ROBINSONS LAND
CORPORATION

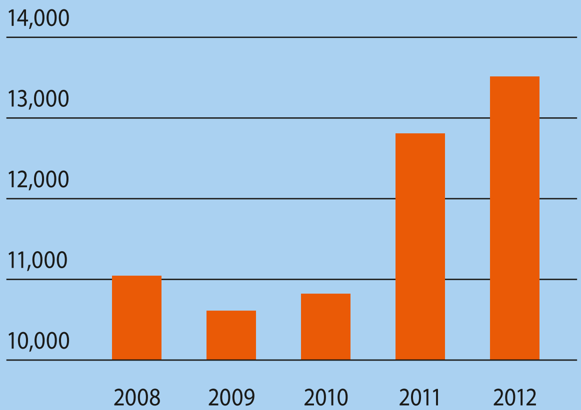
2012 ANNUAL REPORT

CONTENTS

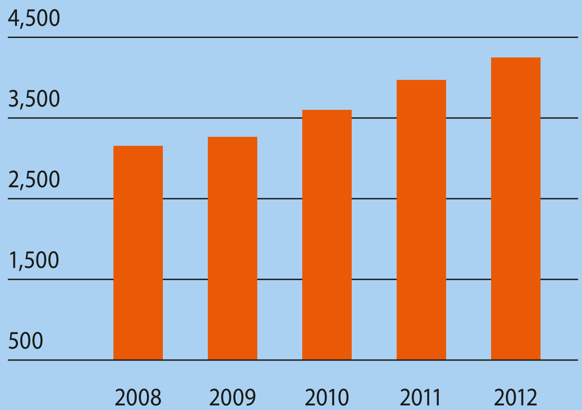
Financial Highlights

	2012	2011	2010	2009	2008
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*					
Gross Revenues	**13,515.06**	12,806.72	10,821.02	10,606.85	11,045.41
Cost and Expenses	**8,281.28**	8,280.94	6,798.32	6,453.41	7,418.66
Operating Income	**5,233.78**	4,525.78	4,022.70	4,153.44	3,626.75
Other Income	**366.20**	327.89	247.24	126.66	136.64
Income Before Income Tax	**5,599.98**	4,853.66	4,269.94	4,280.10	3,763.39
Net Income	**4,244.74**	3,972.02	3,595.58	3,266.24	3,152.74
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*					
Total Assets	**70,646.75**	64,966.01	53,101.14	51,479.31	40,310.56
Total Liabilities	**24,073.55**	25,929.41	25,363.71	25,912.83	17,323.59
Minority Interest	**227.75**	230.52	232.60	119.86	118.08
Stockholders' Equity	**46,573.20**	39,036.60	27,737.43	25,566.48	22,986.97

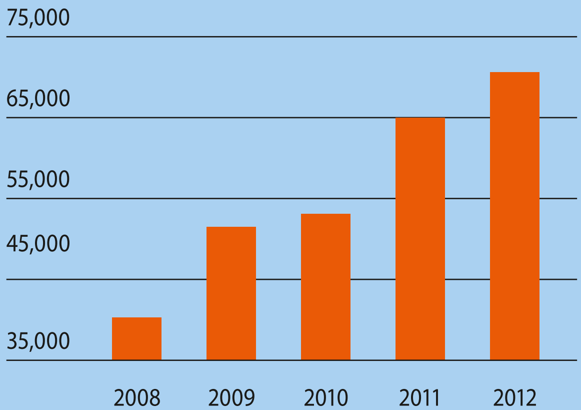
GROSS REVENUES
(in Million Pesos)



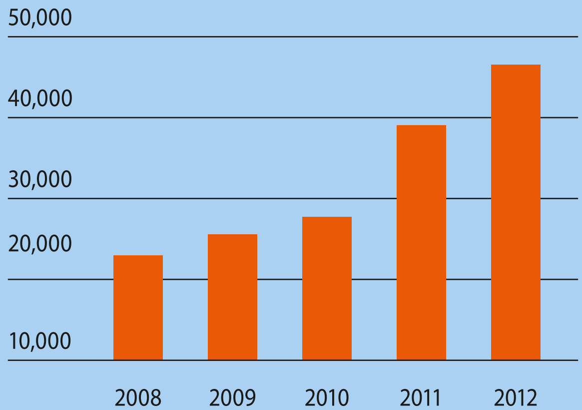
NET INCOME
(in Million Pesos)



TOTAL ASSETS
(in Million Pesos)



STOCKHOLDERS' EQUITY
(in Million Pesos)



Message to the Shareholders

The Philippine economy performed impressively in the year 2012, remaining steadfast amidst global financial uncertainties. Posting a GDP growth of 6.6%, the country's momentum was driven by the steady flow of overseas Filipino workers (OFW) remittances, growth in the business process outsourcing (BPO) sector, increased tourist visitor arrivals, a controlled inflation rate, and attractive lending rates.

The Philippine Stock Exchange's performance benefitted from the robust growth of the Philippine economy as well. Ending the year with an index level of 5,812.73, the PSEi ranked second in Asia, posting an annual increase of 33% at the end of 2012. Notably, among all listed companies, RLC was the top gainer in the PSE index, with its stock price rising by 84% from January 2 to December 28, 2012. We have seen increased attention and stronger interest in RLC from retail and institutional investors in the Philippine and international market.

RLC generated steady revenue growth with total gross revenues of Php13.52 billion in fiscal year 2012, up 6% from Php12.81 billion last year. This was led by the double-digit improvement of our commercial centers and hotels divisions, followed by the office buildings division though partly tempered by lower realized revenues from our residential division. Consolidated net income rose by 7% to Php4.24 billion from Php3.97 billion in 2011. EBITDA expanded by 10% to Php7.32 billion from Php6.64 billion. Our investment portfolio, composed of the commercial centers, offices and hotels businesses, was responsible for 86% of the total RLC EBITDA while our development portfolio, composed of the four residential businesses, accounted for the remaining 14%. EBIT climbed by 16% to Php5.23 billion from Php4.52 billion in 2011, backed by the positive growth from 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 48%, expanding by 12% to Php6.43 billion from Php5.76 billion in the previous year. The increase was attributed to the 3 new malls which opened in fiscal year 2012, namely, Robinsons Place Pangasinan, Robinsons Place Palawan and Robinsons Magnolia coupled with 2 expansions in Robinsons Place Tacloban and Robinsons Place Bacolod. Moreover, our flagship malls Robinsons Galleria and Robinsons Place Manila, as well as almost all provincial malls, posted decent growth in rental revenues. Our malls' enterprise-wide occupancy rate is at 95%. 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 Php4.50 billion while EBIT rose by 22% to Php3.00 billion due to lower depreciation. Our total leasable space expanded by 12% to 910,000 sqm due to the 3 new malls opened and 2 mall expansions. 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 Php1.40 billion, a 5% growth from last year's Php1.34 billion. This accounted for 10% of the Company's total revenues. EBITDA registered an increase of 3% to Php1.34 billion and EBIT was up by 4% at Php961 million. We currently have 193,000 sqm of leasable office space from our 8 office buildings. We also have 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 78% 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%.

Our **Hotels Division** posted revenues at Php1.38 billion, up 15% from Php1.21 billion the previous year, contributing 10% to total group revenues. This was attributed to the positive performance of all our 9 hotel properties led by one of our international brands, Crowne Plaza, and augmented by our Go Hotel chain which opened 4 new hotels in Palawan, Dumaguete, Tacloban and Bacolod during fiscal year 2012. 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 15% to Php442 million. EBIT increased by a faster clip at 38% to Php271 million mainly due to positive growth from all the 9 hotel properties, led by Summit Circle Cebu and Crowne Plaza.

Our **Residential Division** registered a slight decline in realized revenues but finished with better earnings. Realized revenues amounted to Php4.30 billion in fiscal year 2012, a 4% decline from Php4.51 billion the previous year. The residential division accounted for 32% of the total Company's revenues. EBITDA rose by 7% to Php1.04 billion from the previous year's Php975 million. EBIT, likewise, was up by 7% to PhP1.00 billion from Php940 million in 2011. The positive growth in EBITDA and EBIT was due to realized revenues from higher gross profit margin projects resulting in lower cost of sales. In line with our cautious stance brought about by the massive supply with aggressive payment terms that has come into the market, we launched a total of 7 residential projects in fiscal year 2012 across the 4 residential brands from the previous year's 15 residential projects. Our net reservation sales contracted by 4% to Php5.75 billion from PhP6.00 billion in the previous year. However, we have seen an improvement in sales take up in the last quarter of the year, rising by 34% versus the same period of the previous year, a complete turnaround from the very conservative position we took in the first the 9 months of the fiscal year. In the last quarter, we made a decision to aggressively expand our sales force and intensify marketing efforts. The Robinsons Residences brand contributed the most in terms of net sales reservations comprising 54% of total sales. Robinsons Homes, on the other hand, posted the highest rise, registering a 36% increase in net sales reservations.

Total assets of the Company stood at Php70.65 billion as of September 2012, growing 9% compared to previous year's Php64.97 billion. Debt to equity ratio stood at 0.26:1, stronger than last year's 0.38:1 and net financial debt to equity ratio remained healthy at 0.13:1 from last year's 0.34:1. Net book value per share increased by 19% to Php11.32 in fiscal year 2012 from P9.48 in fiscal year 2011. ROE was at 9% for fiscal year 2012.

Our Company's total capital expenditures amounted to Php9.5 billion in fiscal year 2012. Our capex spending was funded by our cash position and internally generated funds.

OUTLOOK

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

For our **Commercial Centers Division**, we will open at least four new malls in the calendar year of 2013 and expand one of our existing malls. All our locations are carefully selected in the fast-growing cities in the provinces. By the end of calendar year 2013, our total leasable space will reach 1,000,000 sqm or an increase of 10% from the previous year.

Backed by the robust BPO industry of the Philippines, we are still bullish on the growth prospect of our **Office Buildings Division**. We are currently constructing Cyberscape Alpha and Cyberscape Beta which will both be completed in 2013. 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 will be expanding our very successful essential services hotel brand, Go Hotels, under our **Hotels Division** with 3 new Go Hotels per year. For the 3 new Go Hotels in fiscal year 2013, 2 will be located in Metro Manila while 1 will be in Iloilo City. By the end of fiscal year 2013, there will be a total of 8 Go Hotels or a total of 12 hotel properties in our portfolio. All of our hotel properties are adjacent to our shopping malls or within our mixed use developments. Moreover, we are currently evaluating opportunities for the expansion of our boutique hotel brand, Summit Hotels.

We will continue to take advantage of the upswing in our residential business as we capitalize on the growth prospects of the Philippine economy. Aside from the increased supply and competition in vertical developments in the Metro Manila market, we have seen changes in the competitive landscape in the past year with more developers offering minimal equity payment requirements and aggressive financing schemes to their buyers. Despite these factors, we see a positive outlook for the property sector, driven by increased demand due to availability of mortgage financing from banks and prevailing low interest rates. Even with our relatively conservative stance on the residential business, we have since focused our efforts on beefing up our sales network and boosting our marketing efforts and advertising. We believe we have been successful in our focus as evident by our recent impressive sales take up growth.

Frederick D. Go
Director, President and COO

The rights offering in fiscal year 2011 has supported the Company's ability to expand our land bank. As of fiscal year 2012, our land bank registered a total of 560 hectares or a net increase of 95 hectares compared to the previous year. This current level of land bank can support about 4 to 5 years worth of project developments across our various business segments. We intend to acquire more land to replenish used land for development and will continue to selectively participate in government land auctions as the opportunity arises.

We would like you to join us as we celebrate another prestigious international recognition. RLC was named the Overall Best Managed Company in the Philippines by Euromoney, a leading business publication, in their annual poll last January 2013. According to Euromoney, the investor community praised RLC's leading role in promoting transparent communication to investors and Company's clear strategy, management accessibility and solid earnings potential. This recognition is quite an achievement, as we were selected over the best and largest conglomerates in the country. Through the years, we have always been dedicated in communicating to our shareholders and investors our Company's performance and strategy.

ACKNOWLEDGEMENT

In closing, we would like to express our sincerest gratitude to our Board of Directors for their support and valuable insights, to our management and employees for their exceptional commitment and devoted efforts that have collectively achieved the Company's goals in the past year. We would also like to express our warmest appreciation to our shareholders, business partners, patrons and customers for their unwavering support and continued confidence in RLC. Rest assured, our company will keep on strengthening its foundation by continuously building 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

As one of the largest shopping mall chains in the country, the Commercial Centers Division continues to bring the Robinsons Mall experience throughout the Philippine archipelago. As part of our aggressive expansion strategy, we opened 3 new malls in fiscal year 2012: Robinsons Place Pangasinan, Robinsons Place Palawan and Robinsons Magnolia, bringing our total number of malls to 32.

RLC's latest and most premium mall, Robinsons Magnolia, has exceeded all expectations. Located at the corner of Aurora Boulevard and Doña Hemady Street in Quezon City, the mall stands impressively with its upscale design, central garden park, and of course, the iconic ice cream house. Shopping at Robinsons Magnolia is a unique experience with its grand lobby, spacious hallways, well-designed customer circulation, and highly visible storefronts. Fully leased out, it boasts of an exciting tenant mix with a selection of local and international stores. Recently, it was awarded a Green Building Certificate by Quezon City, a testament to the division's environmental awareness.

To satisfy more discerning customer tastes and growing demand for retail spaces, RLC expanded and upgraded 2 of its malls in the Visayas. Robinsons Place Bacolod launched Central Citywalk in October 2012, a one-level al fresco destination that offers customers a fresh and more upbeat lifestyle experience. Robinsons Place Tacloban also expanded its retail space to accommodate more high-end tenants.

We continue to find ways to further enhance our customers' shopping experience. The Robinsons Malls' Lingkod Pinoy Center, a dedicated space in selected malls that carries satellite operations of important government agencies, is now present in 14 malls. Its success in Luzon will be replicated in Visayas and Mindanao. The Robinsons Privilege Card was also launched last December 2011, designed with the objective of providing visitors with special privileges and benefits at the Robinsons Malls. By September 2012, there were more than 20,000 registered cardholders.

Over the next two years, the division will be beefing up its portfolio with the opening of 7 new malls and expansion of 2 existing malls.


Central


ROBINSONS
MOVIEWORLD
TICKETS


Magnolia

Residential Division

ROBINSONS
LUXURIA

Luxuriate: Pampered living, your way.

Robinsons Luxuria is Robinsons Land Corporation's residential brand committed to a seamless pampered experience via its exclusive suites and residences found at iconic locations for a refined luxurious global living.

Generous living spaces, distinctive style, iconic locations, and attention to service and detail characterize the residential developments under the Robinsons Luxuria brand: Signa Designer Residences in Salcedo Village, Makati; Sonata Place in Ortigas Center, Pasig; and AmiSa Private Residences in Mactan, Cebu.

Fiscal year 2012 saw the turnover of Sonata Private Residences Tower 1 and AmiSa Private Residences Tower B to its unit owners. Robinsons Luxuria remains steadfast in creating and delivering the space and security for the discriminating affluent to experience pampered living their way.

ROBINSONS RESIDENCES

CITY LIVING DONE RIGHT

Robinsons Residences provides the ultimate convenience via its premium condominium developments located in prime locations for true easy living.

Contemporary and stylish building architecture, comfortable and efficient unit spaces, stress-buster amenities, digital concierge services and lifestyle privileges spell city living done right for the Robinsons Residences developments in the cities of Manila, Quezon City, Mandaluyong, Pasig, Taguig, Paranaque, and Cebu.

Turnover for Gateway Regency and The Trion Tower 1 commenced during fiscal year 2012. Newly launched projects include The Magnolia Residences Tower C in Quezon City and The Sapphire Bloc in Ortigas Center. Customers will enjoy smart, practical living with the modern day conveniences that Robinsons Residences will continue to offer.

Residential Division

ROBINSONS COMMUNITIES
wide spaces... friendly faces

Say hello to affordable city living! Robinsons Communities' project portfolio provides quality, affordable condominium developments in some of the metro's most convenient locations. It is the ideal choice for the practical and hardworking Filipino who aspires for the modern in-city lifestyle.

The brand offers functional and compact condo units matched with well-designed amenities, relaxing open spaces, complemented by commercial outlets. These qualities provide residents a friendly, secure, convenient and comfortable urban dwelling that keeps them close to their place of work, study, or recreation.

The brand's existing project line-up of both high-rise and mid-rise communities consists of: The Pearl Place in Ortigas Center, Pasig; Axis Residences in Pioneer, Mandaluyong; Acacia Escalades in Calle Industria, Pasig; Escalades South Metro in Sucat, Muntinlupa; Escalades @ 20th Avenue and Escalades East Tower in Cubao, Quezon City.

In the near future, our buyers can look forward to the opening of The Pearl Place Tower B and the launching of new projects in Greenhills, San Juan and Alabang-Zapote, Las Piñas.

Robinsons Homes
Start the good life

From families deciding to own their first home to those who want to have a bigger and better abode, Robinsons Homes offers the perfect setting for Filipinos who want to own a place they can truly be proud of. With choice lots in master planned, gated subdivisions located in key urbanized cities and provinces nationwide, Robinsons Homes gives families and individuals an ideal home to start the good life. Inspired by the value of identity, we create lifestyles suited to the every need and want of our home buyers through our Bloomfields, Brighton, Springdale and Happy Homes sub-brands.

Live the good life you've always wanted: gated neighborhoods with a sense of harmony; serene living amidst beautiful surroundings; security and peace of mind; places to create fun, lasting, precious moments with those you love.

Starting the good life has never been this exciting!

Office Buildings Division

Robinsons Offices is a preferred provider for top Business Process Outsourcing (BPO) and multinational companies with high-grade office buildings in accessible and convenient locations. Whether used as traditional offices or BPO Centers, Robinsons Offices offers its locators well-planned facilities and modern amenities. The architecture and engineering specifications of its office buildings are well suited for the world-class requirements of its clients.

At present, Robinsons Offices has 8 completed and operational buildings strategically located within main business districts and other key areas in Metro Manila and Metro Cebu, namely: Galleria Corporate Center and Robinsons Equitable Tower in Pasig; Robinsons Summit Center in Makati; Robinsons Cybergate Towers 1, 2, 3 and Plaza in Mandaluyong; and Robinsons Cybergate in Cebu.

Employees of our locators enjoy quick access to malls, surrounding commercial outlets, residential developments, hotels and other facilities. Transportation is also convenient due to the presence of different modes plying the major public network just minutes away from these buildings. Our offices complement the live-work-play lifestyle that our mixed-use development projects offer.

BPO and domestic companies can also look forward to more RLC office buildings with the expected completion of Robinsons Cyberscape Alpha and Beta in the Ortigas Central Business District in 2013.


GALLERIA CORPORATE CENTER

Hotels Division

RLC's Hotels Division owns and operates hotels in three brand segments. In the international deluxe category, it has the Crowne Plaza Manila Galleria and Holiday Inn Manila Galleria, both located in the Ortigas CBD and managed by the Intercontinental Hotels Group. For RLC's self-managed boutique Summit Hotel brand, it has the Summit Ridge in Tagaytay and Summit Circle in Cebu. The third brand segment owned and operated by RLC is the essential service hotel chain, Go Hotels, currently in 5 choice locations across the Philippines.

SUMMIT HOTELS GROUP

Summit Ridge Tagaytay

As the flagship hotel property of the Summit Hotel brand, Summit Ridge Tagaytay is the perfect event venue for both business and pleasure and will take any event to the next level with Tagaytay's naturally-cool climate and magnificent views of Taal Volcano. With 108 generously appointed rooms and suites, Summit Ridge offers an inviting and inspiring venue for important meetings, intimate social gatherings and all-out galas. Summit Ridge is located on Tagaytay's main road, nestled amongst an array of shops, restaurants and nightspots, next door to the Summit Promenade lifestyle center.

Summit Circle Cebu

Centrally located in Cebu's central commercial and business district, Summit Circle Cebu provides quality accommodations for both business and leisure travelers. This full service hotel features 210 guest rooms, a restaurant, a swimming pool with an outdoor lounge bar, a business center, a tour desk, function rooms, a ballroom, and a spacious lobby.

Summit Hotels will further expand its portfolio of full-service hotels in key leisure and business destinations.

GO HOTELS

Our successful Go Hotels chain has transformed the hotel booking experience through its internet-based booking system, www.gohotels.ph. 2012 has been a very successful year for Go Hotels with the opening of 4 hotels in Puerto Princesa, Dumaguete, Tacloban, and Bacolod in addition to its flagship branch in Mandaluyong. The current portfolio of Go Hotels has a combined total of 639 rooms in its room inventory. Go Hotels has maintained strong occupancies throughout its hotels while steadily increasing its market share.

Following its successful start, Go Hotels will continue its expansion by putting up 3 more hotels this 2013. These 3 hotels will be located in Otis-Manila (part of Robinsons Otis), Ortigas Center (near Robinsons Galleria), and in Iloilo City (as part of Robinsons Place Iloilo expansion), and will bring the total room inventory to more than 1,100 rooms. Go Hotels will continue its thrust to redefine domestic traveling by serving the important travel needs of guests at value-for-money rates and rewarding those that book early at www.gohotels.ph with even better rates.

Corporate Social Responsibility

THE GIFT OF CHANGE

The Gift of Change is an annual coin bank campaign which encourages mall shoppers to donate their loose change. It started in 1997 with the Jaime Cardinal Sin Village in Punta, Sta. Ana as its first beneficiary. To commemorate its 15th year this 2012, Robinsons Malls took giant leaps to roll out its Gift of Change project, benefiting over 19 foundations and organizations nationwide.

Working hand in hand with the Serviam Foundation, Robinsons Malls endeavored to improve and assist parochial schools and provide livelihood projects. The Gift of Change now assists the Pastoral Care for Children in Cagayan De Oro and Davao, the Sacred Heart Parish in Cebu, St. Anthony Academy in Dumaguete, the Archdiocese of Lipa, Caritas Cavite, Basic Ecclesial Communities in Los Baños, Youth Scholarship Program of the Apostolic Vicariate of Puerto Princesa, and Villa Maria Aeta Communities, to mention a few.

ROBINSONS MALLS: ENTREP CORNER

Robinsons Malls' Entrep Corner was established to develop and hone the entrepreneurial talents of college students by giving them a platform to showcase their products and services in Robinsons Malls. This gives them the chance to acquire actual retail experience in a mall environment, which would otherwise not be available to them.

The program also features the Robinsons Malls' Entrep Corner Exemplary Performance Awards where the winner with the best vision and entrepreneurial mindset is chosen and wins a seed fund to help jumpstart a business. To date, more than 300 students have benefited from their participation and the training that they received from the program.

LOVE TREES. LOVE LIFE.

Love Trees, Love Life: Planting Trees for a Greener Philippines is RLC's long-term environmental activity that aims to preserve nature through the propagation and planting of trees all over the country. Recognizing its corporate social responsibility not just to the community but to nature as well, it is the Company's effort to actively protect and safeguard the country's ecological assets. The program has already been implemented in Pampanga, Tagaytay, and Cebu.

DOSE OF HELP

Dose of Help is a long-term health and nutrition campaign of RLC. The first program under this campaign was the launch and celebration of the National Adolescent Immunization Day – a day that aims to bring awareness to the need to give booster shots for the protection of adolescents from preventable diseases. More than 1,500 fourth year high school students of Davao City National High School were vaccinated against measles, mumps and rubella (MMR) and tetanus and diptheria (TDAP). The event was organized together with the Department of Health and the Department of Education.

LET HOPE FLOAT

Let Hope Float is an emergency disaster relief campaign of RLC that seeks to help those affected by natural calamities. This year saw the arrival of two major calamities: Typhoon Sendong in Cagayan De Oro and the monsoon floods caused by Habagat in Metro Manila and Luzon. To aid those affected by these calamities, RLC sought the help of its shoppers, partner companies, and employees. Both campaigns have generated more than 2,500 boxes of goods that have helped around 10,000 families. The goods were distributed to the affected areas with the help of LGUs, DSWD and the AFP.

ROBINSONS LAND AND WORLD VISION

2012 also saw RLC via Robinsons Malls working with World Vision. A nationwide promo, "Your Pocket Change Can Change Their Lives," was held where mall shoppers were invited to donate Php 10.00

for every eco bag redeemed. During the Commitment Board signing, World Vision kids were treated to a day at the mall. The program will send 100 children from Cavite, Leyte, Palawan, Negros Occidental, Cebu and the Urban Development Program in Manila to school.

ROBINSONS LAND AND TV5

RLC added new meaning to building homes by supporting the TV5 show, Extreme Makeover Home Edition. With the theme of "Bagong Bahay, Bagong Buhay," the show and RLC gave a new home and hope to a deserving public school teacher whose family home fell into disrepair. Their new home was built in Bulacan. All RLC Business Units, their suppliers and business partners got together and contributed to this life-changing effort.

ENVIRONMENTAL SUSTAINABILITY PROGRAM

Energy Conservation Program (ENERCON)

An Energy Conservation Program is implemented in all RLC projects. This involves implementing simple but effective energy saving measures. RLC has also invested in new technology such as ozone-friendly refrigerants which help prevent further ozone depletion.

Wastewater Recovery Program

Through this program, wastewater is treated, filtered and reused, leading to zero wastewater discharge to public sewers and to a reduction in the company's carbon footprint. Several of our hotels and malls now use 100% recycled wastewater for their toilets and air-conditioning systems. Water quality is ensured by monthly tests by RLC's own Corporate Laboratory, which is accredited by DENR and recognized by the DOH.

Non-Chemical Water Treatment Program

The aim of this program is to use zero chemicals in the treatment of condenser water in cooling towers. Since its inception, it has already been implemented in several of our malls. Use of zero chemicals means no harmful discharge into the environment and more efficient recycling of used water.

Solid Waste Management Program

To promote and encourage proper waste management, under this program, we collect food and non-food waste from mall tenants, RLC offices, shoppers, and guestrooms. These are then separated and segregated into four types: plastics, cans, paper, and food for proper disposal.

Ink Cartridge Recycling Campaign

Robinsons Malls also worked with Canon for the Ink Cartridge Recycling Campaign in celebration of Earth Hour. The campaign aims to promote segregation and recycling among shoppers by providing drop-off points for their empty ink cartridges. Shoppers can drop off used ink cartridges, regardless of brand. The program aims to encourage sustainable living among the shoppers and the community it serves. The event was highlighted by the signing of a commitment board by RLC, Canon Marketing Philippines and the World Wildlife Fund.

Ho-Ho-Ho-Eco

True to its corporate mantra of improving and making life more meaningful for the Filipino people, Robinsons Malls ran Ho-Ho-Ho-Eco this Christmas season. This is a chain-wide promo where mall shoppers may redeem a Robinsons Malls eco bag. The promo is RLC's contribution in enjoining mall goers to reduce the use of plastic bags and instead use re-usable shopping bags.

Board of Directors

John 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

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BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

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, 2012 and 2011 and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of three years in the period ended September 30, 2012, 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, 2012 and 2011 and their financial performance and their cash flows for each of the three years in the period ended September 30, 2012, 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. 3670033, January 2, 2013, Makati City

January 10, 2013

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30	
	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20, 31 and 32)	**₱5,877,874,883**	₱9,048,827,354
Receivables (Notes 8, 20, 31 and 32)	**3,358,202,972**	2,318,128,375
Subdivision land, condominium and residential units for sale (Note 9)	**10,991,157,298**	8,491,028,487
Other current assets (Notes 10, 31 and 32)	**2,141,588,891**	1,318,829,880
Total Current Assets	**22,368,824,044**	21,176,814,096
Noncurrent Assets		
Noncurrent receivables (Notes 8, 20, 31 and 32)	**1,125,870,844**	1,189,418,089
Investment properties (Notes 5 and 11)	**43,879,096,885**	39,385,145,549
Property and equipment (Notes 5 and 12)	**2,703,758,606**	2,554,933,447
Other noncurrent assets (Notes 13, 31 and 32)	**569,197,256**	659,695,850
Total Noncurrent Assets	**48,277,923,591**	43,789,192,935
	₱70,646,747,635	₱64,966,007,031
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 14, 20, 29, 31 and 32)	**₱4,715,417,188**	₱4,240,490,766
Income tax payable	**196,038,284**	98,838,411
Deposits and other liabilities (Notes 15, 20, 31 and 32)	**1,642,587,819**	1,622,557,427
Current portion of loans payable (Notes 16, 31 and 32)	**2,000,000,000**	3,000,000,000
Total Current Liabilities	**8,554,043,291**	8,961,886,604
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 16, 31 and 32)	**10,000,000,000**	12,000,000,000
Deferred tax liabilities - net (Note 27)	**1,108,815,770**	630,086,367
Deposits and other noncurrent liabilities (Notes 17, 31 and 32)	**4,410,686,803**	4,337,435,850
Total Noncurrent Liabilities	**15,519,502,573**	16,967,522,217
Total Liabilities	**24,073,545,864**	25,929,408,821
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
Subscription receivables (Note 19)	**–**	(4,774,641,165)
Retained earnings (Note 18)		
Unappropriated	**11,563,225,962**	8,798,491,988
Appropriated	**10,500,000,000**	10,500,000,000
Treasury stock (Note 19)	**(221,834,657)**	(221,834,657)
	46,345,452,771	38,806,077,632
Non-controlling interest in consolidated subsidiaries	**227,749,000**	230,520,578
	46,573,201,771	39,036,598,210
	₱70,646,747,635	₱64,966,007,031

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2012	2011	2010
REVENUE (Note 21)			
Real Estate Operations			
Rental income	**₱6,690,605,012**	₱6,113,510,000	₱5,588,305,712
Real estate sales	**4,105,106,260**	4,307,396,547	2,954,258,256
Amusement income	**831,006,331**	687,899,815	712,645,094
Others	**504,262,858**	491,695,157	418,493,231
	12,130,980,461	11,600,501,519	9,673,702,293
Hotel Operations			
Rooms	**827,551,796**	707,593,257	665,425,855
Food and beverage	**510,557,588**	454,042,502	437,973,257
Others	**45,969,701**	44,583,428	43,915,486
	1,384,079,085	1,206,219,187	1,147,314,598
	13,515,059,546	12,806,720,706	10,821,016,891
COSTS (Note 22)			
Real Estate Operations			
Cost of rental services	**2,307,983,583**	2,273,414,793	2,002,480,835
Cost of real estate sales	**2,360,585,729**	2,664,371,840	1,745,032,612
Cost of amusement services	**389,831,006**	320,222,382	309,970,334
Others	**200,972,586**	241,827,547	148,642,261
	5,259,372,904	5,499,836,562	4,206,126,042
Hotel Operations			
Cost of room services	**414,107,338**	396,915,060	407,740,099
Cost of food and beverage	**180,153,791**	172,332,552	164,849,924
Others	**519,423,050**	440,342,170	424,316,369
	1,113,684,179	1,009,589,782	996,906,392
	6,373,057,083	6,509,426,344	5,203,032,434
	7,142,002,463	6,297,294,362	5,617,984,457
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**1,908,222,593**	1,771,516,817	1,595,283,415
OPERATING INCOME	**5,233,779,870**	4,525,777,545	4,022,701,042
OTHER INCOME (LOSSES)			
Interest income (Note 26)	**492,976,374**	444,164,957	467,930,270
Unrealized mark to market gain (loss) on derivative assets (Notes 13 and 31)	**(82,353,723)**	61,430,634	8,080,850
Interest expense (Note 26)	**(44,427,351)**	(177,709,404)	(228,768,370)
	366,195,300	327,886,187	247,242,750
INCOME BEFORE INCOME TAX	**5,599,975,170**	4,853,663,732	4,269,943,792
PROVISION FOR INCOME TAX (Note 27)	**1,355,233,728**	881,640,387	674,362,254
NET INCOME (Note 2)	**4,244,741,442**	3,972,023,345	3,595,581,538
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE INCOME	**₱4,244,741,442**	₱3,972,023,345	₱3,595,581,538
Net Income Attributable to:			
Equity holders of Parent Company	**₱4,238,513,020**	₱3,974,107,491	₱3,592,836,157
Non-controlling interest in consolidated subsidiaries	**6,228,422**	(2,084,146)	2,745,381
	₱4,244,741,442	₱3,972,023,345	₱3,595,581,538
Total Comprehensive Income Attributable to:			
Equity holders of Parent Company	**₱4,238,513,020**	₱3,974,107,491	₱3,592,836,157
Non-controlling interest in consolidated subsidiaries	**6,228,422**	(2,084,146)	2,745,381
	₱4,244,741,442	₱3,972,023,345	₱3,595,581,538
Basic/Diluted Earnings Per Share (Note 28)	**₱1.04**	₱1.16	₱1.21

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	Total Equity
	Common Stock (Note 19)	**Additional Paid-in Capital** (Note 19)	**Treasury Stock** (Note 19)	**Subscription Receivables** (Note 19)	**Unappropriated Retained Earnings** (Note 18)	**Appropriated Retained Earnings** (Note 18)		
					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**
					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
Balances at beginning of year	₱2,746,918,457	₱8,181,576,147	₱–	₱–	₱4,018,122,230	₱10,500,000,000	₱119,859,343	₱25,566,476,177
Total comprehensive income for the period	–	–	–	–	3,592,836,157	–	2,745,381	3,595,581,538
Cash dividends (Note 18)	–	–	–	–	(1,312,794,844)	–	–	(1,312,794,844)
Additional non-controlling interest in a subsidiary (Note 2)	–	–	–	–	–	–	110,000,000	110,000,000
Acquisition of treasury stock (Note 19)	–	–	(221,834,657)	–	–	–	–	(221,834,657)
Balances at end 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

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,599,975,170**	₱4,853,663,732	₱4,269,943,792
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 22 and 24)	**2,083,885,060**	2,113,120,088	1,912,198,868
Interest expense on loans payable (Note 26)	**44,427,351**	177,709,404	228,768,370
Accretion expense on security deposits (Notes 15 and 22)	**65,116,921**	72,600,177	71,311,994
Unrealized mark to market loss (gain) on derivative assets (Notes 13 and 31)	**82,353,723**	(61,430,634)	(8,080,850)
Provision for impairment losses (Notes 8 and 23)	**731,444**	770,804	2,025,141
Interest income (Note 21 and 26)	**(746,577,415)**	(671,813,337)	(702,125,711)
Loss on retirement of investment in shares of stock	**–**	10,000,000	–
Operating income before working capital changes	**7,129,912,254**	6,494,620,234	5,774,041,604
Decrease (increase) in:			
Receivables - trade	**(983,317,404)**	2,675,184	579,739,863
Subdivision land, condominium and residential units for sale	**(1,798,334,450)**	(2,128,322,849)	(1,113,143,773)
Prepaid expenses and value-added input tax	**(91,939,603)**	(268,835,903)	95,844,064
Other current assets	**(514,048,893)**	(17,735,133)	(7,762,443)
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	**554,692,360**	(133,816,371)	(883,177,645)
Net pension liabilities	**26,620,298**	19,271,003	13,131,004
Customers' deposits	**467,522,464**	(6,415,530)	608,985,085
Cash generated from operations	**4,791,107,026**	3,961,440,635	5,067,657,759
Interest received from installment contract receivable	**253,601,041**	227,648,380	234,195,441
Income tax paid	**(779,304,452)**	(724,811,393)	(901,553,734)
Net cash flows provided by operating activities	**4,265,403,615**	3,464,277,622	4,400,299,466
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**491,424,916**	450,110,258	455,176,908
Decrease (increase) in:			
Receivables from affiliated companies (Note 20)	**7,610,066**	1,934,225,376	(1,951,216,904)
Advances to suppliers and contractors	**(33,081,049)**	(155,042,366)	(110,408,654)
Other noncurrent assets	**(65,165,285)**	(32,578,773)	(22,848,704)
Advances to lot owners	**(110,379,310)**	30,758,610	(10,850,026)
Advances to Altus San Nicolas Corporation (Note 2)	**–**	–	597,805,693
Investment in shares of stock (Note 10)	**–**	–	(210,000,000)
Receivable from Meralco	**–**	6,890,300	17,524,926
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Note 11)	**(7,055,779,175)**	(9,462,734,833)	(4,194,296,619)
Property and equipment (Note 12)	**(372,676,741)**	(491,355,114)	(503,986,667)
Proceeds from sale of investment property	**–**	–	290,610
Proceeds from redemption from shares of stocks (Note 10)	**–**	200,000,000	–
Net cash flows used in investing activities	**(7,138,046,578)**	(7,519,726,542)	(5,932,809,437)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscription receivable (Note 19)	**₱4,774,641,165**	₱–	₱–
Interest paid	**(73,984,286)**	(237,010,970)	(285,948,259)
Payments of loans payable (Note 16)	**(3,000,000,000)**	–	(115,000,000)
Increase (decrease) in payable to affiliated companies and other liabilities (Note 15)	**(516,981,356)**	515,414,802	39,430,985
Proceeds from issuance of capital stock (inclusive of additional paid-in capital) (Note 19)	**–**	8,800,925,697	–
Payments of cash dividends (Note 18)	**(1,481,985,031)**	(1,472,658,742)	(1,312,228,736)
Acquisition of treasury stock (Note 19)	**–**	–	(221,834,657)
Net cash flows provided by (used in) financing activities	**(298,309,508)**	7,606,670,787	(1,895,580,667)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,170,952,471)**	3,551,221,867	(3,428,090,638)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,048,827,354**	5,497,605,487	8,925,696,125
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱5,877,874,883**	₱9,048,827,354	₱5,497,605,487

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 four wholly-owned subsidiaries, namely: Robinsons Inn, Inc. (RII); Robinsons Realty and Management Corporation (RRMC); Robinsons (Cayman) Limited (RCL); and Robinsons Properties Marketing and Management Corporation (RPMMC); 51%-owned subsidiary, Altus Angeles, Inc. (AAI); and 80%-owned subsidiary, Altus San Nicolas Corp. (ASNC) (see Note 2) (collectively known as the "Group").

The Group is engaged in the business of selling, acquiring, developing, leasing and disposing of real properties such as land, buildings, shopping malls, commercial centers and housing projects, hotels and other variants and mixed-used property projects. The Group is 60.97% owned by JG Summit Holdings, Inc. (JGSHI), the Group's ultimate parent company. JGSHI is one of the country's largest conglomerates, with diverse interests in branded consumer foods, agro-industrial and commodity food products, petrochemicals, air transportation and financial services.

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

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention method, except for a derivative financial instrument that 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.

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

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Group as at September 30, 2012 and 2011 and for each of the three years in the period ended September 30, 2012. 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 the consolidation. All intercompany balances, transactions, income and expense and profit and loss are eliminated in full.

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, 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.

<u>*Incorporation of Altus San Nicolas Corporation*</u>
In August 2006, the Group entered into an agreement with VVH Realty Corporation (VVH) in an 80:20 proportion. In 2009, the parties agreed to incorporate ASNC for the purpose of co-developing a parcel of land into a commercial complex in San Nicolas, Ilocos Norte. In May 2010, the Company converted its advances to ASNC amounting ₱440 million for an 80% effective interest in ASNC.

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 PFRS, Improvements to PFRS and Philippine Interpretations effective beginning October 1, 2011. 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.

- PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets* (Amendments)
  The amendments require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendments are effective for periods beginning on or after July 1, 2011. The Group has no financial assets that have been transferred but have not been derecognized.

Future Changes in Accounting Policies

The Group will adopt the following new and amended PFRS and Philippine Interpretation enumerated below when these become effective. Except as otherwise indicated, the following new and amended PFRS and Philippine Interpretation will not have significant impact to the consolidated financial statements:

Effective in 2012 for adoption in fiscal year ending September 30, 2013

- 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. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.

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

- 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 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, 2012	As at October 1, 2011
Consolidated statement of financial position		
Increase in:		
Net defined benefit liability	₱92.60	₱33.06
Deferred tax asset	27.78	9.92
Other comprehensive loss	109.91	46.65
Retained earnings	45.09	23.51

	2012
Consolidated statement of comprehensive income	
Increase (decrease) in:	
Net benefit cost	(₱3.72)
Income tax expense	(1.12)
Profit for the year	2.60
Attributable to the owners of the Parent Company	2.60
Attributable to non-controlling interests	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

- 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.

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

- 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 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 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.

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.

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.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Company.

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 (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, financial assets at FVPL and other financial liabilities at amortized cost.

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

Determination of fair value
The fair value for financial instruments traded in active markets at the consolidated reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and 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 Cash and cash equivalents, Receivables, 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.

Dividend income is recognized according to the terms of the contract, or when the right of the payment has been established.

The Group's financial asset at FVPL consists of derivative asset (see Notes 13, 31 and 32). The Group has no financial liability at FVPL.

<u>Derivative Financial Instruments</u>
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 "Others" under real estate revenue. The derivative is carried as asset when the fair value is positive and as liability when the fair value is negative.

The Group has an outstanding interest rate swap agreement with an international bank to hedge its interest rate exposure on Inverse Floating Rate Notes (see Note 13).

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

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

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

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

The Group has no embedded derivatives requiring bifurcation.

<u>AFS Financial Assets</u>
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, 2012 and 2011, the Group has no AFS financial assets.

<u>HTM investments</u>
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" when the HTM investments are derecognized and impaired, as well as through the amortization process.

As of September 30, 2012 and 2011, the Group has no HTM investments.

<u>Other Financial Liabilities</u>
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.

<u>Debt Issuance Costs</u>
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.

<u>Customers' Deposits</u>
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 loan or receivable, 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 retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or
- the Group has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

Subdivision Land, Condominium and Residential Units for Sale
Subdivision land, condominium and residential units for sale are carried at the lower of cost 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 acquisition or construction of property and equipment to the extent incurred during the period of construction and installation.

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

Depreciation 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.

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
This accounting policy applies primarily to the Group's investment properties and property and equipment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use 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.

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.

General and Administrative Expenses
General and administrative expenses are recognized as they are incurred.

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 (1) of the following applies:

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

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

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the 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 acquisition and construction of a qualifying asset (included under Subdivision land, condominium and residential units for sale, Investment properties and Property and equipment accounts) are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress. It is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization is based on the weighted average borrowing cost.

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

If after capitalization of the borrowing costs, the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of comprehensive income. Interest expense on loans and borrowings is recognized using the EIR method over the term of the loans and borrowings.

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

Foreign Currency Transactions
The functional currency of each entity in the Group is the Philippine Peso, except for RCL. 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. The future minimum rentals payable under non-cancellable operating lease amounted to ₱6,366 million, ₱6,418 million and ₱6,514 million as of September 30, 2012, 2011 and 2010, respectively (see Note 34).

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 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. 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.

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

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):

	2012	2011
Receivables	**₱4,529,948,845**	₱3,552,690,049
Allowance for impairment losses	**45,875,029**	45,143,585

Fair values of financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group utilized different valuation 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 and 2011, the Group has a derivative asset classified under FVPL amounting ₱90 million and ₱172 million, respectively (see Notes 13 and 31).

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

The related balances follow:

	2012	2011
Investment properties (Note 11)		
Cost	**₱58,540,806,725**	₱52,186,821,911
Accumulated depreciation and amortization	**14,661,709,840**	12,801,676,362
Property and equipment (Note 12)		
Cost	**5,949,992,200**	5,578,204,100
Accumulated depreciation and amortization	**3,246,233,594**	3,023,270,653

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.

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.

The related balances follow:

	2012	2011
Investment properties (Note 11)		
Cost	**₱58,540,806,725**	₱52,186,821,911
Accumulated depreciation and amortization	**14,661,709,840**	12,801,676,362
Property and equipment (Note 12)		
Cost	**5,949,992,200**	5,578,204,100
Accumulated depreciation and amortization	**3,246,233,594**	3,023,270,653

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, 2012 and 2011 amounted to ₱541 million and ₱482 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 ₱19 million and ₱14 million as of September 30, 2012 and 2011, respectively. The related deferred tax assets amounted to ₱6 million and ₱4 million as of September 30, 2012 and 2011, respectively.

As of September 30, 2012 and 2011, 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:

	2012	2011
Net pension liabilities (Notes 17 and 29)	**₱87,476,081**	₱60,855,783
Pension benefit obligation (Note 29)	**235,108,692**	145,607,663
Unrecognized net actuarial gains (Note 29)	**92,600,773**	32,648,717

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 and 2011, the carrying value of the Group's derivative asset amounted to ₱90 million and ₱172 million, respectively (see Note 13).

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:

	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**
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	**₱17,530,039,018**	**₱4,213,744,822**	**₱895,492,009**	**₱325,454,245**	**₱–**	**₱22,964,730,094**
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	₱16,633,107,728	₱5,938,733,516	₱1,980,017,352	₱747,463,858	₱–	₱25,299,322,454
Other segment information:						
Capital expenditures						₱13,882,029,116

	2010					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating Adjustments	Consolidated
Revenue						
Segment revenue	₱5,311,643,464	₱3,179,832,261	₱1,182,226,568	₱1,147,314,598	₱–	₱10,821,016,891
Intersegment revenue	34,914,402	–	–	–	(34,914,402)	–
Total Revenue	5,346,557,866	3,179,832,261	1,182,226,568	1,147,314,598	(34,914,402)	10,821,016,891
Costs and expenses						
Segment costs and expenses	1,599,109,171	2,448,292,329	42,621,736	796,093,745	–	4,886,116,981
Intersegment costs and expenses	–	34,914,402	–	–	(34,914,402)	–
Total Costs and expenses	1,599,109,171	2,483,206,731	42,621,736	796,093,745	(34,914,402)	4,886,116,981
Earnings before interest, taxes and depreciation and amortization	3,747,448,695	696,625,530	1,139,604,832	351,220,853	–	5,934,899,910
Depreciation and amortization (Note 24)	1,388,316,331	25,856,018	297,213,869	200,812,650	–	1,912,198,868
Operating income	₱2,359,132,364	₱670,769,512	₱842,390,963	₱150,408,203	₱–	₱4,022,701,042
Assets and Liabilities						
Segment assets	₱32,696,765,503	₱14,344,807,170	₱4,351,911,857	₱1,707,650,694	₱–	₱53,101,135,224
Investment in subsidiaries - at cost	1,926,030,407	–	–	–	(1,926,030,407)	–
Total segment assets	₱34,622,795,910	₱14,344,807,170	₱4,351,911,857	₱1,707,650,694	(₱1,926,030,407)	₱53,101,135,224
Total segment liabilities	₱16,429,728,743	₱6,807,867,785	₱1,455,361,372	₱670,749,110	₱–	₱25,363,707,010
Other segment information:						
Capital expenditures						₱6,473,987,017

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements amounting ₱35 million, ₱31 million and ₱35 million in 2012, 2011 and 2010, respectively, are eliminated on consolidation.

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

Capital expenditures consists of additions to property and equipment, 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 amounted to about ₱1,397 million, ₱1,317 million and ₱1,263 million in 2012, 2011 and 2010, respectively.

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

	2012	2011	2010
EBITDA	**₱7,317,664,930**	₱6,638,897,633	₱5,934,899,910
Depreciation and amortization (Note 24)	**2,083,885,060**	2,113,120,088	1,912,198,868
Other income - net	**366,195,300**	327,886,187	247,242,750
Income before income tax	**₱5,599,975,170**	₱4,853,663,732	₱4,269,943,792

7. Cash and Cash Equivalents

This account consists of (see Note 20):

	2012	2011
Cash on hand and in banks	**₱239,167,959**	₱159,643,410
Short-term investments	**5,638,706,924**	8,889,183,944
	₱5,877,874,883	₱9,048,827,354

Cash in banks earns 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 1.50% to 4.88% and 0.25% to 4.38% in 2012 and 2011, respectively.

Interest earned from cash in banks and short-term investment for the years ended September 30, 2012, 2011 and 2010 amounted to ₱493 million, ₱414 million and ₱298 million, respectively (see Note 26).

8. Receivables

This account consists of:

Trade		
Installment contract receivables	**₱3,387,431,248**	₱2,506,393,940
Accrued rent receivables	**402,671,416**	351,163,620
Rental receivables (Note 20)	**412,657,315**	341,902,804
Hotel operations	**107,939,233**	50,718,392
	4,310,699,212	3,250,178,756
Affiliated companies (Note 20)	**34,723,299**	42,333,365
Others	**184,526,334**	260,177,928
	4,529,948,845	3,552,690,049
Less allowance for impairment losses	**45,875,029**	45,143,585
	4,484,073,816	3,507,546,464
Less noncurrent portion	**1,125,870,844**	1,189,418,089
	₱3,358,202,972	₱2,318,128,375

The installment contract receivables aggregating ₱3,387 million and ₱2,506 million as of September 30, 2012 and 2011, 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.

Rental receivables from affiliated companies included under "Rental receivables" amounted to about ₱56 million and ₱86 million as of September 30, 2012 and 2011, 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 recognized as income on a straight-line basis.

Other receivables consist primarily of accruals of interest on short-term investments.

Allowance for Impairment Losses on Trade Receivables

As of September 30, 2012 and 2011, trade receivables with carrying value of ₱46 million and ₱45 million were impaired and fully provided for. Changes in allowance for impairment losses on trade receivables follow:

	2012				
	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	**Rental Receivable**	**Hotels Operations**	**Installment Contract Receivables**	**Total**
Balances at beginning of year	**₱542,358**	**₱13,400,757**	**₱12,200,470**	**₱19,000,000**	**₱45,143,585**
Provision for impairment losses (Note 23)	**–**	**–**	**731,444**	**–**	**731,444**
Balances at end of year	**₱542,358**	**₱13,400,757**	**₱12,931,914**	**₱19,000,000**	**₱45,875,029**

	2011				
	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at beginning of year	₱542,358	₱20,512,893	₱11,429,666	₱19,000,000	₱51,484,917
Provision for impairment losses (Note 23)	–	–	770,804	–	770,804
Amount written off	–	(7,112,136)	–	–	(7,112,136)
Balances at end of year	₱542,358	₱13,400,757	₱12,200,470	₱19,000,000	₱45,143,585

Aging Analysis

The aging analysis of the Group's receivables follows:

	2012						
			Past Due But Not Impaired				
	Total	**Neither Past Due nor Impaired**	**Less than 30 days**	**30 to 60 days**	**61 to 90 days**	**Over 90 days**	**Past Due and Impaired**
Trade receivables							
Installment contract receivables	**₱3,387,431,248**	**₱2,665,488,235**	**₱237,935,514**	**₱47,828,405**	**₱65,914,124**	**₱350,722,612**	**₱19,542,358**
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**	**68,264,638**	**18,586,619**	**5,962,174**	**2,174,425**	**19,463**	**12,931,914**
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**

	2011						
			Past Due But Not Impaired				
	Total	Neither Past Due nor Impaired	Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables							
Installment contract receivables	₱2,506,393,940	₱2,001,578,141	₱49,248,766	₱32,774,871	₱27,442,750	₱375,845,142	₱19,504,270
Accrued rent receivables	351,163,620	351,163,620	–	–	–	–	–
Rental receivables	341,902,804	301,672,540	–	1,517,025	2,557,921	22,754,561	13,400,757
Hotel operations	50,718,392	24,806,904	9,796,155	3,193,879	682,896	–	12,238,558
Affiliated companies (Note 20)	42,333,365	42,333,365	–	–	–	–	–
Others	260,177,928	260,177,928	–	–	–	–	–
	₱3,552,690,049	₱2,981,732,498	₱59,044,921	₱37,485,775	₱30,683,567	₱398,599,703	₱45,143,585

The Group holds no collateral in respect of these receivables.

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2012	2011
Land and condominium units	**₱6,242,367,420**	₱6,411,923,262
Residential units and subdivision land development costs	**4,748,789,878**	2,079,105,225
	₱10,991,157,298	₱8,491,028,487

The subdivision land, condominium and residential units for sale are carried at cost. There is no write down recorded for 2012, 2011 and 2010.

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 ₱2,360 million, ₱2,664 million and ₱1,745 million for the years ended September 30, 2012, 2011 and 2010, respectively (see Note 22).

There are no subdivision land, condominium and residential units for sale as of September 30, 2012 and 2011 that are pledged as security to liabilities.

10. Other Current Assets

This account consists of:

	2012	2011
Value-added input tax - net	**₱1,000,312,792**	₱903,217,562
Advances to suppliers and contractors	**291,135,415**	276,687,707
Advances to lot owners	**144,951,759**	32,772,104
Derivative asset (Note 31)	**90,143,152**	–
Supplies	**71,045,573**	57,542,090
Prepaid expenses	**39,934,810**	45,090,437
Utility deposits (Notes 31 and 32)	**4,065,390**	3,519,980
Others	**500,000,000**	–
	₱2,141,588,891	₱1,318,829,880

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

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.

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. The deposit is refundable 90 days from the bid submission date. The Group lost in the said auction.

11. Investment Properties

The rollforward analysis of this account follows:

	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	**(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 (Note 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**

	2011				
	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost					
Balances at beginning of year	₱11,664,127,845	₱65,436,943	₱29,665,117,917	₱1,494,802,196	₱42,889,484,901
Additions	5,415,632,248	9,801,220	662,310,163	3,374,991,202	9,462,734,833
Retirements/disposals	(165,397,823)	–	–	–	(165,397,823)
Reclassifications/transfers	–	9,187,730	167,380,563	(176,568,293)	–
Balances at end of year	16,914,362,270	84,425,893	30,494,808,643	4,693,225,105	52,186,821,911
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	47,835,727	10,996,951,032	–	11,044,786,759
Depreciation and amortization (Note 24)	–	4,387,437	1,752,502,166	–	1,756,889,603
Balances at end of year	–	52,223,164	12,749,453,198	–	12,801,676,362
Net Book Value	₱16,914,362,270	₱32,202,729	₱17,745,355,445	₱4,693,225,105	₱39,385,145,549

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

During the year, ₱702 million land were transferred from investment properties to subdivision land, condominium and residential units for sale for the Group's residential projects.

Depreciation and amortization expense charged to operations amounted to ₱1,860 million,₱1,757 million and ₱1,597 million for the year ended September 30, 2012, 2011 and 2010, respectively (see Note 24).

Borrowing costs capitalized amounted to about ₱1,133 million and ₱1,041 million in 2012 and 2011, 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 2012 and 2011 is 8.15% and 8.03%, respectively (see Note 16).

The fair value of investment properties, which has been determined based on valuations performed by independent professional qualified appraisers as of September 30, 2009, exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The aggregate fair value as of the date of appraisal amounted to ₱49,744 million.

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

Property operations and maintenance costs arising from investment properties amounted to₱330 million, ₱277 million and ₱220 million for the year ended September 30, 2012, 2011 and 2010, respectively (see Note 22).

There are no investment properties as of September 30, 2012 and 2011 that are pledged as security to liabilities.

12. Property and Equipment

The rollforward analysis of this account follows:

	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 (Note 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**

	2011					
	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost						
Balances at beginning of year	₱173,086,946	₱30,070,399	₱2,900,965,515	₱323,860,705	₱1,663,526,543	₱5,091,510,108
Additions	–	6,753,376	41,947,117	36,814,182	405,840,439	491,355,114
Retirements/disposal	–	(2,497,440)	(572,048)	–	(1,591,634)	(4,661,122)
Reclassifications/transfers	–	–	(1,253,322)	–	1,253,322	–
Balances at end of year	173,086,946	34,326,335	2,941,087,262	360,674,887	2,069,028,670	5,578,204,100
Accumulated Depreciation and Amortization						
Balances at beginning of year	–	19,255,317	1,185,245,517	234,987,801	1,232,212,655	2,671,701,290
Depreciation and amortization (Note 24)	–	4,174,755	151,382,867	34,985,080	165,687,783	356,230,485
Retirements/disposal	–	(2,497,440)	(572,048)	–	(1,591,634)	(4,661,122)
Balances at end of year	–	20,932,632	1,336,056,336	269,972,881	1,396,308,804	3,023,270,653
Net Book Value	₱173,086,946	₱13,393,703	₱1,605,030,926	₱90,702,006	₱672,719,866	₱2,554,933,447

Depreciation and amortization expense charged to operations amounted to ₱224 million, ₱356 million and ₱315 million for the year ended September 30, 2012, 2011 and 2010, respectively (see Note 24).

Land and certain building improvements with a carrying net book value of ₱1,300 million have an appraised value of ₱4,700 million as of September 30, 2009.

The following are the costs of property and equipment that are fully depreciated as of September 30, 2012 and 2011 but still used in operations:

	2012	2011
Furniture and equipment	**₱54,190,106**	₱44,101,144
Building and improvements	**269,132,899**	18,780,484
Land improvements	**698,241**	698,241
Other equipment	**82,213,995**	82,127,577
	₱406,235,241	₱145,707,446

There are no property and equipment items as of September 30, 2012 and 2011 that are pledged as security to liabilities.

13. Other Noncurrent Assets

This account consists of:

	2012	2011
Utility deposits (Notes 31 and 32)	**₱284,792,491**	₱222,076,451
Advances to lot owners	**172,366,647**	174,166,992
Advances to suppliers and contractors	**19,904,608**	1,271,267
Derivative asset (Note 31)	**–**	172,496,875
Others	**92,133,510**	89,684,265
	₱569,197,256	₱659,695,850

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.

Derivative assets arises from an interest rate swap agreement entered by the Group with a total notional amount of ₱2,000 million to hedge its interest rate exposures on the Inverse Floating Rate Notes bearing an interest rate of 15.70% less three (3) month benchmark rate (PDST-F) (see Note 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.

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 which will be utilized at the end of joint venture agreement.

14. Accounts Payable and Accrued Expenses

This account consists of:

	2012	2011
Accounts payable (Note 20)	**₱2,481,568,430**	₱1,481,230,267
Taxes and licenses payable	**1,266,221,850**	1,609,414,117
Accrued salaries and wages	**254,394,752**	256,505,766
Accrued interest expense	**182,335,931**	211,892,866
Accrued rent expense	**161,742,787**	92,639,627
Accrued contracted services	**116,763,960**	87,879,103
Dividends payable	**9,483,026**	8,689,011
Other accrued payable	**242,906,452**	492,240,009
	₱4,715,417,188	₱4,240,490,766

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

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

This account consists of:

	2012	2011
Deposits from real estate buyers (Notes 17 and 32)	**₱1,226,426,595**	₱845,695,426
Deposits from lessees (Notes 17 and 32)	**313,399,460**	174,545,141
Payables to affiliated companies (Notes 20 and 32)	**102,761,764**	602,316,860
	₱1,642,587,819	₱1,622,557,427

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 which amounted to₱1,771 million and ₱1,587 million as of September 30, 2012 and 2011, respectively.

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 ₱65 million, ₱72 million and ₱71 million in 2012, 2011 and 2010, respectively, (see Note 22).

The Unearned rental income (included under the caption "Deposit from lessees") amounted to ₱103 million and ₱104 million as of September 30, 2012 and 2011, respectively. The rental income on amortization of unearned rental income amounted to ₱65 million and ₱70 million and ₱72 million in 2012, 2011 and 2010, 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

This account consists of:

	Principal Amount	2012	2011
Five-year and one day note from Hongkong Shanghai Banking Corporation (HSBC) maturing on May 29, 2012 with fixed rate at 6.375%, interest payable semi-annually in arrears on the last day of each six-month interest period	**₱3,000,000,000**	**₱–**	₱3,000,000,000
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 maturing on June 6, 2013 bearing an interest rate of 15.7% less the 3-month benchmark rate (PDST-F), and a tenor of 5 years + 1 day; interest is payable quarterly, in arrears, on the last day of each 3-month interest period	**2,000,000,000**	**2,000,000,000**	2,000,000,000
Five-year and one day 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
	15,000,000,000	**12,000,000,000**	15,000,000,000
Less current portion		**2,000,000,000**	3,000,000,000
	₱15,000,000,000	**₱10,000,000,000**	₱12,000,000,000

The Group's loans payable are all unsecured.

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

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

The Parent Company paid in full the loan on May 28, 2012.

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.

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.

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.

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

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

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.

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

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

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.

Borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties amounted to ₱1,133 million and ₱1,041 million in 2012 and 2011, respectively. Capitalization rate is 8.15% and 8.03% in 2012 and 2011, respectively.

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

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
2012	**₱2,000,000,000**	**₱10,000,000,000**	**₱–**	**₱–**	**₱–**	**₱12,000,000,000**
2011	₱3,000,000,000	₱2,000,000,000	₱10,000,000,000	₱–	₱–	₱15,000,000,000

17. Deposits and Other Noncurrent Liabilities

This account consists of:

	2012	2011
Deposits from lessees - net of current portion (Note 31)	**₱2,029,673,869**	₱1,820,384,583
Accrued rent expense	**1,181,403,160**	1,080,362,640
Deposits from real estate buyers - net of current portion (Note 31)	**544,836,353**	741,071,742
Pension liabilities (Note 29)	**87,476,081**	60,855,783
Advances and others	**567,297,340**	634,761,102
	₱4,410,686,803	₱4,337,435,850

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 recognized as expensed 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 marketing fund and noncurrent accounts payable.

18. Retained Earnings

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting ₱408 million and ₱380 million as of September 30, 2012 and 2011 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 Board of Directors (BOD) declared cash dividends in favor of all its stockholders as follows:

	2012	2011
Date of declaration	**April 18, 2012**	May 11, 2011
Date of payment	**June 01, 2012**	June 27, 2011
Ex-dividend rate	**May 8, 2012**	May 31, 2011
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 15, 2009, the BOD approved the additional appropriation of ₱7,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirement of the Group (see Note 11).

On May 14, 2003, the BOD approved the appropriation of ₱3,500 million, out of the unappropriated retained earnings, for future expansion (see Note 11).

The appropriations are earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

19. Capital Stock

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

	2012	2011	2010
Authorized - at ₱1 par value	**8,200,000,000**	8,200,000,000	3,000,000,000
At beginning of the period	**4,093,830,685**	2,729,220,457	2,746,918,457
Additional subscription	–	1,364,610,228	–
Treasury shares	–	–	(17,698,000)
Issued and outstanding	**4,093,830,685**	4,093,830,685	2,729,220,457

Increase in Authorized Capital Stock
On November 19, 2010, the Board of Directors (BOD) authorized the increase in the authorized capital stock of the Company from ₱3,000,000,000 common shares with par value of ₱1.00 per share to ₱8,200,000,000 common shares with par value of ₱1.00 per share. 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, 2012:

	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
September 30, 2012	4,111,528,685			1,270

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

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, 2012 and 2011.

		2012	2011
(a)	Loans payable (Note 16)	**₱12,000,000,000**	₱15,000,000,000
(b)	Equity	**₱46,573,201,771**	₱39,036,598,210
(c)	Debt-to-capital ratio (a/b)	**0.26:1**	0.38:1

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. Related parties may be individuals or corporate entities (referred herein as affiliates).

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

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

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

The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱1,397 million,₱1,317 million and ₱1,263 million in 2012, 2011 and 2010, respectively (see Note 6).

The Group also maintains savings and current accounts and time deposits with Robinsons Savings Bank (RSB), an entity under common control which is a local commercial bank. The balances as of September 30 follow:

	2012	2011
Savings and current accounts	**₱215,404,340**	₱86,374,803
Short-term investments	**4,086,687,239**	8,817,480,814
	₱4,302,091,579	₱8,903,855,617

Cash in RSB earns interest at the prevailing bank deposit rates. Interest income from RSB amounted to ₱353 million, ₱285 million and ₱178 million in 2012, 2011 and 2010, respectively.

As of September 30, 2012 and 2011, the net payable to affiliated companies amounted to₱29 million and ₱520 million, respectively. Details are as follow:

	2012	2011
Receivable from affiliated companies (Notes 8 and 32)		
Under common control		
Robinsons Recreation Corporation	**₱11,334,271**	₱13,209,271
Universal Robina Corporation	**8,382,889**	6,249,032
Others	**5,012,910**	12,881,833
Joint venture		
VVH Realty Corporation	**9,993,229**	9,993,229
	34,723,299	42,333,365
Payable to affiliated companies (Notes 15 and 32)		
Parent		
JGSHI	–	(496,142,280)
Under Common control		
Westpoint Industrial Mills	**(22,819,452)**	(22,819,452)
Others	**(4,932,312)**	(8,345,128)

(Forward)

	2012	2011
Joint venture		
WINSOME	**(75,010,000)**	(75,010,000)
	(102,761,764)	(602,316,860)
Net payable to affiliated companies	**(₱68,038,465)**	(₱559,983,495)

Other receivables from affiliates account consist primarily of receivables from JG Summit Capital Markets Corporation, Express Holdings Inc. and Oriental Petroleum and Minerals Corporation and are non-interest bearing.

Payable to JGSHI represents outstanding management fee liability of the Group to JGSHI.

Other payables from affiliates account consists primarily of payables to Robinsons, Inc. and Robinsons Savings Bank Corp.

Outstanding balances as of September 30, 2012 and 2011, which are unsecured and interest free, are all due within one (1) year, except for VVH Reality Corporation, which earns interest income at prevailing market rate.

In 2010, the Group has an outstanding receivable from JGSHI amounting to ₱1,920 million which earned interest at prevailing market rate. The receivable was collected on November 2010. Total interest earned amounted to ₱26 million and ₱161 million in 2011 and 2010, respectively.

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%.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts due from related parties for the years ended September 30, 2012, 2011 and 2010. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

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

	2012	2011
Short term employee benefits (Note 23)	**₱616,010,623**	₱545,422,594
Post-employment benefits (Notes 25 and 29)	**28,404,328**	25,774,243
	₱644,414,951	₱571,196,837

21. Revenue

This account consists of:

	2012	2011	2010
Real Estate Operations			
Rental income (Notes 20 and 34)	**₱6,690,605,012**	₱6,113,510,000	₱5,588,305,712
Real estate sale	**4,105,106,260**	4,307,396,547	2,954,258,256
Amusement income	**831,006,331**	687,899,815	712,645,094
Others	**504,262,858**	491,695,157	418,493,231
	12,130,980,461	11,600,501,519	9,673,702,293
Hotel Operations			
Rooms	**827,551,796**	707,593,257	665,425,855
Food and beverage	**510,557,588**	454,042,502	437,973,257
Others	**45,969,701**	44,583,428	43,915,486
	1,384,079,085	1,206,219,187	1,147,314,598
	₱13,515,059,546	₱12,806,720,706	₱10,821,016,891

Real estate sale includes interest income from installment contract receivable amounting to ₱254 million, ₱227 million and ₱234 million in 2012, 2011 and 2010, respectively.

Other revenue under real estate operations mainly includes association dues and other penalty charges received from tenants and other penalty charges received from buyers.

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

22. Costs

This account consists of:

	2012	2011	2010
Real Estate Operations			
Cost of Rental Services			
Depreciation and amortization	**₱1,912,389,630**	₱1,923,747,627	₱1,711,386,218
Property operations and maintenance costs	**330,477,032**	277,066,989	219,782,623
Others (Note 15)	**65,116,921**	72,600,177	71,311,994
	2,307,983,583	2,273,414,793	2,002,480,835
Cost of Real Estate Sales	**2,360,585,729**	2,664,371,840	1,745,032,612
Cost of Amusement Services			
Film rentals expense	**389,831,006**	320,222,382	309,970,334
Others	**200,972,586**	241,827,547	148,642,261
	5,259,372,904	5,499,836,562	4,206,126,042
Hotel Operations			
Cost of room services			
Property operations and maintenance costs	**242,611,908**	207,542,599	206,927,449
Depreciation and amortization	**171,495,430**	189,372,461	200,812,650
	414,107,338	396,915,060	407,740,099
Cost of food and beverage	**180,153,791**	172,332,552	164,849,924
Others			
Salaries and wages	**157,744,391**	148,585,221	141,347,224
Contracted services	**89,662,972**	77,900,347	70,669,500
Supplies	**39,511,902**	35,342,575	35,319,303
Management fee	**79,690,847**	70,481,594	70,515,990
Commission	**19,161,552**	17,966,879	16,385,521
Operating equipment expense	**21,368,861**	4,643,873	5,243,974
Others	**112,282,525**	85,421,681	84,834,857
	519,423,050	440,342,170	424,316,369
	1,113,684,179	1,009,589,782	996,906,392
	₱6,373,057,083	₱6,509,426,344	₱5,203,032,434

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

This account consists of:

	2012	2011	2010
Salaries and wages (Notes 20, 25 and 29)	**₱486,670,560**	₱422,611,616	₱367,370,141
Advertising and promotions	**390,625,809**	346,019,836	285,976,028
Taxes and licenses	**310,882,751**	301,858,105	316,976,296
Commission	**286,594,711**	276,098,706	253,316,134
Rent (Note 34)	**162,304,510**	157,900,720	158,400,664
Light, water and communication (Note 30)	**73,064,564**	86,223,083	53,427,953
Insurance	**64,725,206**	68,297,030	37,756,695
Supplies	**40,271,678**	33,680,302	27,231,435
Travel and transportation	**37,633,323**	28,325,620	26,320,363
Entertainment, amusement and recreation	**19,707,417**	13,743,722	8,486,948
Donation	**12,111,071**	11,734,999	37,696,344
Provision for impairment losses (Note 8)	**731,444**	770,804	2,025,141
Others	**22,899,549**	24,252,274	20,299,273
	₱1,908,222,593	₱1,771,516,817	₱1,595,283,415

24. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	2012	2011	2010
Real estate (Notes 11, 12 and 22)	**₱1,912,389,630**	₱1,923,747,627	₱1,711,386,218
Hotel operations (Notes 11, 12 and 22)	**171,495,430**	189,372,461	200,812,650
	₱2,083,885,060	₱2,113,120,088	₱1,912,198,868

25. Personnel Expenses

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

	2012	2011	2010
Salaries, wages and other staff costs	**₱539,736,311**	₱482,157,134	₱435,332,938
Pension expense (Note 29)	**28,404,328**	25,774,243	21,248,965
SSS contributions, PAG-IBIG contributions, premiums and others	**76,274,312**	63,265,460	52,135,462
	₱644,414,951	₱571,196,837	₱508,717,365

The above amounts are distributed as follows:

	2012	2011	2010
General and administrative (Note 23)	**₱486,670,560**	₱422,611,616	₱367,370,141
Hotel operations (Note 22)	**157,744,391**	148,585,221	141,347,224
	₱644,414,951	₱571,196,837	₱508,717,365

26. Interest Income and Interest Expense

This account consists of:

	2012	2011	2010
Interest income			
Bank deposits (Note 7)	**₱492,841,237**	₱414,303,157	₱298,455,839
Receivable from affiliated companies	**135,137**	26,469,281	160,567,866
Receivable from Meralco (Note 30)	**–**	3,392,519	8,906,565
	₱492,976,374	₱444,164,957	₱467,930,270
Interest expense on loans payable	**₱44,427,351**	₱177,709,404	₱228,768,370

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:

	2012	2011	2010
Current			
RCIT	**₱782,959,598**	₱659,117,793	₱603,089,926
Final tax	**93,387,468**	74,778,141	46,472,582
MCIT	**157,259**	12,663	233,606
	876,504,325	733,908,597	649,796,114
Deferred	**478,729,403**	147,731,790	24,566,140
	₱1,355,233,728	₱881,640,387	₱674,362,254

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

	2012	2011	2010
Statutory income tax rate	**30.00%**	30.00%	30.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.83)**	(0.78)	(0.57)
Tax exempt real estate sales	**(0.03)**	(0.01)	(0.04)
Income subjected to BOI, PEZA and lower tax	**(4.94)**	(11.05)	(13.60)
Effective income tax rate	**24.20%**	18.16%	15.79%

Deferred taxes as of September 30, 2012 and 2011 relate to the tax effects of the following:

	2012	2011
Deferred tax assets:		
Accrued rent expense	**₱382,212,836**	₱351,900,680
Accrued interest expense	**118,148,251**	98,798,026
Accrued retirement payable	**26,242,824**	17,763,319
Allowance for impairment loss	**13,762,509**	13,543,076
MCIT	**403,528**	246,269
	540,769,948	482,251,370
Deferred tax liabilities:		
Unamortized capitalized interest expense	**(808,787,183)**	(528,633,025)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(720,588,577)**	(450,812,458)
Accrued rent income	**(107,993,247)**	(105,349,086)
Market valuation gain on derivative instrument (Note 13)	**(6,276,927)**	(18,429,190)
Unamortized debt issuance cost	**(5,939,784)**	(9,113,978)
	(1,649,585,718)	(1,112,337,737)
Net deferred tax liabilities	**(₱1,108,815,770)**	(₱630,086,367)

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 amounting ₱19 million and ₱14 million in 2012 and 2011, respectively.

The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱6 million and ₱4 million as of September 30, 2012 and 2011, respectively.

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, 2012	₱5,001,645	September 30, 2015
September 30, 2011	13,542,091	September 30, 2014
September 30, 2010	147,900	September 30, 2013
	₱18,691,636	

Period of recognition	Amount	Period of expiration
MCIT		
September 30, 2012	₱157,259	September 30, 2015
September 30, 2011	12,663	September 30, 2014
September 30, 2010	233,606	September 30, 2013
	₱403,528	

28. Earnings Per Share

Earnings per share amounts were computed as follows:

		2012	2011	2010
a.	Net income attributable to equity holders of Parent Company	**₱4,238,513,020**	₱3,974,107,491	₱3,592,836,157
b.	Weighted average number of common shares outstanding adjusted	**4,093,830,685**	3,434,143,420	2,970,134,021
c.	Earnings per share (a/b)	**₱1.04**	₱1.16	₱1.21

There were no potential dilutive shares in 2012, 2011 and 2010.

The 2010 earnings per share have been adjusted to take into account the effect of the stock rights offering in 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, 2012.

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

	2012	2011	2010
Current service cost	**₱15,104,670**	₱11,819,900	₱9,169,036
Interest cost	**10,603,309**	9,042,463	8,906,540
Expected return on plan assets	**(2,235,829)**	2,499,806	3,039,272
Actuarial losses recognized	**3,078,444**	2,412,074	134,117
Curtailment loss	**1,853,734**	–	–
Total pension expense (Note 25)	**₱28,404,328**	₱25,774,243	₱21,248,965

Pension liabilities

	2012	2011
Benefit obligation	**₱235,108,692**	₱145,607,663
Fair value of plan assets	**(55,031,838)**	(52,103,163)
Unrecognized net actuarial gains	**(92,600,773)**	(32,648,717)
Pension liabilities	**₱87,476,081**	₱60,855,783

Pension benefit obligation

	2012	2011
Balance at beginning of the period	**₱145,607,663**	₱122,353,161
Current service cost	**15,104,670**	11,819,900
Interest cost	**10,603,309**	9,042,463
Actuarial gains on obligation	**70,090,434**	17,977,621
Benefits paid	**(3,824,955)**	(15,585,482)
Curtailment gain	**(2,472,429)**	–
Balance at end of the period	**₱235,108,692**	₱145,607,663

Fair value of plan assets

	2012	2011
Balance at beginning of the period	**₱52,103,163**	₱56,813,768
Expected return on plan assets	**2,235,829**	(2,499,806)
Actual contributions	**1,784,030**	6,503,240
Benefits paid*	**(8,925,085)**	(15,585,482)
Actuarial gains - net	**7,833,901**	6,871,443
Balance at end of the period	**₱55,031,838**	₱52,103,163

**Benefits paid includes benefits paid due to redundancy amounting to ₱5 million.*

The rollforward of unrecognized actuarial (losses) gains follows:

	2012	2011
Balance at beginning of year	**₱32,648,717**	₱23,954,613
Additional actuarial (gains) losses:		
From plan obligation	**70,090,434**	17,977,621
From plan asset	**(7,833,901)**	(6,871,443)
Actuarial losses recognized	**(3,078,444)**	(2,412,074)
Curtailment gain recognized	**773,967**	
Balance at end of year	**₱92,600,773**	₱32,648,717

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

Actual return on plan assets amounted to ₱10 million, ₱4 million and (₱1 million) in 2012, 2011 and 2010, respectively.

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

	2012	2011	2010
Discount rate	**5.21% - 5.76%**	6.70% - 7.42%	7.18% - 8.25%
Rate of salary increase	**4.00% - 5.50%**	4.00% - 5.50%	4.00% - 5.50%
Expected rate of return on plan assets	**4.50%**	4.50%	5.50%
Experience adjustment gain (loss) - net	**(₱70,090,434)**	₱19,335,301	(₱35,044,216)
Turnover rate	**10.98% - 35.00%**	10.98% - 35.00%	10.98% - 35.00%

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

The Group's plan assets consist of the following:

	2012		2011		2010	
	Amount	**%**	Amount	%	Amount	%
Cash	**₱322,549**	**0.59**	₱189,176	0.36	₱225,331	0.40
Receivables	**61,251,998**	**111.30**	65,981,946	126.64	65,034,281	114.47
Liabilities (Notes 14 and 17)	**(6,542,709)**	**(11.89)**	(14,067,959)	(27.00)	(8,445,844)	(14.87)
	₱55,031,838	**100.00**	₱52,103,163	100.00	₱56,813,768	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 ₱73 million into the pension fund for the fiscal year ending in September 30, 2013.

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

	2012	2011	2010	2009	2008
Pension benefit obligation	**₱235,108,692**	₱145,607,663	₱122,353,161	₱80,486,580	₱101,706,300
Plan assets	**55,031,838**	52,103,163	56,813,768	60,559,560	57,568,490
Experience adjustments on:					
Plan liabilities	**70,090,434**	17,977,621	35,044,216	(34,743,000)	13,471,444
Plan assets	**(7,885,276)**	(6,871,443)	(2,428,730)	(12,070)	(7,876,242)

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, 2012, 2011 and 2010, 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, ₱3 million and ₱9 million in 2012, 2011 and 2010 respectively (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			
	2012		2011	
Assets				
Cash and cash equivalents	**$1,211,586**	**₱50,523,136**	$853,882	₱37,331,703
Liabilities				
Accounts payable and accrued expenses	**288,441**	**12,027,990**	200,148	8,750,476
Net foreign currency-denominated assets	**$923,145**	**₱38,495,146**	$653,734	₱28,581,227

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of September 30, 2012 and 2011 follow:

	2012	2011
US Dollar - Philippine Peso exchange rate	**₱41.70 to US$1.00**	₱43.72 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in theUSD-PHP exchange rate on the Group's income before income tax for the year ended September 30, 2012 and 2011.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
2012	
2.0% PHP appreciation	**(₱769,903)**
2.0% PHP depreciation	**769,903**
2011	
2.0% PHP appreciation	(₱571,626)
2.0% PHP depreciation	571,626

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, 2012, 2011 and 2010, 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.

	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**

(Forward)

	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 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.*

	2011					
	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	₱159,643,410	₱8,889,183,944	₱–	₱–	₱–	₱9,048,827,354
Receivables						
Trade	655,062,475	338,725,597	1,084,115,043	949,512,472	177,619,584	3,205,035,171
Affiliated companies	42,333,365	–	–	–	–	42,333,365
Others	184,459,300	1,501,302	11,931,293	47,260,068	15,025,965	260,177,928
Other assets						
Utility deposits	–	–	–	–	225,596,431	225,596,431
Total financial assets	₱1,041,498,550	₱9,229,410,843	₱1,096,046,336	₱996,772,540	₱418,241,980	₱12,781,970,249

	2011					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Accounts payable and accrued expenses	₱1,513,882,452	₱376,885,073	₱740,309,124	₱264,232,798	₱1,081,932,478	₱3,977,241,925
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	602,316,860	–	–	–	–	602,316,860
Deposits from lessees	–	90,061,557	84,483,584	1,799,300,032	21,084,551	1,994,929,724
Loans payable and future interest payment*	–	168,461,500	4,151,634,500	13,893,509,500	–	18,213,605,500
Interest rate swap*	–	(21,943,533)	(83,495,367)	(48,229,861)	–	(153,668,761)
Other financial liabilities	₱2,116,199,312	₱613,464,597	₱4,892,931,841	₱15,908,812,469	₱1,103,017,029	₱24,634,425,248

**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, 2012, and 2011, 87% and 87% 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.

2012

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

2011

	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, 2011 and 2010.

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)
2010	
+150	₱43,395,454
-150	(43,395,454)

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, 2012, and 2011 without considering the effects of collaterals and other credit risk mitigation techniques.

	2012	2011
Cash and cash equivalents net of cash on hand	**₱5,865,517,611**	₱9,034,292,854
Receivables - net		
Trade receivables		
Installment contract receivable	**3,373,956,976**	2,524,851,582
Accrued rent receivable	**402,671,416**	351,163,620
Rental receivables	**399,256,558**	328,502,047
Hotel operations	**95,007,319**	38,517,922
Affiliated companies	**₱34,723,299**	₱42,333,365
Other receivables	**184,526,334**	260,177,928
Other assets		
Utility deposits	**288,857,881**	225,596,431
Derivative asset	**90,143,152**	172,496,875
Others	**500,000,000**	–
	₱11,234,660,546	₱12,977,932,624

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, 2012, and 2011, gross of allowance for credit and impairment losses.

	2012				
	Neither Past Due Nor Impaired				
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due or Individually Impaired**	**Total**
Loans and receivables					
Cash and cash equivalents	**₱5,865,517,611**	**₱–**	**₱–**	**₱–**	**₱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**

(Forward)

	2012				
	Neither Past Due Nor Impaired			Past Due or	
	High	Standard	Substandard	Individually	
	Grade	Grade	Grade	Impaired	Total
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**

	2011				
	Neither Past Due Nor Impaired			Past Due or	
	High	Standard	Substandard	Individually	
	Grade	Grade	Grade	Impaired	Total
Loans and receivables					
Cash and cash equivalents	₱9,034,292,854	₱–	₱–	₱–	₱9,034,292,854
Receivables:					
Trade receivables					
Installment contract receivables	2,001,540,052	–	–	504,815,799	2,506,355,851
Accrued rent receivables	351,163,620	–	–	–	351,163,620
Rental receivables	301,672,541	–	–	40,230,264	341,902,805
Hotel operations	24,806,904	–	–	25,911,488	50,718,392
Affiliated companies	42,333,365	–	–	–	42,333,365
Other receivables	219,888,772	–	–	–	260,177,926
Other assets					
Utility deposits	225,596,431	–	–	–	225,596,431
Financial asset at FVPL					
Derivative asset	172,496,875	–	–	–	172,496,875
	₱12,373,791,414	₱–	₱–	₱570,957,551	₱12,985,038,119

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. 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.

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

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

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

The impact of the range of reasonably possible changes in the equity price on the Group's income before income tax in 2010 is as follows:

2010

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

As of September 30, 2011, Investment in preferred shares of stock has been redeemed.

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 ₱90 million asset and₱172 million asset as of September 30, 2012 and 2011, respectively (see Note 13). The mark-to-market gain (loss) is recorded as part of "Other Income (Losses)".

The rollforward of the derivative asset is as follows:

	2012	2011
Balance at beginning of year	**₱172,496,875**	₱111,066,241
Changes in fair value of derivatives	**(82,353,723)**	61,430,634
Balance at end of year	**₱90,143,152**	₱172,496,875

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.

	2012		2011	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Loans and receivables				
Cash and cash equivalents	**₱5,877,874,883**	**₱5,877,874,883**	₱9,048,827,354	₱9,048,827,354
Receivables				
Trade				
Installment contract receivable	**3,373,956,976**	**3,229,648,513**	2,524,851,582	2,145,057,880
Accrued rent receivable	**402,671,416**	**402,671,416**	351,163,620	351,163,620
Rental receivables	**399,256,558**	**399,256,558**	328,502,047	328,502,047
Hotel operations	**95,007,319**	**95,007,319**	38,517,922	38,517,922
Affiliated companies	**34,723,299**	**34,723,299**	42,333,365	42,333,365
Others	**182,946,204**	**182,946,204**	219,888,772	219,888,772
Other assets				
Utility deposits	**288,857,881**	**288,857,881**	225,596,431	225,596,431
Others	**500,000,000**	**500,000,000**	–	–
Financial asset at FVPL				
Derivative asset	**90,143,152**	**90,143,152**	172,496,875	172,496,875
	₱11,245,437,688	**₱11,101,129,225**	₱12,952,177,968	₱12,572,384,266
Other financial liabilities				
Accounts payable and accrued expenses				
Accrued bonus and licenses and others	**₱2,381,932,474**	**₱2,381,932,474**	₱2,487,322,647	₱2,487,322,647
Accounts payable - trade	**2,481,568,430**	**2,481,568,430**	1,481,230,267	1,481,230,267
Dividends payable	**9,483,026**	**9,483,026**	8,689,011	8,689,011
Customers' deposit				
Deposits from lessees	**2,343,073,329**	**2,151,225,512**	1,994,929,724	1,899,672,575
Loans payable	**12,000,000,000**	**12,121,266,733**	15,000,000,000	16,072,484,362
Payables to affiliated companies	**102,761,764**	**102,761,764**	602,316,860	602,316,860
	₱19,318,819,023	**₱19,248,237,939**	₱21,574,488,509	₱22,551,715,722

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 5.5% to 7.0% in 2012 and 6.14% to 7.09% in 2011.

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 and 2011, derivative asset valued under level 2 amounted to
₱90 million and ₱172 million, respectively.

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 nonpioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Crowne Plaza Galleria Manila
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Operator of Tourist Accommodation Facility (Deluxe Class Hotel - Crowne Plaza Galleria Manila)" on a Pioneer status at a capacity of two hundred sixty five (265) rooms, under Certificate of Registration No. 2006-036 dated March 9, 2006. Under the terms of its registration, the Group is entitled to income tax holiday for a period of six (6) years from 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 six (6) years from January 2009 to December 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.

Gateway Garden Ridge - EDSA
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of two hundred ninety two (292) units, under Certificate of Registration No. 2007-195 dated October 31, 2007. 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.

Gateway Garden Heights
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of three hundred seventy three (373) units, under Certificate of Registration No. 2007-237 dated December 5, 2007. 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.

Woodsville Viverde Mansions, Buildings 1-4
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of three hundred sixty 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.

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.

The Wellington Courtyard
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of fifty-six (56) units, under Certificate of Registration No. 2008-024 dated January 23, 2008. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2008 to February 2012.

Woodsville Viverde Mansions, Buildings 5-8
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of two hundred twenty-five (225) units, under Certificate of Registration No. 2008-201 dated August 7, 2008. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from October 2008 to September 2012.

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 Nonpioneer 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.

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 Nonpioneer status at a capacity of seven hundred twenty (720) units, under Certificate of Registration No. 2008-216 dated August 13, 2008. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from October 2009 to September 2013.

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 three (3) years from June 2011to 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 Nonpioneer 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.

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 three (3) years from April 2011 to April 2014.

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.

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.

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 ₱162 million, ₱158 million and ₱158 million in 2012, 2011 and 2010, respectively. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2012	2011	2010
Within one (1) year	**₱54,522,307**	₱51,773,432	₱47,147,298
After one (1) year but not more than five (5) years	**247,979,627**	236,150,146	213,176,325
After more than five (5) years	**6,063,324,450**	6,129,676,237	6,253,520,299
	₱6,365,826,384	₱6,417,599,815	₱6,513,843,922

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 ₱6,691 million, ₱6,114 million and₱5,588 million in 2012, 2011 and 2010, respectively. Total percentage rent recognized as income for 2012, 2011 and 2010 amounted to ₱1,814 million, ₱1,670 million and ₱1,596 million, respectively.

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

	2012	2011	2010
Within one (1) year	**₱1,111,914,481**	₱1,208,000,779	₱1,128,494,867
After one (1) year but not more than five (5) years	**1,921,108,789**	2,597,161,871	2,728,725,119
After more than five (5) years	**380,702,108**	463,430,460	587,588,901
	₱3,413,725,378	₱4,268,593,110	₱4,444,808,887

Capital Commitments
The Group has contractual commitments and obligations for the construction and developmentof investment properties and property and equipment items aggregating ₱4,173 million,and ₱3,943 million as of September 30, 2012 and 2011, respectively. Moreover, the Group has contractual obligations amounting to ₱2,095 million and ₱1,569 million as of September 30, 2012 and 2011, 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 2012 pertains to the transfer of land amounting to ₱702 million from investment properties to subdivision land, condominium and residential units for sale for the Group's residential projects.

Noncash operating activity pertains to the accretion of customers deposit amounting to₱65 million, ₱72 million and ₱71 million, in 2012, 2011 and 2010, respectively.

36. Subsequent Events

On December 12, 2012, the Parent Company signed a Memorandum of Understanding (MOU) with Universal Entertainment Corporation (UEC) which is controlled by Mr. Kazuo Okada in relation to the development of a leisure and gaming resort complex. Under the MOU, the Parent Company will acquire a majority stake in Eagle I Land Holdings Inc. and handle the development of the commercial and residential facilities.

The Parent Company will likewise acquire a minority stake in Tiger Resorts Leisure and Entertainment, which was awarded the provisional license to own, develop and operate an integrated mixed-use resort and gaming complex called Manila Bay Resorts.

The MOU is subject to due diligence by the Parent Company and the signing of the definitive agreements are expected by January 31, 2013.

37. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 10, 2013.

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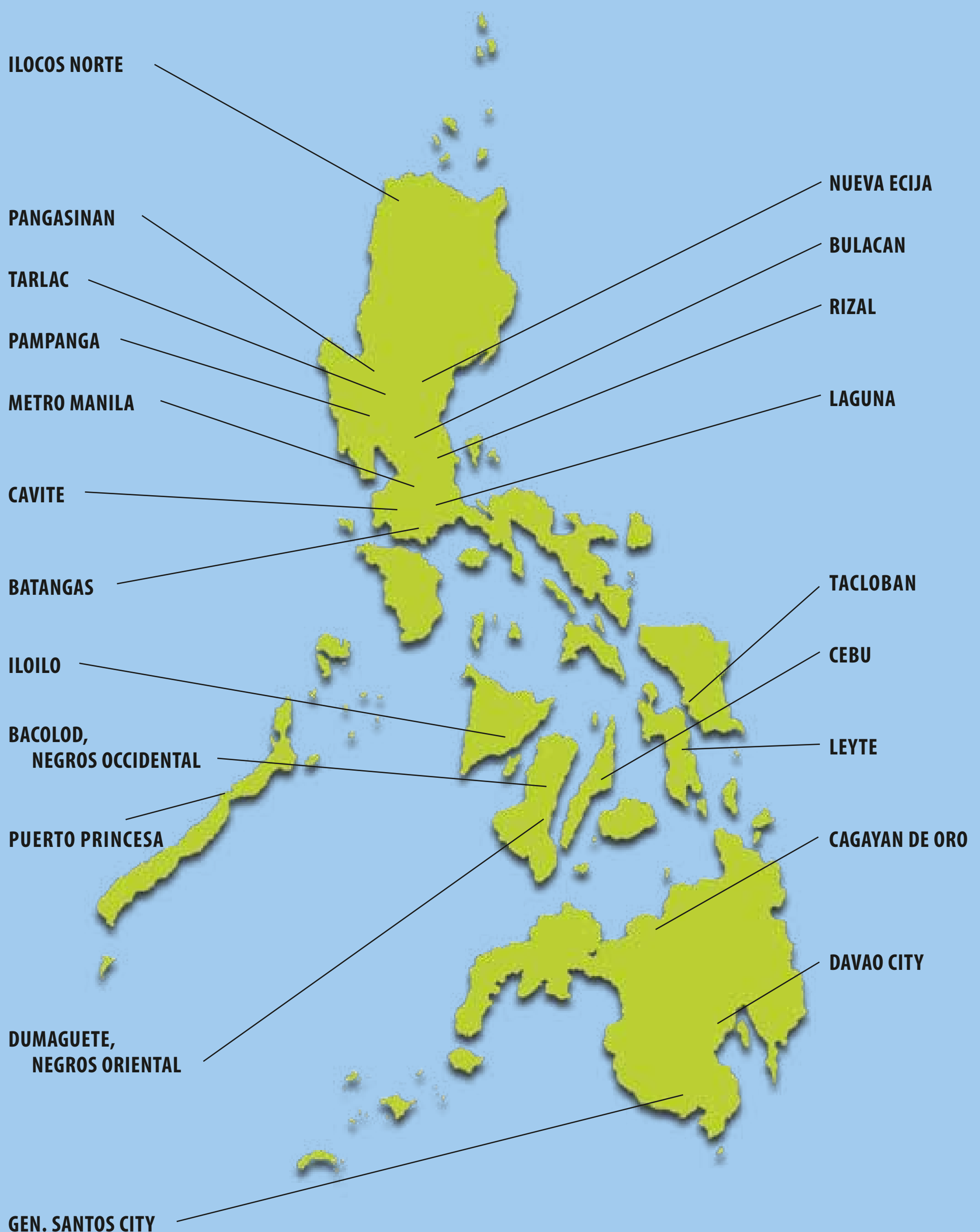
Project Locations



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