SEC Number 93269-A
File Number

**ROBINSONS LAND CORPORATION**
**AND SUBSIDIARIES**

(Company's Full Name)

**43F Robinsons Equitable Tower, ADB Ave. Ortigas Center, Pasig City**

(Company's Address)

**397-1888**

(Telephone Number)

**June 30, 2012**

(Quarter Ended)

**SEC Form 17-Q**

(Form Type)

Amendment Designation (If applicable)

**CN 000452R - Listed**

(Secondary License Type and File Number)

# COVER SHEET

**9 3 2 6 9 – A**

SEC Registration Number

**ROBINSONS LAND CORPORATION AND SUBSIDIARIES**

(Company's Full Name)

**43rd Floor, RobiNSons Equitable ToWer, ADB Avenue, Ortigas Center, Pasig City**

(Business Address: No. Street City/Town/Province)

**Rodolfo T. Malit**

(Contact Person)

**397-1888**

(Company Telephone Number)

**0 9** **3 0**

*Month* *Day*

(Fiscal Year)

**17-Q**

(Form Type)

*Month* *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

---

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **June 30, 2012**
2. Commission identification number **93269-A**
3. BIR Tax Identification No. **000-361-376-000**
4. Exact name of issuer as specified in its charter

   **ROBINSONS LAND CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization
   **MANILA, PHILIPPINES**
6. Industry Classification Code: ______ (SEC Use Only)
7. Address of issuer's principal office Postal Code

   **43F Robinsons Equitable Tower, ADB Ave., Ortigas Center, Pasig City**
8. Issuer's telephone number, including area code

   **397-1888**
9. Former name, former address and former fiscal year, if changed since last report

   **Not applicable**

10.Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of each Class | Number of shares of common stock outstanding and amount of debt outstanding |
|---|---|
| **Common** | **4,093,830,685 shares** |
| **Registered bonds payable** | **₱12,000,000,000.00** |

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ / ] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**PHILIPPINE STOCK EXCHANGE** **COMMON STOCK**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ / ] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ / ] No [ ]

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. **See Exhibit II**

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

**See Exhibit I**

## PART II--OTHER INFORMATION

The Company's retained earnings include accumulated equity in undistributed net earnings of investee companies and affiliates amounting to ₱352 million as of June 30, 2012 and ₱380 million as of September 30, 2011. This amount is not available for dividend declaration until received in the form of dividends from subsidiaries.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | | |
|---|---|---|
| Issuer<br>Signature & Title<br>Date | **JAMES L. GO**<br>Chairman & Chief Executive Officer | **LANCE Y. GOKONGWEI**<br>Vice-Chairman & Deputy CEO |
| Issuer<br>Signature & Title<br>Date | **FREDERICK D. GO**<br>President & Chief Operating Officer | |
| Issuer<br>Signature & Title<br>Date | **CONSTANTE T. SANTOS**<br>SVP-Corporate Controller | **RODOLFO T. MALIT**<br>FVP-Controller |

**ROBINSONS LAND CORPORATION**
**3rd Quarter FY 2012 PERFORMANCE**

## I. Consolidated Operations

Net income attributable to equity holders of Parent Company for the nine months ended June 30 amounted to ₱3,352.2 million, up by 10% compared with the same period last year. Likewise, EBITDA and EBIT showed positive variances of 8% and 9% to ₱5,855.5 million and ₱4,260.4 million, respectively.

Combined real estate and hotel revenues were up by 10% to ₱9,972.3 million against last year's ₱9,087.0 million. Detailed analyses of the various segments are presented in the succeeding paragraphs. Interest income increased by 13% due to higher level of money market placements.

Real estate cost went up by 11% due to higher level of repairs and maintenance for various malls and higher film rentals, among others. Hotel expenses is higher by 10% due to increase in utilities, repairs and maintenance, taxes and cost of food sold. General and administrative expenses are higher by 11% because of higher commissions, advertising and promotions, taxes, insurance and salaries. Interest expense for the period stood at ₱98.9 million, down by ₱27.0 million or 21% due to payment of ₱3 billion loan.

## II. Segment Operations

The Commercial Centers Division contributed 49% or ₱5.2 billion of the Company's gross revenues, posting a 12% growth. Metro Manila malls led by Robinsons Galleria, Ortigas and Robinsons Place, Manila contributed to the growth while almost all provincial malls also posted decent growth in rental revenues. Amusement revenue went up by 20% to ₱607.4 million. The Division's EBIT and EBITDA have shown positive variances of 11% and 8%, respectively.

RLC's Residential Division accounted for 31% of the Company's total revenues for the period. Its revenues for the period amounted to ₱3,308.3 million higher by 6% compared to last year's ₱3,111.3 million due to higher level of realized sales based on project completion. The Division's EBIT and EBITDA both shown positive variances of 3%.

The Office Buildings Division contributed 10% or ₱1,055.2 million of the Company's revenues, up by 8% from last year's ₱976.3 million. Lease income is derived from eight office buildings, Galleria Corporate Center, Robinsons Equitable Tower, Robinsons Summit Center, Robinsons Cybergate Centers Towers 1, 2 and 3, Cybergate Plaza and Cebu Cybergate. EBIT and EBITDA of the Division showed positive variances of 5% and 9%, respectively.

The Hotels Division contributed 10% or ₱1,026.4 million to the Company's revenues, up by 12%. Crowne Plaza Galleria Manila, Holiday Inn Galleria Manila, Summit Circle Cebu (formerly Cebu Midtown Hotel), Summit Ridge Hotel, Go Hotel Cybergate, Go Hotel Palawan, Go Hotel Tacloban, and Go Hotel Dumaguete posted occupancy rates of 82%, 78%, 53%, 43%, 89%, 48%, 74% and 31%, respectively. The Division's EBIT and EBITDA showed positive variance of 27% and 10%, respectively.

**III. Financial Resources and Liquidity**

Cash and Cash Equivalents decreased by 15% due to payment of ₱3 billion loan which matured in May 2012. Receivables went up by 17% due to higher level of accounts meeting the needed equity requirement for sales of condo and housing units. Subdivision Land and Condominium and Residential Units increased by 21% to ₱10.3 billion due to higher level of project completion. Investments is up by ₱3.4 billion or 9% due to higher level of capital expenditures. Other current assets decreased by 6% to ₱1.2 billion due to decrease in input VAT. Accounts payable and accrued expenses increased by 12% due to higher level of expenditures. Deferred tax liabilities went up by 59% due to higher level of financial income compared to taxable income from installment sales of condo and housing units. Deposits and Other Liabilities (current portion) decreased by 19% mainly due to the payment of payable to JGSHI, while its non-current portion increased by 10% due to increase in level of customers' deposits.

As of June 30, 2012, total assets of the Company stood at ₱69.8 billion while total equity amounted to ₱45.5 billion.

RLC's financial position remains solid, with a debt to equity ratio of 0.26:1 as of June 30, 2012 and 0.38:1 as of September 30, 2011 while cash stood at ₱7.7 billion and ₱9.0 billion as of June 30, 2012 and September 30, 2011, respectively. Current ratio improved to 2.66:1 compared to last year's 2.34:1. Earnings per share for the first nine months amounted to ₱0.82 per share. Net book value excluding minority interest in consolidated subsidiary stood at ₱11.10 per share as of June 30, 2012 compared to ₱10.65 per share as of September 30, 2011.

# ROBINSONS LAND CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
June 30, 2012 and for the Nine months Ended June 30, 2012 and 2011
*(With Comparative Audited Consolidated*
*Balance Sheet as of September 30, 2011)*

## ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | June 30, 2012 (Unaudited) | September 30, 2011 (Audited) |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents (Note 5) | **₱7,731,220,972** | ₱9,048,827,354 |
| Receivables - net (Note 6) | **2,883,414,949** | 2,470,912,824 |
| Subdivision land, condominium and residential units for sale - at cost (Note 7) | **10,300,582,747** | 8,491,028,487 |
| Other current assets (Note 8) | **1,240,761,131** | 1,318,829,880 |
| Total Current Assets | **22,155,979,799** | 21,329,598,545 |
| **Noncurrent Assets** | | |
| Noncurrent receivables - net (Note 6) | **1,414,126,818** | 1,189,418,089 |
| Investment properties - net (Note 9) | **42,774,383,283** | 39,385,145,549 |
| Property and equipment - net (Note 10) | **2,653,299,193** | 2,554,933,447 |
| Other noncurrent assets (Note 11) | **786,909,879** | 659,695,850 |
| Total Noncurrent Assets | **47,628,719,173** | 43,789,192,935 |
| | **₱69,784,698,972** | ₱65,118,791,480 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses (Note 12) | **₱4,981,723,486** | ₱4,459,461,441 |
| Deposits and other liabilities (Note 13) | **1,332,445,937** | 1,655,209,612 |
| Current portion of loans payable (Note 14) | **2,000,000,000** | 3,000,000,000 |
| Total Current Liabilities | **8,314,169,423** | 9,114,671,053 |
| **Noncurrent Liabilities** | | |
| Loans payable – net of current portion (Note 14) | **10,000,000,000** | 12,000,000,000 |
| Deferred tax liabilities - net | **1,002,774,737** | 630,086,367 |
| Deposits and other noncurrent liabilities (Note 15) | **4,782,040,305** | 4,337,435,850 |
| Total Noncurrent Liabilities | **15,784,815,042** | 16,967,522,217 |
| Total Liabilities | **24,098,984,465** | 26,082,193,270 |
| **Equity** | | |
| Equity attributable to equity holders of the Parent Company | | |
| Capital stock (Note 16) | **4,111,528,685** | 4,111,528,685 |
| Additional paid-in capital | **20,392,532,781** | 20,392,532,781 |
| Subscription receivables | **–** | (4,774,641,165) |
| Treasury stock (17,698,000 shares) (Note 16) | **(221,834,657)** | (221,834,657) |
| Retained earnings (Note 17) | | |
| Unappropriated | **10,676,883,307** | 8,798,491,988 |
| Appropriated | **10,500,000,000** | 10,500,000,000 |
| | **45,459,110,116** | 38,806,077,632 |
| Non-controlling interest in consolidated subsidiaries | **226,604,391** | 230,520,578 |
| | **45,685,714,507** | 39,036,598,210 |
| | **₱69,784,698,972** | ₱65,118,791,480 |

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

## ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | For the Period April to June | | For the Period October to June | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| **REVENUE** | | | | |
| Real estate | **₱2,946,575,064** | ₱2,855,397,384 | **₱8,946,362,322** | ₱8,175,366,870 |
| Hotel operations | **346,460,206** | 287,164,337 | **1,025,972,402** | 911,602,330 |
| Interest income | **155,178,893** | 203,692,204 | **590,565,888** | 521,703,970 |
| | **3,448,214,163** | 3,346,253,925 | **10,562,900,612** | 9,608,673,170 |
| **COSTS AND EXPENSES** | | | | |
| Real estate | **1,288,744,181** | 1,391,784,146 | **3,989,059,617** | 3,596,049,014 |
| Hotel operations | **292,703,043** | 259,397,414 | **855,925,965** | 778,043,645 |
| General and administrative | **465,809,097** | 416,670,719 | **1,403,016,787** | 1,268,049,536 |
| Interest expense | **18,150,045** | 16,468,910 | **98,877,484** | 125,829,184 |
| | **2,065,406,366** | 2,084,321,189 | **6,346,879,853** | 5,767,971,379 |
| **INCOME BEFORE INCOME TAX** | **1,382,807,797** | 1,261,932,736 | **4,216,020,759** | 3,840,701,791 |
| **PROVISION FOR INCOME TAX** | **270,350,238** | 250,748,418 | **858,766,581** | 792,827,735 |
| **NET INCOME** | **1,112,457,559** | 1,011,184,318 | **3,357,254,178** | 3,047,874,056 |
| **OTHER COMPREHENSIVE INCOME FOR THE PERIOD** | **–** | – | **–** | – |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **₱1,112,457,559** | ₱1,011,184,318 | **₱3,357,254,178** | ₱3,047,874,056 |
| Net Income (Loss) Attributable to: | | | | |
| Equity holders of Parent Company | **₱1,113,163,450** | ₱1,010,992,328 | **₱3,352,170,365** | ₱3,048,803,688 |
| Non-controlling interest in consolidated subsidiaries | **(705,891)** | 191,990 | **5,083,813** | (929,632) |
| | **₱1,112,457,559** | ₱1,011,184,318 | **₱3,357,254,178** | ₱3,047,874,056 |
| Adjusted Earnings per Share (Note 18) | | | | |
| Basic/Diluted, net income for the period attributable to equity holders of the Parent Company | **₱0.27** | ₱0.34 | **₱0.82** | ₱0.95 |

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

## ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
### FOR THE PERIOD ENDED JUNE 30, 2012 AND 2011

| | Attributable to Equity Holders of the Parent Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Capital Stock | Additional Paid-in Capital | Treasury Shares (Note 16) | Subscriptions Receivable (Note 16) | Unappropriated Retained Earnings (Note 17) | Appropriated Retained Earnings | Total |
| **As of October 1, 2011** | **₱4,111,528,685** | **₱20,392,532,781** | **(₱221,834,657)** | **(₱4,774,641,165)** | **₱8,798,491,988** | **₱10,500,000,000** | **₱38,806,077,632** |
| **Net income for the period** | **–** | **–** | **–** | **–** | **3,352,170,365** | **–** | **3,352,170,365** |
| **Subscriptions Receivable** | **–** | **–** | **–** | **4,774,641,165** | **–** | **–** | **4,774,641,165** |
| **Cash Dividends (Note 17)** | **–** | **–** | **–** | **–** | **(1,473,779,046)** | **–** | **(1,473,779,046)** |
| **Balances at June 30, 2012** | **₱4,111,528,685** | **₱20,392,532,781** | **(₱221,834,657)** | **₱–** | **₱10,676,883,307** | **₱10,500,000,000** | **₱45,459,110,116** |
| As of October 1, 2010 | ₱2,746,918,457 | ₱8,181,576,147 | (₱221,834,657) | ₱– | ₱6,298,163,543 | ₱10,500,000,000 | ₱27,504,823,490 |
| Net income for the period | – | – | – | – | 3,048,803,688 | – | 3,048,803,688 |
| Issuance of Capital Stock | 1,364,610,228 | 12,210,956,634 | – | – | – | – | 13,575,566,862 |
| Subscriptions Receivable | – | – | – | (4,834,758,935) | – | – | (4,834,758,935) |
| Cash Dividends (Note 17) | – | – | – | – | (1,473,779,046) | – | (1,473,779,046) |
| Balances at June 30, 2011 | ₱4,111,528,685 | ₱20,392,532,781 | (₱221,834,657) | (₱4,834,758,935) | ₱7,873,188,185 | ₱10,500,000,000 | ₱37,820,656,059 |

*See accompanying Notes to Unaudited Interim Consolidated Financial Statements..*

## ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
**FOR THE NINE MONTHS ENDED JUNE 30**

| | **2012** | 2011 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Income before income tax | **₱4,216,020,759** | ₱3,840,701,791 |
| Adjustments for: | | |
| Depreciation and amortization | **1,595,064,597** | 1,533,521,005 |
| Interest expense | **98,877,484** | 125,829,184 |
| Provision for impairment losses | **580,149** | 586,609 |
| Loss on disposal of property and equipment | **–** | 6,951 |
| Accounts written-off | **–** | (7,112,136) |
| Interest income | **(590,565,888)** | (521,703,970) |
| Operating income before working capital changes | **5,319,977,101** | 4,971,829,434 |
| Decrease (increase) in: | | |
| Receivables | **(638,003,249)** | 292,736,183 |
| Subdivision land, condominium and residential units for sale | **(1,132,956,349)** | (1,391,132,583) |
| Prepaid expenses and value-added input tax | **57,967,362** | (153,508,038) |
| Other current assets | **(16,652,081)** | (23,375,373) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses and other noncurrent liabilities | **612,867,720** | (6,059,539) |
| Customers' deposits | **367,080,237** | 81,869,017 |
| Cash generated from operations | **4,570,280,741** | 3,772,359,101 |
| Income tax paid | **(545,469,328)** | (576,197,185) |
| Net cash flows provided by operating activities | **4,024,811,413** | 3,196,161,916 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest received | **586,940,270** | 508,388,133 |
| Decrease (increase) in: | | |
| Advances to lot owners | **(85,357,000)** | (5,241,390) |
| Advances to suppliers and contractors | **50,502,084** | 51,474,496 |
| Other noncurrent assets | **(55,605,645)** | (78,056,470) |
| Receivables from affiliated companies | **3,837,864** | 1,865,136,100 |
| Additions to: | | |
| Investment properties (inclusive of capitalized borrowing cost) | **(5,404,815,777)** | (8,047,542,594) |
| Property and equipment | **(354,450,211)** | (372,535,336) |
| Net cash flows used in investing activities | **(5,258,948,415)** | (6,078,377,061) |

(Forward)

| | 2012 | 2011 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of capital stock (inclusive of additional paid-in capital) (Note 16) | **₱–** | ₱8,740,807,927 |
| Subscriptions receivable | **4,774,641,165** | – |
| Payment of loans payable | **(3,000,000,000)** | – |
| Interest paid | **46,565,581** | 45,826,447 |
| Increase (Decrease) in payable to affiliated companies and other liabilities | **(421,892,117)** | 367,038,181 |
| Payments of cash dividends (Note 17) | **(1,482,784,009)** | (1,472,643,158) |
| Net cash flows provided by (used in) financing activities | **(83,469,380)** | 7,681,029,397 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(1,317,606,382)** | 4,798,814,252 |
| **CASH AND CASH EQUIVALENTS AT OCTOBER 1** | **9,048,827,354** | 5,497,605,487 |
| **CASH AND CASH EQUIVALENTS AT JUNE 30** | **₱7,731,220,972** | ₱10,296,419,739 |

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**ROBINSONS LAND CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED 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); a 51%-owned subsidiary, Altus Angeles, Inc. (AAI); and an 80%-owned subsidiary, Altus San Nicolas Corp. (ASNC) (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 interim condensed consolidated financial statements as at June 30, 2012 and September 30, 2011 and for the nine months ended June 30, 2012 and 2011 have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of September 30, 2011.

The interim condensed consolidated financial statements have been prepared under the historical cost convention method and are presented in Philippine Pesos (₱), the Group's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group (see Note 1) as at June 30, 2012 and September 30, 2011 and for the nine months ended June 30, 2012 and 2011.

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

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

Minority interest represents the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statement of income and consolidated statement of changes in equity and within equity in the consolidated balance sheet, separately from the Parent Company's equity.

## 3. Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim financial statement are consistent with those followed in the preparation of the Group's annual financial statement for the year ended September 30, 2011.

- Revised PAS 24, *Related Party Disclosures (effective for annual periods beginning on or after January 1, 2011)*
  The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. A partial exemption from the disclosures has been included for government-related entities. For these entities, the general disclosure requirements of PAS 24 will not apply. Instead, alternative disclosures have been included, requiring: (a) the name of the government and the nature of its relationship with the reporting entity; (b) the nature and amount of individually significant transactions during the year; (c) a qualitative or quantitative indication of the extent of other transactions that are collectively significant.

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

- PAS 32, *Financial Instruments: Presentation - Classification of Rights Issue (effective for annual periods beginning on or after February 1, 2010)*
  It amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

- PAS 1, *Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2011)*
  The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statement.

- PFRS 7, *Financial Instruments: Disclosures (effective for annual periods beginning on or after January 1, 2011)*
  The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

  Amendments to quantitative and credit risk disclosures are as follow:

  a. Clarify that only a financial asset whose carrying amount does not reflect the maximum exposure to credit risk needs to provide further disclosure of the amount that represents the maximum exposure to such risk;
  b. Require, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk);
  c. Remove the disclosure requirement of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired;
  d. Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired; and
  e. Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

The following new Philippine Interpretations and amendments to existing PFRS and PAS, which became effective in July 1, 2010 (except when otherwise indicated) did not have any significant impact on the accounting policies, financial position or performance of the Group:

- Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (effective July 1, 2010)*
- Amendments to PFRS 2 - *Group Cash-settled Share-based Payment Arrangements (effective July 1, 2010)*

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

PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
- The amendment clarifies that the disclosures required in respect of non-current assets or disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5.
- The disclosure requirements of other PFRSs only apply if specifically required for such non-current assets or discontinued operations.
- It also clarifies that the general requirements of PAS 1 still apply, particularly paragraphs 15 (to achieve a fair presentation) and 125 (sources of estimation uncertainty) of PAS 1.

PFRS 8, *Segment Reporting*

- Segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

PAS 7, *Statement of Cash Flows*

- The amendment explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

PAS 17, *Leases*

- The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains. The amendments will be applied retrospectively.

PAS 36, *Impairment of Assets*

- The amendment clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in PFRS 8, before aggregation for reporting purposes.

PAS 39, *Financial Instruments: Recognition and Measurement*

- A prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
- The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell and acquire at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken.
- Gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

PFRS 3, *Business Combinations*

- The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at present ownership instrument's proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

PAS 27, *Consolidated and Separate Financial Statements*

- The amendment clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effects of Foreign Exchange Rates*, PAS 28, *Investments in Associates* and PAS 31, *Interests in Joint Ventures* apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier.

Other amendments resulting from Improvements to PFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- PFRS 1, *First-time Adoption of International Financial Reporting Standards*
- IFRIC 13, *Customer loyalty programmes*.

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 for the adoption of Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*, the following new and amended PFRS and Philippine Interpretation will not have significant impact to the consolidated financial statements:

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

- PAS 12, *Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets (effective for annual periods beginning on or after January 1, 2012)*
  The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40 should be determined on the basis that its carrying value amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets are measured using revaluation model in PAS 16 always be measured on a sale basis of the asset.

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

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

- PFRS 10, *Consolidated Financial Statements* and PAS 27, *Separate Financial Statements (effective for annual periods beginning on or after January 1, 2013)*
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes issues raised in SIC 12, *Consolidation for 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 the parent, compared with the requirements of PAS 27.

- PFRS 11, *Joint Arrangements* and PAS 28, *Investments in Associates and Joint Ventures*
  PFSR 11 replaces PAS 31, *Interest in Joint Ventures* and SIC-13, *Jointly-controlled Entities – Non-monetary Contributions by Venturers (effective for annual periods beginning on or after January 1, 2013)*

  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 equity method.

The application of this new standard will not have an impact the financial position of the Group.

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

- PFRS 13, *Fair Value Measurement (effective for annual periods beginning on or after January 1, 2013)*
  PFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. PFRS 13 does not change when and 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. The Group is currently assessing the impact that this standard will have on the financial position or performance.

- PAS 19, *Employee Benefits (effective for annual periods beginning on or after January 1, 2013)*
  The IASB has issued numerous amendments to PAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns from plan assets to simple clarifications and re-wording. For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in the other comprehensive income when they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit or loss. The Group is currently assessing the full impact of the amendments.

- PAS 27, *Separate Financial Statements* (as revised in 2011) *(effective for annual periods beginning on or after January 1, 2013)*
  As a consequence of the new PFRS 10 and 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly-controlled entities and associates in separate financial statements. This will have an effect on the separate financial statements of the Parent Company.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011) *(effective for annual periods beginning on or after January 1, 2013)*
  As a consequence of the new PFRS 10 and 12, 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.

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

- PFRS 9, *Financial Instruments*
  The first phase of PFRS 9, *Financial Instruments,* which is effective for annual periods beginning on or after January 1, 2015, addresses the classification and measurement of financial instruments. Phase 1 of PFRS 9 applies to all financial assets within the scope of PAS 39. The key requirements of PFRS 9 are as follow:

  i. At initial recognition, all financial assets are measured at fair value.
  ii. Debt instruments may (if the Fair Value Option is not invoked) be subsequently measured at amortized cost if: (a) the asset is held within a business model whose objective is to hold the assets to collect contractual cash flows and (b) The contractual terms of the financial asset 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.

  iii. All equity investment financial assets are measured at fair value either through other comprehensive income or profit or loss. Entities must make an irrevocable choice for each instrument, unless they are held for trading, in which case they must be measured at fair value through profit or loss.
  iv. For financial liabilities to which the Fair Value Option is invoked, the amount of change in the fair value of a liability attributable to changes in credit risk must be presented in other comprehensive income. 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 other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate.*
  The implementation of the Philippine Interpretation is deferred until the final *Review Standard* is issued by IASB and after an evaluation on the requirements and guidance in the standard vis-à-vis the practices and regulations in the Philippine real estate industry is completed. This Philippine Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

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

4. **Segment Reporting**

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

The Group evaluates performance based on net income, EBIT (net income after adding provisions for income tax and interest expense on loan borrowings) and EBITDA (net income after adding provisions for income tax, interest expense on loan borrowings and depreciation and amortization). The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

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 units, middle-income and socialized housing and residential lots.

*High-rise Office Buildings Division* - develops and leases office spaces.

*Hotel Division* - owns and operates a chain of prime hotels in Pasig City, Quezon City, Cebu City, Tagaytay City and Mandaluyong City.

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

Nine months ended June 30, 2012 (Unaudited)

| | Commercial Center Division | Residential Division | Office Buildings Division | Hotels Division | Total |
|---|---|---|---|---|---|
| **Revenue** | **₱5,173,004,009** | **₱3,308,312,944** | **₱1,055,198,274** | **₱1,026,385,385** | **₱10,562,900,612** |
| **Costs and expenses** | **1,462,971,617** | **2,466,334,565** | **55,380,220** | **722,701,503** | **4,707,387,905** |
| **Earnings before interest, income tax and depreciation and amortization** | **3,710,032,392** | **841,978,379** | **999,818,054** | **303,683,882** | **5,855,512,707** |
| **Depreciation and Amortization** | **1,147,171,373** | **26,544,816** | **288,123,946** | **133,224,462** | **1,595,064,597** |
| **Income before interest and depreciation and amortization** | **₱2,562,861,019** | **₱815,433,563** | **₱711,694,108** | **₱170,459,420** | **₱4,260,448,110** |
| **Total segment assets** | **₱41,577,536,735** | **₱20,503,003,357** | **₱5,592,934,477** | **₱2,111,224,403** | **₱69,784,698,972** |
| **Total segment liabilities** | **₱18,016,216,531** | **₱4,107,905,244** | **₱1,273,525,371** | **₱701,337,319** | **₱24,098,984,465** |

Nine months ended June 30, 2011 (Unaudited)

| | Commercial Center Division | Residential Division | Office Buildings Division | Hotels Division | Total |
|---|---|---|---|---|---|
| Revenue | ₱4,608,757,219 | ₱3,111,262,128 | ₱976,268,493 | ₱912,385,330 | ₱9,608,673,170 |
| Costs and expenses | 1,169,481,464 | 2,295,938,731 | 58,907,704 | 636,259,301 | 4,160,587,200 |
| Earnings before interest, income tax and depreciation and amortization | 3,439,275,755 | 815,323,397 | 917,360,789 | 276,126,029 | 5,448,085,970 |
| Depreciation and Amortization | 1,128,869,520 | 26,050,021 | 236,817,120 | 141,784,344 | 1,533,521,005 |
| Income before interest and depreciation and amortization | ₱2,310,406,235 | ₱789,273,376 | ₱680,543,669 | ₱134,341,685 | ₱3,914,564,965 |
| Total segment assets | ₱39,550,371,123 | ₱17,286,668,376 | ₱5,576,287,497 | ₱1,834,980,893 | ₱64,248,307,889 |
| Total segment liabilities | ₱17,167,899,970 | ₱6,752,006,872 | ₱1,594,255,460 | ₱681,814,437 | ₱26,195,976,739 |

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

Segment information of the Group does not include geographical segments since its operations are concentrated in the Philippines.

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements are eliminated on consolidation.

## 5. Cash and Cash Equivalents

This account consists of:

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Cash on hand and in banks | **₱284,718,991** | ₱159,643,410 |
| Short-term investments | **7,446,501,981** | 8,889,183,944 |
| | **₱7,731,220,972** | ₱9,048,827,354 |

## 6. Receivables

This account consists of

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Trade | **₱3,805,470,492** | ₱3,206,725,479 |
| Affiliated companies | **106,280,437** | 110,118,302 |
| Others | **431,514,572** | 388,630,717 |
| | **4,343,265,501** | 3,705,474,498 |
| Less allowance for impairment losses | **45,723,734** | 45,143,585 |
| | **4,297,541,767** | 3,660,330,913 |
| Less noncurrent portion | **1,414,126,818** | 1,189,418,089 |
| | **₱2,883,414,949** | ₱2,470,912,824 |

Others amounting to ₱432 million and ₱389 million as of June 30, 2012 and September 30, 2011, respectively, pertain to advances to officers and employees, accrued interest receivable and advances to various third parties.

## 7. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Land and Condominium units | **₱7,207,990,686** | ₱6,411,923,262 |
| Residential units and subdivision land development costs | **3,092,592,061** | 2,079,105,225 |
| | **₱10,300,582,747** | ₱8,491,028,487 |

## 8. Other Current Assets

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Value-added input tax | **₱775,467,433** | ₱903,217,562 |
| Advances to suppliers and contractors | **226,416,598** | 276,687,707 |
| Supplies | **73,228,427** | 57,542,090 |
| Prepaid expenses | **114,873,206** | 45,090,437 |
| Advances to lot owners | **46,289,745** | 32,772,104 |
| Utility deposits | **4,485,722** | 3,519,980 |
| | **₱1,240,761,131** | ₱1,318,829,880 |

## 9. Investment Properties

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Land | **₱18,057,955,609** | ₱16,914,362,270 |
| Land improvements – net | **64,654,242** | 32,202,729 |
| Building and improvements – net | **18,933,702,878** | 17,745,355,445 |
| Construction in Progress | **5,718,070,554** | 4,693,225,105 |
| | **₱42,774,383,283** | ₱39,385,145,549 |

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

10. **Property and Equipment**

This account consists of:

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Land and land improvements – net | **₱194,625,223** | ₱186,480,649 |
| Building and improvements – net | **1,528,834,288** | 1,605,030,926 |
| Other equipments - net | **929,839,682** | 763,421,872 |
| | **₱2,653,299,193** | ₱2,554,933,447 |

11. **Other Noncurrent Assets**

This account consists of:

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Utility deposits | **₱283,005,357** | ₱222,076,451 |
| Advances to lot owners | **246,006,351** | 174,166,992 |
| Derivative asset | **172,496,875** | 172,496,875 |
| Others | **85,401,296** | 90,955,532 |
| | **₱786,909,879** | ₱659,695,850 |

12. **Accounts Payable and Accrued Expenses**

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Accrued taxes and licenses and other liabilities | **₱2,762,596,120** | ₱2,724,118,087 |
| Accounts payable | **2,107,751,024** | 1,634,014,716 |
| Accrued rent expense | **102,692,294** | 92,639,627 |
| Dividends payable | **8,684,048** | 8,689,011 |
| | **₱4,981,723,486** | ₱4,459,461,441 |

13. **Deposits and Other Liabilities**

| | **June 30, 2012** | September 30, 2011 |
|---|---|---|
| Customers' deposits | **₱1,124,802,779** | ₱1,020,240,567 |
| Payables to affiliated companies | **207,643,158** | 634,969,045 |
| | **₱1,332,445,937** | ₱1,655,209,612 |

## 14. Loans Payable

This account consists of:

| | Principal Amount | June 30, 2012 | September 30, 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 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 |

## 15. Deposits and Other Noncurrent Liabilities

| | June 30, 2012 | September 30, 2011 |
|---|---|---|
| Customers' deposits | **₱2,823,974,350** | ₱2,561,456,325 |
| Accrued rent expense | **1,197,596,763** | 1,080,362,640 |
| Pension liabilities | **60,855,783** | 60,855,783 |
| Advances and others | **699,613,410** | 634,761,102 |
| | **₱4,782,040,306** | ₱4,337,435,850 |

## 16. Capital Stock

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

| | June 30, 2012 | September 30,2011 |
|---|---|---|
| Authorized - at ₱1 par value | **8,200,000,000** | 8,200,000,000 |
| At the beginning of the period (net of 17,698,000 treasury shares) | **4,093,830,685** | 2,729,220,457 |
| Additional subscription | **–** | 1,364,610,228 |
| Issued and outstanding | **4,093,830,685** | 4,093,830,685 |

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 said increase in 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:

| | |
|---|---|
| Cash payment for subscriptions | **₱8,871,461,115** |
| 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 capital stock on May 17, 2011.

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 June 30, 2012, the Parent Company has repurchased a total of 17,698,000 shares for a total purchase price of ₱221,834,657 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 June 30, 2012 and September 30, 2011.

| | **June 30, 2012** | September 30,2011 |
|---|---|---|
| (a) Loans payable (Note 14) | **₱12,000,000,000** | ₱15,000,000,000 |
| (b) Equity | **₱45,524,714,506** | ₱39,036,598,210 |
| (c) Debt-to-capital ratio (a/b) | **0.26:1** | 0.38:1 |

The Group's policy is to have a debt-to-capital ratio of not exceeding 1.5:1 level. This policy is consistent with the requirements under the Group's debt covenants with lenders.

## 17. Retained Earnings

*Restriction*
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱352 million as of June 30, 2012 and ₱380 million as of September 30, 2011 are not available for dividend declaration until received in the form of dividends.

*Dividends declared*
The 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 1, 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 |

## 18. Earnings Per Share

Earnings per share amounts were computed as follows:

| | | **2012** | 2011 |
|---|---|---|---|
| a. | Net income attributable to equity holders of Parent Company | **₱3,352,170,365** | ₱3,048,803,688 |
| b. | Weighted average number of common shares outstanding adjusted | **4,093,830,685** | 3,214,247,665 |
| c. | Earnings per share (a/b) | **₱0.82** | ₱0.95 |

There were no potential dilutive shares in 2011 and 2010.

The 2011 earnings per share have been adjusted to take into account the effect of the stock rights offering in May of 2011.

## 19. Financial Risk Management Objectives and Policies

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

<u>Risk Management Structure</u>
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.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are market risk, 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*
<u>Foreign Currency Risk</u>
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.

*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 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.

*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.

*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.

## 20. **Commitments and Contingencies**

Under the contract to sell covering the sale of subdivision land and houses, residential condominium units, office building units, the Company is obligated to complete and deliver the sold units on agreed delivery dates. Moreover, estimated costs to complete sold units amounted to ₱2.0 billion and ₱1.6 billion as of June 30, 2012 and September 30, 2011, respectively.

## ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## AGING OF RECEIVABLES AND PAYABLES
**As of June 30, 2012**

| | Total | Due within Six Months | Due over Six Months |
|---|---|---|---|
| Receivables – net | ₱4,297,541,767 | ₱720,853,737 | ₱3,576,688,030 |
| Accounts Payable and Accrued Expenses | ₱4,981,723,486 | ₱1,245,430,872 | ₱3,736,292,614 |

## ROBINSONS LAND CORPORATION AND SUBSIDIARIES

**PART 1- FINANCIAL INFORMATION**

| **Item 1. Financial Statements required under SRC Rule 68.1** | | **Remarks** |
|---|---|---|
| **7. The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report.** | | |
| | | |
| h. | Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period; | not applicable |
| i. | The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations; | not applicable |
| j. | Changes in contingent liabilities or contingent assets since the last annual balance sheet date. | not applicable |
| k. | Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. | Note 18 |
| **Item 2. Management's Discussion and Analysis (MDA) of Financial Condition and Results of Operations ((Part 111, par. (A) (2) (b) )** | | |
| 2. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following: | | |
| (a)(i) | Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing liquidity. | not applicable |
| (a)(ii) | Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation; | not applicable |
| (a)(iii) | All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period. | not applicable |
| (a)(iv) | Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures. | not applicable |
| (a)(v) | Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations. | not applicable |
| (a)(vi) | Any significant elements of income or loss that did not arise from the issuer's continuing operations. | not applicable |
| (a)(viii) | Any seasonal aspects that had a material effect on the financial condition or result of operations. | not applicable |
| **PART 11 - OTHER INFORMATION** | | |
| 1. Disclosure not made under SEC Form 17-C | | not applicable |