment on August 27, 2014 or shall be redeemable at par upon maturity or on a date which is five (5) years and one (1) day from issue date.

The interest rate is at 8.25% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date. The payment of the interest shall begin on February 27, 2010.

Total borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties and other investments under construction ₱41 million in 2009.

Debt Covenant
The Group is required to maintain a debt to equity ratio not exceeding 1:5:1 ratio and interest coverage ratio of at least 1.5:1. The Group has complied with the debt covenant.

Aggregate borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties amounted to ₱631 million, ₱331 million and ₱264 million in 2009, 2008 and 2007, respectively.

Details of the Group's loans payable by maturity follow:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
2009	**₱115,000,000**	**₱–**	**₱–**	**₱5,000,000,000**	**₱10,000,000,000**	**₱15,115,000,000**
2008	₱1,017,000,000	₱–	₱–	₱3,000,000,000	₱2,000,000,000	₱6,017,000,000
2007	₱1,220,000,000	₱225,000,000	₱115,000,000	₱–	₱3,000,000,000	₱4,560,000,000

16. **Retained Earnings**

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱345 million, ₱348 million and ₱243 million as of September 30, 2009, 2008 and 2007, respectively, are not available for dividend declaration until received in the form of dividends.

Dividends declared
The Board of Directors (BOD) declared cash dividends in favor of all its stockholders as follows:

	2009	2008	2007
Date of declaration	**April 16, 2009**	April 17, 2008	April 19, 2007
Date of payment	**June 10, 2009**	June 12, 2008	June 14, 2007
Ex-dividend rate	**May 15, 2009**	May 16, 2008	May 18, 2007
Dividend per share	**₱0.25**	₱0.53	₱0.37
Total dividends	**₱686,729,614**	₱1,455,866,782	₱1,016,359,830

Appropriation
On September 15, 2009, the BOD approved the additional appropriation of ₱7,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirement of the Group.

On May 14, 2003, the BOD approved the appropriation of ₱3,500 million, out of the unappropriated retained earnings, for future expansion.

17. **Capital Stock**

The details of the number of common shares and the movements thereon follow:

	2009	2008	2007
Authorized - at ₱1 par value	**3,000,000,000**	3,000,000,000	3,000,000,000
At beginning of the period	**2,746,918,457**	2,746,918,457	2,296,918,457
Additional subscriptions	**–**	–	450,000,000
Issued and outstanding	**2,746,918,457**	2,746,918,457	2,746,918,457

In October 2006, the Parent Company offered primary and secondary share offerings (including Optional Shares) that were fully subscribed by both foreign and local investors. Net proceeds from the primary offering amounted to about ₱5,234 million. The amount representing excess of subscription price over the par value of the primary share offering amounting to about ₱4,784 million was credited to additional paid-in capital for the period ended September 30, 2007.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity. Following is a computation of the Group's debt-to-capital ratio as of September 30, 2009, 2008 and 2007.

		2009	2008	2007
(a)	Loans payable (Note 15)	**₱15,115,000,000**	₱6,017,000,000	₱4,560,000,000
(b)	Equity	**₱25,566,476,177**	₱22,986,969,524	₱21,290,095,740
(c)	Debt-to-capital ratio (a/b)	**0.59:1**	0.26:1	0.21:1

The Group's policy is to limit the debt-to-capital ratio at the 1.5:1 level. This policy is consistent with the requirements under the Group's debt covenants with lenders.

18. **Related Party Transactions**

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities (referred herein as affiliates).

The Group, in the normal course of business, has transactions with its major stockholder, JGSHI and its affiliated companies consisting principally of lease arrangements and advances (both interest and non interest bearing), principally for working capital requirement, including construction costs.

Affiliates are entities that are owned and controlled by JGSHI and neither a subsidiary or associate of the Group. These affiliates are effectively sister companies of the Group by virtue of ownership of JGSHI.

JGSHI also provides the Group certain corporate services including debt management, corporate finance, corporate planning, procurement, human resources, legal and corporate communications.

Interest expense from the ₱2,500 million loan from JGSHI, which was paid in 2007, amounted to ₱61 million in 2007.

The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱905 million,
₱865 million and ₱799 million in 2009, 2008 and 2007, respectively. There are no intersegment sales.

The Group also maintains savings and current accounts and time deposits with Robinsons Savings Bank, an affiliated local commercial bank. The balances as of September 30 follow:

	2009	2008	2007
Savings and current accounts	**₱43,959,441**	₱32,660,266	₱38,856,645
Short-term investments	**123,197,650**	285,244,392	376,326,190
	₱167,157,091	₱317,904,658	₱415,182,835

Loans from shareholders

As of September 30, 2008 and 2007, a subsidiary has outstanding noninterest-bearing advances from Winsome Development Corporation, a minority stockholder, for working capital requirement amounting to ₱104 million (see Note 13). The advances are included in the "Accounts payable" account under the "Accounts payable and accrued expenses" in the consolidated statement of financial position.

As of September 30, 2009, 2008 and 2007, the net payable to affiliated companies amounted to ₱27 million, ₱1,094 million and ₱1,100 million, respectively. Details are as follow:

	2009	2008	2007
Receivable from affiliated companies (Notes 8 and 30)			
Digital Telecommunication Inc.	**₱39,926,434**	₱39,890,765	₱39,701,125
Robinsons Recreation Corporation	**11,351,620**	11,326,607	11,270,828
Universal Robina Corporation	**6,156,389**	8,605,539	9,285,655
Others	**35,692,331**	34,934,969	2,687,763
	93,126,774	94,757,880	62,945,371
Payable to affiliated companies (Notes 14 and 30)			
JGSHI	**(₱33,828,465)**	(₱1,098,928,503)	(₱1,077,396,857)
Westpoint Industrial Mills	**(22,819,452)**	(22,950,417)	(22,950,417)
Robinsons Inc.	**–**	(14,593,692)	(15,136,027)
Others	**(63,800,867)**	(52,778,268)	(47,578,316)
	(120,448,784)	(1,189,250,880)	(1,163,061,617)
Net payable to affiliated companies	**(₱27,322,010)**	(₱1,094,493,000)	(₱1,100,116,246)

Other receivables from affiliates account consists primarily of receivables from Shrine Galleria Corporation, JG Summit Capital and Universal Corn Products.

Other payables from affiliates account consists primarily of payables from Robina Farms, CFC Corporation and Orient Petroleum.

Outstanding balances as of September 30, 2009, which are unsecured and interest free, are all due within one (1) year. On February 14, 2006, the ₱2,500 million JGSHI loan was obtained with interest at 9% payable quarterly while the principal is payable on single balloon payment after three (3) years. The entire ₱2,500 million was fully paid as of September 30, 2007.

As of September 30, 2009 and 2008, the Group has not provided any allowance for impairment losses for amounts owed by related parties. This assessment is undertaken each financial year. Factors such as financial position of the related party and the market in which the related party operates are considered in the assessment.

Compensation of Key Management Personnel

The compensation of the Group's key management personnel by benefit type follows (see Note 23):

	2009	2008	2007
Short term employee benefits	**₱466,196,967**	₱433,704,305	₱386,078,541
Post-employment benefits (Note 27)	**19,328,400**	39,286,400	16,537,631
	₱485,525,367	₱472,990,705	₱402,616,172

19. **Revenue**

This account consists of:

	2009	2008	2007
Real estate			
Rental income (Notes 18 and 33)	**₱5,143,095,179**	₱4,375,623,429	₱3,967,721,986
Real estate sales	**3,903,963,162**	4,942,149,125	2,896,397,480
Others	**415,447,070**	233,727,686	207,877,113
	9,462,505,411	9,551,500,240	7,071,996,579
Hotel operations			
Rooms	**593,396,475**	636,336,824	626,689,474
Food and beverage	**398,818,700**	439,081,026	413,169,484
Others	**41,016,521**	60,402,777	66,354,542
	1,033,231,696	1,135,820,627	1,106,213,500
	₱10,495,737,107	₱10,687,320,867	₱8,178,210,079

20. **Costs**

This account consists of:

	2009	2008	2007
Real Estate			
Cost of real estate sale (Note 9)	**₱2,304,166,017**	₱3,302,412,914	₱1,417,930,410
Depreciation and amortization (Notes 10, 11 and 22)	**1,486,071,942**	1,384,108,499	1,247,387,885
Maintenance costs (Note 10)	**152,311,784**	147,746,528	124,492,017
Others	**187,846,269**	260,780,821	390,628,886
	4,130,396,012	5,095,048,762	3,180,439,198
Hotel Operations			
Cost of sale	**137,338,511**	137,135,734	135,313,561
Property operations and maintenance costs (Note 10)	**188,908,781**	221,020,607	241,041,115
Depreciation and amortization (Notes 10, 11 and 22)	**182,774,353**	173,753,732	155,523,999
Others (Note 23)	**396,853,653**	415,614,272	390,146,406
	905,875,298	947,524,345	922,025,081
	₱5,036,271,310	₱6,042,573,107	₱4,102,464,279

21. **General and Administrative Expenses**

This account consists of:

	2009	2008	2007
Salaries and wages (Notes 18, 23 and 27)	**₱352,580,249**	₱312,349,261	₱263,806,354
Taxes and licenses	**236,908,362**	161,405,245	167,749,893
Commission	**224,761,947**	255,072,640	333,517,097
Advertising and promotions	**199,825,182**	241,719,505	148,613,850
Rent expense (Note 32)	**156,097,564**	159,137,863	155,603,494
Light, water and communication (Note 28)	**53,017,210**	58,020,759	71,083,536
Insurance	**35,006,496**	33,958,908	23,891,722
Donation	**23,178,581**	10,780,336	7,854,152
Travel and transportation	**19,785,993**	22,449,873	17,663,692
Supplies expense	**13,991,651**	14,291,202	14,239,494
Entertainment, amusement and recreation	**9,656,765**	20,959,647	25,975,931
Provision for impairment losses (Note 8)	**1,000,601**	18,982,104	19,000,000
Others	**22,707,883**	6,356,487	2,392,660
	₱1,348,518,484	₱1,315,483,830	₱1,251,391,875

Revenue Regulations No. 10-2002 define expenses to be classified as entertainment, amusement and representation (EAR) expenses and sets a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses.

22. **Depreciation and Amortization**

Depreciation and amortization are distributed as follows:

	2009	2008	2007
Real estate (Notes 10, 11 and 20)	**₱1,486,071,942**	₱1,384,108,499	₱1,247,387,885
Hotel operations (Notes 11 and 20)	**182,774,353**	173,753,732	155,523,999
	₱1,668,846,295	₱1,557,862,231	₱1,402,911,884

23. **Personnel Expenses**

Personnel expenses consist of (see Notes 18 and 21):

	2009	2008	2007
Salaries, wages and other staff costs	**₱430,317,859**	₱411,994,523	₱361,099,065
Pension expense (Note 27)	**19,328,400**	39,286,400	16,537,631
SSS contributions, PAG-IBIG contributions, premiums and others	**35,879,108**	21,709,782	24,979,476
	₱485,525,367	₱472,990,705	₱402,616,172

The above amounts are distributed as follows:

	2009	2008	2007
General and administrative (Note 21)	**₱352,580,249**	₱312,349,261	₱263,806,354
Hotel operations (Note 20)	**132,945,118**	160,641,444	138,809,818
	₱485,525,367	₱472,990,705	₱402,616,172

24. **Interest Income and Interest Expense**

This account consists of:

	2009	2008	2007
Interest income			
Installment contract receivables	**₱111,115,924**	₱358,094,035	₱490,174,138
Bank deposits	**120,053,222**	132,078,187	217,775,217
Receivable from Meralco	**6,606,412**	4,560,394	2,416,960
	₱237,775,558	₱494,732,616	₱710,366,315
Interest expense on amortization of discount on deposits (Note 14)	**₱68,624,827**	₱60,603,120	₱119,030,864

25. **Income Tax**

The current tax provision for income tax in 2009, 2008 and 2007 pertains to RCIT and final tax. Details are as follow:

	2009	2008	2007
RCIT	**₱656,936,577**	₱568,276,014	₱432,176,406
Final	**5,211,068**	18,070,251	31,881,104
	₱662,147,645	₱586,346,265	₱464,057,510

The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2009	2008	2007
Statutory income tax rate	**31.25%**	35.00%	35.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.17)**	(0.52)	(0.53)
Income subjected to lower income tax rates	**(5.77)**	(4.08)	(3.06)
Tax-exempt interest income	**(0.25)**	(0.25)	(0.10)
Tax exempt real estate sales	**(0.50)**	(0.01)	(0.49)
Change in tax rate	**(0.59)**	(7.97)	–
Others	**(0.28)**	(5.94)	(2.46)
Effective income tax rate	**23.69%**	16.23%	28.36%

The Republic Act No. 9337 that was enacted into law in 2005 amended various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA was the reduction of the income tax rate from 35% to 30% beginning January 1, 2009.

Deferred taxes as of September 30, 2009, 2008 and 2007 relate to the tax effects of the following:

	2009	2008	2007
Deferred tax assets:			
Accrued rent expense	**₱261,293,652**	₱229,850,824	₱230,816,255
Accrued interest expense	**56,332,918**	66,724,468	57,115,136
Allowance for impairment loss	**14,837,933**	14,537,753	10,316,975
Accrued retirement payable	**8,536,133**	4,733,219	10,864,263
	341,000,636	315,846,264	309,112,629
Deferred tax liabilities:			
Unamortized capitalized interest expense	**(1,275,649,497)**	(1,094,046,126)	(1,169,425,074)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(928,632,483)**	(813,255,926)	(823,262,945)
Accrued rent income	**(116,420,990)**	(73,886,850)	(93,970,815)
Market valuation gain on derivative instrument (Note 12)	**(30,895,617)**	–	–
Unamortized debt issuance cost	**(12,116,129)**	–	–
Receivable from Meralco	**(7,324,568)**	(12,981,878)	(22,574,704)
Others	**–**	–	(3,897,012)
Net deferred tax liabilities	**(2,371,039,284)**	(1,994,170,780)	(2,113,130,550)
	(₱2,030,038,648)	(₱1,678,324,516)	(₱1,804,017,921)

26. Earnings Per Share

Earnings per share amounts were computed as follows:

		2009	2008	2007
a.	Net income attributable to equity holders of Parent Company	**₱3,264,458,937**	₱3,150,039,185	₱2,441,338,382
b.	Weighted average number of common shares outstanding	**2,746,918,457**	2,746,918,457	2,746,918,457
c.	Earnings per share (a/b)	**₱1.19**	₱1.15	₱0.89

There were no potential dilutive shares in 2009, 2008 and 2007.

27. Retirement Plan

The Group has an unfunded, noncontributory, defined benefit retirement plan covering all its regular permanent employees. The plan provides retirement, separation, disability and death benefits to its members. The latest actuarial valuation was made on March 31, 2009.

The following tables summarizes the components of pension expense (included in salaries and wages account under "General and administrative expenses") recognized in the consolidated statement of comprehensive income and the funded status and amounts recognized in the consolidated statement of financial position for the plan:

Pension expense

	2009	2008	2007
Current service cost	**₱11,794,300**	₱12,653,200	₱8,890,500
Interest cost	**8,568,100**	7,996,600	7,354,100
Expected return on plan assets	**(3,166,100)**	(188,000)	(19,000)
Benefits paid	**–**	(1,697,000)	–
Past service cost	**–**	16,667,300	–
Actuarial losses recognized	**2,132,100**	3,854,300	312,031
Total pension expense (Note 23)	**₱19,328,400**	₱39,286,400	₱16,537,631

Pension liabilities

	2009	2008	2007
Benefit obligation	**₱80,486,580**	₱101,706,300	₱84,707,150
Fair value of plan assets	**(60,559,560)**	(57,568,490)	(104,000)
Unrecognized net actuarial losses (gains)	**8,526,756**	(28,360,414)	(53,562,400)
Pension liabilities	**₱28,453,776**	₱15,777,396	₱31,040,750

Pension benefit obligation

	2009	2008	2007
Balance at beginning of the period	**₱101,706,300**	₱84,707,150	₱75,702,051
Current service cost	**11,794,300**	12,653,200	8,890,500
Interest cost	**8,568,100**	7,996,600	7,354,100
Past service cost	**–**	16,667,300	–
Actuarial gains on obligation	**(34,743,000)**	(13,471,444)	1,643,849
Benefits paid	**(6,839,120)**	(6,846,506)	(8,883,350)
Balance at end of the period	**₱80,486,580**	₱101,706,300	₱84,707,150

Fair value of plan assets

	2009	2008	2007
Balance at beginning of the period	**₱57,568,490**	₱104,000	₱–
Expected return on plan assets	**3,166,100**	188,000	19,000
Actual contributions	**6,652,020**	54,549,754	1,822,500
Benefits paid	**(6,839,120)**	(5,149,506)	(1,989,000)
Actuarial gains - net	**12,070**	7,876,242	251,500
Balance at end of the period	**₱60,559,560**	₱57,568,490	₱104,000

The rollforward of unrecognized actuarial losses (gains) follows:

	2009	2008	2007
Balance at beginning of year	**₱28,360,414**	₱53,562,400	₱52,482,082
Additional actuarial (gains) losses:			
From plan obligation	**(34,743,000)**	(13,471,444)	1,643,849
From plan asset	**(12,070)**	(7,876,242)	(251,500)
Actuarial losses recognized	**(2,132,100)**	(3,854,300)	(312,031)
Balance at end of year	**(₱8,526,756)**	₱28,360,414	₱53,562,400

Actual return on plan assets amounted to ₱3,178 million, ₱8,064 million and ₱271 million in 2009, 2008 and 2007, respectively.

The principal assumptions used in determining pension for the Group's plan are shown below:

	2009	2008	2007
Discount rate	**9.29% - 11.40%**	8.08% - 8.81%	9.06% - 9.50%
Rate of salary increase	**4.00% - 5.50%**	4.00% - 5.50%	7.00%
Expected rate of return on plan assets	**5.50%**	5.50%	5.50%
Experience adjustment gain (loss) - net	**₱34,743,000**	₱13,471,444	(₱1,503,800)
Turnover rate	**10.98% - 35.00%**	10.98% - 35.00%	4.00% - 30.00%

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The Group's plan assets consist of the following:

	2009		2008		2007	
	Amount	**%**	Amount	%	Amount	%
Cash	**₱179,754**	**0.30**	₱178,754	0.31	₱104,000	100.00
Receivables	**66,922,515**	**110.50**	63,236,763	109.85	–	–
Liabilities (Notes 14 and 18)	**(6,542,709)**	**(10.80)**	(5,847,027)	(10.16)	–	–
	₱60,559,560	**100.00**	₱57,568,490	100.00	₱104,000	100.00

The Group's plan assets consist primarily of receivables from related parties with interest rate at prevailing market rate.

The Group expects to contribute about ₱14 million into the pension fund for the fiscal year ending in September 30, 2010.

Amounts for the current and previous annual periods are as follow:

	2009	2008	2007	2006
Pension benefit obligation	**₱80,486,580**	₱101,706,300	₱84,707,150	₱75,515,689
Plan assets	**60,559,560**	57,568,490	104,000	–
Experience adjustments on:				
Plan liabilities	**34,743,000**	13,471,444	(1,643,849)	7,554,500
Plan assets	**(12,070)**	(7,876,242)	(251,500)	–

28. Meralco Refund

As a customer of the Manila Electric Company (Meralco), the Group is entitled to receive a refund pertaining to previous billings adjustments under Phase IV of Meralco's refund scheme. Subsequent to the approval of Meralco's amended refund scheme in 2005 by the Energy Regulatory Commission, the amount and the timing of the receipt of the refund is made certain.

Under the Meralco refund scheme, the Group may opt to refund through postdated checks or as a fixed monthly credit to bills with cash option. The Group has opted to recover the refund through fixed monthly credit to bills with cash option, starting in November 2005 until January 2011. Income from the refund amounted to ₱90 million (included as deduction in "General and administrative expenses") in 2006. The receivable was discounted using an EIR of 10%.

As of September 30, 2009, 2008 and 2007, the Group's receivable from Meralco, which is included in "Other asset", amounted to ₱24 million (net of unearned interest income of ₱12 million), ₱43 million (net of unearned interest income of ₱18 million) and ₱66 million (net of unearned interest income of ₱23 million), respectively (see Note 12). Interest income recognized on amortization of unearned interest income amounted to ₱7 million, ₱5 million and ₱2 million in 2009, 2008 and 2007 respectively (see Note 24).

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise of bonds payable, loans payable, receivables from affiliated companies, payables to affiliated companies, receivables and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency market risk, liquidity risk, interest rate risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Group's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

Audit Committee
The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)

To systematize the risk management within the Group, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:
a. recommending risk policies, strategies, principles, framework and limits;
b. managing fundamental risk issues and monitoring of relevant risk decisions;
c. providing support to management in implementing the risk policies and strategies; and
d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Risk Management Policies
The main risks arising from the use of financial instruments are foreign currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies for managing the aforementioned risks are summarized below.

Foreign currency risk
Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from financial instruments that are denominated in a United States Dollar (USD) which result primarily from movement of the Philippine Peso against the USD.

The Group does not have any foreign currency hedging arrangements.

The table below summarizes the Group's exposure to foreign currency risk as of September 30, 2009, 2008 and 2007.

	2009		2008		2007	
Assets						
Cash and cash equivalents	**$1,413,153**	**₱66,969,339**	$1,499,076	₱70,531,542	$5,847,017	₱263,349,644
Liabilities						
Accounts payable and accrued expenses	**421,529**	**19,976,279**	211,505	9,951,293	355,654	16,018,658
Net foreign currency-denominated asset	**$991,624**	**₱46,993,060**	$1,287,571	₱60,580,249	$5,491,363	₱247,330,986

The exchange rates used to translate the Group's US Dollar-denominated assets and liabilities as of September 30, 2009, 2008 and 2007 follow:

	2009	2008	2007
US Dollar - Philippine Peso exchange rate	**₱47.39 to US$1.00**	₱47.05 to US$1.00	₱45.04 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the US Dollar - Philippine Peso exchange rate on the Group's income before income tax and equity for the year ended September 30, 2009 and 2008.

Reasonably Possible Changes in US Dollar-Philippine Peso Exchange Rates	Change in Income Before Income Tax	Change in Equity
2009		
2.0%	**(₱939,861)**	**(₱657,903)**
(2.0%)	**939,861**	**657,903**
2008		
2.5%	(₱1,514,506)	(₱984,429)
(2.5%)	1,514,506	984,429
2007		
1.5%	(₱3,709,965)	(₱2,411,477)
(1.5%)	3,709,965	2,411,477

The Group does not expect the impact of the volatility on other currencies to be material.

Liquidity risk
Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt.

The following table summarizes the maturity profile of the Group's financial liabilities as of September 30, 2009 and 2008, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. Balances due within 6 months equal their carrying amounts, as the impact of discounting is insignificant.

2009

	1 to 3 months	**4 to 12 months**	**Over 1 year**	**5 years**	**Total**
Loans and receivables					
Cash and cash equivalents	**₱446,284,807**	**₱1,338,854,419**	**₱5,355,417,674**	**₱1,785,139,225**	**₱8,925,696,125**
Receivables					
Trade	**190,130,586**	**570,391,757**	**2,281,567,029**	**760,522,343**	**3,802,611,715**
Affiliated companies	**4,656,339**	**13,969,016**	**55,876,064**	**18,625,355**	**93,126,774**
Others	**11,133,957**	**33,401,873**	**133,607,492**	**44,535,831**	**222,679,153**
Other assets					
Utility deposits	**10,134,799**	**30,404,399**	**121,617,596**	**40,539,199**	**202,695,993**
Advances to lot owners	**11,342,384**	**34,027,152**	**136,108,608**	**45,369,536**	**226,847,680**
Receivable from Meralco	**1,220,761**	**3,662,284**	**14,649,136**	**4,883,045**	**24,415,226**
Advances from suppliers and contractors	**625,398**	**1,876,193**	**7,504,772**	**2,501,591**	**12,507,954**
Fair value at FVPL					
Derivative asset	**102,985,391**	**–**	**–**	**–**	**102,985,391**
Total financial assets	**₱778,514,422**	**₱2,026,587,093**	**₱8,106,348,371**	**₱2,702,116,125**	**₱13,613,566,011**
Accounts payable and accrued expenses	**₱246,861,426**	**₱740,584,279**	**₱2,962,337,115**	**₱987,445,705**	**₱4,937,228,525**
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	**6,022,439**	**18,067,318**	**72,269,270**	**24,089,757**	**120,448,784**
Deposits from lessees	**70,491,643**	**211,474,929**	**845,899,716**	**281,966,572**	**1,409,832,860**
Loans payable and future interest payment	**215,540,583**	**200,625,000**	**902,812,500**	**19,064,059,028**	**20,383,037,111**
Other financial liabilities	**₱538,916,091**	**₱1,170,751,526**	**₱4,783,318,601**	**₱20,357,561,062**	**₱26,850,547,280**

2008

	1 to 3 months	4 to 12 months	Over 1 year	5 years	Total
Loans and receivables					
Cash and cash equivalents	₱25,954,023	₱77,862,068	₱311,448,272	₱103,816,091	₱519,080,454
Receivables					
Trade	202,478,192	607,434,576	2,429,738,305	809,912,768	4,049,563,841
Affiliated companies	4,737,894	14,213,682	56,854,728	18,951,576	94,757,880
Others	10,433,514	31,300,541	125,202,166	41,734,055	208,670,276
Other assets					
Utility deposits	7,989,881	23,969,643	95,878,571	31,959,524	159,797,619
Advances to lot owners	11,539,130	34,617,394	138,469,575	46,156,525	230,782,624
Receivable from Meralco	2,163,646	6,490,939	25,963,755	8,654,585	43,272,925
Advances from suppliers and contractors	187,177	561,531	2,246,123	748,707	3,743,538
Total financial assets	₱265,483,457	₱796,450,374	₱3,185,801,495	₱1,061,933,831	₱5,309,669,157
Accounts payable and accrued expenses	₱254,105,542	₱762,316,628	₱3,049,266,512	₱1,016,422,171	₱5,082,110,853
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	59,462,544	178,387,632	713,550,528	237,850,176	1,189,250,880
Deposits from lessees	63,565,238	190,695,715	762,782,858	254,260,953	1,271,304,764
Loans payable and future interest payment	882,625,000	325,625,000	5,573,750,000	–	6,782,000,000
Other financial liabilities	₱1,259,758,324	₱1,457,024,975	₱10,099,349,898	₱1,508,533,300	₱14,324,666,497

2007

	1 to 3 months	4 to 12 months	Over 1 year	5 years	Total
Loans and receivables					
Cash and cash equivalents	₱77,781,171	₱233,343,512	₱933,374,051	₱311,124,684	₱1,555,623,418
Receivables					
Trade	139,101,356	417,304,069	1,669,216,274	556,405,425	2,782,027,124
Affiliated companies	3,147,268	9,441,806	37,767,223	12,589,074	62,945,371
Others	5,857,429	17,572,286	70,289,143	23,429,714	117,148,572
Other assets					
Utility deposits	13,438,501	40,315,503	161,262,012	53,754,004	268,770,020
Advances to lot owners	10,570,827	31,712,482	126,849,926	42,283,309	211,416,544
Receivable from Meralco	3,273,373	9,820,119	39,280,476	13,093,492	65,467,460
Advances to suppliers and contractors	214,884	644,653	2,578,612	859,537	4,297,686
Total financial assets	₱253,384,809	₱760,154,430	₱3,040,617,717	₱1,013,539,239	₱5,067,696,195
Accounts payable and accrued expenses	₱204,093,551	₱612,280,652	₱2,449,122,611	₱816,374,204	₱4,081,871,018
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	58,153,081	174,459,243	697,836,970	232,612,323	1,163,061,617
Deposits from lessees	58,431,455	175,294,365	701,177,462	233,725,821	1,168,629,103
Loans payable and future interest payment	275,812,500	827,437,500	3,309,750,000	1,103,250,000	5,516,250,000
Other financial liabilities	₱596,490,587	₱1,789,471,760	₱7,157,887,043	₱2,385,962,348	₱11,929,811,738

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both onshore and offshore.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligation with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As of September 30, 2009, 2008 and 2007, 87%, 61% and 66% of the Group's loans payable are at a fixed rate of interest.

The following presents the carrying amount, by maturity, of the Group's financial instruments with variable rates that are exposed to interest rate risk.

2009

	Within 1 year	**1-2 years**	**2-3 years**	**Total**
Loans payable (Note 15)	**₱115,000,000**	**₱–**	**₱2,000,000,000**	**₱2,115,000,000**

2008

	Within 1 year	1-2 years	2-3 years	Total
Loans payable (Note 15)	₱225,000,000	₱115,000,000	₱2,000,000,000	₱2,340,000,000

2007

	Within 1 year	1-2 years	2-3 years	Total
Loans payable (Note 15)	₱220,000,000	₱225,000,000	₱115,000,000	₱560,000,000

Financial instruments with floating interest rate are repriced quarterly at intervals of less than one (1) year.

The following table sets forth the impact of the range of reasonably possible changes in the interest rates on the Group's income before income tax in 2009, 2008 and 2007.

Increase/Decrease in Basis Points	Change in Income Before Income Tax
2009	
+150	**(₱34,170,447)**
-150	**34,170,447**
2008	
+150	(₱27,322,587)
-150	27,322,587
2007	
+150	(₱29,339,831)
-150	29,339,831

Other than the potential impact on income before income tax, there is no other effect on equity.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Group trades only with recognized, creditworthy third parties. 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 impairment loss is not significant.

With respect to credit risk arising from Group's financial assets, which comprise of cash and cash equivalents and receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2009, 2008 and 2007, without considering the effects of collaterals and other credit risk mitigation techniques.

	2009	2008	2007
Cash and cash equivalents	**₱8,925,696,125**	₱519,080,453	₱1,555,623,418
Receivables - net			
Trade receivables			
Installment contract receivable	**3,166,871,003**	3,541,591,155	2,220,262,428
Rental receivables	**238,719,742**	252,087,471	194,380,916
Accrued rent receivable	**320,890,367**	235,681,052	298,432,138
Hotel operations	**76,130,603**	68,663,338	68,951,642
Affiliated companies	**93,126,774**	94,757,880	62,945,371
Other receivables	**222,679,153**	208,670,276	117,148,572
Other assets			
Advances to lot owners	**226,847,680**	230,782,624	211,416,544
Utility deposits	**202,695,993**	159,797,619	268,770,020
Derivative asset	**102,985,391**	–	–
Receivable from Meralco	**24,415,226**	43,272,925	65,467,460
Advances to suppliers and contractors	**12,507,954**	3,743,538	4,297,686
	₱13,613,566,011	₱5,358,128,331	₱5,067,696,195

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Given the Group's diverse base of counterparty, it is not exposed to large concentration of credit risks.

c. Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets as of September 30, 2009, 2008 and 2007.

2009

	Neither Past Due Nor Impaired			**Past Due or**	
	High Grade	**Standard Grade**	**Substandard Grade**	**Individually Impaired**	**Total**
Loans and receivables					
Cash and cash equivalents	**₱8,925,696,125**	**₱–**	**₱–**	**₱–**	**₱8,925,696,125**
Receivables:					
Trade receivables					
Installment contract receivables	**2,847,977,762**	**299,893,241**	**–**	**19,000,000**	**3,166,871,003**
Rental receivables	**131,050,306**	**87,156,543**	**–**	**20,512,893**	**238,719,742**
Accrued rent receivables	**320,890,367**	**–**	**–**	**–**	**320,890,367**
Hotel operations	**37,983,835**	**28,199,885**	**–**	**9,946,883**	**76,130,603**
Affiliated companies	**93,126,774**	**–**	**–**	**–**	**93,126,774**
Other receivables	**222,679,153**	**–**	**–**	**–**	**222,679,153**
Other assets					
Advances to lot owners	**226,847,680**	**–**	**–**	**–**	**226,847,680**
Utility deposits	**202,695,993**	**–**	**–**	**–**	**202,695,993**
Receivable from Meralco	**24,415,226**	**–**	**–**	**–**	**24,415,226**
Advances to suppliers and contractors	**12,507,954**	**–**	**–**	**–**	**12,507,954**
Financial assets of FVPL					
Derivative asset	**102,985,391**	**–**	**–**	**–**	**102,985,391**
	₱13,148,856,566	**₱415,249,669**	**₱–**	**₱49,459,776**	**₱13,613,566,011**

2008

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Loans and receivables					
Cash and cash equivalents	₱519,080,453	₱–	₱–	₱–	₱519,080,453
Receivables:					
Trade receivables					
Installment contract receivables	3,102,754,751	419,836,404	–	19,000,000	3,541,591,155
Rental receivables	124,378,250	107,196,328	–	20,512,893	252,087,471
Accrued rent receivables	235,681,052	–	–	–	235,681,052
Hotel operations	36,027,130	23,689,926	–	8,946,282	68,663,338
Affiliated companies	94,757,880	–	–	–	94,757,880
Other receivables	208,670,276	–	–	–	208,670,276
Other assets					
Utility deposits	159,797,619	–	–	–	159,797,619
Advances to lot owners	230,782,624	–	–	–	230,782,624
Receivable from Meralco	43,272,925	–	–	–	43,272,925
Advances to suppliers and contractors	3,743,538	–	–	–	3,743,538
	₱4,758,946,498	₱550,722,658	₱–	₱48,459,175	₱5,358,128,331

2007

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Cash and cash equivalents	₱1,555,623,418	₱–	₱–	₱–	1,555,623,418
Receivables:					
Trade receivables					
Installment contract receivables	1,910,519,323	290,743,105	–	19,000,000	2,220,262,428
Rental receivables	209,985,629	77,969,438	–	10,477,071	298,432,138
Accrued rent receivables	194,380,916	–	–	–	194,380,916
Hotel operations	34,936,035	34,015,607	–	–	68,951,642
Affiliated companies	62,945,371	–	–	–	62,945,371
Other receivables	117,148,572	–	–	–	117,148,572
Other assets					
Utility deposits	268,770,020	–	–	–	268,770,020
Advances to lot owners	211,416,544	–	–	–	211,416,544
Receivable from Meralco	65,467,460	–	–	–	65,467,460
Advances from suppliers and contractors	4,297,686	–	–	–	4,297,686
	₱4,635,490,974	₱402,728,150	₱–	₱29,477,071	₱5,067,696,195

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks in the Philippines in terms of resources and profitability.

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Impairment assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent evidence or not yet objective of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

Derivative Financial Instrument

Interest rate swap

On May 28, 2008, the Group entered in an interest rate swap agreement with a bank, with a total notional amount of ₱2,000 million to hedge its interest rate exposures on the Inverse Floating Rate Notes bearing an interest rate of 15.70% less 3 month benchmark rate (PDST-F) (Note 15). The interest rate swap has a term of five (5) years and interest exchange is every 5th day of March, June, September and December. Under the agreement, the Group agreed with the counterparty to exchange at quarterly interval, the Group's floating rate which is based on 3M PSDT-F but not to exceed 15.70% and the counterparty's fixed interest rates. The swap agreement effectively fixes the Group's interest rate exposure on the inverse floating note to 8.75%.

As of September 30, 2009, the estimated fair values of this interest rate swap agreement amounted to ₱103 million gains (see Note 12). The mark-to-market gains is recorded as part of "Other Income" under revenue.

30. **Financial Instruments**

Fair Value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the consolidated financial statements.

	2009		2008		2007	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables						
Cash and cash equivalents	**₱8,925,696,125**	**₱8,925,696,125**	₱519,080,453	₱519,080,453	₱1,555,623,418	₱1,555,623,418
Receivables						
Trade						
Installment contract receivable	**3,166,871,003**	**2,853,206,784**	3,522,591,155	3,056,086,567	2,201,262,428	1,945,870,125
Rental receivables	**238,719,742**	**238,719,742**	222,628,296	222,628,296	287,955,067	287,955,067
Accrued rent receivable	**320,890,367**	**320,890,367**	235,681,052	235,681,052	194,380,916	194,380,916
Hotel operations	**76,130,603**	**76,130,603**	68,663,338	68,663,338	68,951,642	68,951,642
Affiliated companies	**93,126,774**	**93,126,774**	94,757,880	94,757,880	62,945,371	62,945,371
Others	**222,679,153**	**222,679,153**	208,670,276	208,670,276	117,148,572	117,148,572
Other assets						
Utility deposits	**202,695,993**	**202,695,993**	159,797,619	159,797,619	268,770,020	268,770,020
Advances to lot owners	**226,847,680**	**226,847,680**	230,782,624	230,782,624	211,416,544	211,416,544
Receivable from Meralco	**24,415,226**	**33,846,525**	43,272,925	55,587,746	65,467,460	72,148,433
Advances to suppliers and contractors	**12,507,954**	**12,507,954**	3,743,538	3,743,538	4,297,686	4,297,686
Financial asset at FVPL						
Derivative asset	**102,985,391**	**102,985,391**	–	–	–	–
	₱13,613,566,011	**₱13,309,333,091**	₱5,309,669,156	₱4,855,479,389	₱5,038,219,124	₱4,789,507,794
Other financial liabilities						
Accounts payable and accrued expenses						
Accrued bonus, taxes and licenses and others	**₱2,318,123,849**	**₱2,318,123,849**	₱2,194,353,395	₱2,194,353,395	₱2,037,295,839	₱2,037,295,839
Accounts payable - trade	**1,707,898,821**	**1,707,898,821**	2,099,810,450	2,099,810,450	1,349,388,365	1,349,388,365
Accrued rent expense	**875,749,479**	**875,749,479**	766,169,414	766,169,414	659,475,015	659,475,015
Dividends payable	**7,002,600**	**7,002,600**	6,000,198	6,000,198	4,671,049	4,671,049
Customers' deposit						
Deposits from lessees	**1,409,832,860**	**1,196,573,777**	1,271,304,764	1,089,971,611	1,168,629,103	1,000,667,516
Loans payable	**15,115,000,000**	**15,059,483,370**	6,017,000,000	5,726,289,270	4,560,000,000	4,298,401,870
Payables to affiliated companies	**120,448,784**	**120,448,784**	1,189,250,880	1,189,250,880	1,163,061,617	1,163,061,617
	₱21,554,056,393	**₱21,285,280,680**	₱13,543,889,101	₱13,071,845,218	₱10,942,520,988	₱10,512,961,271

The fair values of cash and cash equivalents, trade receivables (arising from lease of investment properties), other receivables, certain receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their carrying amounts due to the short-term nature of the transaction.

The fair values of trade receivable (arising from sale of real estate properties) and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 8.0% to 10.10% in 2009, 8.2% to 10.30% in 2008 and 9.73% to 10.24% in 2007.

The fair value of derivative asset is based on the valuation techniques applied which include forward pricing and swap models, using present value calculations. The model incorporates various inputs including forward and spot interest rates.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of September 30, 2009, the Group has a derivative asset valued under level 2 amounting to ₱103 million.

31. **Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)**

Certain operations of the Group are registered with the BOI as preferred pioneer and nonpioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Crowne Plaza Galleria Manila
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Operator of Tourist Accommodation Facility (Deluxe Class Hotel - Crowne Plaza Galleria Manila)” on a Pioneer status at a capacity of two hundred sixty five (265) rooms, under Certificate of Registration No. 2006-036 dated March 9, 2006. Under the terms of its registration, the Group is entitled to income tax holiday for a period of six (6) years from the start of commercial operations.

Summit Ridge Hotel
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Hotel- Summit Ridge Hotel)” on a Pioneer status at a capacity of one hundred eight (108) rooms, under Certificate of Registration No. 2007-139 dated August 6, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of six (6) years from the start of commercial operations.

Gateway Garden Ridge - EDSA
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Nonpioneer status at a capacity of two hundred ninety two (292) units, under Certificate of Registration No. 2007-195 dated October 31, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Gateway Garden Heights
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Nonpioneer status at a capacity of three hundred seventy three (373) units, under Certificate of Registration No. 2007-237 dated December 5, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Woodsville Viverde Mansions
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Nonpioneer status at a capacity of three hundred sixty three (363) units, under Certificate of Registration No. 2007-204 dated November 9, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

The Wellington Courtyard
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Nonpioneer status at a capacity of fifty-six (56) units, under Certificate of Registration No. 2008-024 dated January 23, 2008. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

East of Galleria
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Nonpioneer status at a capacity of four hundred fifty nine (459) units, under Certificate of Registration No. 2007-195 dated December 5, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Robinsons Cyberpark
The Group is also registered with PEZA (beginning October 1, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 68,596 square meters of land located at EDSA corner Pioneer Street, Mandaluyong City as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

32. Commitments and Contingencies

Operating Lease Commitments - Group as Lessee

The Group entered into long-term operating leases of land with lease terms ranging from 25 to 50 years. These leases include clauses to enable escalation of rental charges on the agreed dates. Total rent expense amounted to ₱156 million, ₱159 million and ₱156 million in 2009, 2008 and 2007, respectively. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2009	2008	2007
Within one (1) year	**₱48,004,527**	₱43,074,198	₱34,694,797
After one (1) year but not more than five (5) years	**202,539,847**	193,571,713	161,315,477
After more than five (5) years	**6,306,558,981**	6,363,531,642	6,155,001,711
	₱6,557,103,355	₱6,600,177,553	₱6,351,011,985

Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between one (1) and ten (10) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱5,143 million, ₱4,375 million and ₱3,968 million in 2009, 2008 and 2007, respectively. Total percentage rent recognized as income for 2009, 2008 and 2007 amounted to ₱1,363 million, ₱1,241 million and ₱1,193 million, respectively.

Future minimum rentals receivable under noncancellable operating leases as of September 30 are as follows:

	2009	2008	2007
Within one (1) year	**₱943,532,729**	₱984,022,565	₱1,747,847,370
After one (1) year but not more than five (5) years	**1,354,524,223**	1,931,090,773	2,038,092,305
After more than five (5) years	**71,111,376**	40,517,868	324,681,209
	₱2,369,168,328	₱2,955,631,206	₱4,110,620,884

Capital Commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱2,937 million, ₱6,100 million and ₱4,600 million as of September 30, 2009, 2008 and 2007, respectively. Moreover, the Group has contractual obligations amounting to ₱1,547 million, ₱2,300 million and ₱3,100 million as of September 30, 2009, 2008 and 2007, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The Group does not believe that such assessments, in general, will have a material effect on its operating results and financial condition. No provisions were made during the year. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments.

33. Events After the Reporting Period

On October 22, 2009, the Group's BOD approved the creation and implementation of a share buy-back program allotting up to ₱1,000 million to reacquire a portion of the Parent Company's issued and outstanding common shares, representing approximately 3.1% of current market capitalization.

34. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 11, 2010.

DIRECTORY

ROBINSONS LAND CORPORATION

ADDRESS
Mezzanine Level
Galleria Corporate Center
EDSA cor. Ortigas Avenue
Quezon City

TELEPHONE NUMBER
(632) 397-1888

CORPORATE WEBSITE
www.robinsonsland.com

AUDITORS
SyCip, Gorres, Velayo & Co.
Certified Public Accountants
SGV Building, 6760 Ayala Avenue
Makati City

STOCK TRANSFER AGENT
Bank of the Philippine Island
4th Floor, BPI Building
Ayala Avenue cor. Paseo de Roxas
Makati City

INVESTOR RELATIONS
Ms. Ivy J. Cayayan-Callejo
42/F Robinsons Equitable Tower
Ortigas Center, Pasig City
Tel. No. (632) 395-2601

BUSINESS INQUIRIES

Condominiums
Tel. No. (632) 636-0888

Offices
Tel. No. (632) 395-2177

Homes
Tel. No. (632) 397-0358

Malls
Tel. No. (632) 397-1888 loc. 804

HOTEL RESERVATIONS

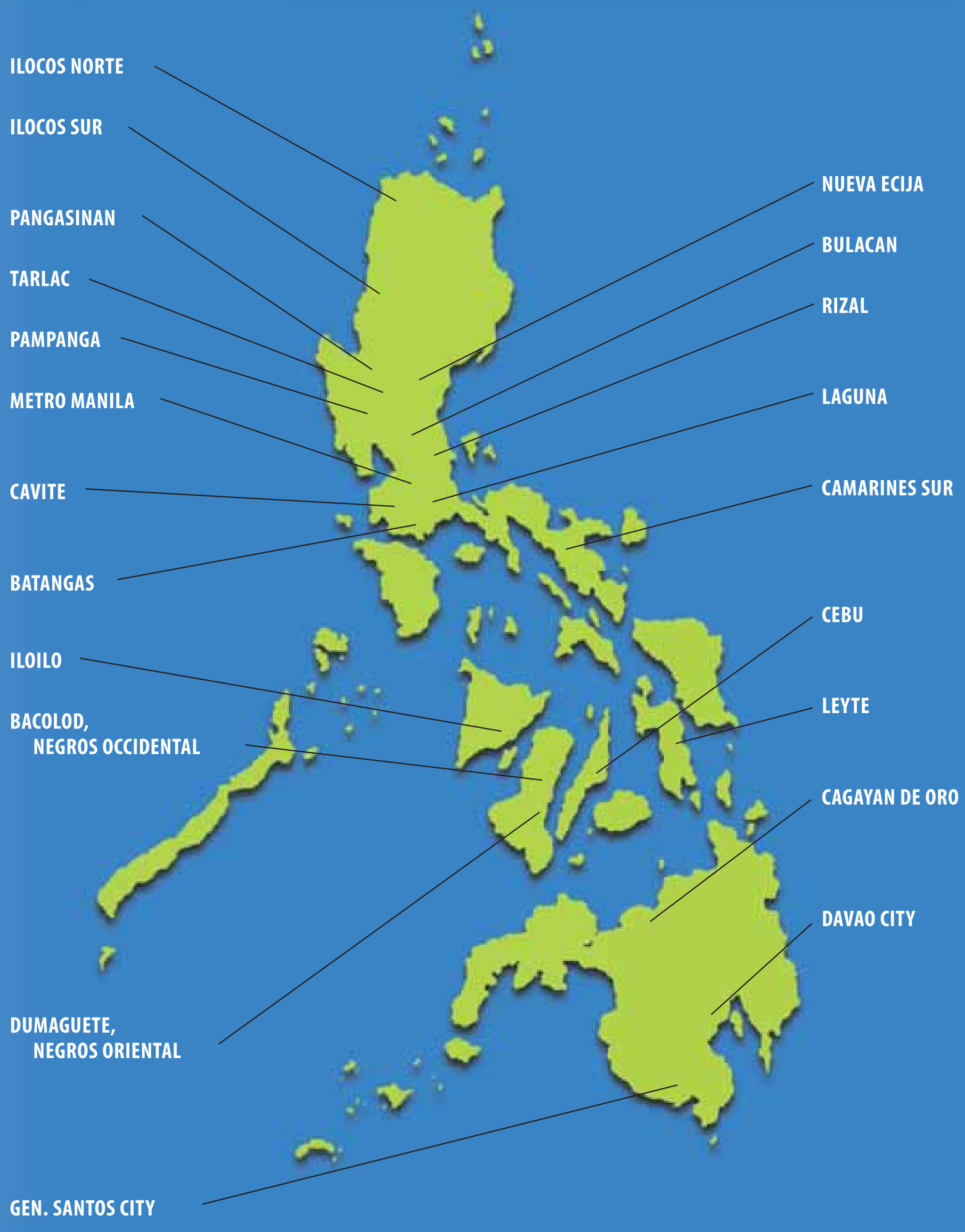
Holiday Inn Galleria Manila
Tel. No. (632) 633-7111

Crowne Plaza Galleria Manila
Tel. No. (632) 633-7222

Cebu Midtown Hotel
Tel. No. (63-32) 253-9711

Summit Ridge Hotel
Tel. No. (632) 240-6888

Project Locations



ROBINSONS LAND

Mezzanine Level, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City