ROBINSONS LAND
CORPORATION

2013 ANNUAL REPORT

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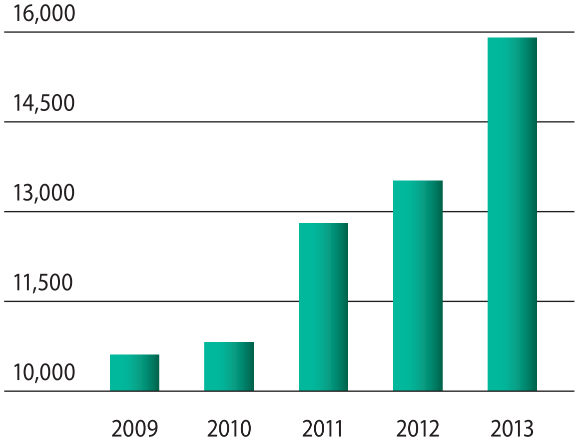
Financial Highlights

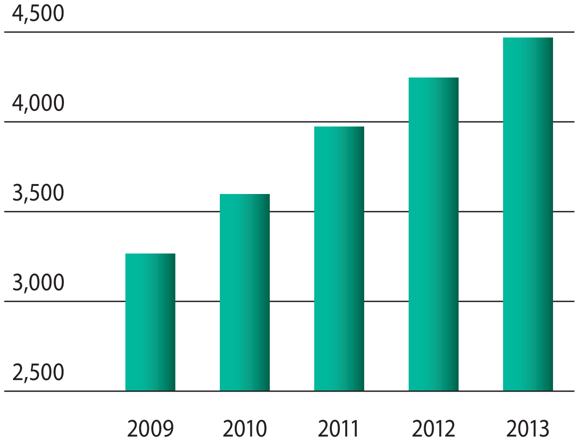
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*	2013	2012	2011	2010	2009
Gross Revenues	**15,904.49**	13,515.06	12,806.72	10,821.02	10,606.85
Cost and Expenses	**9,934.24**	8,281.28	8,280.94	6,798.32	6,453.41
Operating Income	**5,970.25**	5,233.78	4,525.78	4,022.70	4,153.44
Other Income	**9.16**	366.20	327.89	247.24	126.66
Income Before Income Tax	**5,979.41**	5,599.98	4,853.66	4,269.94	4,280.10
Net Income	**4,468.44**	4,244.74	3,972.02	3,595.58	3,266.24

FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*	2013	2012	2011	2010	2009
Total Assets	**74,886.05**	70,646.75	64,966.01	53,101.14	51,479.31
Total Liabilities	**25,491.28**	24,073.55	25,929.41	25,363.71	25,912.83
Minority Interest	**135.16**	227.75	230.52	232.60	119.86
Stockholders' Equity	**49,394.77**	46,573.20	39,036.60	27,737.43	25,566.48

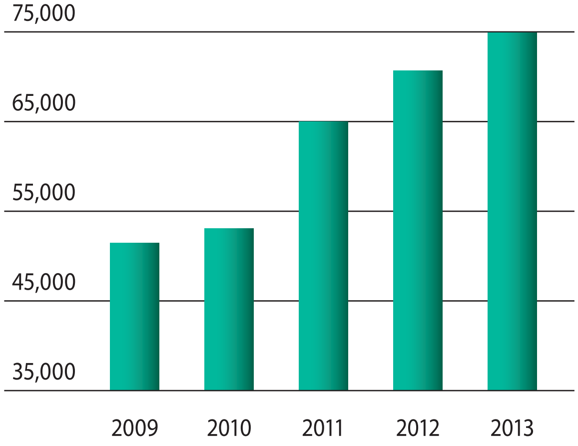
GROSS REVENUES
(in Million Pesos)



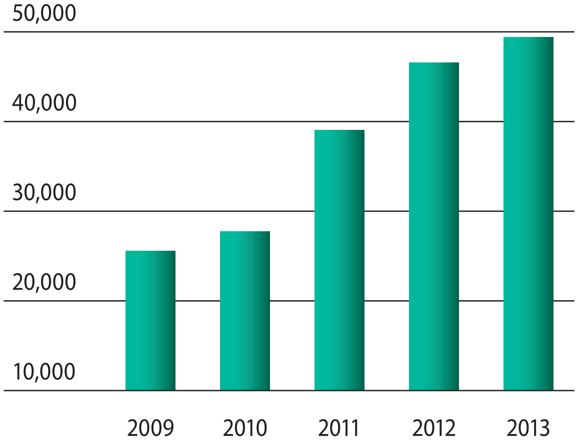
NET INCOME
(in Million Pesos)



TOTAL ASSETS
(in Million Pesos)



STOCKHOLDERS' EQUITY
(in Million Pesos)



Message to the Shareholders

The Philippine economy improved by 7.2% in 2013, becoming Southeast Asia's top performer. Despite global financial uncertainties on the US Federal tapering, as well as the impact of super typhoon Yolanda and other natural disasters, the Philippines remained one of the fastest growing economies in Asia. The robust growth of the country's economy is due to its strong macroeconomic fundamentals driven by the robust consumer spending as well as increase in investments by the private sector coupled by steady flow of overseas Filipino workers (OFW) remittances, steady growth in the business process outsourcing (BPO) sector, increased tourist visitor arrivals, controlled inflation, and low lending rates.

In fiscal year 2013, Robinsons Land Corporation posted strong revenue growth of 18% to Php15.90 billion from Php13.52 billion the previous year. This was led by our residential division's 30% increase in realized revenue, followed by the 15% growth of our commercial centers division, and the steady improvement of our hotels and office buildings businesses. Year on year, consolidated net income rose by 5% to Php4.47 billion from Php4.24 billion while EBITDA expanded by 15% to Php8.43 billion from Php7.32 billion. Our investment portfolio, composed of the commercial centers, offices and hotels businesses, was responsible for 82% of the total RLC EBITDA while our development portfolio, composed of the four residential businesses, accounted for the remaining 18%. EBIT climbed by 14% to Php5.97 billion from Php5.23 billion in 2012, backed by the growing profitability of all our business units.

James L. Go
Chairman

Lance Y. Gokongwei
Director, Vice Chairman and CEO

Our **Commercial Centers Division** remains the biggest contributor to the Company's total revenues at 46%, an increase of 15% to Php7.39 billion from Php6.43 billion in the previous year. The increase was attributed to the decent growth of our flagship malls Robinsons Galleria and Robinsons Place Manila, as well as almost all provincial malls. Our malls' enterprise-wide occupancy rate is at 95.8%. Same mall revenue growth finished at 8% year on year and has been stable at that level for several years. EBITDA increased by 13% to Php5.06 billion while EBIT rose by 7% to Php3.20 billion due to higher depreciation. As of end of fiscal year September 2013, with the expansion of Robinsons Place Iloilo, our total leasable space stands at 913,000 sqm. We currently have 32 shopping malls in our portfolio, 7 of which are located within Metro Manila and 25 of which are spread throughout the rest of country.

Our **Office Buildings Division** reported revenues of Php1.44 billion, a 3% growth from the previous year's Php1.40 billion. This accounted for 9% of the Company's total revenues. EBITDA registered an increase of 3% to Php1.39 billion and EBIT was up by 5% to Php1.01 billion. We currently have 193,000 sqm of leasable office space in our 8 office buildings. We also have approximately 58,000 sqm of commercial mall space allotted for BPO companies. The Company continues to be a leading provider of office spaces to BPOs in the country, with 75% of our office building space occupied by BPO tenants. To date, we have 8 operational office buildings in our portfolio, 7 of which are located within Metro Manila and 1 in Cebu. All our office buildings are almost fully leased out with a system-wide occupancy rate of 99.6%.

Our **Hotels Division** posted revenues at Php1.50 billion, up 8% from Php1.38 billion the year before, contributing 9% to total group revenues. This was attributed to the positive performance of all our 10 hotel properties, showing improved occupancy rates and an additional Go Hotel in Otis, Manila. The hotels division is an important part of RLC's business and we consider its primary value as a complement to our mixed-use developments. The Division's EBITDA rose by 19% to Php527 million. EBIT increased by a faster clip at 26% to Php340 million.

Our **Residential Division** registered a strong realized revenue growth of 30% to Php5.58 billion from Php4.30 billion the previous year. The residential division accounted for 36% of the total Company's revenues. EBITDA rose by 40% to Php1.45 billion from the previous year's Php1.04 billion. EBIT, likewise, was up by 41% to PhP1.42 billion from Php1.00 billion in 2012. The stronger growth in EBITDA and EBIT was due to the adoption of a buyer's equity requirement closer to prevailing industry practice in recognizing sales based on percentage of construction completion. We launched a total of Php8 billion in fiscal year 2013 across the 4 residential brands from the previous year's Php4 billion in residential projects. Our net reservation sales posted an increase of 50% to Php8.62 billion from PhP5.75 billion in the previous year. The impressive improvement in our sales take up was brought about by our aggressive expansion in our sales force and intensified marketing efforts. The Robinsons Residences brand contributed the most in terms of net sales reservations comprising a majority of total sales and posted the highest rise, registering a 70% increase in net sales reservations.

Total assets of the Company stood at Php74.89 billion as of September 2013, growing 6% compared to previous year's Php70.65 billion. At the end of the fiscal year, debt to equity ratio remained at 0.26:1, and net financial debt to equity ratio remained healthy at 0.23:1. Net book value per share increased by 6% to Php12.03 in fiscal year 2013 from P11.32 in fiscal year 2012. Return on Equity stood at 9%.

Our Company's total capital expenditures amounted to Php13.2 billion in fiscal year 2013.

OUTLOOK

Given the growth prospects of the Philippine economy, we will continue to expand all our businesses.

For our **Commercial Centers Division**, we will target to open seven new malls in the fiscal year 2014. All our locations are carefully selected in the fast-growing cities in the provinces. By the end of September 2014, our total leasable space will breach the 1 Million square meter mark, increasing our mall leasable space by 18% to 1,077,000 sqm compared to 2013's 913,000 sqm.

Backed by the robust BPO industry of the Philippines, we continue to be bullish on the growth prospect of our **Office Buildings Division**. We are currently constructing Cyberscape Alpha and Cyberscape Beta, both of which will be completed in the second quarter of fiscal year 2014. Each building will have 40,000 sqm of leasable space and will add 41% to our current inventory. These two buildings are the only office spaces that will be added to the Ortigas Central Business District inventory this year. We have also started construction on our first office building in our 8-hectare mixed use development called Bridgetowne in Quezon City. This office building will have approximately 35,000 sqm of leasable space which will be completed in 2015.

We will be expanding both our boutique Summit Hotels brand and our essential service Go Hotels brand, under our **Hotels Division.** By the end of fiscal year 2014, there will be a total of 9 Go Hotels and a total of 13 hotel properties in our portfolio. A Go Hotels franchisee, Vanguard Hotels, with its joint venture partner Roxaco Land Corporation, aims to build several Go Hotels in the medium term in key strategic locations in the country. All of our hotel properties are adjacent to our shopping malls or within our mixed-use developments.

We experienced an upswing in our **Residential Division** in the past year and we look forward to maintaining a steady performance in the near future. Demand for housing units, especially condominium units in the Metro Manila area, have been stimulated by the robust economy, OFW inflows, low interest rates, and the availability of mortgage financing from banks. Even with our relatively conservative stance on the residential business, we have recently focused our efforts on beefing up our sales network and boosting our marketing activities. We believe we have been successful in our strategy as evident by our impressive sales take-up growth. In fiscal year 2014, we are

Frederick D. Go
Director, President and COO

earmarked to launch approximately Php8 billion worth of project launches in terms of sales value across all our four residential brand segments, namely, Robinsons Luxuria, Robinsons Residences, Robinsons Communities and Robinsons Homes.

As of fiscal year 2013, our land bank registered a total of 575 hectares. This current level of land bank can support about 3 to 5 years worth of projects across our various business segments. We intend to acquire more land to replenish land used for development and will continue to selectively participate in government land auctions as the opportunity arises.

It has been a banner year for RLC as we have received numerous recognitions and awards on the developments we have built including Robinsons Dumaguete, Magnolia Town Center and Signa Designer Residences. Moreover, for the second consecutive year, RLC was again named as the Overall Best Managed Company in the Philippines by Euromoney, a leading business publication, in their annual poll last January 2014. According to Euromoney, the investor community selected the best Philippine companies in terms of having the most convincing and coherent strategy, the most accessible senior management, the best system of corporate governance, the most transparent financial accounts, the most improved performance, the most useful and informative website and in being the best for shareholder value. This recognition is quite an achievement, as we were selected over the best and largest conglomerates in the country. RLC has been dedicated in communicating to its shareholders and investors the Company's financial position, performance, plans and strategies.

ACKNOWLEDGEMENT

To close, we would like to thank our Board of Directors for their wisdom and guidance, and our management and employees for their tireless effort and unwavering commitment. Together, we have brought our company to a higher level. It humbles us to be recognized as the Best Managed Philippine Company by the largest and most respected international investors two years in a row. We would also like to express our sincerest gratitude to our shareholders, business partners, patrons and customers who have been with us for all these years and who continue to support and have confidence in RLC to build your dreams.

Maraming salamat po.

James L. Go
Chairman

Lance Y. Gokongwei
Director, Vice Chairman and CEO

Frederick D. Go
Director, President and COO

Commercial Centers Division

ROBINSONS MALLS

As one of the country's largest shopping center chains, Robinsons Malls is driven by its mission to provide customers with a fun and delightful shopping experience. Its continued success is evident as Robinsons Malls posted a substantial growth in revenues on account of the strong performance of flagship malls Robinsons Galleria and Robinsons Place Manila, and the full year impact of the new malls introduced in 2012, namely Robinsons Magnolia, Robinsons Place Palawan, and Robinsons Place Pangasinan.

Since its opening in August 2012, Robinsons Magnolia has been warmly received by shoppers and has reaped accolades from both national and international award-giving bodies. The Magnolia Town Center comprising the mall and the residential condominiums was adjudged the **Best Mixed-Use Development in Asia Pacific** by the International Property Awards while the Robinsons Magnolia mall was declared the **Best Commercial Development** by the Philippine Property Awards.

Robinsons Place Iloilo's Expansion Wing

Also named the **2013 Shopping Center of the Year** by the Philippine Retailers Association, the Robinsons Magnolia mall delights customers with its refreshing ambience, numerous dining options, and its wide array of exciting local and international brands.

In May 2013, Robinsons Place Iloilo opened its 3-level expansion wing which connects directly to a Go Hotel. With an additional 5,200 sq. m. of gross floor space, the mall now has an enhanced selection of coffee shops, casual dining restaurants, retail shops and services that cater to both locals and travelers.

The year also saw Robinsons Movieworld make the shift to the latest technology with the introduction of digital projectors in all its cinema branches nationwide, resulting in a superior viewing experience. Robinsons Movieworld continued its strong trajectory with the addition of new branches and the well-selected line-up of films.

In FY 2013, construction of eight new malls was underway, seven of which are scheduled to open in FY 2014, namely: Robinsons Place Butuan, Robinsons Place Malolos, Robinsons Town Mall Malabon, Robinsons Place Roxas, Robinsons Place Santiago, Robinsons Place Las Piñas, and Robinsons Place Antipolo. The Robinsons Galleria Cebu is slated to open in FY 2015.

Cognizant of changing lifestyles and constantly evolving markets, Robinsons Malls will continue to create new and memorable destinations that will surely be loved and enjoyed by all.

Midtown Atrium at Robinsons Place Manila

Robinsons Magnolia Atrium
©RTKL.com/David Whitcomb

Robinsons Movieworld Lobby

Robinsons Magnolia's Events Lawn
©RTKL.com/David Whitcomb

Residential Division

ROBINSONS LUXURIA

Luxuriate: Pampered living, your way.

Robinsons Luxuria offers those who live a distinct, refined and luxurious lifestyle the promise of a seamless, pampered experience.

In 2013, the Signa Designer Residences received a 5-star commendation from the International Property Awards Committee as the **Best Residential High-Rise Development in the Philippines**. Being the first designer residence in the Philippines, this landmark development highlights Filipino creativity as it integrates the artistic philosophies of three of the most notable Filipino designers – architect Royal Pineda, interior designer Budji Layug, and furniture designer Kenneth Cobonpue. Signa Designer Residences Tower One, the first of the two tower development, topped off in January 2013.

Robinsons Luxuria has developments in three iconic locations: AmiSa Private Residences in Mactan, Cebu; Sonata Place in Ortigas Center, Pasig; and Signa Designer Residences in Salcedo Village, Makati. It is inspired to continue its commitment to provide generous living spaces and a host of bespoke personalized services that cater to its distinguished residents.

Signa Designer Residences

Pool at the AmiSa Private Residences

ROBINSONS RESIDENCES

CITY LIVING DONE RIGHT

Robinsons Residences offers vibrant and sensible living spaces to driven urban achievers, combining prime locations with contemporary designs, efficiently designed units, stress-busting amenities and lifestyle perks and privileges for unmatched comfort and convenience.

As RLC continues to strive to improve residents' city living experience, it launched Ring Rob Concierge, an extensive online service request platform exclusive to residents of select Robinsons Residences projects where service requests are entered through ringrobconcierge.com or the Ring Rob Concierge app available for iOS and Android devices.

It has been a busy year for Robinsons Residences. The Sapphire Bloc West Tower and Radiance Manila Bay were launched during the year, and the first batch of townhomes at Woodsville Residences was turned over. In addition, the International Property Awards bestowed an accolade to the group for The Magnolia Residences, the residential component of The Magnolia Town Center, naming it **Best Mixed-Use Development in the Philippines for 2013**. The Magnolia Residences Tower B, the first of this four tower development, topped off last July 2013.

Robinsons Residences takes to heart its brand promise as it brings to life its value proposition of City Living Done Right with projects within the business districts of Ortigas Center in Pasig and Bonifacio Global City in Taguig as well as key cities of Manila, Quezon City, Mandaluyong, Parañaque and Cebu.

The Magnolia Residences

Lap pool at Radiance Manila Bay

Residential Division

Robinsons Communities offers affordable, quality condominiums ideal for start-up families and young mobile achievers who aspire for the modern in-city lifestyle. Robinsons Communities is committed to deliver convenient community living complemented by well-designed open spaces and lifestyle amenities – essential ingredients for happy living.

This fiscal year saw numerous accomplishments for the brand with The Pearl Place Tower A topping off; the groundbreaking for The Pearl Place Tower B, Escalades East Tower and Acacia Escalades; and the turn-over for Escalades South Metro Buildings A & B to its unit owners.

Robinsons Communities carries a portfolio of projects situated in some of the metro's most convenient locations – Escalades at 20th Avenue and Escalades East Tower in Cubao, Quezon City; The Pearl Place in Ortigas Center, Pasig; Acacia Escalades in Manggahan, Pasig; Escalades South Metro in Sucat, Muntinlupa; and The Wellington Courtyard in Tagaytay City. Prospective buyers can look forward to the launching of new projects in Greenhills, San Juan; and Alabang-Zapote, Las Piñas in the near future.

Lap pool at The Pearl Place

Escalades South Metro

Robinsons Homes
Start the good life

Robinsons Homes provides nurturing and relaxed living spaces for early nesters to growing families who aspire to start the good life in their first homes or upgrade to a better abode.

With choice lots in master-planned subdivisions located in key urbanized cities and provinces nationwide, Robinsons Homes offers themed enclaves under the Bloomfields, Brighton, Springdale and Happy Homes sub-brands to suit varying lifestyles and tastes.

This fiscal year, additional phases were opened for Bloomfields Cagayan de Oro and Bloomfields Heights Lipa.

Robinsons Homes offers future residents the good life through gated neighborhoods with a sense of harmony; serene living amidst beautiful surroundings; security and peace of mind; and places to create fun, lasting memories with friends and loved ones.

Bloomfields Cagayan de Oro

Bloomfields Heights Lipa

Office Buildings Division

ROBINSONS OFFICES

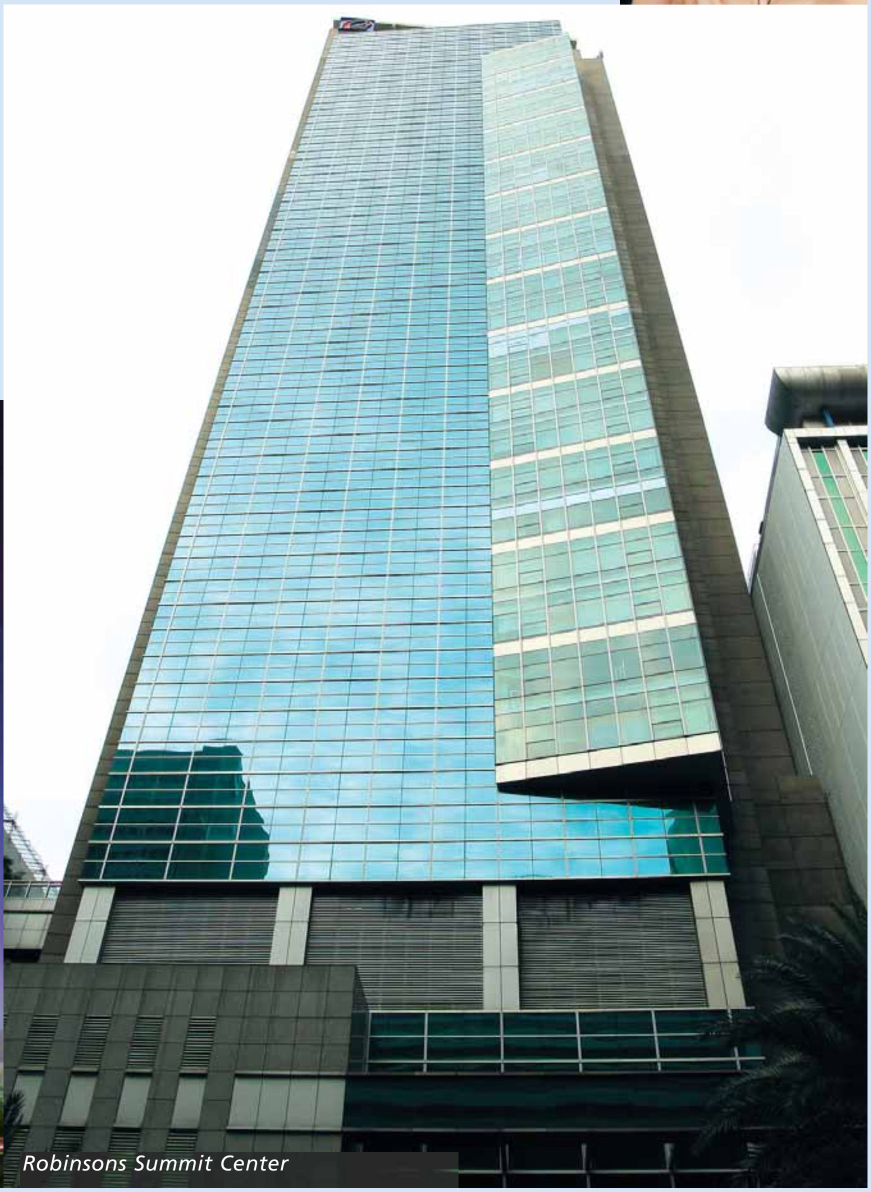
Robinsons Offices is one of the country's top developers of office buildings for Business Process Outsourcing (BPO) as well as traditional corporate and service locators. It aims to provide companies with strategic, accessible and convenient locations for their business, whether for use as call centers, data processing centers, marketing offices, or corporate headquarters. Robinsons Offices buildings are designed for the most demanding of customers, with well–planned facilities and modern amenities such as high-speed elevators, CCTV cameras, redundant generator systems, and VRV AC systems. In addition, they also boast of an open plan that allows tenants flexibility in their workplace design.

At present, Robinsons Offices has eight completed buildings located within the main business districts of Metro Manila and Cebu City namely: Galleria Corporate Center and Robinsons Equitable Tower in the Ortigas Central Business District; Robinsons Summit Center in Makati City; Robinsons Cybergate Towers 1, 2, 3 and Plaza in Mandaluyong City, and Robinsons Cybergate Cebu in downtown Cebu City.

As part of the expansion plans of Robinsons Offices, two office buildings will open during the first

half of fiscal year 2014 namely: Cyberscape Alpha and Cyberscape Beta. Both situated in the Ortigas Central Business District, Cyberscape Alpha is located between Sapphire and Garnet Roads and will have 26 storeys including three floors of Go Hotel while Cyberscape Beta is located between Ruby and Topaz Roads and will have 37 storeys. The two buildings will contribute an additional 41% of office space to the existing office portfolio.

Tenants of all Robinsons Offices enjoy easy access to major transportation hubs as well as the convenience of being near shopping malls, residential developments, hotels and other business establishments. Thus, employees of all Robinsons Offices can enjoy the live, work and play lifestyle concept that the mixed-use development projects offer.



Robinsons Summit Center

Hotels Division

Robinsons Hotels and Resorts has a diverse portfolio covering three brand segments: upscale international deluxe hotels, mid-market boutique city and resort hotels, and the essential service value hotels.

In the international deluxe category, it has Crowne Plaza Manila Galleria and Holiday Inn Manila Galleria, both managed by the Intercontinental Hotels Group. In the mid-market category, the Summit Hotels brand has Summit Ridge in Tagaytay City and Summit Circle in Cebu City. The third segment is the popular Go Hotels that is now present in six key cities across the Philippines. Summit Hotels and Go Hotels are managed by RLC.

Robinsons Hotels and Resorts offers more than 1,500 rooms to date. Its mission is to make every guest's stay a happy and memorable experience.


Gorgeous infinity pool at Summit Ridge Tagaytay


Kids stay and eat for free at Holiday Inn Manila Galleria


Crowne Plaza Manila Galleria has the biggest pillarless grand ballroom in Ortigas


Modern and practical rooms at Go Hotels

SUMMIT HOTELS

For its in-city properties, Summit Hotels aims to be the top-of-mind choice of business and leisure travelers looking for convenient locations, quality rooms, well-appointed amenities and facilities, and excellent customer service at competitive rates.

For its resort properties, the brand is defined by strategic locations, unique and stunning natural surroundings, a relaxing ambiance, a satisfying culinary experience, and wellness facilities.

Encouraged by the positive response to the brand, more Summit Hotels are earmarked for development. The first Summit Hotel in Metro Manila is scheduled to open in the year 2014. Located within The Magnolia Town Center, its contemporary-designed guest rooms and suites will deliver the live-work-play promise of the complex as the center's boutique hotel.

GO HOTELS

The first of its kind in the Philippines, Go Hotels aims to be the preferred hotel choice for domestic and foreign travelers looking for value accommodation in the key cities of the Philippines.

Serving over half a million guests to date, Go Hotels has increased its presence in the Philippines with 6 operational branches, offering more than 700 rooms in key cities across the country: Mandaluyong, Tacloban, Dumaguete, Bacolod, Puerto Princesa, and Otis-Manila. To continue its thrust of serving guests in key cities, Go Hotels will soon be in Iloilo, Ortigas Center-Pasig and Butuan.

Go Hotels is ramping up its expansion program by opening more company owned properties as well as expanding through franchising the business.

A warm welcome awaits you at every Go Hotels you stay in

Corporate Social Responsibility

THE GIFT OF CHANGE (TGOC): SMALL CHANGE ADDS UP TO ACCOMPLISH A GREAT DEAL OF GOOD

The Gift of Change is an annual coin bank campaign which encourages mall shoppers to donate loose change. Started in 1997, TGOC first turned the Jaime Cardinal Sin Village (JCS Village) of the Serviam Foundation into a model community through the set-up of a school providing tuition-free education, and the construction of a church and housing buildings which promoted community-run and personal businesses as well as improved the living conditions of the community. While the campaign continues to support the JCS Village, it has since widened its reach. In 2013, the campaign gave assistance to beneficiaries from all over the Philippines. These include Caritas Cavite; Lipa Archdiocesean Social Action Commission, Batangas; Sacred Heart Parish, Cebu; Mission Schools, Iloilo; Negrense Volunteers for Change, Bacolod; St. Anthony Academy, Dumaguete; Pastoral Care for Children of Archdiocese, Cagayan de Oro; and Santa Cruz Mission School, General Santos City.

TGOC RELIEF OPERATIONS: GIVING ASSISTANCE TO THOSE AFFECTED BY NATURAL CALAMITIES

With the country beset by numerous calamities in 2013, The Gift of Change endeavored to ease the suffering of victims through an emergency disaster relief campaign. A total of 2,908 food packs were sent to the residents of earthquake and typhoon ravaged Cebu, Tacloban, Iloilo and Roxas, funded by TGOC coin banks and private donors. In addition, a total of 487 aid boxes were sent to Cebu, Tacloban, Iloilo and Roxas donated by shoppers and office building locators.

TGOC RP LIPA BENEFICIARY PARTNERS WITH STOP HUNGER NOW

Children are the most vulnerable victims in any calamity. Recognizing this, TGOC RP Lipa partnered with Stop Hunger Now, an international hunger relief organization that coordinates the distribution of food and life-saving aid around the world. This collaboration enabled volunteers to package 30,000 dehydrated, nutritious and high protein meals to be used in times of disaster and in school or parish feeding programs.

ROBINSONS MALLS CHRISTMAS TREE OF HOPE TO BENEFIT VICTIMS OF TYPHOON YOLANDA

The Robinsons Malls Christmas Tree of Hope campaign this year was a donation drive in partnership with Caritas Foundation to raise funds for the victims of typhoon Yolanda. Selected Robinsons Malls set up Christmas trees and for every P100 donated, a donor was given a Christmas ball to hang on a tree along with a card, signifying his participation in the cause. Robinsons Trees of Hope were erected at Robinsons Galleria, Robinsons Place Manila, Robinsons Magnolia and Robinsons Metro East.

WISH UPON A STAR

Wish Upon a Star was a Christmas campaign where shoppers in select malls sponsored gifts for children beneficiaries, culminating in a gift-giving event. Beneficiaries included children from Suntown Camp (children with cancer), the Department of Education (special needs children), the National Commission for Indigenous People, the Rotary Club of Bacolod City (typhoon Yolanda victims from Cadiz), the *barangays* in the hinterlands of Dumaguete, the Oriental Negros Children's Advocacy network and Rotary Club Central of Iloilo.

YOUR POCKET CHANGE CAN CHANGE THEIR LIVES: CLEAN WATER TO PROMOTE HEALTH FOR ALL

A 10 peso donation for an eco bag enabled shoppers to contribute to this life-saving project to bring low-cost clean water technology to communities and reduce the incidence of child mortality. Working with the Vincentian Mission, Robinsons Malls successfully brought clean water technology to rural and urban poor communities in the Philippines vulnerable to waterborne diseases.

The first 3 clean water systems have already been turned over to the Vincentian Mission.

The meal packaging event at Robinsons Place Lipa.

Pre-school students and teachers of Jaime Cardinal Sin Learning Center Robinsons Place Manila.

Volunteers to packaged nutritious meals for future disaster relief operations and feeding programs.

These were installed in 3 mission centers in Metro Manila: Hospicio De San Jose, DC Rendu Center and Bagong Silangan Vincentian Center. The program continues to work towards helping 50,000 children in 50 communities have effective and sustainable water systems.

ROBINSONS MALLS ENTREP CORNER: ENCOURAGING YOUNG ENTREPRENEURS AND FUTURE BUSINESS LEADERS

The Robinsons Malls Entrep Corner was created as a platform where students can develop confidence through experiential learning. Meant to hone the entrepreneurial talents of college students, the Robinsons Malls Entrep Corner gives them a chance to showcase their products and services in the various malls. 3,000 students have benefited from the program since it was launched 8 years ago and the number continues to grow. Partner schools include Miriam College, St. Paul University in Quezon City, De La Salle University Dasmariñas, De La Salle Lipa, and Silliman University.

ROBINSONS MALLS LINGKOD PINOY CENTER (RMLPC): A DEDICATION TO SERVE THE PUBLIC BETTER

Lingkod Pinoy Centers in select Robinsons Malls make it easier for the public to transact business with various government agencies. By designating areas for satellite operations of important agencies, the Robinsons Malls become safe venues where the Filipinos can comfortably apply for important documents such as passports, NBI clearances, LTO drivers' licenses, among others.

At present, there are 13 government agencies in 22 RMLPCs nationwide. Among these are the Social Security System (SSS); Government Service Insurance System (GSIS); Land Transportation Office (LTO); Department of Tourism (DOT); Land Registration Authority (LRA); National Bureau of Investigation (NBI); Philippine Health Insurance Corporation (PhilHealth); and Department of Foreign Affairs (DFA). Over 5 million Filipinos have been served at various Lingkod Pinoy Centers in Robinsons Malls located throughout the country.

FOR THE ENVIRONMENT: OUR ROOTS, OUR HOMES

Our Roots, Our Homes is a tree planting project which aims to increase awareness for environmental issues and encourage active participation from employees and the community. In 2013, a total of 300 saplings were planted in designated areas in San Fernando, Pampanga; Laoag City, Ilocos Norte; and Lumbia, Cagayan de Oro.

ENVIRONMENTAL SUSTAINABILITY PROGRAMS

Energy Conservation Program (ENERCON)

The ENERCON Program is implemented in all RLC projects. It involves simple but highly effective energy measures such as purchasing low energy consumption equipment. Likewise, RLC has invested in new technology, including ozone-friendly refrigerants, which prevent further ozone depletion.

Non-Chemical Water Treatment Program

In certain malls, no chemicals are used in the treatment of condenser water in cooling towers. This means that no harmful chemicals are released which could contaminate ground and other water sources, resulting in more efficient recycling of wastewater.

Wastewater Recovery Program

RLC recognizes the importance of an intelligent use of water resources. Through this program, wastewater is treated, filtered and reused, leading to zero wastewater discharge to public sewers. Several RLC hotels and malls now use 100% recycled wastewater for their toilets and irrigation requirements. Good water quality is ensured through monthly testing by RLC's Corporate Laboratory which is accredited by DENR and recognized by the DOH.

Solid Waste Management

Mall tenants, RLC offices, shoppers and guests are encouraged to adopt the discipline of properly segregating waste. With this program, RLC supports recycling effects as waste is separated and segregated into four types: plastics, cans, paper and food for proper disposal.

Students of St. Paul's Conversion Learning Center in Bingawan, Iloilo.

RLC employees with mall tenants volunteered in relief operations in Cebu.

4th year Entrepreneurship students of Miriam College.

Robinsons Homes employees with students of Magnificat Child Development Center.

Board of Directors

John L. Gokongwei, Jr.
Chairman Emeritus

James L. Go
Chairman

Lance Y. Gokongwei
Director, Vice Chairman & 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

Management

From left to right:

Teresita H. Vasay, Treasurer; **Faraday D. Go**, General Manager – Office Buildings Division; **Elizabeth Kristine D. Gregorio**, General Manager – Robinsons Hotels & Resorts; **Constantino C. Felipe**, Vice President – Human Resources; **Frederick D. Go**, President; **Ma. Socorro Isabelle V. Aragon-Gobio**, Senior Vice President – Robinsons Luxuria, Residences, Communities; **Arlene G. Magtibay**, General Manager – Commercial Centers Division; **Rodolfo T. Malit**, First Vice President – Controller; **Corazon L. Ang Ley,** General Manager – Robinsons Homes

OVERALL
BEST MANAGED COMPANY IN THE PHILIPPINES

Mr. Frederick Go, Robinsons Land Corporation President, receives the company's back-to-back "Overall Best Managed Company in the Philippines" award from Mr. Marcus Langston of Euromoney Asia.

EUROMONEY ASIA BEST MANAGED COMPANIES 2013

EUROMONEY ASIA BEST MANAGED COMPANIES 2014

Robinsons Land Corporation was honored with the prestigious Overall Best Managed Company in the Philippines award by Euromoney, a leading international financial magazine for two years in a row.

In the 15th Best Managed and Governed Companies Asia Poll 2014, regarded as the benchmark awards for the best country leaders, RLC emerged as the top Philippine choice. The nomination process shortlists the top 3 listed companies that outperformed across a number of categories such as business strategy, corporate governance, management accessibility, accounting transparency, and increasing shareholder value, among others.

According to Euromoney, RLC was praised for its leading role in promoting transparent communication to investors, citing that "the company has a clear strategy and good visibility." It was also noted that "Robinsons Land senior management continues to demonstrate prudent gearing, transparency, good governance and clear articulation of strategy."

2013 AWARDS

- **Overall Best Managed Company in the Philippines – 2013 & 2014**
  Euromoney
- **Best Mixed-Use Development in the Philippines – Magnolia Town Center**
- **Best Residential High-Rise Development in the Philippines – Signa Designer Residences**
  International Property Awards – Asia Pacific
- **Excellence in Real Estate Property Development – Philippines**
  International Alternative Investment Review
- **One of the Top 10 Developers in the Philippines**
  BCI Asia-Top 10 Developers Awards
- **Best 1st Year Entrant**
  Asia Pacific Real Estate Association – Best Practices Awards
- **Best Commercial Development 2013 (Retail) – Magnolia Town Center**
  Philippine Property Awards
- **Shopping Center of the Year (Medium Malls Category) – Robinsons Magnolia**
  Philippine Retailers Association
- **Best in Business Communication 2013 (Special Events Category) – Robinsons Mall Tenant Conference**
  International Association of Business Communication – The Philippine Quill Awards
- **CNBC's 12th Asia Business Leaders Awards – Mr. Frederick D. Go (Finalist)**
  CNBC Asia
- **Global Filipino Executive – Mr. Frederick D. Go (Finalist)**
- **2013 Hall of Fame**
  Quezon City Government

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

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 its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2013 and 2012 and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended September 30, 2013, 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 about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Land Corporation and its subsidiaries as at September 30, 2013 and 2012 and their financial performance and their cash flows for each of the three years in the period ended September 30, 2013, in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225226, January 2, 2014, Makati City

January 10, 2014

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30	
	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20, 31 and 32)	**₱1,081,533,911**	₱5,877,874,883
Receivables (Notes 8, 20, 31 and 32)	**2,889,234,401**	3,358,202,972
Subdivision land, condominium and residential units for sale (Note 9)	**12,019,619,818**	10,991,157,298
Other current assets (Notes 10, 31 and 32)	**2,929,888,288**	2,141,588,891
Total Current Assets	**18,920,276,418**	22,368,824,044
Noncurrent Assets		
Noncurrent receivables (Notes 8, 20, 31 and 32)	**2,162,008,724**	1,125,870,844
Investment properties (Notes 5 and 11)	**50,131,404,935**	43,879,096,885
Property and equipment (Notes 5 and 12)	**3,031,034,798**	2,703,758,606
Other noncurrent assets (Notes 13, 31 and 32)	**641,327,821**	569,197,256
Total Noncurrent Assets	**55,965,776,278**	48,277,923,591
	₱74,886,052,696	₱70,646,747,635

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 16, 31 and 32)	**₱2,678,400,000**	₱–
Accounts payable and accrued expenses (Notes 14, 20, 31 and 32)	**4,830,443,123**	4,925,192,080
Income tax payable	**468,774,304**	196,038,284
Deposits and other liabilities (Notes 15, 20, 31 and 32)	**2,042,763,670**	1,642,587,819
Current portion of loans payable (Notes 16, 31 and 32)	**10,000,000,000**	2,000,000,000
Total Current Liabilities	**20,020,381,097**	8,763,818,183
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 16, 31 and 32)	**–**	10,000,000,000
Deferred tax liabilities - net (Note 27)	**1,489,715,164**	1,108,815,770
Deposits and other noncurrent liabilities (Notes 17, 29, 31 and 32)	**3,981,187,412**	4,200,911,911
Total Noncurrent Liabilities	**5,470,902,576**	15,309,727,681
Total Liabilities	**25,491,283,673**	24,073,545,864
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 19)	**4,111,528,685**	4,111,528,685
Additional paid-in capital (Note 19)	**20,392,532,781**	20,392,532,781
Other equity reserve (Note 1)	**(87,597,873)**	–
Retained earnings (Note 18)		
Unappropriated	**13,864,976,604**	11,563,225,962
Appropriated	**11,200,000,000**	10,500,000,000
Treasury stock (Note 19)	**(221,834,657)**	(221,834,657)
	49,259,605,540	46,345,452,771
Non-controlling interest in consolidated subsidiaries	**135,163,483**	227,749,000
	49,394,769,023	46,573,201,771
	₱74,886,052,696	₱70,646,747,635

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2013	2012	2011
REVENUE (Note 21)			
Real Estate Operations			
Rental income	**₱7,417,282,135**	₱6,690,605,012	₱6,113,510,000
Real estate sales	**5,300,508,087**	4,105,106,260	4,307,396,547
Amusement income	**1,016,315,050**	831,006,331	687,899,815
Others	**673,589,978**	504,262,858	491,695,157
	14,407,695,250	12,130,980,461	11,600,501,519
Hotel Operations	**1,496,797,769**	1,384,079,085	1,206,219,187
	15,904,493,019	13,515,059,546	12,806,720,706
COSTS (Note 22)			
Real Estate Operations			
Cost of rental services	**2,690,490,080**	2,307,983,583	2,273,414,793
Cost of real estate sales	**3,060,144,718**	2,360,585,729	2,664,371,840
Cost of amusement services	**485,315,516**	389,831,006	320,222,382
Others	**327,734,935**	200,972,586	241,827,547
	6,563,685,249	5,259,372,904	5,499,836,562
Hotel Operations	**1,156,363,383**	1,113,684,179	1,009,589,782
	7,720,048,632	6,373,057,083	6,509,426,344
	8,184,444,387	7,142,002,463	6,297,294,362
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**2,214,189,768**	1,908,222,593	1,771,516,817
OPERATING INCOME	**5,970,254,619**	5,233,779,870	4,525,777,545
OTHER INCOME (LOSSES)			
Interest income (Note 26)	**113,397,276**	492,976,374	444,164,957
Mark to market gain (loss) on derivative assets (Notes 10, 31 and 32)	**(90,143,152)**	(82,353,723)	61,430,634
Interest expense (Note 26)	**(14,097,197)**	(44,427,351)	(177,709,404)
	9,156,927	366,195,300	327,886,187
INCOME BEFORE INCOME TAX	**5,979,411,546**	5,599,975,170	4,853,663,732
PROVISION FOR INCOME TAX (Note 27)	**1,510,967,375**	1,355,233,728	881,640,387
NET INCOME	**4,468,444,171**	4,244,741,442	3,972,023,345
OTHER COMPREHENSIVE INCOME	**–**	–	–
TOTAL COMPREHENSIVE INCOME	**₱4,468,444,171**	₱4,244,741,442	₱3,972,023,345
Net Income Attributable to:			
Equity holders of Parent Company	**₱4,470,028,489**	₱4,238,513,020	₱3,974,107,491
Non-controlling interest in consolidated subsidiaries	**(1,584,318)**	6,228,422	(2,084,146)
	₱4,468,444,171	₱4,244,741,442	₱3,972,023,345
Total Comprehensive Income Attributable to:			
Equity holders of Parent Company	**₱4,470,028,489**	₱4,238,513,020	₱3,974,107,491
Non-controlling interest in consolidated subsidiaries	**(1,584,318)**	6,228,422	(2,084,146)
	₱4,468,444,171	₱4,244,741,442	₱3,972,023,345
Basic/Diluted Earnings Per Share (Note 28)	**₱1.09**	₱1.04	₱1.16

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							Attributable to Non-controlling Interest in Consolidated Subsidiaries	
	Common Stock (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Stock (Note 19)	Subscription Receivables (Note 19)	Other Equity Reserve (Note 1)	Unappropriated Retained Earnings (Notes 1 and 18)	Appropriated Retained Earnings (Note 18)		Total Equity
For the Year Ended September 30, 2013									
Balances at beginning of year	**₱4,111,528,685**	**₱20,392,532,781**	**(₱221,834,657)**	**₱–**	**₱–**	**₱11,563,225,962**	**₱10,500,000,000**	**₱227,749,000**	**₱46,573,201,771**
Total comprehensive income for the period	–	–	–	–	–	**4,470,028,489**	–	**(1,584,318)**	**4,468,444,171**
Incorporation of a subsidiary (Note 1)	–	–	–	–	–	–	–	**24,500,000**	**24,500,000**
Reversal of appropriation (Note 18)	–	–	–	–	–	**10,500,000,000**	**(10,500,000,000)**	–	–
Appropriation (Note 18)	–	–	–	–	–	**(11,200,000,000)**	**11,200,000,000**	–	–
Acquisition of non-controlling interest	–	–	–	–	**(87,597,873)**	**5,501,199**	–	**(115,501,199)**	**(197,597,873)**
Cash dividends (Note 18)	–	–	–	–	–	**(1,473,779,046)**	–	–	**(1,473,779,046)**
Balances at end of year	**₱4,111,528,685**	**₱20,392,532,781**	**(₱221,834,657)**	**₱–**	**(₱87,597,873)**	**₱13,864,976,604**	**₱11,200,000,000**	**₱135,163,483**	**₱49,394,769,023**
For the Year Ended September 30, 2012									
Balances at beginning of year	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱4,774,641,165)	₱–	₱8,798,491,988	₱10,500,000,000	₱230,520,578	₱39,036,598,210
Total comprehensive income for the period	–	–	–	–	–	4,238,513,020	–	6,228,422	4,244,741,442
Collection of subscription receivables	–	–	–	4,774,641,165	–	–	–	–	4,774,641,165
Cash dividends (Note 18)	–	–	–	–	–	(1,473,779,046)	–	(9,000,000)	(1,482,779,046)
Balances at end of year	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	₱–	₱–	₱11,563,225,962	₱10,500,000,000	₱227,749,000	₱46,573,201,771

	Attributable to Equity Holders of the Parent Company							Attributable to Non-controlling Interest in Consolidated Subsidiaries	
	Common Stock (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Stock (Note 19)	Subscription Receivables (Note 19)	Other Equity Reserve (Notes 1 and 19)	Unappropriated Retained Earnings (Notes 1 and 18)	Appropriated Retained Earnings (Note 18)		Total Equity
	For the Year Ended September 30, 2011								
Balances at beginning of year	₱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
Total comprehensive income for the period	–	–	–	–	–	3,974,107,491	–	(2,084,146)	3,972,023,345
Issuance of capital stock	1,364,610,228	12,210,956,634	–	–	–	–	–	–	13,575,566,862
Subscription receivables	–	–	–	(4,774,641,165)	–	–	–	–	(4,774,641,165)
Cash dividends (Note 18)	–	–	–	–	–	(1,473,779,046)	–	–	(1,473,779,046)
Balances at end of year	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱4,774,641,165)	₱–	₱8,798,491,988	₱10,500,000,000	₱230,520,578	₱39,036,598,210

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,979,411,546**	₱5,599,975,170	₱4,853,663,732
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 22 and 24)	**2,458,900,922**	2,083,885,060	2,113,120,088
Mark to market loss (gain) on derivative assets (Notes 10 and 31)	**90,143,152**	82,353,723	(61,430,634)
Loss on retirement of investment property and property and equipment (Notes 11 and 12)	**63,912,586**	–	–
Accretion expense on security deposits (Notes 15, 22 and 26)	**58,504,429**	65,116,921	72,600,177
Interest expense on loans payable (Note 26)	**14,097,197**	44,427,351	177,709,404
Provision for impairment losses (Notes 8 and 23)	**167,188**	731,444	770,804
Interest income (Note 21 and 26)	**(590,683,523)**	(746,577,415)	(671,813,337)
Loss on disposal of investment in shares of stock	**–**	–	10,000,000
Operating income before working capital changes	**8,074,453,497**	7,129,912,254	6,494,620,234
Decrease (increase) in:			
Receivables – trade	**(589,126,532)**	(983,317,404)	2,675,184
Subdivision land, condominium and residential units for sale	**(1,028,462,520)**	(1,798,334,450)	(2,128,322,849)
Prepaid expenses and value-added input tax	**95,446,457**	(91,939,603)	(268,835,903)
Other current assets	**(460,757,709)**	(514,048,893)	(17,735,133)
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	**10,254,307**	554,692,360	(133,816,371)
Net pension liabilities	**(31,545,844)**	26,620,298	19,271,003
Customers' deposits	**424,978**	467,522,464	(6,415,530)
Cash generated from operations	**6,070,686,634**	4,791,107,026	3,961,440,635
Interest received from installment contract Receivable	**477,286,247**	253,601,041	227,648,380
Income tax paid	**(857,331,961)**	(779,304,452)	(724,811,393)
Net cash flows provided by operating activities	**5,690,640,920**	4,265,403,615	3,464,277,622
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**121,854,507**	491,424,916	450,110,258
Decrease (increase) in:			
Receivables from affiliated companies (Note 20)	**13,332,804**	7,610,066	1,934,225,376
Advances to suppliers and contractors	**(1,568,573)**	(33,081,049)	(155,042,366)
Other noncurrent assets	**(207,892,792)**	(65,165,285)	(32,578,773)
Advances to lot owners	**(375,800,497)**	(110,379,310)	30,758,610
Receivable from Meralco	**–**	–	6,890,300
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Note 11)	**(8,428,831,615)**	(7,055,779,175)	(9,462,734,833)
Property and equipment (Note 12)	**(673,566,135)**	(372,676,741)	(491,355,114)
Cash received from noncontrolling interest for newly incorporated subsidiary (Note 1)	**24,500,000**	–	–
Purchase of noncontrolling interest	**(197,597,873)**	–	–
Proceeds from redemption from shares of stocks	**–**	–	200,000,000
Net cash flows used in investing activities	**(9,725,570,174)**	(7,138,046,578)	(7,519,726,542)

(Forward)

	Years Ended September 30		
	2013	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscription receivable (Note 19)	**₱–**	₱4,774,641,165	₱–
Interest paid	**(64,582,191)**	(73,984,286)	(237,010,970)
Availment of short-term loans	**2,678,400,000**	–	–
Payments of loans payable (Note 16)	**(2,000,000,000)**	(3,000,000,000)	–
Increase (decrease) in payable to affiliated companies and other liabilities (Note 15)	**98,011,616**	(516,981,356)	515,414,802
Proceeds from issuance of capital stock (inclusive of additional paid-in capital) (Note 19)	**–**	–	8,800,925,697
Payments of cash dividends (Note 18)	**(1,473,241,143)**	(1,481,985,031)	(1,472,658,742)
Net cash flows provided by (used in) financing activities	**(761,411,718)**	(298,309,508)	7,606,670,787
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,796,340,972)**	(3,170,952,471)	3,551,221,867
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,877,874,883**	9,048,827,354	5,497,605,487
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱1,081,533,911**	₱5,877,874,883	₱9,048,827,354

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
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 five wholly-owned subsidiaries, namely: Robinsons Inn, Inc. (RII); Robinsons Realty and Management Corporation (RRMC); Robinsons (Cayman) Limited (RCL); Robinsons Properties Marketing and Management Corporation (RPMMC) and Altus San Nicolas Corp. (ASNC) (100% owned as at September 30, 2013 and 80% owned as at September 30, 2012 and 2011), 51%-owned subsidiaries, Altus Angeles, Inc. (AAI) and GoHotels Davao, Inc. (GHDI), (see Note 2) (collectively known as the "Group").

The Group is engaged in the business of selling, acquiring, developing, operating, 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 60.97% owned by JG Summit Holdings, Inc. (JGSHI or the 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, petrochemicals, air transportation and financial services.

On March 6, 2013, the Parent Company acquired the remaining 20% non-controlling interest in ASNC, increasing its ownership interest from 80% to 100%. Cash consideration of ₱198 million was paid to the non-controlling shareholders. The total carrying value of the net assets of ASNC at the date of acquisition was ₱578 million, and the 20% equivalent of the carrying value of the remaining non-controlling interest acquired was ₱116 million. The difference of ₱82 million between the consideration and the carrying value of the interest acquired has been recognized in "Other equity reserve" account within equity.

On March 4, 2013, the Parent Company filed an application for the incorporation of its 51% owned subsidiary, GHDI. Its primary purpose is to establish, acquire, own, develop, operate and manage hotels and/or transient guest lodging services under the "gohotels.ph" mark and other similar and ancillary facilities and services related to the hospitality and allied industries. The Securities and Exchange Commission (SEC) approved the application on March 13, 2013.

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

2. **Basis of Preparation**

The consolidated financial statements have been prepared under the historical cost convention method, except for a derivative financial instrument that has been measured at fair value, and are presented in Philippine Peso (₱), the Parent Company'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 the Group as at September 30, 2013 and 2012 and for each of the three years in the period ended September 30, 2013. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Subsidiaries are consolidated when control is transferred to the Group and cease to be consolidated when control is transferred out of the Group. Control is presumed to exist when the Group owns directly or indirectly through subsidiaries, more than half of the voting power of an entity unless in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, intercompany profits and expenses and gains and losses are eliminated in full in the consolidation.

Non-controlling interests are presented separately from the Parent Company's equity. The portion of profit or loss and net assets in subsidiaries not wholly-owned are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences, recorded in equity.

- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.

- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) effective beginning October 1, 2012. Except as otherwise indicated, the adoption of these standards did not have any significant impact on the accounting policies, financial position or performance of the Group.

- PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (Amendments)
  This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred

tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset. The amendments are effective for periods beginning on or after January 1, 2012.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

Future Changes in Accounting Policies
Standards, interpretations, amendments to standards and improvements to standards issued but not yet effective up to the date of issuances of the Group's financial statements are listed below. The Group will adopt these standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new standards and interpretations to have significant impact on its consolidated financial statements.

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

- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)
  The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Group.

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
   i Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
   ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied and are effective for annual periods beginning on or after January 1, 2013. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The standard becomes effective for annual periods beginning on or after January 1, 2013.

  A reassessment of control based on the new standard was performed by the Parent Company on all its interests in other entities and has determined that there are no additional entities that need to be consolidated or entities to be deconsolidated.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosure of Interests in Other Entities*
  PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard becomes effective for annual periods beginning on or after January 1, 2013.

  The adoption of PFRS 12 will affect disclosures only and have no impact on the Group's financial position or performance.

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

This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013.

The Group does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance.

- PAS 19, *Employee Benefits* (Revised)
  Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments become effective for annual periods beginning on or after January 1, 2013. Once effective, the Group has to apply the amendments retroactively to the earliest period presented.

  The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard. The effects are detailed below (in millions):

	As at September 30, 2013	As at October 1, 2012	As at October 1, 2011
Consolidated statement of financial position			
Increase (decrease) in:			
Net defined benefit liability	₱128.20	₱92.60	₱32.65
Deferred tax asset	38.46	27.78	9.80
Other comprehensive loss	(75.70)	(43.58)	–
Retained earnings	(14.04)	(21.24)	(22.85)

	2013	2012
Consolidated statement of comprehensive income		
Increase (decrease) in:		
Net benefit cost	(₱10.29)	(₱2.30)
Income tax expense	3.09	0.69
Net income	7.20	1.61
Other comprehensive income	(32.12)	(43.58)
Total comprehensive income	(₱24.92)	(₱41.97)
Attributable to the owners of the Parent Company	(₱24.92)	(₱41.97)
Attributable to non-controlling interests	Nil	Nil

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements of the entities in the Group. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
  This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The Group expects that this interpretation will not have any impact on its financial position or performance. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

Effective in 2014 for adoption by the Group on fiscal year ending September 30, 2015

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  The amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  The amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

Effective in 2015 for adoption by the Group on fiscal year ending September 30, 2016 and beyond

- PFRS 9, *Financial Instruments*
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, Financial Instruments: Recognition and Measurement. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The 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 statement of financial position accounts as follows: Installment contract receivables, Subdivision land, condominium and residential units for sale, Deposit from real estate buyers, Deferred tax liabilities and Retained earnings.

The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Annual Improvements to PFRSs (2009-2011 cycle)
The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
  The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
  The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the consolidated financial statements. An entity must include comparative information in the related notes to the consolidated financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the consolidated financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*
  The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment will not have any significant impact on the Group's financial position or performance.

- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
  The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The Group expects that this amendment will not have any impact on its financial position or performance.

- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*
  The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's

previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

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. In arrangements where the Group is acting as principal to its customers, revenue is recognized on a gross basis. However, if the Group is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue. The following specific recognition criteria must also be met before revenue is recognized:

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.

Real estate sales

Revenue from sales of real estate and cost from completed projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-1 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, the equitable interest has been transferred to buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. 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. Other income from receipts of association dues, penalties from tenants and real estate buyers are recognized when they are received.

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.

Other income incidental to real estate sales are from receipts of association dues and, receipts of penalties from tenants and real estate buyers. These other income are recognized when they are received and are included under the line item 'Others' within Real Estate Operations in the consolidated statements of income.

Cost of Real Estate Sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision lots and housing units and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land and its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Amusement income
Revenue is recognized upon rendering of services.

Revenue from hotel operations
Revenue from hotel operations is 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. Revenue from food and beverage are recognized when these are served. Other income from transport, laundry, valet and other related hotel services are recognized when services are rendered.

Interest income
Interest income is recognized as the interest accrues (using the effective interest rate (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 and measurement
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 (HTM) investments and available-for-sale (AFS) financial assets, as appropriate. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments 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 instruments are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs.

The Group's financial instruments are of the nature of loans and receivables and other financial liabilities at amortized cost as of September 30, 2013 and 2012. There were financial assets at FVPL as of September 30, 2012 which matured in 2013.

Determination of fair value
The fair value for financial instruments traded in active markets at the 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 ask 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 difference
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 difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability.

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' difference amount.

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

After initial measurement, 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 "Real estate sales" in the consolidated statement of comprehensive income. The losses arising from impairment of such loans and receivables are recognized in the "General and administrative expenses" in the consolidated statement of comprehensive income.

The Group's loans and receivables include Receivables, Refundable utility deposits and Receivables from Meralco (see Notes 7, 8, 10, 30, 31 and 32).

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

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are reflected in the consolidated statement of comprehensive income. Interest earned or incurred is recorded in interest income or expense, respectively.

The Group's financial asset at FVPL consists of derivative asset (see Notes 10, 31 and 32). The Group has no financial liability at FVPL.

Derivative Financial Instruments
Derivative financial instruments (including bifurcated embedded derivatives), if any, 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 "Mark to market gain (loss) on derivative assets" under "Other income (losses)". The derivative is carried as asset when the fair value is positive and as liability when the fair value is negative.

As discussed above, the Group's interest rate swap agreement entered in 2008 with an international bank to hedge its interest rate exposure on Inverse Floating Rate Notes matured on June 6, 2013. The Group has no outstanding derivative financial instrument as of September 30, 2013 (see Note 13).

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

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

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

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

The Group has no embedded derivatives requiring 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 in AFS financial assets are recognized in the consolidated statement of comprehensive income when right to receive 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, 2013 and 2012, the Group has no AFS financial assets.

HTM investments
HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

The amortization is included in interest income in the consolidated statement of income. Gains and losses are recognized in the consolidated statement of income under “Other income (losses)” when the HTM investments are derecognized and impaired, as well as through the amortization process.

As of September 30, 2013 and 2012, the Group has no HTM investments.

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, other financial liabilities 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.

The Group’s other financial liabilities consists of accounts payable and accrued expenses, payable to affiliated companies, refundable deposits from lessees and loans payable (see Notes 14, 15, 16, 17, 31 and 32).

Debt Issuance Costs
Transaction costs incurred in connection with the availments of long-term debt are deferred and amortized using effective interest method over the term of the related loans.

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).

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 what would have been the amortized cost at the reversal date.

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 profit and loss, is transferred from the consolidated statement of changes in equity to profit and loss. Impairment 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 debt instruments are reversed through profit and loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit and loss. The amount of reversal is limited to the amount that brings the carrying value of the debt instrument to what it could have been had there been no impairment in the first place.

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 has transferred its right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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.

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 in the ordinary course of business are carried at the lower of cost and net realizable value (NRV). Cost includes land costs, amounts paid to contractors for the costs incurred for development and improvement of the properties (i.e., planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs) 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.

The cost of inventory recognized in the consolidated statement of comprehensive income is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Value-added Tax (VAT)
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item is applicable.

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

Prepaid expenses
Prepaid expenses pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

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. 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 (EUL) as follow:

	Years
Buildings and improvements	10-20
Land improvements	10

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.

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 in the location and condition necessary for it to be capable of operating in the manner intended by management.

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 profit and loss 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.

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 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 and amortization commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of over the EUL as follow:

	Years
Buildings and improvements	10
Land improvements	5
Theater furniture and equipment	5
Other equipment	2.5

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 used in hotel operations.

The useful life and depreciation and amortization 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 profit and loss in the period the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the Group's investment properties and property and equipment 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 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 periods, such reversal is recognized in the consolidated statement of comprehensive income.

Equity

Capital Stock is measured at par value for all shared issued. When the Group issues more than one capital stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Group less dividends declared. The individual accumulated retained earnings of the subsidiaries are available for dividend distribution when they are declared by the subsidiaries as approved by their respective BOD.

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 profit and loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

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 balance sheet 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, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are earned at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all as part of the deferred tax and to be recovered. The Group does not recognize deferred income tax assets and deferred tax liabilities that will reverse during the income tax holiday.

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.

Pension Expense

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 plan assets, recognized actuarial gains and losses and the effect of any curtailments or settlements.

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

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

Costs and General and Administrative Expenses Recognition

Costs and expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Commission Expense

The Group recognizes commission expense when services are rendered by the broker and agent. 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.

Leases

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 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 profit and loss on a straight-line basis over the lease term. 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. Lease payments received are recognized as income in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned. 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 basis as the lease income.

Jointly Controlled Operation

A jointly controlled operation involves the use of assets and other resources of the Group and other venturers rather than the establishment of a corporation, partnership or other entity. The Group accounts for the assets it controls and the liabilities it incurs, the expenses and costs it incurs and the share of income that it earns from the sale of goods or services by the joint venture.

Borrowing Costs

Interest and other related financing charges on borrowed funds used to finance the 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 and Translation

The functional currency of each entity in the Group is the Philippine Peso, except for Robinsons Cayman Limited which has a functional currency of US dollar. Philippine Peso is also the presentation currency of the consolidated financial statements. Transactions denominated in foreign currencies are recorded in the Philippine Peso based on the exchange rates prevailing at the transaction dates. 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 attributable to equity holder of the Parent Company 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 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 Group has set a certain percentage of collection over the total selling price in determining buyer's commitment on the sale. It is when the buyer's investment is considered adequate to meet the probability criteria that economic benefits will flow to the Group.

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.

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.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

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 the main 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 land banking 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 by the management. 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 34).

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

Estimate on when the buyers' investment is qualified for revenue recognition on real estate sales
Starting October 1, 2012, the Group decided to change its basis of estimating on when the buyers' investment is considered adequate to meet the probability criteria that economic benefits will flow to the Group and warrant revenue recognition. Marketing and selling statistics and experiences over the past several years which include, among others, buyers' credit standings and sales returns prompted the Group to revisit and accordingly revise the basis of estimating the level of buyers' payments that is highly probable that the buyer will commit to the sale transaction, and thus, it is probable that economic benefits will flow to the Group. The change in estimate increased the real estate sales by ₱1,045 million, operating income by ₱449 million and net income by ₱339 million for the year ended September 30, 2013. The effect of this change in the future periods is not disclosed because it cannot be estimated as it is dependent on future sales transactions.

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 based on the factors that affect the collectability 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 Notes 8 and 23):

	2013	2012
Receivables	**₱5,097,285,342**	₱4,529,948,845
Allowance for impairment losses	**46,042,217**	45,875,029

Fair values of financial assets and financial 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 methodologies. Any changes in fair value of these financial assets and liabilities would affect directly the consolidated statement of comprehensive income (see Note 32).

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 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.

As of September 30, 2012, the Group has a derivative asset classified under FVPL amounting to ₱90 million (see Notes 10 and 31).

Useful lives of investment properties and property and equipment
The Group estimates the useful lives of the depreciable 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:

	2013	2012
Investment properties (Note 11)		
Cost	**₱66,777,655,434**	₱58,540,806,725
Accumulated depreciation and amortization	**16,646,250,499**	14,661,709,840
Property and equipment (Note 12)		
Cost	**6,608,718,936**	5,949,992,200
Accumulated depreciation and amortization	**3,577,684,138**	3,246,233,594

Evaluation of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of September 30, 2013 and 2012, the Group's subdivision land, condominium and residential units for sale amounted to ₱12,020 million and ₱10,991 million, respectively (see Note 9).

Impairment of nonfinancial assets
Assessing investment properties 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 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 property and equipment are impaired. Any resulting impairment loss could have a material impact on the consolidated financial statements.

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. Deferred tax assets as of September 30, 2013 and 2012 amounted to ₱558 million and ₱541 million, respectively (see Note 27). The Group has deductible temporary difference, that is available for offset against taxable income or tax payable which deferred tax asset has not been recognized. This pertains to net operating loss carry over (NOLCO) amounting ₱20 million and ₱19 million as of September 30, 2013 and 2012, respectively. The related deferred tax assets amounted to ₱6 million as of September 30, 2013 and 2012.

As of September 30, 2013 and 2012, the Group operates 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 33).

Retirement Obligation
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 29 to the consolidated financial statements, 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:

	2013	2012
Net pension liabilities (Notes 17 and 29)	**₱55,930,237**	₱87,476,081
Pension benefit obligation (Note 29)	**315,938,564**	235,108,692
Unrecognized net actuarial loss (Note 29)	**128,197,263**	92,600,773

Fair valuation of derivative
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 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. Changes in the assumptions about these factors could affect the reported fair value of financial instruments.

As at September 30, 2012, the carrying value of the Group's derivative asset amounted to ₱90 million, respectively (see Notes 10 and 32).

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 earnings before income tax, and earnings before income tax, depreciation and amortization (EBITDA). The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRS except for EBITDA.

Cost and expenses exclude interest, taxes, depreciation and amortization.

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 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 various locations in the Philippines.

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

	2013					
	Commercial Center Division	**Residential Division**	**Office Buildings Division**	**Hotel Division**	**Intersegment Eliminating Adjustments**	**Consolidated**
Revenue						
Segment revenue	**₱7,389,804,470**	**₱5,577,468,900**	**₱1,440,421,880**	**₱1,496,797,769**	**₱–**	**₱15,904,493,019**
Intersegment revenue	**50,269,073**	**–**	**–**	**–**	**(50,269,073)**	**–**
Total Revenue	**7,440,073,543**	**5,577,468,900**	**1,440,421,880**	**1,496,797,769**	**(50,269,073)**	**15,904,493,019**
Costs and expenses						
Segment costs and expenses	**2,326,783,044**	**4,124,539,439**	**54,218,321**	**969,796,674**	**–**	**7,475,337,478**
Intersegment costs and expenses	**–**	**50,269,073**	**–**	**–**	**(50,269,073)**	**–**
Total Costs and expenses	**2,326,783,044**	**4,174,808,512**	**54,218,321**	**969,796,674**	**(50,269,073)**	**7,475,337,478**
Earnings before interest, taxes and depreciation and amortization	**5,113,290,499**	**1,402,660,388**	**1,386,203,559**	**527,001,095**	**–**	**8,429,155,541**
Depreciation and amortization (Note 24)	**1,861,166,943**	**34,391,083**	**376,776,187**	**186,566,709**	**–**	**2,458,900,922**
Operating income	**₱3,252,123,556**	**₱1,368,269,305**	**₱1,009,427,372**	**₱340,434,386**	**₱–**	**₱5,970,254,619**
Assets and Liabilities						
Segment assets	**₱39,844,678,878**	**₱24,589,855,391**	**₱8,164,696,030**	**₱2,286,822,397**	**₱–**	**₱74,886,052,696**
Investment in subsidiaries - at cost	**1,926,030,407**	**–**	**–**	**–**	**(1,926,030,407)**	**–**
Total segment assets	**₱41,770,709,285**	**₱24,589,855,391**	**₱8,164,696,030**	**₱2,286,822,397**	**(₱1,926,030,407)**	**₱74,886,052,696**
Total segment liabilities	**₱19,182,507,991**	**₱4,923,825,778**	**₱952,648,213**	**₱432,301,691**	**₱–**	**₱25,491,283,673**
Other segment information:						
Capital expenditures						**₱13,191,004,988**

	2012					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating Adjustments	Consolidated
Revenue						
Segment revenue	₱6,429,230,636	₱4,304,167,017	₱1,397,582,808	₱1,384,079,085	₱–	₱13,515,059,546
Intersegment revenue	35,136,375	–	–	–	(35,136,375)	–
Total Revenue	6,464,367,011	4,304,167,017	1,397,582,808	1,384,079,085	(35,136,375)	13,515,059,546
Costs and expenses						
Segment costs and expenses	1,937,320,969	3,265,011,561	52,873,337	942,188,749	–	6,197,394,616
Intersegment costs and expenses	–	35,136,375	–	–	(35,136,375)	–
Total Costs and expenses	1,937,320,969	3,300,147,936	52,873,337	942,188,749	(35,136,375)	6,197,394,616
Earnings before interest, taxes and depreciation and amortization	4,527,046,042	1,004,019,081	1,344,709,471	441,890,336	–	7,317,664,930
Depreciation and amortization (Note 24)	1,492,623,122	35,896,556	383,869,952	171,495,430	–	2,083,885,060
Operating income	₱3,034,422,920	₱968,122,525	₱960,839,519	₱270,394,906	₱–	₱5,233,779,870

(Forward)

	2012					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating Adjustments	Consolidated
Assets and Liabilities						
Segment assets	₱40,142,879,546	₱22,531,292,070	₱5,778,356,777	₱2,194,219,242	₱–	₱70,646,747,635
Investment in subsidiaries - at cost	1,926,030,407	–	–	–	(1,926,030,407)	–
Total segment assets	₱42,068,909,953	₱22,531,292,070	₱5,778,356,777	₱2,194,219,242	(₱1,926,030,407)	₱70,646,747,635
Total segment liabilities	₱18,124,269,038	₱4,737,682,101	₱895,492,009	₱316,102,716	₱–	₱24,073,545,864
Other segment information:						
Capital expenditures						₱9,542,081,624

	2011					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating Adjustments	Consolidated
Revenue						
Segment revenue	₱5,759,051,539	₱4,506,722,520	₱1,334,727,460	₱1,206,219,187	₱–	₱12,806,720,706
Intersegment revenue	31,255,524	–	–	–	(31,255,524)	–
Total Revenue	5,790,307,063	4,506,722,520	1,334,727,460	1,206,219,187	(31,255,524)	12,806,720,706
Costs and expenses						
Segment costs and expenses	1,783,365,391	3,531,607,203	32,633,158	820,217,321	–	6,167,823,073
Intersegment costs and expenses	–	31,255,524	–	–	(31,255,524)	–
Total Costs and expenses	1,783,365,391	3,562,862,727	32,633,158	820,217,321	(31,255,524)	6,167,823,073
Earnings before interest, taxes and depreciation and amortization	4,006,941,672	943,859,793	1,302,094,302	386,001,866	–	6,638,897,633
Depreciation and amortization (Note 24)	1,509,637,502	34,979,000	379,131,125	189,372,461	–	2,113,120,088
Operating income	₱2,497,304,170	₱908,880,793	₱922,963,177	₱196,629,405	₱–	₱4,525,777,545
Assets and Liabilities						
Segment assets	₱39,292,186,872	₱18,037,979,578	₱5,659,865,862	₱1,975,974,719	₱–	₱64,966,007,031
Investment in subsidiaries - at cost	1,926,030,407	–	–	–	(1,926,030,407)	–
Total segment assets	₱41,218,217,279	₱18,037,979,578	₱5,659,865,862	₱1,975,974,719	(₱1,926,030,407)	₱64,966,007,031
Total segment liabilities	₱17,015476,362	₱6,199,783,344	₱1,975,817,352	₱738,331,763	₱–	₱25,929,408,821
Other segment information:						
Capital expenditures						₱13,882,029,116

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements amounting ₱50 million, ₱35 million and ₱31 million in 2013, 2012 and 2011, respectively, are eliminated on consolidation.

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

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

Significant customers in lease arrangements under commercial center division include the affiliated entities (see Note 20). Rental income arising from the lease of commercial properties to affiliated companies which are not part of the Group and therefore not eliminated amounted to about ₱1,472 million, ₱1,406 million and ₱1,317 million in 2013, 2012 and 2011, respectively.

The following table shows a reconciliation of the total EBITDA to total income before income tax:

	2013	2012	2011
EBITDA	**₱8,429,155,541**	₱7,317,664,930	₱6,638,897,633
Depreciation and amortization (Note 24)	**(2,458,900,922)**	(2,083,885,060)	(2,113,120,088)
Other income - net	**9,156,927**	366,195,300	327,886,187
Income before income tax	**₱5,979,411,546**	₱5,599,975,170	₱4,853,663,732

7. Cash and Cash Equivalents

	2013	2012
Cash on hand and in banks	**₱517,692,935**	₱239,167,959
Short-term investments	**563,840,976**	5,638,706,924
	₱1,081,533,911	₱5,877,874,883

Cash in banks earn interest at the prevailing bank deposit rates. Short-term Investments are invested 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 3.75% to 4.25%, 1.50% to 4.88% and 0.25% to 4.38% in 2013, 2012 and 2011, respectively.

Interest earned from cash in banks and short-term investments for the years ended September 30, 2013, 2012 and 2011 amounted to ₱112 million and ₱493 million and ₱414 million, respectively (see Note 26).

8. Receivables

	2013	2012
Trade		
Installment contract receivables	**₱4,043,812,231**	₱3,387,431,248
Accrued rent receivables	**410,431,963**	402,671,416
Rental receivables (Note 20)	**379,376,373**	412,657,315
Hotel operations	**121,817,074**	107,939,233
	4,955,437,641	4,310,699,212
Affiliated companies (Note 20)	**21,390,495**	34,723,299
Others	**120,457,206**	184,526,334
	5,097,285,342	4,529,948,845
Less allowance for impairment losses	**46,042,217**	45,875,029
	5,051,243,125	4,484,073,816
Less noncurrent portion	**2,162,008,724**	1,125,870,844
	₱2,889,234,401	₱3,358,202,972

The installment contract receivables aggregating ₱4,044 million and ₱3,387 million as of September 30, 2013 and 2012, respectively 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. The noncurrent portion of receivables of ₱2,162 million and ₱1,126 million as of September 30, 2013 and 2012 pertain to installment contract receivables. The title of the real estate property passes to the buyer once fully paid.

Rental receivables from affiliated companies included under "Rental receivables" amounted to about ₱31 million and ₱59 million as of September 30, 2013 and 2012, respectively. For the nature, terms and conditions of the receivables from affiliated companies please refer to Note 20 to the consolidated financial statements.

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

Other receivables consist primarily of receivables from officers and employees, advances to brokers and insurance claims. The receivables from officers and employees are advances related to conduct of business activities subject to liquidation and for personal loans which are collected through salary deduction.

Allowance for Impairment Losses on Trade Receivables

As of September 30, 2013 and 2012, trade receivables with carrying value of ₱46 million were impaired and fully provided for. Changes in allowance for impairment losses on trade receivables follow:

	2013				
	Individual Assessment			**Collective Assessment**	
	Installment Contract Receivables	**Rental Receivable**	**Hotels Operations**	**Installment Contract Receivables**	**Total**
Balances at beginning of year	**₱504,270**	**₱13,400,757**	**₱12,970,002**	**₱19,000,000**	**₱45,875,029**
Provision for impairment losses (Note 23)	**–**	**–**	**167,188**	**–**	**167,188**
Balances at end of year	**₱504,270**	**₱13,400,757**	**₱13,137,190**	**₱19,000,000**	**₱46,042,217**

	2012				
	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at beginning of year	₱504,270	₱13,400,757	₱12,238,558	₱19,000,000	₱45,143,585
Provision for impairment losses (Note 23)	–	–	731,444	–	731,444
Balances at end of year	₱504,270	₱13,400,757	₱12,970,002	₱19,000,000	₱45,875,029

Aging Analysis

The aging analysis of the Group's receivables follows:

	2013						
		Neither	**Past Due But Not Impaired**				**Past**
	Total	**Past Due nor Impaired**	**Less than 30 days**	**30 to 60 day**	**61 to 90 days**	**Over 90 days**	**Due and Impaired**
Trade receivables							
Installment contract receivables	**₱4,043,812,231**	**₱2,580,440,157**	**₱247,516,569**	**₱105,179,744**	**₱90,022,269**	**₱1,001,149,222**	**₱19,504,270**
Accrued rent receivables	**410,431,963**	**410,431,963**	**–**	**–**	**–**	**–**	**–**
Rental receivables	**379,376,373**	**234,120,586**	**16,483,416**	**27,753,856**	**5,871,255**	**81,746,503**	**13,400,757**
Hotel operations	**121,817,074**	**55,274,306**	**21,289,057**	**18,328,706**	**5,711,701**	**8,076,114**	**13,137,190**
Affiliated companies (Note 20)	**21,390,495**	**21,390,495**	**–**	**–**	**–**	**–**	**–**
Others	**120,457,206**	**120,457,206**	**–**	**–**	**–**	**–**	**–**
	₱5,097,285,342	**₱3,422,114,713**	**₱285,289,042**	**₱151,262,30**	**₱101,605,225**	**₱1,090,971,839**	**₱46,042,217**

	2012						
		Neither	Past Due But Not Impaired				Past
	Total	Past Due nor Impaired	Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	Due and Impaired
Trade receivables							
Installment contract receivables	₱3,387,431,248	₱2,665,526,323	₱237,935,514	₱47,828,405	₱65,914,124	₱350,722,612	₱19,504,270
Accrued rent receivables	402,671,416	402,671,416	–	–	–	–	–
Rental receivables	412,657,315	352,431,137	6,490,375	871,700	2,255,561	37,207,785	13,400,757
Hotel operations	107,939,233	68,226,550	18,586,619	5,962,174	2,174,425	19,463	12,970,002
Affiliated companies (Note 20)	34,723,299	34,723,299	–	–	–	–	–
Others	184,526,334	184,526,334	–	–	–	–	–
	₱4,529,948,845	₱3,708,105,059	₱263,012,508	₱54,662,279	₱70,344,110	₱387,949,860	₱45,875,029

9. Subdivision Land, Condominium and Residential Units for Sale

	2013	2012
Land and condominium units	**₱6,359,823,113**	₱6,242,367,420
Residential units and subdivision land development costs	**5,659,796,705**	4,748,789,878
	₱12,019,619,818	₱10,991,157,298

The subdivision land, condominium and residential units for sale are carried at cost. There is no write down recognized for 2013, 2012 and 2011.

The amount of subdivision land, condominium and residential units for sale recognized as cost of sales in the consolidated statement of comprehensive income amounted to ₱3,060 million, ₱2,361 million and ₱2,664 million for the years ended September 30, 2013, 2012 and 2011, respectively (see Note 22).

A summary of the movement in inventory is set out below:

	2013	2012
Balances at beginning of year	**₱10,991,157,298**	₱8,491,028,487
Construction/development costs incurred	**4,088,607,238**	3,814,411,829
Land acquired during the year	**–**	315,364,666
Borrowing costs capitalized	**–**	29,143,684
Land cost transferred from investment properties (Note 11)	**–**	701,794,361
Cost of inventory sold (Note 22)	**(3,060,144,718)**	(2,360,585,729)
Balances at end of year	**₱12,019,619,818**	₱10,991,157,298

In 2013, no borrowing costs are capitalized to inventory as the related borrowed funds to finance the acquisition and construction of condominium and residential units has already matured in May 2012.

There are no subdivision land, condominium and residential units for sale as of September 30, 2013 and 2012 that are pledged as security to liabilities.

10. **Other Current Assets**

	2013	2012
Restricted cash - escrow	**₱929,874,330**	₱–
Value-added input tax - net	**910,568,114**	1,000,312,792
Advances to lot owners	**650,040,326**	144,951,759
Advances to suppliers and contractors	**299,178,145**	291,135,415
Supplies	**87,235,436**	71,045,573
Prepaid expenses	**34,233,031**	39,934,810
Utility deposits (Notes 31 and 32)	**5,726,084**	4,065,390
Derivative asset (Notes 31 and 32)	**–**	90,143,152
Others	**13,032,822**	500,000,000
	₱2,929,888,288	₱2,141,588,891

Restricted cash - escrow pertains to cash placed in escrow funds earmarked for the acquisition of parcels of land, pursuant to the memorandum of agreement (MOA) with various sellers. Said amount shall be released to the sellers upon fulfillment of certain conditions set forth in MOA.

The value-added input tax - net can be applied against value-added output tax. Management believes that the amount is fully realizable in the future.

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.

Advances to suppliers and contractors consist of advance payment which will be applied against the final billing which is expected to occur within the year.

Supplies consist mainly of office and maintenance materials.

Prepaid expenses consist mainly of prepayments for taxes and insurance.

Utility deposits consist primarily of bid bonds and meter deposits.

Others pertain to the refundable deposit made by the Group in connection with the public auction of a certain property by the Government as of September 30, 2012. The Group lost in the said auction and the deposit was refunded as of September 30, 2013.

11. **Investment Properties**

	2013				
	Land	**Land Improvements**	**Buildings and Improvements**	**Construction In Progress**	**Total**
Cost					
Balances at beginning of year	**₱18,191,426,453**	**₱132,572,404**	**₱35,428,029,712**	**₱4,788,778,156**	**₱58,540,806,725**
Additions	**2,268,840,454**	**20,347,310**	**977,846,798**	**5,161,797,053**	**8,428,831,615**
Retirements/disposals	**–**	**–**	**(133,480,632)**	**–**	**(133,480,632)**
Reclassifications/transfers (Note 12)	**–**	**(103,767)**	**16,076,126**	**(74,474,633)**	**(58,502,274)**
Balances at end of year	**20,460,266,907**	**152,815,947**	**36,288,472,004**	**9,876,100,576**	**66,777,655,434**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**59,155,665**	**14,602,554,175**	**–**	**14,661,709,840**
Depreciation and amortization (Notes 22 and 24)	**–**	**9,653,592**	**2,061,180,745**	**–**	**2,070,834,337**
Retirements/disposals	**–**	**–**	**(70,077,332)**	**–**	**(70,077,332)**
Reclassifications/transfers (Note 12)	**–**	**(49,253)**	**(16,167,093)**	**–**	**(16,216,346)**
Balances at end of year	**–**	**68,760,004**	**16,577,490,495**	**–**	**16,646,250,499**
Net Book Value	**₱20,460,266,907**	**₱84,055,943**	**₱19,710,981,509**	**₱9,876,100,576**	**₱50,131,404,935**

	2012				
	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost					
Balances at beginning of year	₱16,914,362,270	₱84,425,893	₱30,494,808,643	₱4,693,225,105	₱52,186,821,911
Additions	1,978,858,544	21,126,045	911,178,363	4,144,616,223	7,055,779,175
Reclassifications/transfers (Note 9)	(701,794,361)	27,020,466	4,022,042,706	(4,049,063,172)	(701,794,361)
Balances at end of year	18,191,426,453	132,572,404	35,428,029,712	4,788,778,156	58,540,806,725
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	52,223,164	12,749,453,198	–	12,801,676,362
Depreciation and amortization (Notes 22 and 24)	–	6,932,501	1,853,100,977	–	1,860,033,478
Balances at end of year	–	59,155,665	14,602,554,175	–	14,661,709,840
Net Book Value	₱18,191,426,453	₱73,416,739	₱20,825,475,537	₱4,788,778,156	₱43,879,096,885

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

As of September 30, 2013, ₱59 million net cost of buildings and improvement were transferred from investment properties to property and equipment for use in operations of the Group.

As of September 30, 2012, ₱702 million worth of parcels of land were transferred from investment properties to subdivision land, condominium and residential units for sale for the Group's residential projects (see Note 9).

Depreciation and amortization expense charged to operations amounted to ₱2,071 million, ₱1,860 million and ₱1,757 million for the years ended September 30, 2013, 2012 and 2011, respectively (see Note 24).

Borrowing costs capitalized amounted to about ₱959 million and ₱1,133 million in 2013 and 2012, respectively. These amounts were included in the consolidated statement of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2013 and 2012 is 8.46% and 8.15%, respectively (see Note 16).

The fair value of investment properties which has been determined based on valuations performed by independent professional qualified appraisers 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 fair value as of September 30, 2013 amounted to ₱98,712 million which is based on appraisal report dated September 30, 2012. The fair value as of September 30, 2012 amounted to ₱49,744 million which was based on the appraisal report dated September 30, 2009. Management believes that the fair values derived as of the appraisal dates still represent the fair values as of indicated reporting dates.

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.

Rental income derived from investment properties amounted to ₱7,417 million, ₱6,691 million and ₱6,114 million for the years ended September 30, 2013, 2012 and 2011, respectively (see Note 21).

Property operations and maintenance costs arising from investment properties amounted to ₱360 million, ₱330 million and ₱277 million for the years ended September 30, 2013, 2012 and 2011, respectively (see Note 22).

There are no investment properties as of September 30, 2013 and 2012 that are pledged as security to liabilities.

12. Property and Equipment

	2013					
	Land	**Land Improvements**	**Buildings and Improvements**	**Theater Furniture and Equipment**	**Other Equipment**	**Total**
Cost						
Balances at beginning of year	**₱173,086,946**	**₱46,381,398**	**₱3,385,699,075**	**₱383,230,524**	**₱1,961,594,257**	**₱5,949,992,200**
Additions	**–**	**4,402,302**	**143,320,972**	**230,395,158**	**295,447,703**	**673,566,135**
Retirements/disposal	**–**	**–**	**(60,709,618)**	**–**	**(12,632,055)**	**(73,341,673)**
Reclassifications/transfers (Note 11)	**–**	**2,269,967**	**56,232,307**	**–**	**–**	**58,502,274**
Balances at end of year	**173,086,946**	**53,053,667**	**3,524,542,736**	**613,625,682**	**2,244,409,905**	**6,608,718,936**
Accumulated Depreciation and Amortization						
Balances at beginning of year	**–**	**25,986,419**	**1,472,608,624**	**301,773,333**	**1,445,865,218**	**3,246,233,594**
Depreciation and amortization (Notes 22 and 24)	**–**	**7,785,911**	**144,854,711**	**59,928,796**	**175,497,167**	**388,066,585**
Retirements/disposal	**–**	**–**	**(60,709,618)**	**–**	**(12,122,769)**	**(72,832,387)**
Reclassifications/transfers (Note 11)	**–**	**122,920**	**16,093,426**	**–**	**–**	**16,216,346**
Balances at end of year	**–**	**33,895,250**	**1,572,847,143**	**361,702,129**	**1,609,239,616**	**3,577,684,138**
Net Book Value	**₱173,086,946**	**₱19,158,417**	**₱1,951,695,593**	**₱251,923,553**	**₱635,170,289**	**₱3,031,034,798**

	2012					
	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost						
Balances at beginning of year	₱173,086,946	₱34,326,335	₱2,941,087,262	₱360,674,887	₱2,069,028,670	₱5,578,204,100
Additions	–	12,055,063	444,611,813	22,555,637	(106,545,772)	372,676,741
Retirements/disposal	–	–	–	–	(888,641)	(888,641)
Balances at end of year	173,086,946	46,381,398	3,385,699,075	383,230,524	1,961,594,257	5,949,992,200
Accumulated Depreciation and Amortization						
Balances at beginning of year	–	20,932,632	1,336,056,336	269,972,881	1,396,308,804	3,023,270,653
Depreciation and amortization (Notes 22 and 24)	–	5,053,787	136,552,288	31,800,452	50,445,055	223,851,582
Retirements/disposal	–	–	–	–	(888,641)	(888,641)
Balances at end of year	–	25,986,419	1,472,608,624	301,773,333	1,445,865,218	3,246,233,594
Net Book Value	₱173,086,946	₱20,394,979	₱1,913,090,451	₱81,457,191	₱515,729,039	₱2,703,758,606

Depreciation and amortization expense charged to operations amounted to ₱388 million, ₱224 million and ₱356 million for the years ended September 30, 2013, 2012 and 2011, respectively (see Note 24).

Land and certain building improvements with a carrying value of ₱1,379 million have an appraised value of ₱6,964 million as of September 30, 2012. Management believes that the fair values derived as of the appraisal dates still represent the fair values as of indicated dates.

The following are the costs of property and equipment that are fully depreciated as of September 30, 2013 and 2012 but still used in operations:

	2013	2012
Building and improvements	**₱269,132,899**	₱269,132,899
Furniture and equipment	**54,190,106**	54,190,106
Land improvements	**698,241**	698,241
Other equipment	**86,629,630**	82,213,995
	₱410,650,876	₱406,235,241

There are no property and equipment items as of September 30, 2013 and 2012 that are pledged as security to liabilities.

13. Other Noncurrent Assets

	2013	2012
Utility deposits (Notes 31 and 32)	**₱322,194,721**	₱284,792,491
Advances to lot owners	**43,078,577**	172,366,647
Advances to suppliers and contractors	**13,430,451**	19,904,608
Others	**262,624,072**	92,133,510
	₱641,327,821	₱569,197,256

All other noncurrent assets are to be recovered or applied more than twelve months after balance sheet date.

Utility deposits consist primarily of bid bonds and meter deposits.

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.

Advances to suppliers and contractors represents advance payment to supplier or contractors which will be applied against the final billing.

Others include deposit to joint venture partners representing share of expenses in an ongoing development which will be liquidated at the end of joint venture agreement.

14. Accounts Payable and Accrued Expenses

	2013	2012
Accounts payable (Note 20)	**₱2,419,597,277**	₱2,691,343,322
Taxes and licenses payable	**1,383,524,613**	1,266,221,850
Accrued salaries and wages	**298,708,336**	254,394,752
Accrued rent expense	**212,700,583**	161,742,787
Accrued contracted services	**137,252,728**	116,763,960
Accrued interest payable	**131,850,937**	182,335,931
Dividends payable	**10,020,929**	9,483,026
Other accrued payable	**236,787,720**	242,906,452
	₱4,830,443,123	₱4,925,192,080

The accounts payable mainly includes unpaid billings from suppliers and contractors related to construction activities.

Taxes and licenses payable, accrued salaries and wages, accrued interest expense and accrued contracted services are normally settled within one (1) year.

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

Other accrued payable include insurance payable and accrued utilities.

15. Deposits and Other Liabilities

	2013	2012
Deposits from real estate buyers (Note 17)	**₱1,327,569,314**	₱1,226,426,595
Deposits from lessees (Notes 17, 31 and 32)	**557,915,439**	313,399,460
Payables to affiliated companies (Notes 20, 31 and 32)	**157,278,917**	102,761,764
	₱2,042,763,670	₱1,642,587,819

Deposits from real estate buyers (including noncurrent portion shown in Note 17) 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 buyers are normally applied against the total contract price within a year from the date the deposits were made.

Deposits from real estate buyers also include cash collections in excess of the installment contract receivables recognized under the percentage-of-completion method.

The Deposits from lessees (including noncurrent portion shown in Note 17) 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. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The accretion expense on these deposits, recognized in “others” under cost of rental services, amounted to ₱59 million, ₱65 million and ₱73 million in 2013, 2012 and 2011, respectively, (see Notes 22 and 26).

The Unearned rental income (included under the caption “Deposit from lessees”) amounted to ₱101 million and ₱103 million as of September 30, 2013 and 2012, respectively. The rental income on amortization of unearned rental income amounted to ₱54 million, ₱65 million and ₱70 million in 2013, 2012 and 2011, respectively.

For the nature, terms and conditions of the payables to affiliated companies please refer to Note 20 to the consolidated financial statements.

16. **Loans Payable**

Short-term loans

	Principal Amount	2013	2012
Short-term loan obtained from a local bank that will mature in February 2014. Interest rate is at 2.0% per annum.	**₱1,400,000,000**	**₱1,400,000,000**	₱–
Short-term loan obtained from a local bank that will mature in January 2014. Interest rate is at 2.0% per annum.	**962,800,000**	**962,800,000**	–
Short-term loan obtained from a local bank that will mature in October 2013. Interest rate is at 2.0% per annum.	**315,600,000**	**315,600,000**	–
	₱2,678,400,000	**₱2,678,400,000**	₱–

Total interest incurred from short-term loans amounted to ₱14 million for the year ended September 30, 2013.

Long-term loans

	Principal Amount	2013	2012
Notes subscribed to by Land Bank of the Philippines (LBP), China Banking Corporation (CBC), HSBC and Security Bank Corporation (SBC) under the Inverse Floating Rate Notes Facility Agreement which matured 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
Five-year and one day bond from HSBC 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 bond from HSBC 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
	12,000,000,000	**10,000,000,000**	12,000,000,000
Less current portion		**10,000,000,000**	2,000,000,000
	₱12,000,000,000	**₱–**	₱10,000,000,000

The Group's loans payable are all unsecured. The credit facility are fully drawn as of September 30, 2013 and 2012.

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 ratably 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.

The Parent Company paid in full the loan on June 6, 2013.

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 Holdings Inc. The Group has complied with the debt covenants.

<u>Bonds Payable due in July 2014</u>
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 began on January 14, 2010.

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.

<u>Bonds Payable due in August 2014</u>
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.

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.

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

<u>Short-term loans</u>

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
2013	**₱2,678,400,000**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,678,400,000**
2012	₱–	₱–	₱–	₱–	₱–	₱–

<u>Long-term loans</u>

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
2013	**₱10,000,000,000**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,000,000,000**
2012	₱2,000,000,000	₱10,000,000,000	₱–	₱–	₱–	₱12,000,000,000

17. **Deposits and Other Noncurrent Liabilities**

	2013	2012
Deposits from lessees - net of current portion (Notes 31 and 32)	**₱2,040,052,876**	₱2,029,673,869
Accrued rent expense	**1,226,985,790**	1,181,403,160
Accounts payable	**164,382,894**	154,909,351
Deposits from real estate buyers - net of current portion	**247,728,055**	544,836,353
Pension liabilities (Note 29)	**55,930,237**	87,476,081
Advances and others	**246,107,560**	202,613,097
	₱3,981,187,412	₱4,200,911,911

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 deposit from real estate which are expected to be applied to the contract price within one year are classified as current.

Accrued rent expense represents the portion of the lease as a consequence of recognizing expense on a straight-line basis. These pertain to various lease of land entered by the Group where the malls are located.

Advances and others account includes payable to suppliers related to marketing activities and noncurrent accounts payable.

18. **Retained Earnings**

The declarable dividend of Parent Company amounted to ₱14,804 million and ₱12,346 million as of September 30, 2013 and 2012.

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting ₱517 million and ₱408 million as of September 30, 2013 and 2012 respectively, are not available for dividend declaration until received in the form of dividends.

Retained earnings are further restricted for payment of dividends to the extent of the cost of shares held in treasury.

Dividends declared
The BOD declared cash dividends in favor of all its stockholders as follows:

	2013	2012
Date of declaration	**April 18, 2013**	April 18, 2012
Date of payment	**June 6, 2013**	June 01, 2012
Ex-dividend rate	**May 10, 2013**	May 8, 2012
Dividend per share	**₱0.36**	₱0.36
Total dividends	**₱1,473,779,046**	₱1,473,779,046

On May 8, 2012, the BOD of ASNC approved the declaration and payment of cash dividends of ₱45 million or ₱0.45 per share for all shareholders of record as of May 15, 2012.

Appropriation
On September 13, 2013, the BOD approved the reversal of the retained earnings it has appropriated in 2009 and 2003 amounting to ₱10,500 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱11,200 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held between April 2009 to August 2013. These projects and acquisitions are expected to be completed in various dates from July 2014 until March 2019.

19. **Capital Stock**

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

	2013	2012	2011
Authorized - at ₱1 par value	**8,200,000,000**	8,200,000,000	8,200,000,000
At beginning of the period	**4,093,830,685**	4,093,830,685	2,729,220,457
Additional subscription	**–**	–	1,364,610,228
Issued and outstanding	**4,093,830,685**	4,093,830,685	4,093,830,685

Increase in Authorized Capital Stock
On November 19, 2010, the 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. On February 23, 2011, the stockholders representing at least two-thirds of the outstanding capital stock also approved the increase in the authorized capital stock.

In line with the foregoing, the BOD also approved on February 16, 2011 a 1:2 stock rights offering to stockholders of record as of March 30, 2011 (ex - date March 25, 2011). Accordingly, the company received subscriptions for 1,364,610,228 shares at an offer price of ₱10 per share on April 11-15, 2011. The subscription receivables were fully collected in October 2011.

Proceeds from the Rights Offering follow:

	2011
Cash payment for subscriptions	₱8,871,461,115
Collection on subscription receivables	4,774,641,165
Total Subscriptions	13,646,102,280
Less: Payments pertaining to Capital Stock at Par	1,364,610,228
Gross additional paid in capital	12,281,492,052
Less: Rights offering expenses	70,535,418
Net additional paid in capital	₱12,210,956,634

The SEC approved the increase in authorized capital stock on May 17, 2011.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of September 30, 2013:

	Number of shares registered	Issue/ offer price	Date of SEC approval	Number of holders of securities as of year end
Balance before Initial public offering	300,000,000			
Initial public offering	200,000,000	₱1.00/share	February 10, 1989	
Increase in offer price		₱5.81/share	June 3, 1989	
Add (deduct):				
1:1 stock rights offering	500,000,000	₱2.50/share	March 15, 1991	
20% stock dividend	200,000,000	₱1.00/share	June 16, 1993	
1:2 stock rights offering	600,000,000	₱2.50/share	March 21, 1995	
Exchange for shares of JGSHI in MMHLC and in RII	496,918,457		April 3, 1997	
1:2 New share offering	450,000,000	₱12.00/share	September 25, 2006	
1:2 stock rights offering	1,364,610,228	₱10.00/share	May 17, 2011	
October 1, 2011	4,111,528,685			1,205
Add (deduct) movement	–			65
October 1, 2012	4,111,528,685			1,270
Add (deduct) movement	–			(118)
September 30, 2013	4,111,528,685			1,152

Note: Inclusive of 17,698,000 treasury shares

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, 2013, the Parent 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.

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, 2013 and 2012.

	2013	2012
(a) Loans payable (Note 16)	**₱12,678,400,000**	₱12,000,000,000
(b) Equity	**₱49,402,237,986**	₱46,573,201,771
(c) Debt-to-capital ratio (a/b)	**0.26:1**	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.

20. Related Party Transactions

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. Affiliates are entities that are owned and controlled by the Ultimate Parent Company and neither a subsidiary or associate of the Group. These affiliates are effectively sister companies of the Group by virtue of ownership of the Ultimate Parent Company. Related parties may be individuals or corporate entities.

The amounts and balances arising from significant related party transactions are as follows:

	2013			
	Amount/ Volume	**Outstanding balance**	**Terms**	**Conditions**
Ultimate Parent Company				
a) Rental income	**₱17,608,676**	**₱223,159**	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	
b) Advances to	**34,605,859**	**34,605,859**	Interest bearing; due and demandable; interest rates ranging from 2% to 4%	Unsecured; no impairment
• Interest income	**1,291,518**	–		
b) Advances from	**84,552,504**	**(84,552,504)**	Non-interest bearing; due and demandable	Unsecured
Under common control				
c) Cash and cash equivalents				
• Cash in banks	**68,358,583**	**283,762,923**	Interest bearing at prevailing market rate; at 3.75% to 4.25% per annum due and demandable	Unsecured; no impairment
• Short-term investments	**167,594,435**	**167,594,435**	Interest bearing at prevailing market rate; at 3.75% to 4.25% per annum due and demandable	Unsecured; no impairment
• Interest income	**25,123,149**	–		
a) Rental income	**1,454,025,479**	**30,885,247**	Three to five year lease terms at prevailing market lease rate; renewable at the end of lease term	
b) Advances to	**3,339,575**	**21,390,495**	Non-interest bearing; due and demandable	Unsecured; no impairment
b) Advances from	**4,570,508**	**(32,322,272)**	Non-interest bearing; due and demandable	Unsecured
Joint Venture				
d) Advances from	–	**(75,010,000)**	Non-interest bearing; due and demandable	Unsecured
		₱346,577,342		

	2012			
	Amount/ Volume	Outstanding balance	Terms	Conditions
Ultimate Parent Company				
a) Rental income	₱16,717,240	₱3,426,430	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	
b) Advances to	31,250,294	–	Interest bearing; due and demandable; interest rates ranging from 2% to 4%	Unsecured; no impairment
• Interest income	135,137	–		
b) Advances from	32,978,530	–	Non-interest bearing; due and demandable	Unsecured
Under common control				
c) Cash and cash equivalents				
• Cash in banks	215,404,340	215,404,340	Interest bearing at prevailing market rate; at 1.5% to 4.88% per annum, due and demandable	Unsecured; no impairment
• Short-term investments	4,086,687,239	4,086,687,239	Interest bearing at prevailing market rate; at 1.5% to 4.88% per annum, due and demandable	Unsecured; no impairment
• Interest income	353,421,515	–		
a) Rental income	1,388,842,474	55,950,346	Three to five year lease terms at prevailing market lease rate; renewable at the end of lease term	
b) Advances to	32,340,136	24,730,070	Non-interest bearing; due and demandable	Unsecured; no impairment
b) Advances from	31,164,580	(27,751,764)	Non-interest bearing; due and demandable	Unsecured
Joint Venture				
d) Advances to	–	9,993,229	Non-interest bearing; due and demandable	Unsecured; no impairment
d) Advances from	–	(75,010,000)	Non-interest bearing; due and demandable	Unsecured
		₱4,293,429,890		

Outstanding balances consist of the following:

	2013	2012
Cash and cash equivalents (Note 7)	**₱451,357,358**	₱4,302,091,579
Rental receivables (Note 8)	**31,108,406**	59,376,776
Affiliated companies (Note 8)	**21,390,495**	34,723,299
Payable to affiliated companies (Note 15)	**(157,278,917)**	(102,761,764)
	₱346,577,342	₱4,293,429,890

Significant transactions with related parties are as follows:

a) Rental income

The Group leases commercial properties to affiliated companies with a lease term of three to five years based on prevailing market lease rates.

b) *Advances to (from) affiliated companies*
The Group, in the normal course of business, has transactions with its major stockholders, Ultimate Parent Company and its affiliated companies consisting principally of lease arrangements and advances principally for working capital requirement, including construction costs.

c) *Cash and cash equivalents*
The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

d) *Advances to (from) joint venture*
The Group, in the normal course of business, has transactions with its joint venture partners consisting principally of working capital share in joint venture transactions.

Joint venture projects with Harbour Land Realty and Development Corp and Federal Land, Inc. (Jointly Controlled Operations)
On February 7, 2011, the Company entered into a joint venture agreement with Harbour Land Realty and Development Corp (HLRD) and Federal Land, Inc. (FLI) to develop a project called Axis Residences located along Pioneer Street in Mandaluyong City. Construction of the planned 2-phase residential condominium commenced in March 2012. The first phase is expected to be completed on November 2015.

The contributions of the parties follow:
a. RLC: Road lot valued at ₱89 million and development costs amounting ₱1,390 million
b. FLI: Development costs amounting ₱739 million
c. HLRD, an affiliate of FLI: Four (4) adjoining parcels of land valued at ₱739 million located along Pioneer St., Mandaluyong City, 21,109 sqm

Further, the sharing of saleable units (inventories) of real estate revenue, cost of real estate sales and any common expenses incurred, are as follows: RLC-50%; FLI-25% and HLRD-25%.

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2013	2012	2011
Short term employee benefits (Note 23)	**₱682,247,145**	₱616,010,623	₱545,422,594
Post-employment benefits (Notes 25 and 29)	**41,693,226**	28,404,328	25,774,243
	₱723,940,371	₱644,414,951	₱571,196,837

21. **Revenue**

	2013	2012	2011
Real Estate Operations			
Rental income (Notes 20 and 34)	**₱7,417,282,135**	₱6,690,605,012	₱6,113,510,000
Real estate sale	**5,300,508,087**	4,105,106,260	4,307,396,547
Amusement income	**1,016,315,050**	831,006,331	687,899,815
Others	**673,589,978**	504,262,858	491,695,157
	14,407,695,250	12,130,980,461	11,600,501,519
Hotel Operations			
Rooms	**940,469,217**	827,551,796	707,593,257
Food and beverage	**505,969,977**	510,557,588	454,042,502
Others	**50,358,575**	45,969,701	44,583,428
	1,496,797,769	1,384,079,085	1,206,219,187
	₱15,904,493,019	₱13,515,059,546	₱12,806,720,706

Real estate sales include interest income from installment contract receivable amounting to ₱477 million, ₱254 million and ₱227 million in 2013, 2012 and 2011, respectively.

Other revenue under real estate operations are from receipts of association dues and receipts of penalties from tenants and real estate buyers.

Other revenue under hotel operations includes transport, laundry, valet and other services.

22. **Costs**

	2013	2012	2011
Real Estate Operations			
Cost of Rental Services			
Depreciation and amortization	**₱2,272,334,213**	₱1,912,389,630	₱1,923,747,627
Property operations and maintenance costs (Note 11)	**359,651,438**	330,477,032	277,066,989
Others (Note 15)	**58,504,429**	65,116,921	72,600,177
	2,690,490,080	2,307,983,583	2,273,414,793
Cost of Real Estate Sales (Note 9)	**3,060,144,718**	2,360,585,729	2,664,371,840
Cost of Amusement Services			
Film rentals expense	**485,315,516**	389,831,006	320,222,382
Others	**327,734,935**	200,972,586	241,827,547
	6,563,685,249	5,259,372,904	5,499,836,562
Hotel Operations			
Cost of room services			
Property operations and maintenance costs	**233,546,408**	242,611,908	207,542,599
Depreciation and amortization	**186,566,709**	171,495,430	189,372,461
	420,113,117	414,107,338	396,915,060
Cost of food and beverage	**177,965,719**	180,153,791	172,332,552
Others			
Salaries and wages	**167,509,230**	157,744,391	148,585,221
Contracted services	**99,507,759**	89,662,972	77,900,347
Management fee	**91,246,840**	79,690,847	70,481,594
Supplies	**37,011,843**	39,511,902	35,342,575

(Forward)

	2013	2012	2011
Commission	**₱23,054,576**	₱19,161,552	₱17,966,879
Operating equipment expense	**22,437,304**	21,368,861	4,643,873
Others	**117,516,995**	112,282,525	85,421,681
	558,284,547	519,423,050	440,342,170
	1,156,363,383	1,113,684,179	1,009,589,782
	₱7,720,048,632	₱6,373,057,083	₱6,509,426,344

Others costs under real estate operations include expenses from contracted services and other administration expenses.

Other costs under hotel operations include advertising, sales and promotion fees.

23. General and Administrative Expenses

	2013	2012	2011
Salaries and wages (Notes 20, 25 and 29)	**₱556,431,141**	₱486,670,560	₱422,611,616
Advertising and promotions	**469,215,355**	390,625,809	346,019,836
Taxes and licenses	**422,522,767**	310,882,751	301,858,105
Commission	**343,961,848**	286,594,711	276,098,706
Rent (Note 34)	**108,587,882**	162,304,510	157,900,720
Light, water and communication (Note 30)	**76,318,318**	73,064,564	86,223,083
Insurance	**69,760,402**	64,725,206	68,297,030
Supplies	**56,912,788**	40,271,678	33,680,302
Travel and transportation	**39,783,781**	37,633,323	28,325,620
Donation	**25,680,990**	12,111,071	11,734,999
Entertainment, amusement and recreation	**14,918,024**	19,707,417	13,743,722
Provision for impairment losses (Note 8)	**167,188**	731,444	770,804
Others	**29,929,284**	22,899,549	24,252,274
	₱2,214,189,768	₱1,908,222,593	₱1,771,516,817

24. Depreciation and Amortization

	2013	2012	2011
Real estate (Notes 11, 12 and 22)	**₱2,272,334,213**	₱1,912,389,630	₱1,923,747,627
Hotel operations (Notes 11, 12 and 22)	**186,566,709**	171,495,430	189,372,461
	₱2,458,900,922	₱2,083,885,060	₱2,113,120,088

25. Personnel Expenses

Personnel expenses consist of (see Notes 22 and 23):

	2013	2012	2011
Salaries, wages and other staff costs	**₱586,598,198**	₱539,736,311	₱482,157,134
Pension expense (Note 29)	**41,693,226**	28,404,328	25,774,243
SSS contributions, PAG-IBIG contributions, premiums and others	**95,648,947**	76,274,312	63,265,460
	₱723,940,371	₱644,414,951	₱571,196,837

The above amounts are distributed as follows:

	2013	2012	2011
General and administrative (Note 23)	**₱556,431,141**	₱486,670,560	₱422,611,616
Hotel operations (Note 22)	**167,509,230**	157,744,391	148,585,221
	₱723,940,371	₱644,414,951	₱571,196,837

26. **Interest Income and Interest Expense**

	2013	2012	2011
Interest income			
Bank deposits (Note 7)	**₱112,105,758**	₱492,841,237	₱414,303,157
Receivable from affiliated companies (Note 20)	**1,291,518**	135,137	26,469,281
Receivable from Meralco (Note 30)	**–**	–	3,392,519
	113,397,276	492,976,374	444,164,957
Interest income from installment contract receivable - recognized under real estate sales	**477,286,247**	253,601,041	227,648,380
	₱590,683,523	₱746,577,415	₱671,813,337

Interest expense consists of (see Notes 15 and 16):

	2013	2012	2011
Short-term loans	**₱14,097,197**	₱–	₱–
Long-term loans	**–**	44,427,351	177,709,404
	14,097,197	44,427,351	177,709,404
Accretion on security deposits - recognized under cost of rental services	**58,504,429**	65,116,921	72,600,177
	₱72,601,626	₱109,544,272	₱250,309,581

27. **Income Tax**

The Group's provision for income tax includes 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 follow:

	2013	2012	2011
Current			
RCIT	**₱1,110,200,943**	₱782,959,598	₱659,117,793
Final tax	**19,723,327**	93,387,468	74,778,141
MCIT	**143,711**	157,259	12,663
	1,130,067,981	876,504,325	733,908,597
Deferred	**380,899,394**	478,729,403	147,731,790
	₱1,510,967,375	₱1,355,233,728	₱881,640,387

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

	2013	2012	2011
Statutory income tax rate	**30.00%**	30.00%	30.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.16)**	(0.83)	(0.78)
Tax exempt real estate sales	**(0.05)**	(0.03)	(0.01)
Income subjected to BOI, PEZA and lower tax	**(4.52)**	(4.94)	(11.05)
Effective income tax rate	**25.27%**	24.20%	18.16%

Deferred taxes as of September 30, 2013 and 2012 relate to the tax effects of the following:

	2013	2012
Deferred tax assets:		
Accrued rent expense	**₱389,296,450**	₱382,212,836
Accrued interest expense	**135,416,077**	118,148,251
Accrued retirement payable	**19,020,952**	26,242,824
Allowance for impairment loss	**13,812,665**	13,762,509
MCIT	**313,633**	403,528
	557,859,777	540,769,948
Deferred tax liabilities:		
Unamortized capitalized interest expense	**(1,029,764,101)**	(808,787,183)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(877,839,647)**	(720,588,577)
Accrued rent income	**(137,205,603)**	(107,993,247)
Unamortized debt issuance cost	**(2,765,590)**	(5,939,784)
Market valuation gain on derivative instrument (Note 10)	–	(6,276,927)
	(2,047,574,941)	(1,649,585,718)
Net deferred tax liabilities	**(₱1,489,715,164)**	(₱1,108,815,770)

The Group has deductible temporary difference that is available for offset against taxable income or tax payable for which deferred tax asset has not been recognized. This deductible temporary difference with no deferred tax assets recognized in the consolidated financial statements pertains to NOLCO of subsidiaries amounting to ₱20 million and ₱19 million in 2013 and 2012, respectively.

The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱6 million as of September 30, 2013 and 2012.

The carryforward benefits of NOLCO, which can be claimed as a deduction by the Group against future taxable income for the next three (3) years from the year of incurrence, are as follows:

Period of recognition	Amount	Period of expiration
NOLCO		
September 30, 2013	₱1,272,693	September 30, 2016
September 30, 2012	5,001,645	September 30, 2015
September 30, 2011	13,542,091	September 30, 2014
	₱19,816,429	

Period of recognition	Amount	Period of expiration
MCIT		
September 30, 2013	₱143,711	September 30, 2016
September 30, 2012	157,259	September 30, 2015
September 30, 2011	12,663	September 30, 2014
	₱313,633	

28. Earnings Per Share

Earnings per share amounts were computed as follows:

	2013	2012	2011
a. Net income attributable to equity holders of Parent Company	**₱4,470,028,489**	₱4,238,513,020	₱3,974,107,491
b. Weighted average number of common shares outstanding adjusted	**4,093,830,685**	4,093,830,685	3,434,143,420
c. Earnings per share (a/b)	**₱1.09**	₱1.04	₱1.16

There were no potential dilutive shares in 2013, 2012 and 2011.

29. Retirement Plan

The Group has funded, 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, 2013.

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 (included in “Deposits and other noncurrent liabilities” account) recognized in the consolidated statement of financial position for the plan:

Pension expense

	2013	2012	2011
Current service cost	**₱21,047,308**	₱15,104,670	₱11,819,900
Interest cost	**12,919,593**	10,603,309	9,042,463
Expected return on plan assets	**(2,533,306)**	(2,235,829)	2,499,806
Actuarial losses recognized	**10,259,631**	3,078,444	2,412,074
Curtailment loss	–	1,853,734	–
Total pension expense (Note 25)	**₱41,693,226**	₱28,404,328	₱25,774,243

Pension liabilities

	2013	2012
Benefit obligation	**₱315,938,564**	₱235,108,692
Fair value of plan assets	**(131,811,064)**	(55,031,838)
Unrecognized net actuarial loss	**(128,197,263)**	(92,600,773)
Pension liabilities	**₱55,930,237**	₱87,476,081

Pension benefit obligation

	2013	2012
Balance at beginning of the period	**₱235,108,692**	₱145,607,663
Current service cost	**21,047,308**	15,104,670
Interest cost	**12,919,593**	10,603,309
Actuarial loss on obligation	**49,330,700**	70,090,434
Benefits paid	**(2,467,729)**	(3,824,955)
Curtailment gain	–	(2,472,429)
Balance at end of the period	**₱315,938,564**	₱235,108,692

Fair value of plan assets

	2013	2012
Balance at beginning of the period	**₱55,031,838**	₱52,103,163
Expected return on plan assets	**2,533,306**	2,235,829
Actual contributions	**73,239,070**	1,784,030
Benefits paid*	**(2,467,729)**	(8,925,085)
Actuarial gains – net	**3,474,579**	7,833,901
Balance at end of the period	**₱131,811,064**	₱55,031,838

**Benefits paid includes benefits paid due to redundancy amounting to ₱5 million as of September 30, 2012.*

The rollforward of unrecognized actuarial losses (gains) follows:

	2013	2012
Balance at beginning of year	**₱92,600,773**	₱32,648,717
Additional actuarial (gains) losses:		
From plan obligation	**49,330,700**	70,090,434
From plan asset	**(3,474,579)**	(7,833,901)
Actuarial losses recognized	**(10,259,631)**	(3,078,444)
Curtailment gain recognized	–	773,967
Balance at end of year	**₱128,197,263**	₱92,600,773

As of September 30, 2011, pension liability for Robinsons Homes Inc. (RHI) was transferred to the Group.

Actual return on plan assets amounted to ₱6 million, ₱10 million and ₱4 million in 2013, 2012 and 2011, respectively.

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

	2013	2012	2011
Discount rate	**3.89% - 4.54%**	5.21% - 5.76%	6.70% - 7.42%
Rate of salary increase	**5.50%**	4.00% - 5.50%	4.00% - 5.50%
Expected rate of return on plan assets	**4.50%**	4.50%	4.50%
Turnover rate	**16.00% - 45.00%**	10.98% - 45.00%	10.98% - 45.00%

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:

	2013		2012		2011	
	Amount	**%**	Amount	%	Amount	%
Cash	**₱66,310,510**	**50.31**	₱322,549	**0.59**	₱189,176	0.36
Receivables	**63,972,612**	**48.53**	61,251,998	**111.30**	65,981,946	126.64
HTM Investments	**8,076,843**	**6.13**	–	–	–	–
Liabilities	**(6,548,901)**	**(4.97)**	(6,542,709)	**(11.89)**	(14,067,959)	(27.00)
	₱131,811,064	**100.00**	₱55,031,838	**100.00**	₱52,103,163	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 ₱31 million into the pension fund for the fiscal year ending in September 30, 2014.

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

	2013	2012	2011	2010	2009
Pension benefit obligation	**₱315,938,564**	₱235,108,692	₱145,607,663	₱122,353,161	₱80,486,580
Plan assets	**131,811,064**	55,031,838	52,103,163	56,813,768	60,559,560
Experience adjustments on:					
Plan liabilities	**9,558,892**	70,090,434	17,977,621	35,044,216	(34,743,000)
Plan assets	**(3,474,579)**	(7,885,276)	(6,871,443)	(2,428,730)	(12,070)

30. 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. The income from the refund in 2006 amounted to ₱90 million. The receivable was discounted using an

EIR of 10%.

As of September 30, 2013, 2012 and 2011, the Group's receivable from Meralco, which is included in "Other asset", amounted to nil, ₱7 million (net of unearned interest income of ₱3 million) and ₱19 million (net of unearned interest income of ₱12 million), respectively (see Note 10). Interest income recognized on amortization of unearned interest income amounted to nil in 2013 and 2012 and ₱3 million in 2011 (see Note 26).

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise of 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 and other receivables and trade and other payables, which arise directly from its operations.

The main risks currently 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 United States Dollar (USD) which result primarily from movement of the Philippine Peso (PHP) 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.

	September 30			
	2013		2012	
Assets				
Cash and cash equivalents	**$401,198**	**₱17,468,161**	$1,211,586	₱50,523,136
Liabilities				
Accounts payable and accrued expenses	**204,020**	**8,883,031**	288,441	12,027,990
Net foreign currency-denominated assets	**$197,178**	**₱8,585,130**	$923,145	₱38,495,146

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of September 30, 2013 and 2012 follow:

	2013	2012
US Dollar - Philippine Peso exchange rate	**₱43.54 to US$1.00**	₱41.70 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the year ended September 30, 2013 and 2012.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
2013	
2.0% PHP appreciation	**(₱171,703)**
2.0% PHP depreciation	**171,703**
2012	
2.0% PHP appreciation	(₱769,903)
2.0% PHP depreciation	769,903

Sensitivity to foreign exchange rates is calculated on the Group's foreign currency denominated assets and liabilities, assuming a more likely scenario of foreign exchange rate of USD-PHP that can happen within 12 months after balance sheet date using the same balances of financial assets and liabilities as of reporting date.

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 and equity offerings.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of September 30, 2013, 2012 and 2011, 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.

	2013					
	On Demand	**1 to 3 months**	**4 to 12 months**	**More than 1 year but less than 5 years**	**5 years or more**	**Total**
Loans and receivables						
Cash and cash equivalents	**₱517,692,935**	**₱563,840,976**	**₱–**	**₱–**	**₱–**	**₱1,081,533,911**
Receivables						
Trade	**1,621,805,358**	**451,939,956**	**673,790,619**	**2,054,696,664**	**107,162,827**	**4,909,395,424**
Affiliated companies	**21,390,495**	**–**	**–**	**–**	**–**	**21,390,495**
Others	**68,170,573**	**1,284,626**	**50,852,774**	**149,233**	**–**	**120,457,206**
Other assets						
Utility deposits	**5,106,072**	**–**	**620,012**	**229,756,579**	**92,438,142**	**327,920,805**
Total financial assets	**₱2,234,165,433**	**₱1,017,065,558**	**₱725,263,405**	**₱2,284,602,476**	**₱199,600,969**	**₱6,460,697,841**
Accounts payable and accrued expenses	**₱1,272,846,752**	**₱960,658,155**	**₱443,667,578**	**₱575,692,496**	**₱1,297,963,420**	**₱4,550,828,401**
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	**157,278,917**	**–**	**–**	**–**	**–**	**157,278,917**
Deposits from lessees	**197,324,431**	**275,604,060**	**84,986,948**	**2,022,067,035**	**17,985,841**	**2,597,968,315**
Loans payable and future interest payment	**–**	**315,651,879**	**13,216,052,000**	**–**	**–**	**13,531,703,879**
Other financial liabilities	**₱1,627,450,100**	**₱1,551,914,094**	**₱13,744,706,526**	**₱2,597,759,531**	**₱1,315,949,261**	**₱20,837,779,512**

	2012					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Loans and receivables						
Cash and cash equivalents	₱231,753,123	₱5,646,121,760	₱–	₱–	₱–	₱5,877,874,883
Receivables						
Trade	821,843,786	1,298,037,624	1,019,071,929	1,057,063,629	68,807,215	4,264,824,183
Affiliated companies	34,723,299	–	–	–	–	34,723,299
Others	136,977,459	–	47,548,875	–	–	184,526,334
Other assets						
Utility deposits	3,857,192	–	208,198	–	284,792,491	288,857,881
Others	–	–	500,000,000	–	–	500,000,000
Total financial assets	₱1,229,154,859	₱6,944,159,384	₱1,566,829,002	₱1,057,063,629	₱353,599,706	₱11,150,806,580
Accounts payable and accrued expenses	₱3,051,805,578	₱324,007,221	₱63,186,541	₱512,891,678	₱921,092,912	₱4,872,983,930
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	102,761,764	–	–	–	–	102,761,764
Deposits from lessees	1,314,563	108,719,669	203,365,228	1,944,913,423	84,760,446	2,343,073,329
Loans payable and future interest payment*	–	43,750,000	2,925,000,000	10,837,500,000	–	13,806,250,000
Interest rate swap*	–	(23,090,917)	(41,659,493)	–	–	(64,750,410)
Other financial liabilities	₱3,155,881,905	₱453,385,973	₱3,149,892,276	₱13,295,305,101	₱1,005,853,358	₱21,060,318,613

**To calculate cash flows from the Inverse Floating Note and the related interest rate swap, forward interest rates are assumed to equal the current fixing rate.*

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, 2013, and 2012, 100% and 83% of the Group's loans payable are at a fixed rate of interest, respectively, before the effects of the interest rate swap hedge.

The following presents the carrying amount, by maturity, of the Group's financial instruments with variable rates that are exposed to interest rate risk as of September 30, 2012.

The Group has no financial instruments with variable interest rates exposed to interest rate risk as of September 30, 2013.

	2012			
	Within 1 year	1-2 years	2-3 years	Total
Loans payable (Note 16)	₱2,000,000,000	₱–	₱–	₱2,000,000,000

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 2012 and 2011.

Increase/Decrease in Basis Points	Change in Income Before Income Tax
2012	
+150	₱31,968,750
-150	(31,968,750)
2011	
+150	₱102,239,605
-150	(102,239,605)

Interest rate risk sensitivity is calculated on the Group's interest-rate sensitive assets, assuming the Group will rollover such assets as they mature. The Group's floating debt is no longer included since interest is effectively fixed with the interest rate swap.

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. These measures result in the Group's exposure to impairment loss as not significant.

With respect to credit risk arising from the 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, 2013, and 2012 without considering the effects of collaterals and other credit risk mitigation techniques.

	2013	2012
Cash and cash equivalents (net of cash on hand)	**₱1,065,644,349**	₱5,865,517,611
Receivables - net		
Trade receivables		
Installment contract receivable	**4,024,307,961**	3,367,926,978
Accrued rent receivable	**410,431,963**	402,671,416
Rental receivables	**365,975,616**	399,256,558
Hotel operations	**108,679,884**	94,969,231
Affiliated companies	**21,390,495**	34,723,299
Other receivables	**120,457,206**	184,526,334
Other assets		
Utility deposits	**327,920,805**	288,857,881
Derivative asset	–	90,143,152
Others	–	500,000,000
	₱6,444,808,279	₱11,228,592,460

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 counterparties, it is not exposed to large concentrations 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, 2013, and 2012, gross of allowance for credit and impairment losses.

	2013				
	Neither Past Due Nor Impaired			**Past Due or**	
	High Grade	**Standard Grade**	**Substandard Grade**	**Individually Impaired**	**Total**
Loans and receivables					
Cash and cash equivalents	**₱1,065,644,349**	**₱–**	**₱–**	**₱–**	**₱1,065,644,349**
Receivables:					
Trade receivables					
Installment contract receivables	**2,580,440,157**	**–**	**–**	**1,463,372,074**	**4,043,812,231**
Accrued rent receivables	**410,431,963**	**–**	**–**	**–**	**410,431,963**
Rental receivables	**234,120,586**	**–**	**–**	**145,255,787**	**379,376,373**
Hotel operations	**55,274,306**	**–**	**–**	**66,542,768**	**121,817,074**
Affiliated companies	**21,390,495**	**–**	**–**	**–**	**21,390,495**
Other receivables	**120,457,206**	**–**	**–**	**–**	**120,457,206**
Other assets					
Utility deposits	**327,920,805**	**–**	**–**	**–**	**327,920,805**
	₱4,815,679,867	**₱–**	**₱–**	**₱1,675,170,629**	**₱6,490,850,496**

	2012				
	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Loans and receivables					
Cash and cash equivalents	₱5,865,517,611	₱–	₱–	₱–	₱5,865,517,611
Receivables:					
Trade receivables					
Installment contract receivables	2,665,526,323	–	–	721,904,925	3,387,431,248
Accrued rent receivables	402,671,416	–	–	–	402,671,416
Rental receivables	352,431,137	–	–	60,226,178	412,657,315
Hotel operations	68,226,550	–	–	39,712,683	107,939,233
Affiliated companies	34,723,299	–	–	–	34,723,299
Other receivables	184,526,334	–	–	–	184,526,334
Other assets					
Utility deposits	288,857,881	–	–	–	288,857,881
Others	500,000,000	–	–		500,000,000
Financial asset at FVPL					
Derivative asset	90,143,152	–	–	–	90,143,152
	₱10,452,623,703	₱–	₱–	₱821,843,786	₱11,274,467,489

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, including an affiliate bank, 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. Receivable from installment contract receivable are considered high grade as title of the real estate property passes to the buyer once fully paid. 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.

Derivative Financial Instrument

Interest rate swap

On May 28, 2008, the Group entered into an interest rate swap agreement with a bank, with a total notional amount of ₱2,000 million to fully hedge its interest rate risk exposures from its Inverse Floating Rate Notes, which bears an interest rate of 15.70% less the 3-month benchmark rate (PDST-F) (see Note 16).

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 intervals, the Group's floating rate payments on the Inverse Floating Rate Note based on 3M PSDT-F (but not to exceed 15.70%) with fixed rate payments based on a 6.95% coupon rate. The swap agreement effectively fixes the Group's interest rate exposure on the inverse floating note to 8.75%. The interest rate swap will mature on the same date as the hedged Inverse Floating Rate Notes.

The estimated fair values of this interest rate swap agreement amounted to nil and ₱90 million asset as of September 30, 2013 and 2012, respectively (see Note 10). The mark-to-market gain (loss) is recorded as part of "Other Income (Losses)".

The rollforward of the derivative asset is as follows:

	2013	2012
Balance at beginning of year	**₱90,143,152**	₱172,496,875
Mark to market loss	**(90,143,152)**	(82,353,723)
Balance at end of year	**₱–**	₱90,143,152

32. **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.

	2013		2012	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Loans and receivables				
Cash and cash equivalents	**₱1,081,533,911**	**₱1,081,533,911**	₱5,877,874,883	₱5,877,874,883
Receivables				
Trade				
Installment contract receivable	**4,024,307,961**	**3,808,804,188**	3,367,926,978	3,229,648,513
Accrued rent receivable	**410,431,963**	**410,431,963**	402,671,416	402,671,416
Rental receivables	**365,975,616**	**365,975,616**	399,256,558	399,256,558
Hotel operations	**108,679,884**	**108,679,884**	94,969,231	94,969,231
Affiliated companies	**21,390,495**	**21,390,495**	34,723,299	34,723,299
Others	**120,457,206**	**120,457,206**	184,526,334	184,526,334
Other assets				
Utility deposits	**327,920,805**	**327,920,805**	288,857,881	288,857,881
Others	**–**	**–**	500,000,000	500,000,000
Financial asset at FVPL				
Derivative asset	**–**	**–**	90,143,152	90,143,152
	₱6,460,697,841	**₱6,245,194,068**	₱11,240,949,732	₱11,102,671,267
Other financial liabilities				
Accounts payable and accrued expenses				
Accrued bonus and licenses and others	**₱2,045,670,331**	**₱2,045,670,331**	₱2,227,023,123	₱2,227,023,123
Accounts payable - trade	**2,494,591,141**	**2,494,591,141**	2,636,477,781	2,636,477,781
Dividends payable	**10,020,929**	**10,020,929**	9,483,026	9,483,026
Customers' deposit				
Deposits from lessees	**2,597,968,315**	**2,440,601,693**	2,343,073,329	2,151,225,512
Loans payable	**12,678,400,000**	**13,062,147,269**	12,000,000,000	12,121,266,733
Payables to affiliated companies	**157,278,917**	**157,278,917**	102,761,764	102,761,764
	₱19,983,929,633	**₱20,210,310,280**	₱19,318,819,023	₱19,248,237,939

The fair values of cash and cash equivalents, trade receivables (except installment contract receivables), 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 installment contract receivables, customers' deposits and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 5.9% to 10.2% in 2013 and 5.5% to 7.0% in 2012.

The fair value of the derivative asset is based on valuation techniques applied for swaps and interest rate caps, which include forward pricing, present value calculations, and option pricing models for interest rate options. The model incorporates various inputs including forward and spot interest rates, as well as interest rate volatilities.

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, 2012, derivative asset valued under level 2 amounted to ₱90 million.

There has been no reclassification from Level 1 to Level 2 or 3 category.

33. 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 non-pioneer 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.

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 Non-Pioneer status at a capacity of two hundred ninety two (292) units, under Certificate of Registration No. 2007-195 dated October 31, 2007. On October 5, 2010, BOI approved its capacity to three hundred twenty six (326) units. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from October 2007 to October 2011.

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 Non-Pioneer status at a capacity of three hundred sixty six (366) 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 November 2007 to November 2011.

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 Non-Pioneer status at a capacity of three hundred seventy three (373) units, under Certificate of Registration No. 2007-237 dated December 5, 2007. On October 5, 2010, BOI approved its capacity to four hundred twenty 0ne (421) units. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from December 2007 to December 2011.

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. On October 5, 2010, BOI approved its capacity to five hundred four (504) units. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the December 2007 to December 2011.

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 Non-Pioneer 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 October 2008 to September 2012.

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 Non-Pioneer 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 March 2008 to February 2012.

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 October 2006 to September 2012.

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 four (4) years from January 2009 to December 2012.

Escalades at 20th 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 Non-Pioneer 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 October 2009 to September 2013.

Two Gateway Place

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 Non-Pioneer status at a capacity of two hundred sixty four (264) units, under Certificate of Registration No. 2008-202 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 December 2009 up to November 2013.

Holiday Inn 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 "Modernization of Tourism-Related Facility (Hotel- Holiday Inn Galleria Manila)" on a Non-Pioneer status at a capacity of two hundred eighty-five (285) rooms, under Certificate of Registration No. 2011-097 dated May 25, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (3) years from April 2011 to April 2014.

Cebu Midtown Hotel-Fuente Osmeña Circle
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Modernization of Tourism-Related Facility (Hotel- Cebu Midtown Hotel)" on a Non-Pioneer status at a capacity of two hundred ten (210) rooms, under Certificate of Registration No. 2011-021 dated January 24, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (3) years from June 2011 to May 2014.

The Wellington Courtyard Phase 2
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 Non-Pioneer status at a capacity of ninety two (92) units, under Certificate of Registration No. 2011-090 dated May 20,2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from May 2011 to May 2014.

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- Go Hotel, Robinsons Cybergate Plaza)" 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 October 2010 to October 2014.

Escalades South Metro Phase I
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 Non-Pioneer status at a capacity of five hundred twenty eight (528) units, under Certificate of Registration No. 2011-169 dated August 1, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from November 2012 to November 2015.

Go Hotel, Dumaguete
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- Go Hotel, Dumaguete)" on a Non-Pioneer status at a capacity of one hundred two (102) rooms, under Certificate of Registration No. 2012-020 dated February 1, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from February 2012 to February 2016.

Go Hotel, Bacolod
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- Go Hotel, Bacolod)" on a Non-Pioneer status at a capacity of one hundred eight (108) rooms, under Certificate of Registration No. 2012-039 dated March 13, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2012 to July 2016.

Go Hotel, Palawan
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-Go Hotel, Palawan)" on a Non-Pioneer status at a capacity of one hundred eight (108) rooms, under Certificate of Registration No. 2012-017 dated January 25, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from October 2012 to October 2016.

Go Hotel, Tacloban
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 Establishment (Hotel- Go Hotel, Tacloban)" on a Non-Pioneer status at a capacity of ninety eight (98) rooms, under Certificate of Registration No. 2011-250 dated November 23, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from October 2012 to October 2016.

Azalea Place, Gorordo Avenue,Cebu City
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 Non-Pioneer status at a capacity of three hundred eight (308) units, under Certificate of Registration No. 2011-203 dated September 15, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2012 to June 2016.

The Pearl Place - Tower A
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 Non-Pioneer status at a capacity of six hundred twenty five (625)units, under Certificate of Registration No. 2012-008 dated January 11, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from October 2013 to October 2016.

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.

Robinsons Cybergate Center
The Group is also registered with PEZA (beginning February 8, 2006) 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 11,125 square meters of land located at Araneta Singcang St., Barrio Tangub, National Road, Bacolod City, Negros Occidental as an IT Park to be known as The Robinsons Cybergate Center. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Place Lipa
The Group is also registered with PEZA (beginning November 3, 2006) 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 65,399 square meters of land located at JP Laurel Highway, Mataas na Lupa, Lipa City, Batangas as an IT Park to be known as The Robinsons Place Lipa. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Big Supercenter Cainta Junction
The Group is also registered with PEZA (beginning October 28, 2005) 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 19,522 square meters of land located at Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal 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.

34. 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 ₱109 million, ₱162 million and ₱158 million in 2013, 2012 and 2011, respectively. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2013	2012	2011
Within one (1) year	**₱143,352,457**	₱54,522,307	₱51,773,432
After one (1) year but not more than five (5) years	**716,762,285**	247,979,627	236,150,146
After more than five (5) years	**4,114,089,434**	6,063,324,450	6,129,676,237
	₱4,974,204,176	₱6,365,826,384	₱6,417,599,815

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 ₱7,417 million, ₱6,691 million and ₱6,114 million in 2013, 2012 and 2011, respectively. Total percentage rent recognized as income for 2013, 2012 and 2011 amounted to ₱1,972 million, ₱1,814 million and ₱1,670 million, respectively.

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

	2013	2012	2011
Within one (1) year	**₱2,137,034,461**	₱1,111,914,481	₱1,208,000,779
After one (1) year but not more than five (5) years	**2,016,336,718**	1,921,108,789	2,597,161,871
After more than five (5) years	**351,280,338**	380,702,108	463,430,460
	₱4,504,651,517	₱3,413,725,378	₱4,268,593,110

Capital Commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱11,154 million and ₱4,173 million as of September 30, 2013 and 2012, respectively. Moreover, the Group has contractual obligations amounting to ₱2,129 million and ₱2,095 million as of September 30, 2013 and 2012, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various collection cases or claims with its customers 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.

35. Note on Consolidated Statement of Cash Flows

Noncash investing activity in 2013 and 2012 pertains to the ₱59 million cost of buildings and improvement transferred from investment properties to property and equipment for use in operations of the Group and land amounting to ₱702 million from investment properties to subdivision land, condominium and residential units for sale for the Group's residential projects, respectively.

Noncash operating activity pertains to the accretion of customers deposit amounting to ₱59 million, ₱65 million and ₱72 million in 2013, 2012 and 2011, respectively.

36. **Subsequent Events**

On October 29, 2013, buildings and improvement with a net book value of ₱19 million was severely destroyed by fire. It is expected that insurance proceeds will be recovered equal to the amount needed to restore the property back to its normal operating condition.

On November 8, 2013, buildings and improvement with a net book value of ₱309 million was severely damaged by flooding. It is expected that insurance proceeds will be recovered equal to the amount needed to restore the property back to its normal operating condition.

37. **Approval of the Consolidated Financial Statements**

The accompanying consolidated financial statements were authorized for issue by the BOD on January 10, 2014.

Directory

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Summit Ridge Tagaytay
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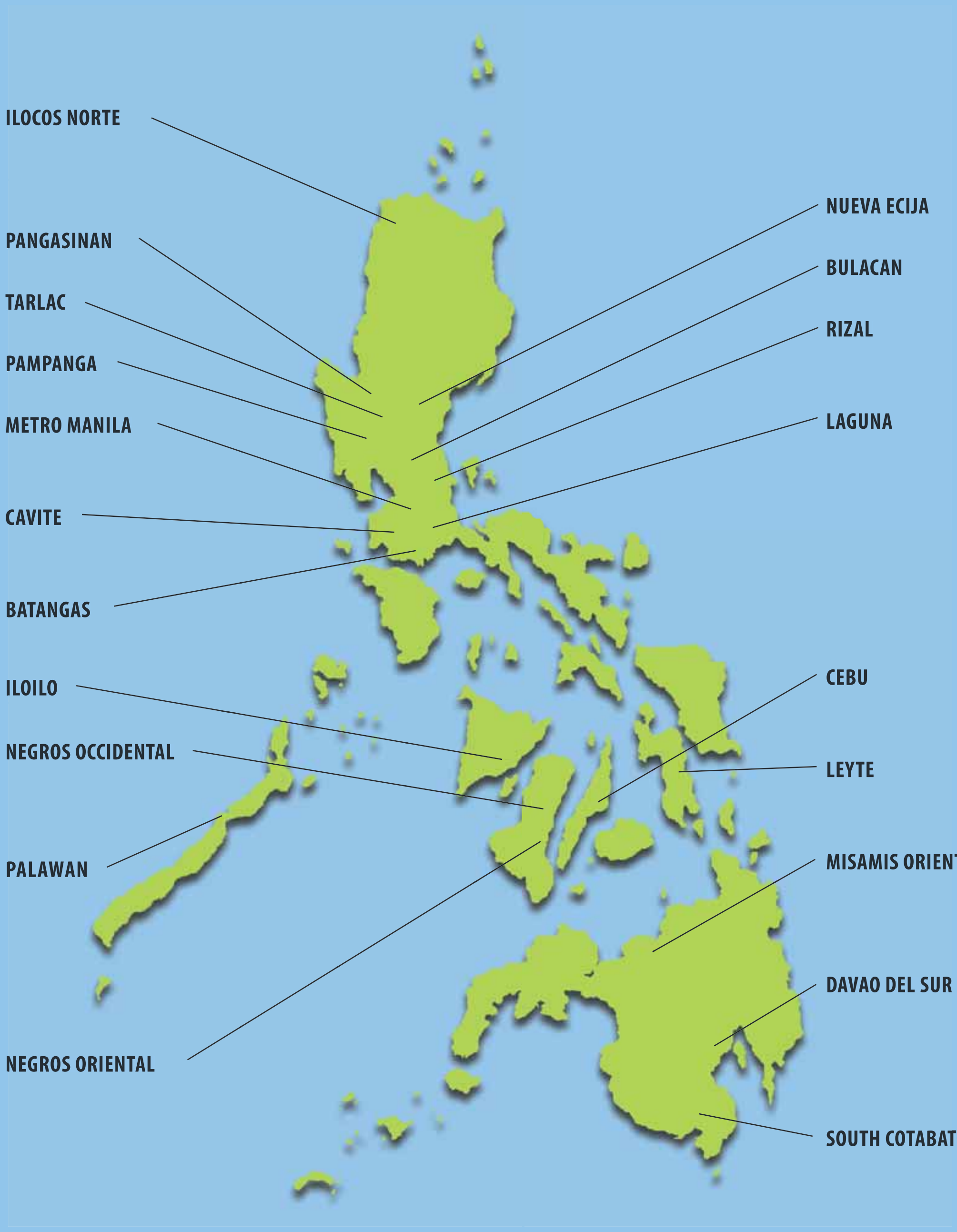
Project Locations



ROBINSONS LAND
CORPORATION

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