ROBINSONS LAND
CORPORATION

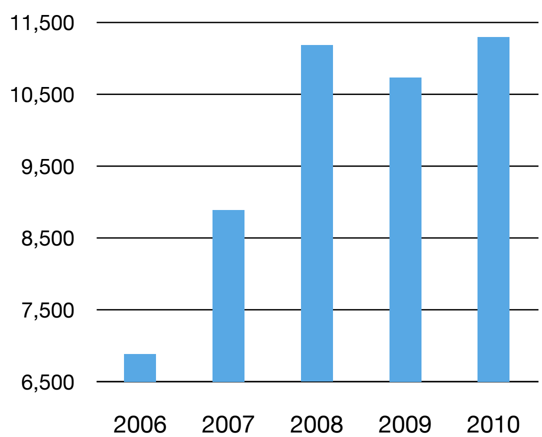
Annual Report 2010

CONTENTS

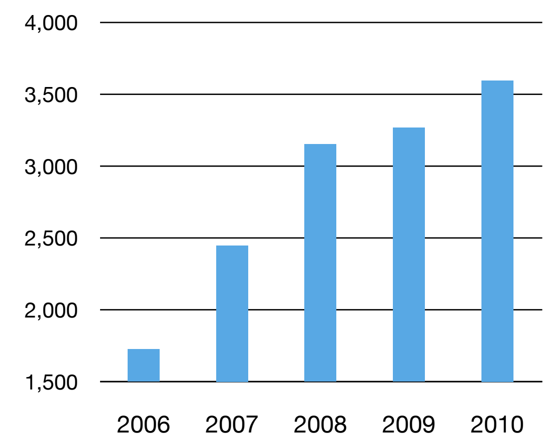
FINANCIAL HIGHLIGHTS

	2010	2009	2008	2007	2006
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 (in Million Pesos)					
Gross Revenues	**11,297.03**	10,733.51	11,182.05	8,888.58	6,883.45
Cost and Expenses	**7,027.08**	6,453.41	7,418.66	5,472.89	4,459.53
Income Before Income Tax	**4,269.94**	4,280.10	3,763.39	3,415.69	2,423.92
Net Income	**3,595.58**	3,266.24	3,152.74	2,447.04	1,725.00
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 (in Million Pesos)					
Total Assets	**53,101.14**	51,479.31	40,310.56	36,785.78	28,611.77
Total Liabilities	**25,363.71**	25,912.83	17,323.59	15,495.68	13,986.01
Minority Interest	**232.60**	119.86	118.08	115.38	109.68
Stockholders' Equity	**27,737.43**	25,566.48	22,986.97	21,290.10	14,625.76

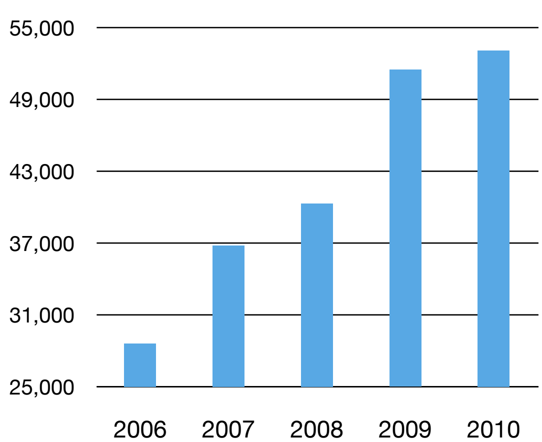
GROSS REVENUES
(in Million Pesos)



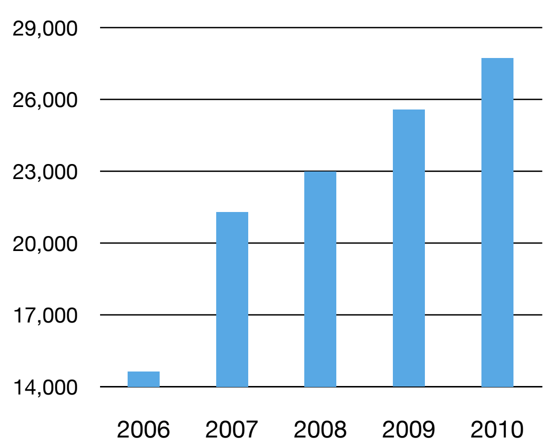
NET INCOME
(in Million Pesos)



TOTAL ASSETS
(in Million Pesos)



Stockholders' Equity
(in Million Pesos)



MESSAGE TO THE SHAREHOLDERS

Dear shareholders, customers, partners and employees:

It is our pleasure to report that our company, Robinsons Land Corporation (RLC), delivered notable results for fiscal year 2010. Our company benefitted from the momentum provided by the robust performance of the economy as most industries recovered from the global credit crisis.

The Philippine economy saw its best performance in 2010 when it posted a commendable 7.3% GDP growth, the highest since 1976. The growth was fueled by the investors' vote of confidence in the new government, record high OFW remittances, sustained rise in the BPO business, stable peso, and the low interest and inflation regime. For its part, the strong growth in the property sector could be attributed to the pent-up demand for home ownership, increased activity in the BPO industry, recovery in the manufacturing and industrial sectors, and robust consumer spending.

James L. Go
Chairman and CEO

Lance Y. Gokongwei
Director, Vice Chairman and Deputy CEO

For the period, RLC's consolidated net income expanded by 10% to PhP 3.60 billion. Taking out PhP 103 million interest rate swap gain in fiscal year 2009, our company's net profit growth would have reported a higher increase of 13%. RLC generated total gross revenues of PhP 11.30 billion for fiscal year 2010, a 5.2% increase from PhP 10.73 billion last year. The Commercial Centers Division posted a stellar growth of 36.3% in revenues. The increase was tempered by the lower contribution of the residential business. As we further improve on our operating efficiencies, our earnings before loan interests, income tax, depreciation and amortization (EBITDA) reached PhP 6.41 billion this year, up by 7.8% from last year, with EBITDA margins improving by 133bps to 56.7%.

Our company maintained its strong balance sheet position, with manageable gearing and healthy cash flows. Net operating cashflow stood at PhP 5.18 billion in fiscal year 2010. RLC finished the year with financial debt to equity ratio of 0.54:1 vis-à-vis last year's 0.59:1. Net financial debt to equity ratio hit 0.34:1 for fiscal year 2010 as against 0.24:1 for fiscal year 2009. Net book value per share amounted to PhP 10.08 and PhP 9.26 for the years 2010 and 2009, respectively. We are proud that our ROE remains one of the highest in the industry at 13.1%.

In fiscal year 2010, investment properties contributed PhP 8.07 billion or 71.4% of total consolidated revenues, while development properties generated PhP 3.23 billion or 28.6%. On consolidated earnings before income tax, investment properties contributed PhP 3.52 billion or 82.4%, while development properties made PhP 752 million or 17.6% of total. Maintaining a diversified business mix strategy, our company believes it is insulated from down cycles in the property industry, but is poised to benefit from a market upswing.

RLC's **Commercial Centers Division** delivered a remarkable performance with 36.3% growth in revenues to PhP 5.74 billion in fiscal year 2010 from PhP 4.21 billion in 2009. This was principally due to the contributions of the three newly opened malls, particularly Robinsons Ilocos Norte, Robinsons Place Dumaguete, and Robinsons Cybergate Cebu. The jump in revenues was also driven by an 8% growth in same mall rentals on the back of hearty consumer spending, the consolidation of Robinsons Movieworld, and the higher interest income from the proceeds of the bond offering in 2009 of PhP 419 million from PhP 84 million in 2009. The strong take up of leased areas of the Company's mall space after renovation and expansion of existing malls has improved the average occupancy rate to 94.1% from 93.4% in 2009. Cinema revenues posted during the year of PhP 712 million was a result of operating the Robinsons Movieworld starting fiscal year 2010. Without the interest income and additional cinema revenues, mall revenues gained by 13% for the year. In 2010, RLC operated 29 shopping malls, comprising six malls in Metro Manila and 23 malls in other urban areas throughout the Philippines, with 1.508 million square meters in total gross floor area and about 815,000 square meters in net leasable area. The commercial centers division is the largest business unit of RLC, accounting for 50.8% of gross revenues and 64.6% of EBITDA in fiscal year 2010. The Division's earnings before income interest expense on loans and income tax (EBIT) and EBITDA registered growth of 34.4% and 28.6% in fiscal year 2010 to PhP 2.75 billion and PhP 4.14 billion, respectively.

Our company's **Residential Division** posted gross revenues of PhP 3.22 billion for fiscal year 2010, a decline of 26.3% from PhP 4.37 billion in 2009 due to lower pre-sales level in prior years and reduced construction completion. Our condominium and housing groups are now consolidated under the Residential division and categorized into four brands. The four brands differ in product, location, target market, type of development and price ranges to give more focus to their respective markets and allow each brand to better serve its customers. A total of 16 new and expansion projects with estimated sales value of PhP 8 billion were launched under various brands during fiscal year 2010. With this, our net pre-sales increased by 14% to PhP 5 billion in fiscal year 2010. As a result of the decrease in realized gross revenues, the Residential Division's EBIT decreased by 44.9%, while EBITDA showed a drop of 43.8% in 2010 to PhP 752 million and PhP 778 million, respectively.

The **Office Buildings Division** reported revenues of PhP 1.18 billion for fiscal year 2010 compared to PhP 1.11 billion for fiscal year 2009. The division accounted for 10% of the total company revenues. This 6.3% increase in lease income was due mainly to new office space leased out in Robinsons Cybergate Center Towers 3. RLC currently has seven office buildings within Metro Manila totaling about 188,000 square meters in leasable area, the most recent of which is the Cybergate Plaza. Our company is currently one of the leading providers of office space for the BPO industry in the Philippines with about 130,000 square meters of leasable office space in our office buildings and another 52,000 square meters of commercial center space leased out to BPO companies. The Division's EBIT and EBITDA have recorded double digit growths in fiscal year 2010 at 14.2% and 10.4% to PhP 842 million and PhP 1.14 billion, respectively.

The **Hotels Division** registered gross revenues of PhP 1.15 billion for fiscal year 2010, a 10.9% increase from the PhP 1.04 billion recorded in 2009. The increase in hotel revenues was principally due to the opening of Summit Ridge Hotel in Tagaytay City and Go Hotel in Mandaluyong City. We posted improvements in occupancy rates of our hotels at 75% for Crowne Plaza Galleria Regency and 76% for Holiday Inn Galleria Manila (HIGM) due to the resurgence of tourist travels and conferences. Our new value hotel, Go Hotel, has been well received with occupancy rates steadily rising to reach 85% in December 2010. Hotels Division EBIT has shown a positive variance of 17.1% to PhP 153 million, while EBITDA expanded by 12.9% to PhP 354 million in fiscal year 2010.

Frederick D. Go
Director, President and COO

OUTLOOK FOR 2011

We believe that the current economic trends such as the continued influx of OFW remittances, the sustained growth of the BPO business, and demand for residential space will fuel further growth in the real estate business. With this, we will embark on an aggressive acquisition of prime properties. While each business unit will attempt to acquire properties solely for their respective projects, our main focus on a corporate level is to find properties that are particularly suitable for large-scale, mixed-use development that would involve all the business units.

For **commercial centers**, we remain confident on the growing consumer spending behavior in the country as it has been for decades. We are set to complete the redevelopment of Galleria and our third largest mall, Metroeast, and the expansion of two successful malls, Bacolod and Tacloban, in 2011. In fiscal year 2012, three new malls will be opened – Pangasinan, Palawan and Magnolia. The redevelopment, expansion, and the opening of the three new malls in 2012 will add a total of 12% in gross leasable space.

The current strong demand for **residential** properties is in line with our medium-term positive view on the domestic property cycle. As such, we plan to accelerate project launches as we acquire more land for development. We expect to launch at least PhP 8 billion worth of residential projects for this fiscal year alone, across the four brand segments.

For **office buildings**, we remain very bullish in the prospects of the BPO industry. Office vacancy in major business districts in Metro Manila have declined to single digits in fourth quarter of 2010 as BPO companies continue to expand their operations in the country. Our company will ride on the positive outlook in the sector. Plans are underway to construct two office buildings of about 40,000 square meters of gross leasable area each in the Ortigas Central Business District.

Bouyed by the strong occupancy rates in our first value hotel, coupled with the very encouraging outlook on tourist travels, we have started the construction of three new **Go Hotels** that are set to open by end of calendar year 2011. The goal of our company is to roll out 30 Go Hotels in the next five years, either through company-owned hotels or through a franchising model.

To be able to profit from the property boom and be at par with the capitalization of the major real estate players in the country, RLC launched a stock rights offering of one share for every two shares held at PhP 10 per share. The PhP 13.57 billion in net proceeds from the rights offering together with our internally-generated funds will provide our company with the financial flexibility to undertake a record capital expenditure program over the next two years to bring the company to greater heights. The aggressive capex program will enable our company to launch more residential projects, and expand faster on our shopping malls, office buildings and hotels. To carry out the expansion plan, we shall step up our landbanking activities across our business units. We are also looking at the possibility of expanding in the region.

ACKNOWLEDGEMENT

We have a busy year ahead of us and we enthusiastically look forward to it with the same passion and focus that have successfully propelled our course in the past.

We wish to extend our warmest and sincerest appreciation to all our executives and employees for a job well done, to our Board of Directors for helping us reach a new set of accomplishments, to our suppliers, trade partners and customers on their unwavering support and loyalty, and to our shareholders for maintaining their confidence in the company.

We strongly believe that the Philippine economy and the real estate industry growth momentum are still at the early stages. We look forward to another exciting year for our company.

Maraming salamat po.

James L. Go
Chairman and CEO

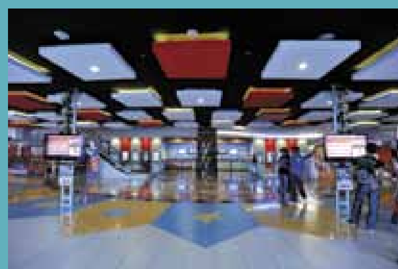
Lance Y. Gokongwei
Director, Vice Chairman and Deputy CEO

Frederick D. Go
Director, President and COO

Commercial Centers Division

As a leading shopping mall chain in the country, the Commercial Centers Division has lived up to its commitment of bringing quality malling experience throughout the country. The division is determined to expand its portfolio of malls and steadily increase its net leaseable area. During Fiscal Year 2010, it opened three new malls: Robinsons Place Dumaguete, Robinsons Ilocos Norte and Robinsons Cybergate Cebu, bringing to 29 the total number of malls.

Its flagship mall, Robinsons Galleria, has just completed a "major redevelopment in time for the celebration of its 20th anniversary. A new al fresco type cluster of restaurants, dubbed "The Veranda," now attracts food enthusiasts, including families as well as professionals living and working within the vicinity of the mall. The "Sports Loop" houses some of the biggest and most successful sports retail houses in the country, and offers a wide array of the most up-to-date and trendiest sporting apparel, shoes and accessories. Finally, "Jumpstreet", the specialty zone for kids' apparel and accessories, has been relocated to the third floor to complement Robinsons Department Store's kids section. The transformation of Galleria's aesthetics are most notable, from the new façade, glass railings, elegant flooring, to the newly refurbished cinema lobby, among others.



Moreover, the Division continues to find ways to further enhance the customer shopping experience by improving its service quality levels. A major upgrade of facilities in all the malls is being undertaken. Most of the Robinsons Malls now have free wi-fi zones for the enjoyment of all the visitors. A customer care program has been initiated by the Division's Service Quality Team.

Residential Division

Distinct. Well appointed. A cut above the rest. For the discerning individual, success must be rewarded with the very best, and Robinsons Luxuria offers precisely that.

A resident of a Robinsons Luxuria project comes home to a testament of his achievements in life: a spacious, well-designed abode with luxurious amenities at his disposal and situated at one of the most prestigious addresses in the city.

As of September 2010, the Robinsons Luxuria portfolio boasts of seven residential buildings in four exclusive locations – Signa Designer Residences in Makati City, Sonata Private Residences in Ortigas Center, AmiSa Private Residences in Mactan, Cebu and Galleria Regency within the Robinsons Galleria Complex in Ortigas Center.

RLC aims to beef up the brand line-up with the launch of additional residential towers in Makati, Ortigas and Bonifacio Global City.

ROBINSONS RESIDENCES

Life is sweetest when you live it the way you want. In today's fast moving world, the best way to do this is to make sure you have everything you need right at your doorstep. Robinsons Residences developments are situated within main central districts and capitalize on the mixed-use format pioneered by RLC. Aiming to provide each resident with modern day conveniences, it offers a well-planned urban enclave perfectly matched for the cosmopolitan lifestyle. Facilities for business, leisure, and entertainment are within reach of every Robinsons Residences owner. This makes it ideal for the urban professional who enjoys peaceful and secure living, while thriving on a live-work-play lifestyle.

Whether mid- to high-rise condominiums or townhouse developments, there is a Robinsons Residences project in key locations throughout the Metro – in the cities of Pasig, Taguig, Quezon, Mandaluyong, Paranaque and Manila.

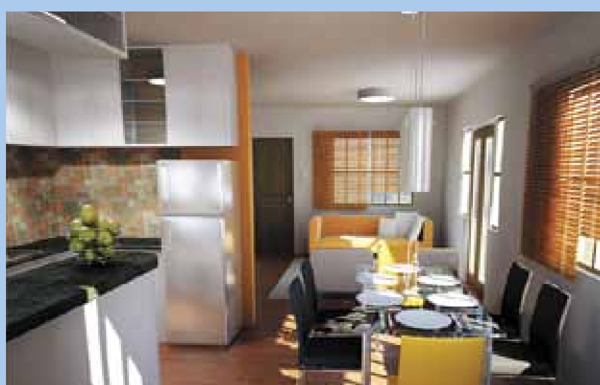
With several projects lined up for launch in Fiscal Year 2011, Robinsons Residences is confident in its position of being the preferred choice of the market it serves.

Residential Division

ROBINSONS COMMUNITIES
wide spaces... friendly faces

Robinsons Communities is the residential brand of RLC which offers community living by providing functional and compact condominium units with generous open spaces and amenities suited for lifestyles that value recreation and nurturing relationships. Its focus is on the development of low-rise and mid-rise condominiums. The projects boast of ample open spaces and recreational facilities, and are situated in suburban locations where residents can gain easy access to transportation and are within a short distance to important institutions.

Robinsons Homes



As one of the four residential brands of Robinsons Land Corporation, Robinsons Homes develops master-planned subdivisions strategically located in key cities and provinces nationwide. This brand segment was specifically created for young couples looking to purchase their first home. The individual projects usually cater to two kinds of clients: first, locals who currently reside within the province, and second, former local residents who have migrated to the metropolis or currently work overseas. Our target market can discover affordable choice lots within gated subdivisions with option for house package.

Office Buildings Division

The Office Buildings Division is a leading provider of office space to Business Process Outsourcing companies as well as traditional corporate tenants in the country. The company's building standards have become the industry benchmark used by other real estate companies. The projects are located in key business central business districts and feature well planned facilities and amenities.

The Division is landlord to some of the largest and most prestigious Business Process Outsourcing companies in the Philippines today. Employees of the locators in most of RLC's office buildings enjoy the convenience of being annexed to a Robinsons mall, giving them easy access to a wide choice of shopping, dining, and service outlets.

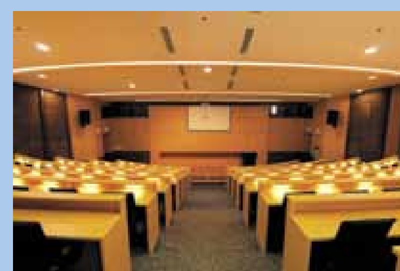
At the end of Fiscal Year 2010, the Office Buildings Division has 7 buildings in all, with the most recent one, Robinsons Cybergate Plaza, completed in 2010.

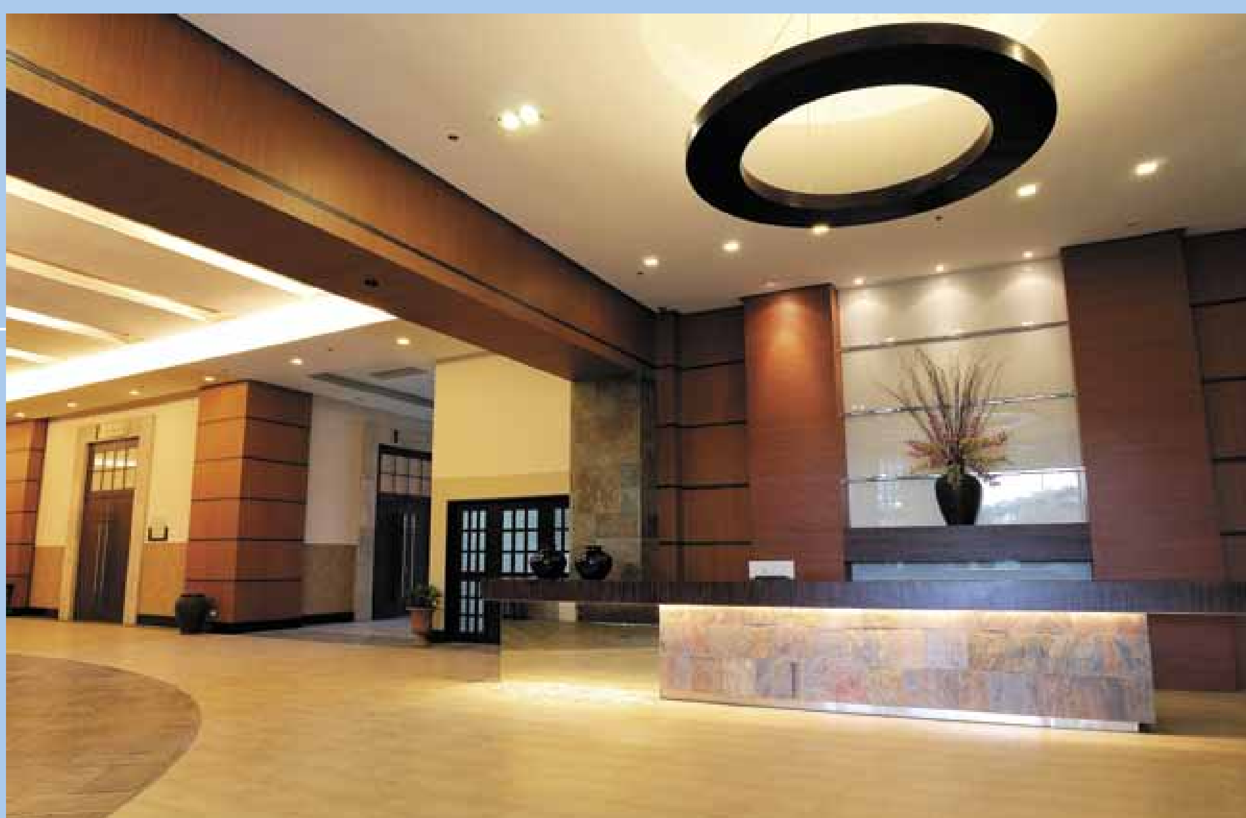
Hotels Division

RLC's Hotels Division owns and operates three brand segments. In the international deluxe category, it has the Crowne Plaza Galleria and Holiday Inn Galleria, both managed by the Intercontinental Hotels Group. For the Company's self managed Summit Hotel brand, it has the Summit Ridge in Tagaytay City and Cebu Midtown Hotel in Cebu City. The third brand segment is the start-up value hotel chain Go Hotels.

All rooms of Summit Ridge Hotel have balconies with a spectacular view of the Taal Lake and Taal Volcano. It has a well-designed grand ballroom, state-of-the-art auditorium, several function rooms, a sports hall, and an events lawn, all strategically designed to meet any event requirement of the MICE market and local families looking for a weekend gateaway. Cebu Midtown is undergoing a major renovation of its guestroom facilities and amenities including public areas to be completed by end of 2011.

RLC opened the first Go Hotel in Cybergate Plaza in Mandaluyong City to the public in May 2010. Encouraged by the overwhelming market reception to the country's first value hotel, the group is currently building 4 hotels – Puerto Princesa City, Bacolod City, Dumaguete City, and Tacloban City. RLC is also franchising this business to hasten the expansion program of the Go Hotel chain. This value hotel chain promises to provide consistent quality accommodations across the Philippines and to deliver value-for-money products and services to its clients.





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

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BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-1

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Robinsons Land Corporation
43rd Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

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, 2010, 2009 and 2008, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

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, 2010, 2009 and 2008, and their financial performance and their cash flows for years then ended 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. 2641561, January 3, 2011, Makati City

January 11, 2011

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		
	2010	2009	2008
ASSETS			
Cash and cash equivalents (Notes 7, 18, 29 and 30)	**₱5,497,605,487**	₱8,925,696,125	₱519,080,453
Receivables (Notes 8, 18, 29 and 30)	**5,451,163,129**	4,068,957,866	4,352,991,997
Subdivision land, condominium and residential units for sale (Note 9)	**6,197,307,815**	5,084,164,042	4,724,374,899
Investment properties (Notes 3 and 10)	**31,933,571,046**	29,293,980,373	27,560,804,357
Property and equipment (Notes 3 and 11)	**2,330,935,914**	2,184,732,779	1,829,006,323
Other assets (Notes 12, 29 and 30)	**1,690,551,833**	1,921,775,837	1,324,302,757
	₱53,101,135,224	₱51,479,307,022	₱40,310,560,786
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses (Notes 13, 18, 27, 29 and 30)	**₱4,940,630,306**	₱5,795,978,735	₱5,940,861,063
Income tax payable	**89,741,207**	341,498,823	268,136,171
Deposits and other liabilities (Notes 14, 18, 29 and 30)	**4,137,480,919**	3,489,064,849	4,278,019,722
Loans payable (Notes 15, 29 and 30)	**15,000,000,000**	15,115,000,000	6,017,000,000
Deferred tax liabilities - net (Note 25)	**1,195,854,578**	1,171,288,438	819,574,306
	25,363,707,010	25,912,830,845	17,323,591,262
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
Treasury stock (Note 17)	**(221,834,657)**	–	–
Retained earnings (Note 16)			
Unappropriated	**6,298,163,543**	4,018,122,230	8,440,392,907
Appropriated	**10,500,000,000**	10,500,000,000	3,500,000,000
	27,504,823,490	25,446,616,834	22,868,887,511
Noncontrolling interest in consolidated subsidiaries	**232,604,724**	119,859,343	118,082,013
	27,737,428,214	25,566,476,177	22,986,969,524
	₱53,101,135,224	₱51,479,307,022	₱40,310,560,786

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2010	2009	2008
REVENUE			
Real estate (Notes 18 and 19)	**₱9,447,587,702**	₱9,462,505,411	₱9,551,500,240
Hotel operations (Note 19)	**1,147,314,598**	1,033,231,696	1,135,820,627
Interest income (Note 24)	**702,125,711**	237,775,558	494,732,616
	11,297,028,011	10,733,512,665	11,182,053,483
COSTS AND EXPENSES			
Real estate (Notes 10, 11, 20 and 22)	**4,134,814,048**	4,130,396,012	5,095,048,762
Hotel operations (Notes 10, 11, 20, 22 and 23)	**996,906,392**	905,875,298	947,524,345
General and administrative (Notes 18, 21, 23 and 27)	**1,595,283,415**	1,348,518,484	1,315,483,830
Interest expense (Notes 18 and 24)	**300,080,364**	68,624,827	60,603,120
	7,027,084,219	6,453,414,621	7,418,660,057
INCOME BEFORE INCOME TAX	**4,269,943,792**	4,280,098,044	3,763,393,426
PROVISION FOR INCOME TAX (Note 25)	**674,362,254**	1,013,861,777	610,652,860
NET INCOME	**₱3,595,581,538**	₱3,266,236,267	₱3,152,740,566
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**₱–**	₱–	₱–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱3,595,581,538**	₱3,266,236,267	₱3,152,740,566
Net Income Attributable to:			
Equity holders of Parent Company	**₱3,592,836,157**	₱3,264,458,937	₱3,150,039,185
Non controlling interest in consolidated subsidiaries	**2,745,381**	1,777,330	2,701,381
	₱3,595,581,538	₱3,266,236,267	₱3,152,740,566
Earnings Per Share (Note 26)			
Basic, net income for the year attributable to equity holders of the Parent Company	**₱1.31**	₱1.19	₱1.15
Diluted, net income for the year attributable to equity holders of the Parent Company	**₱1.31**	₱1.19	₱1.15

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)	Treasury Stock (Note 17)	Unappropriated Retained Earnings (Note 16)	Appropriated Retained Earnings (Note 16)	Attributable to Non controlling Interest in Consolidated Subsidiaries	Total Equity
As of October 1, 2009	**₱2,746,918,457**	**₱8,181,576,147**	**₱–**	**₱4,018,122,230**	**₱10,500,000,000**	**₱119,859,343**	**₱25,566,476,177**
Total comprehensive income for the period	**–**	**–**	**–**	**3,592,836,157**	**–**	**2,745,381**	**3,595,581,538**
Cash dividends (Note 16)	**–**	**–**	**–**	**(1,312,794,844)**	**–**	**–**	**(1,312,794,844)**
Additional non controlling interest in a subsidiary (Note 2)	**–**	**–**	**–**	**–**	**–**	**110,000,000**	**110,000,000**
Acquisition of treasury stock (Note 17)	**–**	**–**	**(221,834,657)**	**–**	**–**	**–**	**(221,834,657)**
Balances at September 30, 2010	**₱2,746,918,457**	**₱8,181,576,147**	**(₱221,834,657)**	**₱6,298,163,543**	**₱10,500,000,000**	**₱232,604,724**	**₱27,737,428,214**
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

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,269,943,792**	₱4,280,098,044	₱3,763,393,426
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 20 and 22)	**1,912,198,868**	1,668,846,295	1,557,862,231
Interest expense (Notes 10, 11 and 24)	**300,080,364**	68,624,827	60,603,120
Provision for impairment losses (Notes 8 and 21)	**2,025,141**	1,000,601	18,982,104
Loss on disposal of investment property	**–**	29,956,910	–
Loss on retirement of property and equipment	**–**	–	688,284
Unrealized mark to market gain on derivative assets (Notes 12 and 29)	**(8,080,850)**	(102,985,391)	–
Interest income (Note 24)	**(702,125,711)**	(237,775,558)	(494,732,616)
Operating income before working capital changes	**5,774,041,604**	5,707,765,728	4,906,796,549
Decrease (increase) in:			
Receivables	**579,739,863**	164,311,439	(1,038,305,815)
Subdivision land, condominium and residential units for sale	**(1,113,143,773)**	(359,789,143)	337,283,673
Receivable from Meralco	**17,524,926**	18,857,699	22,194,535
Prepaid expenses and value-added input tax	**95,844,064**	19,140,689	(190,692,976)
Increase (decrease) in:			
Accounts payable and accrued expenses	**101,422,040**	338,531,067	1,077,650,574
Net pension liabilities	**13,131,004**	12,676,380	(15,263,354)
Customers' deposits	**608,985,085**	290,219,926	(571,754,832)
Cash generated from operations	**6,077,544,813**	6,191,713,785	4,527,908,354
Income tax paid	**(901,553,734)**	(588,784,993)	(499,027,627)
Net cash flows provided by operating activities	**5,175,991,079**	5,602,928,792	4,028,880,727
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**689,372,349**	345,763,597	151,944,497
Decrease (increase) in:			
Advances to lot owners	**(10,850,026)**	3,934,944	(19,366,080)
Advances to suppliers and contractors	**(110,408,654)**	(8,764,416)	554,148
Advances to Altus San Nicolas Corporation (Note 12)	**597,805,693**	(487,805,693)	–
Investment in shares of stocks	**(210,000,000)**	–	–
Other assets	**(30,611,147)**	(12,333,063)	110,981,686
Receivables from affiliated companies (Note 18)	**(1,951,216,904)**	1,631,106	(31,812,509)
Proceeds from sale of investment property	**290,610**	45,000,000	–
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Note 10)	**(4,459,510,814)**	(3,246,363,437)	(4,836,166,849)
Property and equipment (Note 11)	**(238,772,472)**	(604,757,143)	(150,739,789)
Net cash flows used in investing activities	**(5,723,901,365)**	(3,963,694,105)	(4,774,604,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of loans payable (Note 15)	**₱–**	₱10,000,000,000	₱2,677,000,000
Interest paid	**(1,270,547,944)**	(565,717,004)	(274,079,654)
Payments of loans payable (Note 15)	**(115,000,000)**	(902,000,000)	(1,220,000,000)
Increase (Decrease) in payable to affiliated companies and other liabilities (Note 14)	**39,430,985**	(1,079,174,799)	(19,201,509)
Payments of cash dividends (Note 16)	**(1,312,228,736)**	(685,727,212)	(1,454,537,633)
Acquisition of treasury stock (Note 17)	**(221,834,657)**	–	–
Net cash flows provided by (used in) financing activities	**(2,880,180,352)**	6,767,380,985	(290,818,796)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,428,090,638)**	8,406,615,672	(1,036,542,965)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**8,925,696,125**	519,080,453	1,555,623,418
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱5,497,605,487**	₱8,925,696,125	₱519,080,453

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); 51%-owned subsidiary, Altus Angeles, Inc. (AAI); and 80%-owned subsidiary, Altus San Nicolas Corp. (ASNC) (see Note 2) (collectively known as the "Group").

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 and an investment in preferred shares 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, 2010, 2009 and 2008 and for the years then ended. 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.

Noncontrolling interest represents the portion of profit or loss and net assets in subsidiaries 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.

In August 2006, the Group entered into a Joint Venture Agreement with VVH Realty Corporation (VVH) 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. As of September 30, 2010, the Company converted its advances to ASNC amounting ₱440 million for an 80% effective interest in ASNC (see Note 12).

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, 2009 that are discussed below.

- Amendment to PFRS 2, *Share-based Payment: (effective for annual periods beginning on or after July 1, 2009)*. This Amendment clarifies that the contribution on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of Revised PFRS 3, *Business Combinations*. 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 noncontrolling interests.

- Amendment to PAS 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 periods 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 periods 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 Philippine 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.

Future Changes in Accounting Policies
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, 2010. 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, 2011

- Amendment to PFRS 2, ***Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2010)***. The Amended Standard clarifies the scope and the accounting for group cash-settled share-based payment transactions.

- Amendment to PAS 32, ***Classification of Rights Issue (effective for annual periods beginning on or after February 1, 2010)***. This Amendment provides guidance on the definition of a financial liability to classify rights issues (and certain options or warrants) as equity instruments if: (a) the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments; and (b) they are used to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. Rights issued in foreign currencies that were previously accounted for as derivatives will now be classified as equity instruments.

- Philippine Interpretation IFRIC19, ***Extinguishing Financial Liabilities with Equity (effective for annual periods beginning on or after July 1, 2010)***. This Philippine Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of PAS 39. The equity instruments issued are measured at their fair value, unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. If only part of a financial liability is extinguished: (a) the entity needs to determine whether part of the consideration paid relates to a modification of the liability outstanding; and (b) if so, the consideration paid is allocated between the two parts. The Philippine Interpretation does not apply where the creditor is acting in the capacity of a shareholder, common control transactions, and where the issue of equity shares was part of the original terms of the liability.

Improvements to PFRSs 2009
The following are the IASB issued omnibus of amendments to its standards, issued in May 2008 and 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 will result to changes in accounting policies but will 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 consolidated 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 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. Advertising and promotional activities now specifically include mail order catalogues.

  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.

- 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 2011 for adoption on fiscal year ending September 30, 2012

- Amendment to Philippine Interpretation IFRIC 14, ***Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011)***. This Amendment provides guidance on assessing the recoverable amount of a net pension asset. The Amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- PAS 24 (Revised), ***Related Party Disclosures*** (***effective for annual periods beginning on or after January 1, 2011)***. The revised standard clarifies the definition of related party to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. Entities will need to consider the revised definition of related parties to ensure all the relevant information is still being captured. The changes introduced by the revised standard must be applied retrospectively.

Effective in 2012 for adoption by the Group on fiscal year ending September 30, 2013

- 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.

Effective in 2013 for adoption by the Group on fiscal year ending September 30, 2014

- PFRS 9 as issued reflects the first phase of the IASB's work on replacing IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the Board will address impairment and hedge accounting. The completion of this project is expected in mid 2011. The adoption of the first phase of PFRS 9 will primarily have an effect on the classification and measurement of the Company's financial assets. The Company is currently assessing the impact of adopting PFRS 9. However, as the impact of adoption depends on the assets held by the Company at the time of adoption, it is not practical to quantify the effect.

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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
Revenue from sales of real estate and cost from completed projects is accounted for using the full accrual method. The percentage of completion is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of project.

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.

Amusement income
Revenue is recognized upon receipt of cash from the customer which coincides with the rendering of services.

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.

Cash and Cash Equivalents
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.

Financial Instruments
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 classification depend on the purpose for which the investment are acquired and 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 EIR 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 loans and receivables AFS financial asset and financial asset at FVPL; 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.

<u>Loans and Receivables</u>
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.

<u>Financial assets and financial liabilities at FVPL</u>
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 Notes 12 and 29). The Group has no financial liability at FVPL.

<u>Derivative Financial Instruments</u>
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).

<u>Embedded Derivatives</u>
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, 2010, 2009 and 2008, 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, 2010, the Group has an investment in preferred shares amounting to ₱210 million.

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.

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).

AFS financial assets
If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of income, is transferred from the consolidated statement of changes in equity to the consolidated statement of income. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in the consolidated statement of income. Reversals of impairment losses on the debt instruments are reversed through the consolidated statement of comprehensive income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income.

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
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.

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.

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
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.

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, condominium 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.

Treasury Stock

Own equity instruments which are acquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Taxes

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 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 expected return on any plan assets 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 of government bonds 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.

<u>Borrowing Costs</u>
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.

Operating Segment
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:

	2010	2009	2008
Revenue (Note 19)	**₱2,720,062,815**	₱3,903,963,162	₱4,942,149,125
Costs and expenses (Note 20)	**1,745,032,612**	2,304,166,017	3,302,412,914

Operating leases commitments - Group as lessee
The Group has entered into commercial property leases. Based on an evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased item are not transferred to the Group. The future minimum rentals payable under noncancellable operating lease amounted to ₱977 million, ₱6,557 million and ₱6,600 million as of September 30, 2010, 2009 and 2008, respectively (see Note 32).

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, 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 ₱4,445 million, ₱2,369 million and ₱2,956 million as of September 30, 2010, 2009 and 2008, 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 is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties 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 under Investment properties and Property and equipment accounts).

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).

Financial assets not quoted in an active market
The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

<u>Estimates</u>
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 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:

	2010	2009	2008
Revenue (Note 19)	**₱2,720,062,815**	₱3,903,963,162	₱4,942,149,125
Costs and expenses (Note 20)	**1,745,032,612**	2,304,166,017	3,302,412,914

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):

	2010	2009	2008
Receivables	**₱5,501,888,046**	₱4,118,417,642	₱4,401,451,172
Allowance for impairment losses	**51,484,917**	49,459,776	48,459,175
Provision for impairment losses	**2,025,141**	1,000,601	18,982,104

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, 2010 and 2009, the Group has a derivative asset classified under FVPL amounting to ₱111 million and ₱103 million, respectively (see Note 12).

Impairment of AFS investments
The Group determines that AFS financial asset are impaired when there has been a significant or prolonged decline in fair value below its cost. This determination of what is significant or prolonged requires judgment. In making the judgment, the Group evaluates, among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operating and financing cash flows.

AFS financial asset amounted to ₱210 million as of September 30, 2010 (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:

	2010	2009	2008
Investment properties (Note 10)			
Cost	**₱43,213,345,606**	₱38,955,326,367	₱35,801,543,763
Accumulated depreciation and amortization	**11,279,774,560**	9,661,345,051	8,240,739,406
Depreciation and amortization	**1,618,429,509**	1,420,605,645	1,326,991,167
Property and equipment (Note 11)			
Cost	**4,767,649,401**	4,328,144,148	3,726,217,916
Accumulated depreciation and amortization	**2,436,713,487**	2,143,411,369	1,897,211,593
Depreciation and amortization	**293,769,359**	248,240,650	230,871,064

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:

	2010	2009	2008
Investment properties (Note 10)			
Cost	**₱43,213,345,606**	₱38,955,326,367	₱35,801,543,763
Accumulated depreciation and amortization	**11,279,774,560**	9,661,345,051	8,240,739,406
Depreciation and amortization	**1,618,429,509**	1,420,605,645	1,326,991,167
Property and equipment (Note 11)			
Cost	**4,767,649,401**	4,328,144,148	3,726,217,916
Accumulated depreciation and amortization	**2,436,713,487**	2,143,411,369	1,897,211,593
Depreciation and amortization	**293,769,359**	248,240,650	230,871,064

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, 2010, 2009 and 2008 amounted to ₱415 million, ₱341 million and ₱316 million, respectively (see Note 25).

As of September 30, 2010, 2009 and 2008, 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:

	2010	2009	2008
Pension liabilities (Notes 13 and 27)	**₱41,584,780**	₱28,453,776	₱15,777,396
Pension benefit obligation (Note 27)	**149,091,482**	80,486,580	101,706,300
Unrecognized net actuarial gains (Note 27)	**(50,692,934)**	(8,526,756)	28,360,414

6. **Operating Segment**

Business Segment
The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

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.

Cost and expenses exclude interest, depreciation and amortization.

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 consolidated statement of financial position 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.

Hotel Division - owns and operates a chain of 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:

2010

	Commercial Center Division	**Residential Division**	**Office Buildings Division**	**Hotel Division**	**Total**
Revenue	**₱5,739,179,867**	**₱3,225,844,279**	**₱1,182,235,305**	**₱1,149,768,560**	**₱11,297,028,011**
Costs and expenses	**1,599,109,171**	**2,448,292,329**	**42,621,736**	**796,093,745**	**4,886,116,981**
Earnings before interest, taxes and depreciation and amortization	**4,140,071,619**	**777,551,950**	**1,139,613,569**	**353,674,815**	**6,410,911,953**
Interest expense and depreciation and amortization (Notes 22 and 24)	**1,617,084,701**	**25,856,018**	**297,213,869**	**200,812,650**	**2,140,967,238**
Income before income tax	**₱2,522,985,995**	**₱751,695,932**	**₱842,399,700**	**₱152,862,165**	**₱4,269,943,792**
Segment assets	**₱32,696,765,503**	**₱14,344,807,170**	**₱4,351,911,857**	**₱1,707,650,694**	**₱53,101,135,224**
Segment liabilities	**₱16,428,968,743**	**₱6,807,867,785**	**₱1,455,361,372**	**₱670,749,110**	**₱25,362,947,010**
Other segment information:					
Capital expenditures					**₱6,473,987,017**

2009

	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Total
Revenue	₱4,210,395,126	₱4,374,840,150	₱1,111,914,654	₱1,036,362,735	₱10,733,512,665
Costs and expenses	990,466,972	2,990,913,810	80,086,599	723,100,945	4,784,568,326
Earnings before interest, taxes and depreciation and amortization	3,219,928,154	1,383,926,340	1,031,828,055	313,261,790	5,948,944,339
Depreciation and amortization (Note 22)	1,172,179,099	19,926,148	293,966,695	182,774,353	1,668,846,295
Income before income tax	₱2,047,749,055	₱1,364,000,192	₱737,861,360	₱130,487,437	₱4,280,098,044
Segment assets	₱33,105,184,109	₱12,075,966,043	₱4,862,299,414	₱1,435,857,461	₱51,479,307,027
Segment liabilities	₱16,451,809,373	₱5,959,514,292	₱2,644,841,412	₱856,665,751	₱25,912,830,828

	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Total
Other segment information:					
Capital expenditures					₱6,288,533,310

2008

	Commercial Center Division	Residential Buildings Division	Office Buildings Division	Hotel Division	Total
Revenue	₱3,697,371,463	₱5,461,501,810	₱883,379,078	₱1,139,801,132	₱11,182,053,483
Costs and expenses	1,013,430,176	4,069,940,096	3,902,937	773,770,617	5,860,797,826
Earnings before interest, taxes and depreciation and amortization	2,683,941,286	1,391,561,714	879,476,141	366,030,516	5,321,255,657
Depreciation and amortization (Note 22)	1,106,835,557	13,443,326	263,829,616	173,753,732	1,557,862,231
Income before income tax	₱1,577,105,729	₱1,378,364,388	₱615,646,525	₱192,276,784	₱3,763,393,426
Segment assets	₱21,700,057,326	₱12,188,184,115	₱4,128,345,604	₱2,293,973,741	₱40,310,560,786
Segment liabilities	₱8,702,848,526	₱5,500,006,715	₱2,615,039,978	₱505,696,043	₱17,323,591,262
Other segment information:					
Capital expenditures					₱9,488,165,880

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements amounting to ₱34 million, ₱24 million and ₱14 million in 2010, 2009 and 2008, 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.

Significant customers in lease arrangements under commercial center division include the affiliated entities (see Note 18). Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱1,263 million, ₱905 million and ₱865 million in 2010, 2009 and 2008, respectively.

7. Cash and Cash Equivalents

This account consists of (Note 18):

	2010	2009	2008
Cash on hand and in banks	**₱309,800,552**	₱8,082,848,590	₱162,876,637
Short-term investments	**5,187,804,935**	842,847,535	356,203,816
	₱5,497,605,487	₱8,925,696,125	₱519,080,453

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 ranging from 0.25% to 4.38%.

Interest earned for the years ended September 30, 2010, 2009 and 2008 amounted to ₱298 million, ₱120 million and ₱132 million, respectively (see Note 24).

8. Receivables

This account consists of:

	2010	2009	2008
Trade			
Installment contract receivables	**₱2,462,317,615**	₱3,166,871,003	₱3,541,591,155
Accrued rent receivables	**397,932,724**	320,890,367	235,681,052
Rental receivables (Note 18)	**262,144,720**	238,719,742	252,087,471
Hotel operations	**61,841,108**	76,130,603	68,663,338
	3,184,236,167	3,802,611,715	4,098,023,016
Affiliated companies (Note 18)	**2,044,343,678**	93,126,774	94,757,880
Others	**274,068,201**	222,679,153	208,670,276
	5,502,648,046	4,118,417,642	4,401,451,172
Less allowance for impairment losses	**51,484,917**	49,459,776	48,459,175
	₱5,451,163,129	₱4,068,957,866	₱4,352,991,997

The installment contract receivables aggregating ₱2,462 million, ₱3,167 million and ₱2,221 million as of September 30, 2010, 2009 and 2008, respectively, 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 ₱105 million, ₱162 million and ₱108 million as of September 30, 2010, 2009 and 2008, 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, 2010, 2009 and 2008, trade receivables with carrying value of ₱51 million and ₱49 million and ₱48 million were impaired and fully provided for. Changes in allowance for impairment losses on trade receivables follow:

2010

	Individual Assessment			**Collective Assessment**	
	Installment Contract Receivables	**Rental Receivable**	**Hotels Operations**	**Installment Contract Receivables**	**Total**
Balances at October 1, 2009	**₱542,358**	**₱20,512,893**	**₱9,404,525**	**₱19,000,000**	**₱49,459,776**
Provision for impairment losses (Note 21)	**–**	**–**	**2,025,141**	**–**	**2,025,141**
Balances at September 30, 2010	**₱542,358**	**₱20,512,893**	**₱11,429,666**	**₱19,000,000**	**₱51,484,917**

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

Aging Analysis

The aging analysis of the Group's receivables follows:

2010

		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	**₱2,462,317,615**	**₱1,190,007,518**	**₱278,802,201**	**₱449,232,704**	**₱102,594,204**	**₱422,680,988**	**₱19,000,000**
Rental receivables	**262,144,720**	**144,999,130**	**16,179,252**	**4,061,751**	**2,335,489**	**74,056,205**	**20,512,893**
Accrued rent receivables	**397,932,724**	**397,932,724**	**–**	**–**	**–**	**–**	**–**
Hotel operations	**61,841,108**	**31,768,337**	**17,031,150**	**4,660,827**	**1,667,432**	**3,741,863**	**11,972,024**
Affiliated companies (Note 18)	**2,044,343,678**	**2,044,343,678**	**–**	**–**	**–**	**–**	**–**
Others	**274,068,201**	**274,068,201**	**–**	**–**	**–**	**–**	**–**
	₱5,502,648,046	**₱4,073,359,063**	**₱312,012,603**	**₱457,955,282**	**₱106,597,125**	**₱500,479,056**	**₱51,484,917**

2009

	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	₱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

	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	₱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	–	–	–	–	–
	₱4,410,397,454	₱3,802,269,339	₱113,937,088	₱106,499,412	₱50,659,404	₱288,573,036	₱48,459,175

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2010	2009	2008
Land and condominium units	**₱4,958,089,821**	₱4,430,344,379	₱4,166,822,641
Residential units and subdivision land development costs	**1,239,217,994**	653,819,663	557,552,258
	₱6,197,307,815	₱5,084,164,042	₱4,724,374,899

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 years ended September 30, 2010, 2009 and 2008.

The amount of subdivision land, condominium and residential units for sale recognized as expense in the consolidated statement of comprehensive income amounted to ₱1,745 million, ₱2,304 million and ₱3,302 million for the years ended September 30, 2010, 2009 and 2008, respectively (see Note 20).

There are no subdivision land, condominium and residential units for sale as of September 30, 2010, 2009 and 2008 that are pledged as security to liabilities.

10. Investment Properties

The rollforward analysis of this account follows:

2010

	Land	**Land Improvements**	**Buildings and Improvements**	**Theater Furniture and Equipment**	**Construction In Progress**	**Total**
Cost						
At October 1, 2009	**₱9,958,029,539**	**₱58,465,680**	**₱26,027,435,530**	**₱260,137,142**	**₱2,651,257,533**	**₱38,955,325,424**
Additions	**1,706,098,306**	**1,630,357**	**895,215,545**	**42,243,750**	**1,814,322,856**	**4,459,510,814**
Retirements/disposals	**–**	**–**	**–**	**–**	**–**	**–**
Reclassifications/transfers		**5,340,906**	**2,742,466,842**	**21,479,813**	**(2,970,778,193)**	**(201,490,632)**
At September 30, 2010	**11,664,127,845**	**65,436,943**	**29,665,117,917**	**323,860,705**	**1,494,802,196**	**43,213,345,606**

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Construction In Progress	Total
Accumulated Depreciation and Amortization						
At October 1, 2009	**–**	**44,277,123**	**9,403,733,141**	**213,334,787**	**–**	**9,661,345,051**
Depreciation and amortization (Note 22)	**–**	**3,558,604**	**1,593,217,891**	**21,653,014**	**–**	**1,618,429,509**
Reclassifications/transfers	**–**	**–**		**–**	**–**	**–**
At September 30, 2010	**–**	**47,835,727**	**10,996,951,032**	**234,987,801**	**–**	**11,279,774,560**
Net Book Value as of September 30, 2010	**₱11,664,127,845**	**₱17,601,216**	**₱18,668,166,885**	**₱88,872,904**	**₱1,494,802,196**	**₱31,933,571,046**

2009

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Construction In Progress	Total
Cost						
At October 1, 2008	₱9,862,661,566	₱58,340,680	₱23,172,087,520	₱254,274,144	₱2,454,179,853	₱35,801,543,763
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	9,958,029,539	58,465,680	26,027,435,530	260,137,142	2,651,257,533	38,955,325,424
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	₱9,958,029,539	₱14,188,557	₱16,623,702,389	₱46,802,355	₱2,651,257,533	₱29,293,980,373

2008

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Construction In Progress	Total
Cost						
At October 1, 2007	₱8,310,446,730	₱56,219,266	₱19,789,730,810	₱254,274,144	₱2,581,129,626	₱30,991,800,576
Additions	1,578,638,498	944,206	1,422,772,549	–	1,833,811,596	4,836,166,849
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	9,862,661,566	58,340,680	23,172,087,520	254,274,144	2,454,179,853	35,801,543,763
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	₱9,862,661,566	₱18,349,495	₱15,165,373,811	₱60,239,632	₱2,454,179,853	₱27,560,804,357

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 ₱1,618 million, ₱1,421 million and ₱1,327 million for the period ended September 30, 2010, 2009 and 2008, respectively (see Note 22).

Borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties under construction amounted to about ₱985 million, ₱631 million and ₱331 million in 2010, 2009 and 2008, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2010, 2009 and 2008 ranges from 7.47% to 12.00%.

The fair value of investment properties, which has been determined based on valuations performed by independent professional qualified appraisers as of September 30, 2009, 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 ₱431million, ₱341 million and ₱369 million for the period ended September 30, 2010, 2009 and 2008, respectively (see Note 20).

There are no investment properties and other investments as of September 30, 2010, 2009 and 2008 that are pledged as security to liabilities.

11. **Property and Equipment**

The rollforward analysis of this account follows:

2010

	Land	**Land Improvements**	**Buildings and Improvements**	**Other Equipment**	**Total**
Cost					
At October 1, 2009	**₱173,086,946**	**₱21,498,582**	**₱2,629,603,763**	**₱1,503,954,857**	**₱4,328,144,148**
Additions	**–**	**8,571,817**	**69,871,120**	**160,329,535**	**238,772,472**
Retirements/disposal	**–**	**–**	**–**	**(757,849)**	**(757,849)**
Reclassifications/transfers	**–**	**–**	**201,490,632**	**–**	**201,490,632**
At September 30, 2010	**173,086,946**	**30,070,399**	**2,900,965,515**	**1,663,526,543**	**4,767,649,403**
Accumulated Depreciation and Amortization					
At October 1, 2009	**–**	**16,242,906**	**1,044,229,013**	**1,082,939,450**	**2,143,411,369**
Depreciation and amortization (Note 22)	**–**	**3,012,411**	**141,016,504**	**149,740,444**	**293,769,359**
Retirements/disposal	**–**	**–**	**–**	**(467,239)**	**(467,239)**
At September 30, 2010	**–**	**19,255,317**	**1,185,245,517**	**1,232,212,655**	**2,436,713,489**
Net Book Value as of September 30, 2010	**₱173,086,946**	**₱10,815,082**	**₱1,715,719,998**	**₱431,313,888**	**₱2,330,935,914**

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

	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

Depreciation and amortization expense charged to operations amounted to ₱294 million, ₱248 million and ₱231 million for the period ended September 30, 2010, 2009 and 2008, 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 million as of September 30, 2009.

There are no property and equipment items as of September 30, 2010, 2009 and 2008 that are pledged as security to liabilities.

12. Other Assets

This account consists of:

	2010	2009	2008
Value-added input tax	**₱586,892,577**	₱665,505,765	₱725,139,318
Advances to lot owners (Notes 29 and 30)	**237,697,706**	226,847,680	230,782,624
Utility deposits (Notes 29 and 30)	**216,839,154**	202,695,993	159,797,619
Investment in preferred shares of stocks (Notes 29 and 30)	**210,000,000**	–	–
Advances to suppliers and contractors	**122,916,608**	12,507,954	3,743,538
Derivative asset (Note 29)	**111,066,241**	102,985,391	–
Prepaid expenses	**92,579,519**	109,810,396	69,317,532
Supplies	**37,586,154**	29,287,698	31,126,241
Receivable from Meralco (Notes 28, 29 and 30)	**6,890,300**	24,415,226	43,272,925
Advances to ASNC	**–**	487,805,693	–
Others	**68,083,574**	59,914,041	61,122,960
	₱1,690,551,833	₱1,921,775,837	₱1,324,302,757

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

In May 2010, the advances to ASNC, for the construction and development of the commercial complex, has been converted to investment in capital stock of ASNC (see Note 2).

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.

Derivative assets arises from interest rate swap agreement entered by the Group 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 three (3) month benchmark rate (PDST-F) (see 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.

13. Accounts Payable and Accrued Expenses

This account consists of:

	2010	2009	2008
Accrued taxes and licenses, bonus and other liabilities	**₱2,623,782,761**	₱3,176,874,059	₱3,053,103,605
Accounts payable (Note 18)	**1,236,170,341**	1,707,898,821	2,099,810,450
Accrued rent expense	**1,031,523,717**	875,749,479	766,169,414
Pension liabilities (Note 27)	**41,584,780**	28,453,776	15,777,396
Dividends payable	**7,568,707**	7,002,600	6,000,198
	₱4,940,630,306	₱5,795,978,735	₱5,940,861,063

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:

	2010	2009	2008
Deposits from lessees - net (Note 30)	**₱1,854,494,897**	₱1,409,832,860	₱1,271,304,764
Deposits from real estate buyers (Note 30)	**1,733,617,525**	1,569,294,477	1,417,602,647
Payables to affiliated companies (Notes 18 and 30)	**134,390,653**	120,448,784	1,189,250,880
Advances and others	**414,977,844**	389,488,728	399,861,431
	₱4,137,480,919	₱3,489,064,849	₱4,278,019,722

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 has 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 ₱1,733 million, ₱1,021 million and ₱381 million as of September 30, 2010, 2009 and 2008, respectively.

The Deposits from lessees represent cash received in advance equivalent to three (3) to six (6) months rent which shall be refunded to lessees at the end of lease term. The Group recognized Discount on deposits from lessees amounting to ₱97 million, ₱101 million and ₱103 million as of September 30, 2010, 2009 and 2008, respectively. The related interest expense on the discount amounted to ₱71 million, ₱69 million and ₱61 million in 2010, 2009 and 2008, respectively (see Note 24). The Deposits from lessees was discounted using PDST-F rate plus 2% spread.

The Unearned rental income amounted to ₱82 million, ₱91 million and ₱94 million as of September 30, 2010, 2009 and 2008, respectively. The rental income on amortization of unearned rental income amounted to ₱72 million, ₱53 million and ₱47 million in 2010, 2009 and 2008, 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	**2010**	2009	2008
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
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	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**	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**	5,000,000,000	–
Short-term Loans from Banco de Oro Unibank Inc. (BDO)	**–**	**–**	**–**	677,000,000
	₱16,000,000,000	**₱15,000,000,000**	₱15,115,000,000	₱6,017,000,000

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 ₱191 million, ₱194million and ₱194 million in 2010, 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.

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 (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 ₱176 million, ₱179 million and ₱62 million in 2010, 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 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 ₱430 million and ₱94 million in 2010 and 2009, respectively.

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 ₱188 million and ₱41 million in 2010 and 2009, respectively.

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 ₱985 million, ₱631 million and ₱264 million in 2010, 2009 and 2008, 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
2010	**₱–**	**₱–**	**₱5,000,000,000**	**₱10,000,000,000**	**₱–**	**₱15,000,000,000**
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

16. **Retained Earnings**

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱359 million, ₱345 million and ₱348 million as of September 30, 2010, 2009 and 2008, 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:

	2010	2009	2008
Date of declaration	**April 15, 2010**	April 16, 2009	April 17, 2008
Date of payment	**May 20, 2010**	June 10, 2009	June 12, 2008
Ex-dividend rate	**May 5, 2010**	May 15, 2009	May 16, 2008
Dividend per share	**₱0.48**	₱0.25	₱0.53
Total dividends	**₱1,312,794,844**	₱686,729,614	₱1,455,866,782

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:

	2010	2009	2008
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	2,746,918,457
Treasury	**(221,834,657)**	–	–
Issued and outstanding	**2,525,083,800**	2,746,918,457	2,746,918,457

Increase in Authorized Capital Stock
On November 19, 2010, the Board of Directors (BOD) authorized the increase in the authorized capital stock of the Company from ₱3,000,000,000 common shares with par value of ₱1.00 per share to ₱8,200,000,000 common shares with par value of ₱1.00 per share.

Treasury Shares
On October 22, 2009, the Parent Company'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.

As of September 30, 2010, the Company has repurchased a total of 17,698,000 shares for a total purchase price of ₱222 million at an average price of ₱12.53 per share.

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, 2010 and 2009.

		2010	2009	2008
(a)	Loans payable (Note 15)	**₱15,000,000,000**	₱15,115,000,000	₱6,017,000,000
(b)	Equity	**₱27,737,205,566**	₱25,566,476,177	₱22,986,969,524
(c)	Debt-to-capital ratio (a/b)	**0.54:1**	0.59:1	0.26:1

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.

The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱1,263 million, ₱905 million and ₱865 million in 2010, 2009 and 2008, respectively (see Note 6). 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:

	2010	2009	2008
Savings and current accounts	**₱23,156,452**	₱43,959,441	₱32,660,266
Short-term investments	**2,740,883,543**	123,197,650	285,244,392
	₱2,764,039,995	₱167,157,091	₱317,904,658

Loans from shareholders
As of September 30, 2010, 2009 and 2008, a subsidiary has outstanding noninterest-bearing advances from Winsome Development Corporation, a non controlling 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, 2010, 2009 and 2008, the net receivable (payable) to affiliated companies amounted to ₱1,908 million, (₱27 million) and (₱1,094 million), respectively. Details are as follow:

	2010	2009	2008
Receivable from affiliated companies			
(Notes 8 and 30)			
JGSHI	**₱1,920,690,302**	₱–	₱–
Digital Telecommunication Inc.	**39,708,187**	39,926,434	39,890,765
Robinsons Recreation Corporation	**11,353,023**	11,351,620	11,326,607
Universal Robina Corporation	**12,644,234**	6,156,389	8,605,539
Others	**59,947,932**	35,692,331	34,934,969
	2,044,343,678	93,126,774	94,757,880
Payable to affiliated companies			
(Notes 14 and 30)			
WINSOME	**(75,010,000)**		
Westpoint Industrial Mills	**(22,819,452)**	(22,819,452)	(22,950,417)
JGSHI	**–**	(33,828,465)	(1,098,928,503)
Others	**(36,561,201)**	(63,800,867)	(67,371,960)
	(134,390,653)	(120,448,784)	(1,189,250,880)
Net receivable payable to affiliated companies	**₱1,909,953,025**	(₱27,322,010)	(₱1,094,493,000)

The receivable from JGSHI earned interest at prevailing market rate and this amounted to ₱161 million in 2010. The receivable was collected in November 2010.

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 to Robina Farms, CFC Corporation and Orient Petroleum.

Outstanding balances as of September 30, 2010, 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.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts due from related parties for the years ended September 30, 2010, 2009 and 2008. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

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

	2010	2009	2008
Short term employee benefits	**₱487,468,400**	₱466,196,967	₱433,704,305
Post-employment benefits (Note 27)	**21,248,965**	19,328,400	39,286,400
	₱508,717,365	₱485,525,367	₱472,990,705

19. **Revenue**

This account consists of:

	2010	2009	2008
Real estate			
Rental income (Notes 18 and 32)	**₱5,588,305,712**	₱5,143,095,179	₱4,375,623,429
Real estate sale	**2,720,062,815**	3,903,963,162	4,942,149,125
Amusement income	**691,070,543**	–	–
Others	**448,148,632**	415,447,070	233,727,686
	9,447,587,702	9,462,505,411	9,551,500,240
Hotel operations			
Rooms	**665,425,855**	593,396,475	636,336,824
Food and beverage	**437,973,257**	398,818,700	439,081,026
Others	**43,915,486**	41,016,521	60,402,777
	1,147,314,598	1,033,231,696	1,135,820,627
	₱10,652,424,220	₱10,495,737,107	₱10,687,320,867

20. **Costs**

This account consists of:

	2010	2009	2008
Real Estate			
Cost of real estate sale (Note 9)	**₱1,745,032,612**	₱2,304,166,017	₱3,302,412,914
Depreciation and amortization (Notes 10, 11 and 22)	**1,711,386,218**	1,486,071,942	1,384,108,499
Film rentals expense	**309,970,334**	–	–
Maintenance costs (Note 10)	**219,782,623**	152,311,784	147,746,528
Others	**148,642,261**	187,846,269	260,780,821
	4,134,814,048	4,130,396,012	5,095,048,762
Hotel Operations			
Cost of sale	**164,849,924**	137,338,511	137,135,734
Property operations and maintenance costs (Note 10)	**206,927,449**	188,908,781	221,020,607
Depreciation and amortization (Notes 10, 11 and 22)	**200,812,650**	182,774,353	173,753,732
Others (Note 23)	**424,316,369**	396,853,653	415,614,272
	996,906,392	905,875,298	947,524,345
	₱5,131,720,440	₱5,036,271,310	₱6,042,573,107

21. **General and Administrative Expenses**

This account consists of:

	2010	2009	2008
Salaries and wages (Notes 18, 23 and 27)	₱367,370,141	₱352,580,249	₱312,349,261
Taxes and licenses	316,976,296	236,908,362	161,405,245
Advertising and promotions	285,976,028	199,825,182	241,719,505
Commission	253,316,134	224,761,947	255,072,640
Rent expense (Note 32)	158,400,664	156,097,564	159,137,863
Light, water and communication (Note 28)	53,427,953	53,017,210	58,020,759
Insurance	37,756,695	35,006,496	33,958,908
Donation	37,696,344	23,178,581	10,780,336
Supplies expense	27,231,435	13,991,651	14,291,202
Travel and transportation	26,320,363	19,785,993	22,449,873
Entertainment, amusement and recreation	8,486,948	9,656,765	20,959,647
Provision for impairment losses (Note 8)	2,025,141	1,000,601	18,982,104
Others	20,299,273	22,707,883	6,356,487
	₱1,595,283,415	₱1,348,518,484	₱1,315,483,830

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:

	2010	2009	2008
Real estate (Notes 10, 11 and 20)	**₱1,711,386,218**	₱1,486,071,942	₱1,384,108,499
Hotel operations (Notes 11 and 20)	**200,812,650**	182,774,353	173,753,732
	₱1,912,198,868	₱1,668,846,295	₱1,557,862,231

23. Personnel Expenses

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

	2010	2009	2008
Salaries, wages and other staff costs	**₱435,332,938**	₱430,317,859	₱411,994,523
Pension expense (Note 27)	**21,248,965**	19,328,400	39,286,400
SSS contributions, PAG-IBIG contributions, premiums and others	**52,135,462**	35,879,108	21,709,782
	₱508,717,365	₱485,525,367	₱472,990,705

The above amounts are distributed as follows:

	2010	2009	2008
General and administrative (Note 21)	**₱367,370,141**	₱352,580,249	₱312,349,261
Hotel operations (Note 20)	**141,347,224**	132,945,118	160,641,444
	₱508,717,365	₱485,525,367	₱472,990,705

24. Interest Income and Interest Expense

This account consists of:

	2010	2009	2008
Interest income			
Installment contract receivables	**₱234,195,441**	₱111,115,924	₱358,094,035
Bank deposits (Note 7)	**298,455,839**	120,053,222	132,078,187
Receivable from affiliated companies	**160,567,866**	–	–
Receivable from Meralco	**8,906,565**	6,606,412	4,560,394
	₱702,125,711	₱237,775,558	₱494,732,616
Interest expense			
Loans payable (Note 6)	**₱228,768,370**	₱–	₱–
Customers'deposits (Note 14)	**71,311,994**	68,624,827	60,603,120
	₱300,080,364	₱68,624,827	₱60,603,120

25. Income Tax

Income taxes include the regular corporate income tax (RCIT), minimum corporate income tax (MCIT) and final tax paid at the rate of 20% for peso deposits and 7.50% for foreign currency deposits which are final withholding tax on gross interest income. These income taxes as well as the deferred tax provisions are presented for income tax in the consolidated statement of comprehensive income. Details are as follow:

	2010	2009	2008
Current			
RCIT	**₱603,389,926**	₱656,936,577	₱568,276,014
Final tax	**46,472,582**	5,211,068	18,070,251
MCIT	**233,606**	–	–
	650,096,114	662,147,645	586,346,265
Deferred	**24,566,140**	351,714,132	24,306,595
	₱674,362,254	₱1,013,861,777	₱610,652,860

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

	2010	2009	2008
Statutory income tax rate	**30.00%**	31.25%	35.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.57)**	(0.17)	(0.52)
Tax exempt real estate sales	**(0.04)**	(0.50)	(0.01)
Income subjected to BOI, PEZA and lower tax	**(13.60)**	(6.30)	(10.27)
Change in tax rate	**–**	(0.59)	(7.97)
Effective income tax rate	**15.79%**	23.69%	16.23%

The Republic Act (RA) 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, 2010, 2009 and 2008 relate to the tax effects of the following:

	2010	2009	2008
Deferred tax assets:			
Accrued rent expense	**₱309,457,115**	₱261,293,652	₱229,850,824
Accrued interest expense	**77,337,747**	56,332,918	66,724,468
Allowance for impairment loss	**15,445,475**	14,837,933	14,537,753
Accrued retirement payable	**12,475,434**	8,536,133	4,733,219
MCIT	**233,606**	–	–
	414,949,377	341,000,636	315,846,264
Deferred tax liabilities:			
Unamortized capitalized interest expense	**(821,841,546)**	(760,399,371)	(578,796,000)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(632,412,563)**	(585,132,399)	(469,755,842)
Accrued rent income	**(119,379,817)**	(116,420,990)	(73,886,850)
Market valuation gain on derivative instrument (Note 12)	**(22,814,767)**	(30,895,617)	–
Unamortized debt issuance cost	**(12,288,172)**	(12,116,129)	–
Receivable from Meralco	**(2,067,090)**	(7,324,568)	(12,981,878)
	(1,610,803,955)	(1,512,289,074)	(1,135,420,570)
Net deferred tax liabilities	**(₱1,195,854,578)**	(₱1,171,288,438)	(₱819,574,306)

26. Earnings Per Share

Earnings per share amounts were computed as follows:

	2010	2009	2008
a. Net income attributable to equity holders of Parent Company	**₱3,592,836,157**	₱3,264,458,937	₱3,150,039,185
b. Weighted average number of common shares outstanding	**2,738,632,324**	2,746,918,457	2,746,918,457
c. Earnings per share (a/b)	**₱1.31**	₱1.19	₱1.15

There were no potential dilutive shares in 2010, 2009 and 2008.

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 September 30, 2010.

The following tables summarize 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

	2010	2009	2008
Current service cost	**₱9,169,036**	₱11,794,300	₱12,653,200
Interest cost	**8,906,540**	8,568,100	7,996,600
Expected return on plan assets	**3,039,272**	(3,166,100)	(188,000)
Benefits paid	**–**	–	(1,697,000)
Past service cost	**–**	–	16,667,300
Actuarial losses recognized	**134,117**	2,132,100	3,854,300
Total pension expense (Note 23)	**₱21,248,965**	₱19,328,400	₱39,286,400

Pension liabilities

	2010	2009	2008
Benefit obligation	**149,091,482**	₱80,486,580	₱101,706,300
Fair value of plan assets	**(56,813,768)**	(60,559,560)	(57,568,490)
Unrecognized net actuarial losses (gains)	**(50,692,934)**	8,526,756	(28,360,414)
Pension liabilities	**₱41,584,780**	₱28,453,776	₱15,777,396

Pension benefit obligation

	2010	2009	2008
Balance at beginning of the period	**₱80,486,580**	₱101,706,300	₱84,707,150
Current service cost	**9,169,036**	11,794,300	12,653,200
Interest cost	**8,906,540**	8,568,100	7,996,600
Past service cost	**–**	–	16,667,300
Actuarial gains on obligation	**61,782,537**	(34,743,000)	(13,471,444)
Benefits paid	**(11,253,211)**	(6,839,120)	(6,846,506)
Balance at end of the period	**₱149,091,482**	₱80,486,580	₱101,706,300

Fair value of plan assets

	2010	2009	2008
Balance at beginning of the period	**₱60,559,560**	₱57,568,490	₱104,000
Expected return on plan assets	**(3,039,272)**	3,166,100	188,000
Actual contributions	**8,117,961**	6,652,020	54,549,754
Benefits paid	**(11,253,211)**	(6,839,120)	(5,149,506)
Actuarial gains - net	**2,428,730**	12,070	7,876,242
Balance at end of the period	**₱56,813,768**	₱60,559,560	₱57,568,490

The rollforward of unrecognized actuarial losses (gains) follows:

	2010	2009	2008
Balance at beginning of year	**(₱8,526,756)**	₱28,360,414	₱53,562,400
Additional actuarial (gains) losses:			
From plan obligation	**61,782,537**	(34,743,000)	(13,471,444)
From plan asset	**(2,428,730)**	(12,070)	(7,876,242)
Actuarial gain (losses) recognized	**(134,117)**	(2,132,100)	(3,854,300)
Balance at end of year	**50,692,934**	(₱8,526,756)	₱28,360,414

Actual return on plan assets amounted to (₱1 million), ₱3 million and ₱8 million in 2010, 2009 and 2008, respectively.

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

	2010	2009	2008
Discount rate	**7.18% - 8.25%**	9.29% - 11.40%	8.08% - 8.81%
Rate of salary increase	**4.00% - 5.50%**	4.00% - 5.50%	4.00% - 5.50%
Expected rate of return on plan assets	**5.50%**	5.50%	5.50%
Experience adjustment gain (loss) - net	**(₱35,044,216)**	₱34,743,000	₱13,471,444
Turnover rate	**10.98% - 35.00%**	10.98% - 35.00%	10.98% - 35.00%

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:

	2010		2009		2008	
	Amount	**%**	Amount	%	Amount	%
Cash	**₱225,331**	**0.40**	₱179,754	0.30	₱178,754	0.31
Receivables	**65,034,281**	**114.47**	66,922,515	110.50	63,236,763	109.85
Liabilities (Notes 14 and 18)	**(8,445,844)**	**(14.87)**	(6,542,709)	(10.80)	(5,847,027)	(10.16)
	₱56,813,768	**100.00**	₱60,559,560	100.00	₱57,568,490	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 ₱8 million into the pension fund for the fiscal year ending in September 30, 2011.

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

	2010	2009	2008	2007
Pension benefit obligation	**₱149,091,482**	₱80,486,580	₱101,706,300	₱84,707,150
Plan assets	**56,813,768**	60,559,560	57,568,490	104,000
Experience adjustments on:				
Plan liabilities	**(61,782,537)**	34,743,000	13,471,444	(1,643,849)
Plan assets	**(2,428,730)**	(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, 2010 and 2009, the Group's receivable from Meralco, which is included in "Other asset", amounted to ₱7 million (net of unearned interest income of ₱3 million) and ₱24 million (net of unearned interest income of ₱12 million), respectively (see Note 12). Interest income recognized on amortization of unearned interest income amounted to ₱29 million, ₱7 million and ₱5 million in 2010, 2009 and 2008 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, credit risk and equity price risk. The Group's policies for managing the aforementioned risks are summarized below.

Market risk

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.

	2010		2009		2008	
Assets						
Cash and cash equivalents	**$3,197,805**	**₱140,319,691**	$1,413,153	₱66,969,339	$1,499,076	₱70,531,542
Liabilities						
Accounts payable and accrued expenses	**252,166**	**11,065,044**	421,529	19,976,279	211,505	9,951,293
Net foreign currency-denominated asset	**$2,945,639**	**₱129,254,647**	$991,624	₱46,993,060	$1,287,571	₱60,580,249

The exchange rates used to translate the Group's US Dollar-denominated assets and liabilities as of September 30, 2010, 2009 and 2008 follow:

	2010	2009	2008
US Dollar - Philippine Peso exchange rate	**₱43.88 to US$1.00**	₱47.39 to US$1.00	₱47.05 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, 2010 and 2009.

Reasonably Possible Changes in US Dollar-Philippine Peso Exchange Rates	Change in Income Before Income Tax	Change in Equity
2010		
2.0%	**(₱5,891,278)**	**(₱4,123,895)**
(2.0%)	**5,891,278**	**(4,123,895**
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**

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 six (6) months equal their carrying amounts, as the impact of discounting is insignificant.

2010

	1 to 3 months	4 to 12 months	Over 1 year	5 years	Total
Loans and receivables					
Cash and cash equivalents	**₱274,880,235**	**₱824,640,829**	**₱3,298,563,317**	**₱1,099,521,106**	**₱5,497,605,487**
Receivables					
Trade	**176,145,056**	**474,961,754**	**1,899,847,018**	**633,282,339**	**3,184,236,167**
Affiliated companies	**1,954,562,000**	**89,781,678**	**–**	**–**	**2,044,343,678**
Others	**14,425,410**	**40,996,230**	**163,984,921**	**54,661,640**	**274,068,201**
Other assets					
Utility deposits	**10,841,958**	**32,525,873**	**130,103,492**	**43,367,831**	**216,839,154**
Advances to lot owners	**11,884,885**	**35,654,656**	**142,618,624**	**47,539,541**	**237,697,706**
Receivable from Meralco	**344,515**	**1,033,545**	**4,134,180**	**1,378,060**	**6,890,300**
Advances to suppliers and contractors	**6,145,830**	**18,437,491**	**73,749,965**	**24,583,322**	**122,916,608**
Financial assets at FVPL					
Derivative asset	**111,066,241**	**–**	**–**	**–**	**111,066,241**
Total financial assets	**₱707,951,313**	**₱1,734,901,930**	**₱6,939,607,724**	**₱2,313,202,575**	**₱11,695,663,542**
Accounts payable and accrued expenses	**₱242,218,694**	**₱741,854,465**	**₱2,967,417,860**	**₱989,139,287**	**₱4,940,630,306**

	1 to 3 months	4 to 12 months	Over 1 year	5 years	Total
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	**6,719,532**	**20,158,598**	**80,634,392**	**26,878,131**	**134,390,653**
Deposits from lessees	**194,515,293**	**535,831,126**	**2,143,324,502**	**714,441,501**	**3,588,112,422**
Loans payable and future interest payment	**335,687,500**	**1,007,062,500**	**6,174,333,333**	**10,662,500,000**	**18,179,583,333,**
Other financial liabilities	**₱779,141,019**	**₱2,304,906,689**	**₱11,365,710,087**	**₱12,392,958,919**	**₱26,842,716,714**

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 to suppliers and contractors	625,398	1,876,193	7,504,772	2,501,591	12,507,954
Financial assets 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

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, 2010, 2009 and 2008, 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.

2010

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

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

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 2010, 2009 and 2008.

Increase/Decrease in Basis Points	Change in Income Before Income Tax
2010	
+150	**(₱43,395,454)**
-150	**43,395,454**
2009	
+150	(₱34,170,447)
-150	34,170,447
2008	
+150	(₱27,322,587)
-150	27,322,587

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, 2010, 2009 and 2008, without considering the effects of collaterals and other credit risk mitigation techniques.

	2010	2009	2008
Cash and cash equivalents	**₱5,497,605,487**	₱8,925,696,125	₱519,080,453
Receivables - net			
Trade receivables			
Installment contract receivable	**2,462,317,615**	3,166,871,003	3,541,591,155
Rental receivables	**262,144,720**	238,719,742	252,087,471
Accrued rent receivable	**397,932,724**	320,890,367	235,681,052
Hotel operations	**61,841,108**	76,130,603	68,663,338
Affiliated companies	**2,044,343,678**	93,126,774	94,757,880
Other receivables	**274,068,201**	222,679,153	208,670,276
Other assets			
Advances to lot owners	**237,697,706**	226,847,680	230,782,624
Utility deposits	**216,839,154**	202,695,993	159,797,619
Derivative asset	**111,066,241**	102,985,391	–
Receivable from Meralco	**6,890,300**	24,415,226	43,272,925
Advances to suppliers and contractors	**122,916,608**	12,507,954	3,743,538
	₱11,694,903,542	₱13,613,566,011	₱5,358,128,331

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, 2010, 2009 and 2008, gross of allowance for credit and impairment losses.

2010

	Neither Past Due Nor Impaired				
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due or Individually Impaired**	**Total**
Loans and receivables					
Cash and cash equivalents	**₱5,497,605,487**	**₱–**	**₱–**	**₱–**	**₱5,497,605,487**
Receivables:					
Trade receivables					
Installment contract receivables	**1,189,503,248**	**1,253,310,097**	**–**	**19,504,270**	**2,462,317,615**
Rental receivables	**144,999,130**	**96,632,697**	**–**	**20,512,893**	**262,144,720**
Accrued rent receivables	**397,932,724**	**–**	**–**	**–**	**397,932,724**
Hotel operations	**22,767,813**	**27,605,542**	**–**	**11,467,753**	**61,841,108**
Affiliated companies	**2,044,343,678**	**–**	**–**	**–**	**2,044,343,678**
Other receivables	**274,068,201**	**–**	**–**	**–**	**274,068,201**
Other assets					
Advances to lot owners	**237,697,706**	**–**	**–**	**–**	**237,697,706**
Utility deposits	**216,839,154**	**–**	**–**	**–**	**216,839,154**
Receivable from Meralco	**6,890,300**	**–**	**–**	**–**	**6,890,300**
Advances to suppliers and contractors	**122,916,608**	**–**	**–**	**–**	**122,916,608**
Financial assets of FVPL					
Derivative asset	**111,066,241**	**–**	**–**	**–**	**111,066,241**
	₱10,266,630,290	**₱1,377,548,336**	**₱–**	**₱51,484,916**	**₱11,695,663,542**

2009

	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Substandard Grade	Past Due or 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				
	High Grade	Standard Grade	Substandard Grade	Past Due or 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

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
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

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, profitability and credit standing.

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.

Equity price risk
Equity price risk relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The equity's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investment, diversification plan and limits on investments.

The impact of the range of reasonably possible changes in the equity price on the Group's income before income tax in 2010.

2010

Market Index	**Change in market index**	**Change in Income Before Income Tax**
Investment in shares of stocks	**0.85**	**₱1,696,337**
	0.85	**(1,696,337)**

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) (see 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%.

The estimated fair values of this interest rate swap agreement amounted to ₱111 million gains, ₱103 million gains as of September 30, 2010 and 2009, respectively (see Note 12). The mark-to-market gains is recorded as part of "Other Income" under revenue.

The rollforward of the derivative asset is as follows:

	2010	2009
Balance at beginning of year	**₱102,985,391**	₱–
Changes in fair value of derivatives	**8,080,850**	102,985,391
Balance at end of year	**₱111,066,241**	₱102,985,391

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.

	2010		2009		2008	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and receivables						
Cash and cash equivalents	**₱5,497,605,487**	**₱5,497,605,487**	₱8,925,696,125	₱8,925,696,125	₱519,080,453	₱519,080,453
Receivables						
Trade						
Installment contract receivable	**2,462,317,615**	**2,137,505,612**	3,166,871,003	2,853,206,784	3,522,591,155	3,056,086,567
Rental receivables	**262,144,720**	**260,841,433**	238,719,742	238,719,742	222,628,296	222,628,296
Accrued rent receivable	**397,932,724**	**397,932,724**	320,890,367	320,890,367	235,681,052	235,681,052
Hotel operations	**61,841,108**	**61,841,108**	76,130,603	76,130,603	68,663,338	68,663,338
Affiliated companies	**2,044,343,678**	**2,044,343,678**	93,126,774	93,126,774	94,757,880	94,757,880
Others	**274,068,201**	**274,068,201**	222,679,153	222,679,153	208,670,276	208,670,276
Other assets						
Utility deposits	**216,839,154**	**216,839,154**	202,695,993	202,695,993	159,797,619	159,797,619
Investment in preferred shares of stock	**210,000,000**	**210,000,000**	–	–	–	–
Receivable from Meralco	**6,890,300**	**6,598,494**	24,415,226	33,846,525	43,272,925	55,587,746
Financial asset at FVPL						
Derivative asset	**111,066,241**	**111,066,241**	102,985,391	102,985,391	–	–
	₱11,545,049,228	**₱11,218,642,132**	₱13,374,210,377	₱13,069,977,457	₱5,075,142,994	₱4,620,953,227
Other financial liabilities						
Accounts payable and accrued expenses						
Accrued bonus, taxes and licenses and others	**₱2,623,782,761**	**₱2,623,782,761**	₱2,318,123,849	₱2,318,123,849	₱2,194,353,395	₱2,194,353,395
Accounts payable - trade	**1,236,170,341**	**1,236,170,341**	1,707,898,821	1,707,898,821	2,099,810,450	2,099,810,450
Dividends payable	**7,568,707**	**7,568,707**	7,002,600	7,002,600	6,000,198	6,000,198
Customers' deposit						
Deposits from lessees	**1,854,494,897**	**1,609,862,686**	1,409,832,860	1,196,573,777	1,271,304,764	1,089,971,611
Loans payable	**15,000,000,000**	**14,870,227,650**	15,115,000,000	15,059,483,370	6,017,000,000	5,726,289,270
Payables to affiliated companies	**134,390,653**	**134,390,653**	120,448,784	120,448,784	1,189,250,880	1,189,250,880
	₱20,856,407,359	**₱20,482,002,798**	₱20,678,306,914	₱20,409,531,201	₱12,777,719,687	₱12,305,675,804

The fair values of cash and cash equivalents, trade receivables (arising from lease of investment properties), other receivables, 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 8.00% to 10.00% in 2010, 8.0% to 10.10% in 2009, and 8.2% to 10.30% in 2008.

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, 2010, the Group has an investment in preferred shares of stock valued under level 1 amounting ₱210 million and derivative asset valued under level 2 amounting ₱111 million, respectively.

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.

Go Hotel, Robinsons Cybergate Plaza
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 Non-Pioneer status at a capacity of two hundred twenty three (223) rooms, under Certificate of Registration No. 2010-002 dated January 6, 2010. 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 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, Buildings 1-4
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.

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. 2007-238 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.

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.

Woodsville Viverde Mansions, Buildings 5-8
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 twenty-five (225) units, under Certificate of Registration No. 2008-201 dated August 7, 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.

Escalades at 20^{th} Avenue
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 seven hundred twenty (720) units, under Certificate of Registration No. 2008-216 dated August 13, 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.

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 ₱131 million, ₱156 million and ₱159 million in 2010, 2009 and 2008, respectively. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2010	2009	2008
Within one (1) year	**₱47,147,298**	₱48,004,527	₱43,074,198
After one (1) year but not more than five (5) years	**213,176,325**	202,539,847	193,571,713
After more than five (5) years	**6,253,520,299**	6,306,558,981	6,363,531,642
	₱6,513,843,922	₱6,557,103,355	₱6,600,177,553

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 ₱5,588 million, ₱5,143 million and ₱4,376 million in 2010, 2009 and 2008, respectively. Total percentage rent recognized as income for 2010, 2009 and 2008 amounted to ₱1,589 million, ₱1,363 million and ₱1,241 million, respectively.

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

	2010	2009	2008
Within one (1) year	**₱1,128,494,867**	₱943,532,729	₱984,022,565
After one (1) year but not more than five (5) years	**2,728,725,119**	1,354,524,223	1,931,090,773
After more than five (5) years	**587,588,901**	71,111,376	40,517,868
	₱4,444,808,887	₱2,369,168,328	₱2,955,631,206

Capital Commitments
The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱3,334 million, ₱2,937 million and ₱6,100 million as of September 30, 2010, 2009 and 2008, respectively. Moreover, the Group has contractual obligations amounting to ₱1,567 million, ₱1,547 million and ₱2,300 million as of September 30, 2010, 2009 and 2008, 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. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 11, 2011.

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Tel. No. (632) 687-5681 loc. 357

Homes
Tel. No. (632) 683-6358 to 359

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

HOTEL RESERVATIONS

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

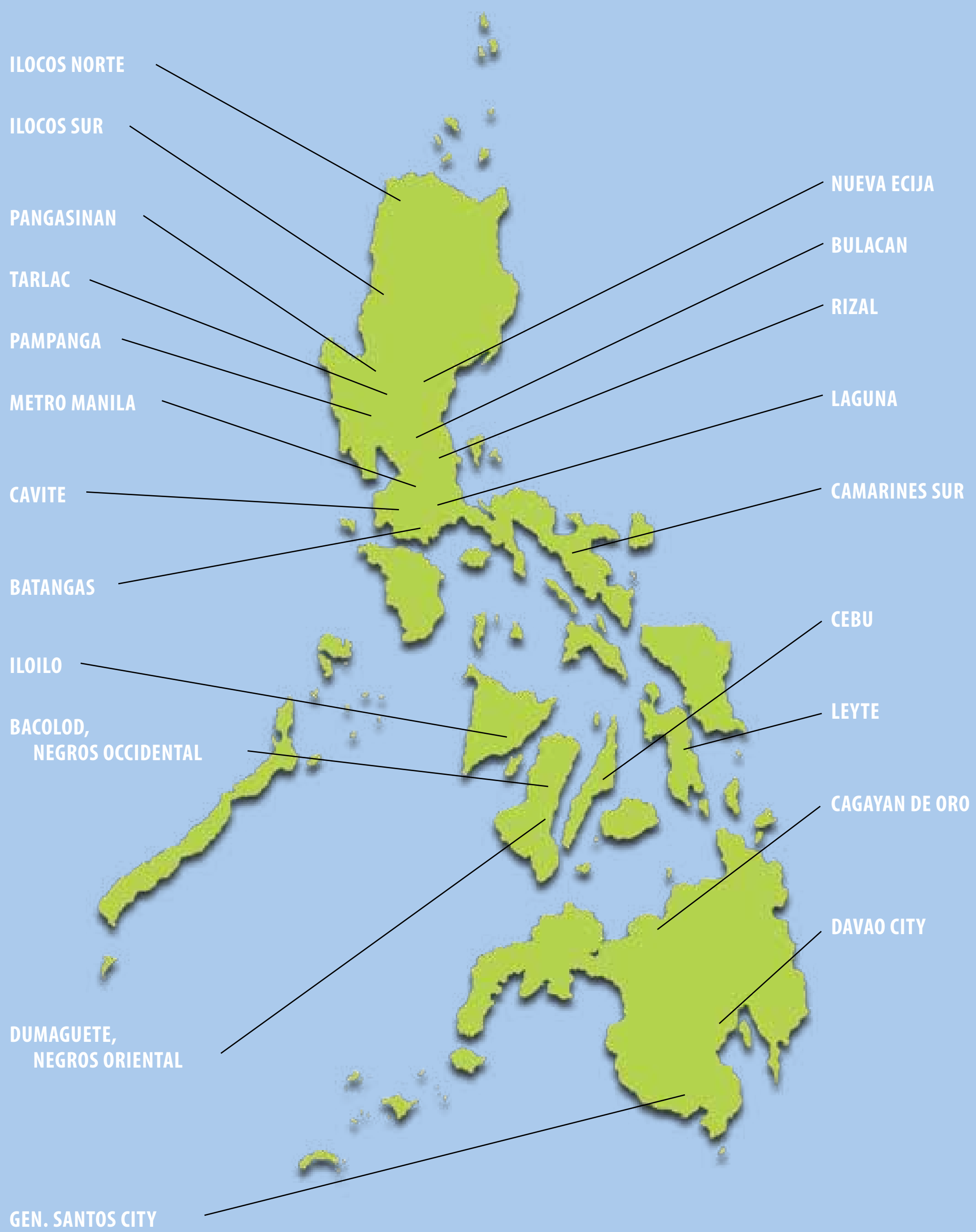
Crowne Plaza Galleria Manila
Tel. No. (632) 633-7222

Cebu Midtown Hotel
Tel. No. (632) 253-9711

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

Go Hotels
Tel. No. (632) 398-8788

Project Locations



ROBINSONS LAND
CORPORATION

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www.robinsonsland.com