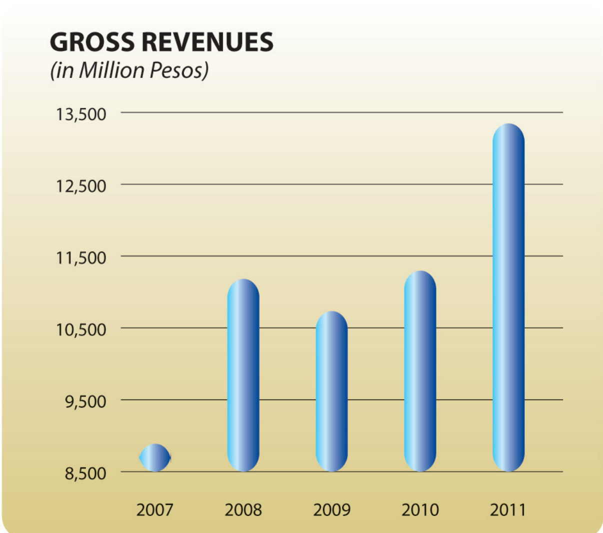
ROBINSONS LAND CORPORATION

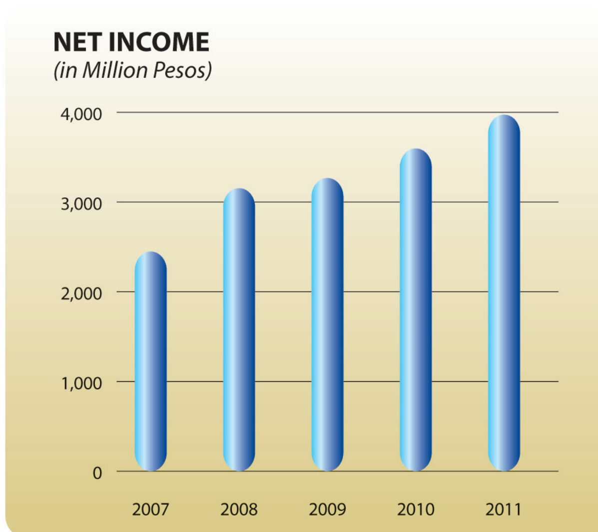
Annual Report 2011

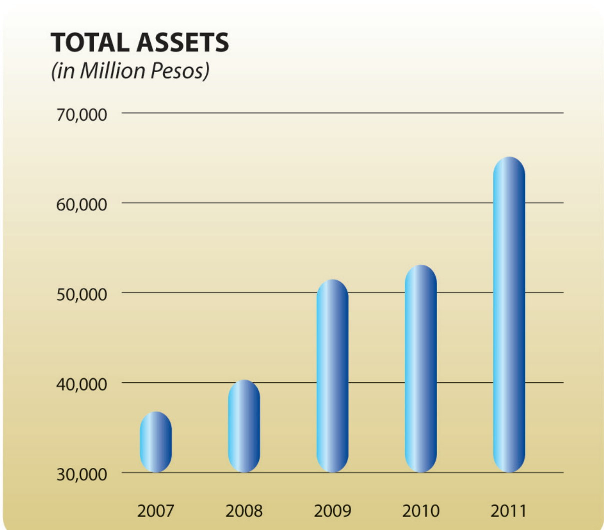
CONTENTS

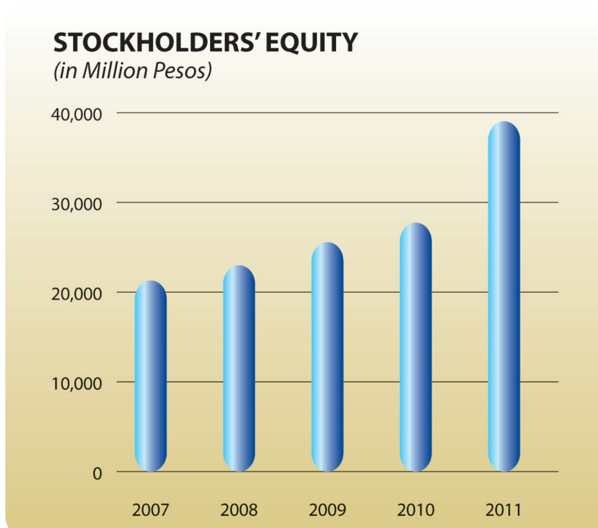
Financial Highlights

	2011	2010	2009	2008	2007
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*					
Gross Revenues	13,344.47	11,297.03	10,733.51	11,182.05	8,888.58
Cost and Expenses	8,490.80	7,027.08	6,453.41	7,418.66	5,472.89
Income Before Income Tax	4,853.66	4,269.94	4,280.10	3,763.39	3,415.69
Net Income	3,972.02	3,595.58	3,266.24	3,152.74	2,447.04
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*					
Total Assets	65,118.79	53,101.14	51,479.31	40,310.56	36,785.78
Total Liabilities	26,082.19	25,363.71	25,912.83	17,323.59	15,495.68
Minority Interest	230.52	232.60	119.86	118.08	115.38
Stockholders' Equity	39,036.60	27,737.43	25,566.48	22,986.97	21,290.10









Message to the Shareholders

Dear shareholders, customers, partners and employees:

The year 2011 was a challenging year for the Philippine economy and for the country as a whole. The big cut on public sector spending by the government, the destructive natural calamities that struck the country, the weak exports with Japan hit by the catastrophic earthquake and Tsunami in the early part of 2011 pulled down the country's gross domestic product to 3.7% in 2011 from 7.6% the previous year. On the brighter side, these were offset by the continued rise in overseas Filipino workers (OFW) remittances, the sustained strong performance of the business process outsourcing (BPO) industry, the increase in private investments, and stable exchange rates.

With stable employment rates, healthy consumption spending and relatively low interest rates, the real estate industry enjoyed sustained demand in housing and residential condos, office and mall spaces. The double-digit growth in the number of tourist visitors driven by both foreign and local travelers encouraged developers to open more hotels all over the country.

James L. Go
Chairman and CEO

Despite the difficulties and challenges in the country's macro economic environment, your company managed to end the year with stellar earnings results. Also, on 23 February 2012, our company was awarded as the Best Managed Company in the Philippines (Small Cap Category) by Asiamoney, a leading financial publication based in Hong Kong. RLC earned the award "because of the sensible way the management has run the company's operations," Asiamoney said. It likewise cited the company's steady future plans.

RLC posted record earnings performance with consolidated revenues expanding by 18.1% to PhP13.34 billion in fiscal year 2011 from PhP11.30 billion last year. Consolidated net income rose 10.5% to PhP3.97 billion from PhP3.60 billion in 2010. EBITDA amounted to PhP7.14 billion, up 11.4% from last year's PhP6.41 billion. Of the four business units, the residential business posted the biggest growth in revenues at 41.3% principally due to the successful launching of 15 new residential projects as well as the increase in completion levels of existing projects. The commercial center business retains its hold on the biggest share in revenues at 46.7% followed by the residential business at 34.2% and the office buildings at 10.1%. For EBITDA, the residential business again posted the biggest increase at 32.1% followed by the office buildings at 14.3%. The investment portfolio (commercial, office and hotel businesses) which generates recurring revenues for the company accounted for the biggest share at 86.3% of the company's total EBITDA with the developmental business accounting for the remaining balance.

The company was recapitalized in fiscal year 2011 with the successful 1:2 rights offering which raised total gross proceeds of PhP13.65 billion. The rights issue has boosted the company's ability to bid for land and has further strengthened RLC's financial position. Debt to equity ratio stood at 0.38:1, lower than last year's 0.54:1 and net financial debt to equity ratio fell to 0.15:1 from last year's 0.34:1. Net book value per share slightly declined to P9.48 from P10.08 in fiscal year 2010 with the addition of new equity shares from the rights issue. Nonetheless, ROE stayed at double-digit level of 10.2% in fiscal year 2011 despite the expansion in the company's capital base. Total assets amounted to PhP65.12 billon, up 22.6% from last year's PhP53.10 billion.

Our company spent PhP13.9 billion in capital expenditures in fiscal year 2011, PhP6.2 billion of which was spent for land acquisition alone. Our high capex spending was mostly funded from the proceeds of rights offering and from internally generated funds.

Below is a rundown of the fiscal year 2011 performance of the different business units as well as their respective outlooks for the incoming fiscal year.

The company's **Commercial Centers Division** registered sustained growth in revenues at 8.5% to PhP6.23 billion in fiscal year 2011 versus PhP5.74 billion in 2010. The growth in revenues was attributed to the substantial rental increment from our flagship malls – Robinsons Galleria and Robinsons Place Manila as well as the strong take up of leased areas of the Company's mall space in Dumaguete, Ilocos Norte, General Santos, Tacloban and Davao. The division benefited from the enterprise-wide average occupancy rate of 94.6%, an improvement from last year's 94.1%, and the 8% growth in same mall revenues. The Commercial Centers Division's revenues accounted for 46.7% of the company's total gross revenues. EBITDA grew by 7.3% to PhP4.44 billion while EBIT expanded by 6.6% to PhP2.93 billion due to lower interest on loans for fiscal year 2011. With no new mall openings in fiscal year 2011, our commercial center leasable space remained at 813,000sqm. We currently have 29 shopping malls in our portfolio, six of which are located within Metro Manila and the rest are spread out across the country.

RLC's **Office Buildings Division** posted revenues of PhP1.35 billion, a 14.3% growth from last year's PhP1.18 billion. This accounted for 10.1% of the company's total turnover. The increase was mainly due to the space take up in Cybergate Center 3 and Cybergate Plaza. EBITDA rose 14.3% to PhP1.30 billion and EBIT increased by 9.6% to PhP923 million. As of end September 2011, RLC has 194,000sqm of leasable office space from our eight office buildings plus another 52,000sqm of commercial space allotted to BPO companies. The company continues to be the leading provider of office spaces to BPOs in the country, with 78% of our office building space occupied by call center and BPO tenants. RLC has custom-designed the office space with call center and BPO design requirements in mind. To date, our office buildings are almost fully-let out at 99%. In the middle of last year, the Office Buildings Division commenced construction on two office towers, called Cyberscape Alpha and Cyberscape Beta in the Ortigas Business District. Both buildings are expected to be completed by mid 2013, and will add 41% to the total net leasable office space of the company.

The **Hotels Division** accounted for 9.0% of the total group revenues. It recorded gross revenues of PhP1.21 billion for fiscal year 2011, up 5.0% from PhP1.15 billion in 2010. The full year revenue contribution of Go Hotel in Mandaluyong and the strong performance of Tagaytay Summit Ridge Hotel were the main drivers to the increase in turnover which more than offset the decline in revenues from the newly-rebranded Summit Circle Cebu, formerly known as Cebu Midtown. Summit Circle Cebu had undergone a nine-month renovation and facelift that started in March 2011 and completed in December 2011. To address the different needs of travelers and hotel guests, we have rebranded our hotels into three major segments. We have the international brand segment which carries both hotels in

Lance Y. Gokongwei
Director, Vice Chairman and Deputy CEO

the Galleria complex – the Crowne Plaza and Holiday Inn. The mid-market hotel brand is Summit Hotels, which will be built whenever appropriate as an integral part of our mixed-use projects. Our third brand is the first and only essential service hotel chain – the Go Hotels. Both Go Hotels and the Summit Hotels are being managed by RLC while the Crowne Plaza and Holiday Inn hotels are managed by Intercontinental Hotels Group. The Division's EBITDA grew 9.5% to PhP387 million or 5.4% of RLC's total EBITDA. EBIT likewise increased by 29.5% to PhP198 million mainly due to Go Hotel's consistently high occupancy rates for whole of fiscal year 2011.

RLC's **Residential Division** posted strong growth in revenues for fiscal year 2011. Revenues soared 41.3% to PhP4.56 billion from PhP3.23 billion last year due to the increase in completion levels of existing projects such as The Fort Residences, East of Galleria and Woodsville Viverde and the high take up of realized revenues from new projects such as Trion Tower I, Sonata 1 and Amisa 1 and 2. The Division accounted for 34.2% of RLC's total revenues. With the increase in revenues, both EBIT and EBITDA surged by 30.0% and 30.2% to PhP977 million and PhP1.01 billion, respectively. A total of 15 residential projects were launched in fiscal year 2011 across the four residential brands which generated total sales reservations of PhP6.0 billion or an increase of 18.0% from last year. Robinsons Residences was the biggest brand segment under the Residential Division accounting for 45.7% of total sales. Robinsons Communities, on the other hand, was the fastest growing brand, registering 164.3% jump in sales take-up in fiscal year 2011.

Frederick D. Go
Director, President and COO

OUTLOOK

The property industry is currently experiencing fierce competition in the residential business with more developers offering aggressive financing to their buyers, and allowing buyers to move in with minimal equity payments. Deciding to take a more conservative stance on the residential business, our company will instead intensify focus on our investment portfolio which will expand our recurring income base. The expected continued rise of OFW remittances, the expanding spending power of BPO employees, and the increasing number of travelers are changing the retail and hospitality industries landscape of the country and these are just at the early stages of this exciting development.

The government has recently launched a new tourism slogan "It's more fun in the Philippines." Coupled with the official recognition of Puerto Princesa's Underground River (PPUR) as one of the New 7 Wonders of Nature, tourism activity in the country is expected to enter new heights. The Puerto Princesa Underground River consists of several large chambers containing significant formations of stalactites and stalagmites that wind through a cave before flowing directly into the West Philippine Sea.

RLC is expected to significantly benefit from the influx of tourists in Palawan. We recently opened our 30th mall in Calasiao, Pangasinan as well as our second Go Hotel located in Puerto Princesa, Palawan February of this year.

Driven by the expected robust consumer spending supported by the increase in OFW remittances, soaring activities in the BPO industry, and rising number of tourist arrivals, RLC's **Commercial Centers Division** will open three new malls in fiscal year 2012 and two mall expansions, increasing total leasable space by 12%. Given the success of our existing malls, our planned new malls will be slightly larger in size than our older malls. Also, our new malls which will be opening in fiscal year 2012 will be located in fast-growing cities such as Puerto Princesa, Palawan; Calasiao, Pangasinan; and Magnolia in Quezon City. For fiscal year 2013, we plan to open four new malls and expand one of our existing malls.

To capitalize on the booming BPO industry, the **Office Buildings Division** will complete Cyberscape Alpha and Cyberscape Beta in mid 2013. These two buildings are the only office buildings that are under construction in the Ortigas Business District, an attraction to potential tenants. Still bullish on the prospects of the BPO industry, we are scouting for more land to purchase to expand our office building portfolio.

Despite the sluggish performance of the economy in 2011, RLC's **Hotels Division** registered very healthy occupancy rates buoyed up by the increasing number of tourist arrivals in the country. Hotel occupancy is one of the leading economic indicators. The higher it is, the better the economy is seen to be headed in the near-term. We are seeing a rising trend in hotel occupancy rates even with more new hotel openings all over the country. Budget hotels which include Go Hotels have benefited most from the upswing due to its attractive location, the affordability of its rates, and ease of booking. We want to replicate the success of Go Hotels Mandaluyong in our provincial mall sites and beyond. We are opening four Go Hotels in fiscal year 2012 in Puerto Princesa, Dumaguete, Bacolod and Tacloban, bringing the total number of Go Hotels to five by the end of fiscal year 2012. The opening of four Go Hotels will expand the total number of our hotel rooms by 38% to around 1,500. Our plan is to open 30 Go Hotels over the next five years, ideally adjacent to our shopping malls. Moreover, plans are currently being finalized for the expansion of our Summit Hotels brand in Quezon City and possibly in Mactan, Cebu.

We are taking a cautious outlook in our residential business. RLC's **Residential Division** will be more selective with its landbanking and project launches. Nonetheless, we believe sales for the sector as a whole will remain steady. We are particularly optimistic for the long term prospects of our affordable residential projects under the brands of Robinsons Communities and Robinsons Homes to drive the growth of this division.

The rights offering last year has increased the company's ability to further increase our landbank which will give each business unit a medium-term project pipeline visibility. From fiscal year 2010 to 2011, our landbank registered a net increase of 99 hectares to 465 hectares. We intend to further increase our landbank this year on a selective basis.

ACKNOWLEDGEMENT

In closing, we wish to thank most sincerely our Management and staff for their outstanding performance in the year past and for their dedication. We wish to express our heartfelt gratitude to the Board of Directors for their counsel and insight, and to our shareholders for their unwavering support and confidence. Also, our warmest appreciation to our lessees, trade partners and customers for their unrelenting loyalty. Together, we shall make a bigger and better RLC.

Maraming salamat po.

James L. Go
Chairman and CEO

Lance Y. Gokongwei
Director, Vice Chairman and
Deputy CEO

Frederick D. Go
Director, President and COO

Commercial Centers Division

The Commercial Centers Division completed redevelopment of three malls last year. Robinsons Galleria showcases a much improved look with its modern façade and upgraded interiors. For shopping convenience, the mall now offers several new zones such as The Veranda Sports Loop, Jumpstreet, and My Domain. At Robinsons Place Manila, renovation of the older main mall was completed and the mall now features a new atrium at the Sta. Monica wing. In Robinsons Metro East, major exterior and interior upgrading was undertaken making the mall much more competitive in its geographical market. It now offers a wider and more interesting selection of dining and retail outlets, the latest gadgets in My Domain, and health and wellness stores in Body Senses.

Currently under construction are three new malls slated to open in 2012, namely Robinsons Place Pangasinan, Robinsons Place Palawan and Robinsons Magnolia in Quezon City. These projects, together with the completed expansion of the malls in Bacolod and Tacloban, will bring up the division's gross floor area to 1.7 million square meters and gross leasable area to 907,383 square meters.

An important mission of Robinsons Malls is to continuously find ways to delight its customers, and enhance the malling experience. All malls now have wi-fi zones. Cinema facilities and lobbies have been improved, digital projectors installed, and online cinema ticketing activated. A web application for Robinsons Malls is now available, and can be accessed directly or through major social media sites. Moreover, the Robinsons Malls Lingkod Pinoy Center, the division's major public service program, was launched. The Lingkod Pinoy Centers are dedicated spaces within the malls that house several important government agencies such as the National Bureau of Investigation, Department of Foreign Affairs, Pag-Ibig, PhilHealth, Government Service Insurance System, and Land Regulatory Administration.

Residential Division

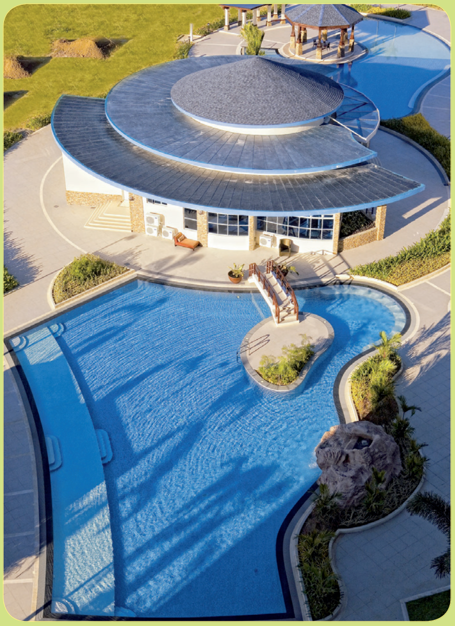
Luxuriate. Indulge yourself in the seamless pampered experience that defines life in every Robinsons Luxuria project.

The value of the brand goes far beyond the physical comforts of its spacious, efficiently-designed units or the convenience of its iconic locations. Robinsons Luxuria is ultimately about its unwavering commitment towards providing its distinguished residents with the consistent, world-class service that they desire.

ROBINSONS LUXURIA

This feature is consistent throughout the brand's existing portfolio – The Sonata Private Residences and The Allegro at Sonata Place in Ortigas Center, Signa Designer Residences in Makati City, and AmiSa Private Residences in Mactan, Cebu.

Potential buyers can also look forward to the launch of additional Robinsons Luxuria projects in Bonifacio Global City and Ortigas Business District in the upcoming years.



Robinsons Residences offers urban enclaves where residents can move around comfortably in spacious units and enjoy the use of a wide range of stress-buster amenities.

Robinsons Residences projects are located in prime spots within the main business districts and other key locations in Metro Manila and Metro Cebu. This strategic placement of its projects ensures residents quick and convenient access to everything from business centers, health facilities, educational institutions, and entertainment hubs.

This combination of comfort and convenience helps ease the natural demands and rigors of city life, allowing residents time to relax and just enjoy life.

The coming year is another important one for the brand, as it looks to launch new projects and project phases, and turn over completed units to its condominium buyers.

ROBINSONS RESIDENCES

Residential Division

The Robinsons Communities brand caters to early nesters, young mobile achievers and families coming from the middle income segment who wish to be independent and live securely and comfortably close to their place of work, study and recreation. The brand primarily focuses on the development of mid-rise condominiums that offer functional and compact units.

Robinsons Communities provides convenient community living via its quality, affordable condo homes that offer generous open spaces, social amenities and complementing commercial spaces. Robinsons Communities' projects are in close proximity to major gateways, highly developed cities, central business districts, and major transport hubs to provide easy access to schools, work places, and vital institutions.

Robinsons Homes is one of the four residential brands of Robinsons Land Corporation offering choice lots with housing option in gated, master planned subdivisions located in key urbanized cities and provinces nationwide.

Complemented by simple yet fun village amenities perfect for recreation and relaxation, each Robinsons Homes development is ideal for families aspiring to own their first home or upgrade to a better abode and secure neighborhood.

With more than 15 years of real estate experience, Robinsons Homes continues its mission of bringing the good life to every Filipino family.

RobinsonsHomes

Office Buildings Division

As a leading provider of quality office space to traditional multinational and domestic firms as well as Business Process Outsourcing (BPO) companies in the Philippines, Robinsons Offices continues to attract locators to its expanding portfolio.

Robinsons Offices offers the best value for office users. The office buildings are designed by seasoned professionals for the dynamic and fast growing BPO industry. Large floor plates, column-free spaces ideal for design flexibility, and superior building management services are some of the unique design points of Robinsons Offices.

The buildings are also strategically located in key central business districts and are usually incorporated in mixed-use developments that foster a convenient live-work-play environment.

The Office Buildings Division has 8 buildings in all. RLC has started the construction of two more buildings that will be completed by middle of 2013, namely Cyberscape Alpha and Cyberscape Beta. Located within the Ortigas Central Business District, these new buildings will further solidify RLC's position as the premiere developer in the area. The expansion reflects RLC's concurrence with the property market's positive sentiment that the BPO industry will continue to rapidly grow in the coming years.

Hotels Division

RLC's Hotels Division owns and operates three brand segments. In the international deluxe category, it has the IHG-managed Crowne Plaza Galleria and Holiday Inn Galleria in the Ortigas Business District. For the RLC-managed Summit Hotel brand, it has the Summit Ridge in Tagaytay City and Summit Circle in Cebu City. The third brand group is the start-up essential service hotel chain Go Hotels.

SUMMIT HOTELS GROUP

Summit Ridge Tagaytay

Sitting on a prime spot on the highest and coldest peak of Tagaytay, Summit Ridge hotel offers 108 well appointed guest rooms and suites, a casual dining restaurant, a sports hall, in-house gym and spa facilities, and a gorgeous infinity pool, all designed to deliver to its guests the hotel's live-work-play promise. Summit Ridge is also perfect for business meetings, conventions and events with amenities such as elegant ballrooms, several function rooms, an events lawn and a state-of-the-art Summit Learning Center, a separate structure equipped with modern audio-visual facilities.

Summit Circle Cebu

After completing a major renovation, the former Cebu Midtown Hotel has been rebranded as Summit Circle hotel. This full-service hotel has 210 guest rooms, a casual dining restaurant, a ballroom, function rooms, and pool area.

GO HOTELS

There will be 5 Go Hotels operational by middle of Y2012 in the cities of Mandaluyong, Puerto Princesa, Dumaguete, Tacloban, and Bacolod with a combined room inventory of 640 rooms. All outlets will carry the same standard features, facilities, and amenities. The entire system operates on a "Book Early, Pay Less" pricing model. Go Hotels is also franchising this business to hasten the expansion program of the hotel chain.

Corporate Social Responsibility

Robinsons Land recognizes its greater corporate role in society. More than just delivering quality products and services to customers, the Company is an active supporter of local residents and various organizations and assists the less fortunate in the communities it does business in.

The Gift of Change iCare

The **Gift of Change** is a 15-year old corporate social project of Robinsons Malls. This annual coin bank campaign started in 1997 has now benefited 20 organizations nationwide. The Gift of Change has extended assistance to several groups, such as the EDSA Shrine, Caritas, Makabata Foundation, San Felipe Church Organization for the Deaf, and the Vicariate of Puerto Princesa and the Archdiocese of Cagayan De Oro. For the past eight years, it has also helped the Jaime Cardinal Sin Village build a beautiful church that serves the entire Punta, Sta. Ana area; a Montessori-type school offering free education; and seven tenement buildings housing over 900 families. Non-monetary donations to the village consist of used items such as computers, trash bins and carpentry tools; sponsorship of livelihood programs; as well as school clean-up brigades composed of volunteer employees.

ROBINSONS MALLS entrep corner

Robinsons Malls' Entrep Corner was established to develop and hone the entrepreneurial talents of young students by giving them a platform to showcase their products and services through rent-free retail spaces in Robinsons Malls. This gave them the chance to acquire actual retail experience in a shopping mall environment. In 2011, RLC was able to successfully host five Entrep Corner exhibits featuring Miriam College, La Salle- Dasmariñas, La Salle-Lipa, St. Paul University-Quezon City, and Siliman University. The program also featured the Robinsons Malls' Entrep Corner Exemplary Performance Awards. Said award was given to top students from various universities who had excellent brand concepts and best executed their business plan. Winners get a seed fund to help make their dream project happen.

Children supported by the DSWD Reception and Study Center, SOS Children's Village, and Bahay Pag-Asa, were treated to the annual gift giving and mall visit activities of Robinsons Malls. Guests enjoyed various treats from celebrity shows, to free carnival rides, fireworks displays, snacks and loot bags filled with goodies. These events were sponsored and held in the Robinsons Starmills Holiday Playland, Robinsons Place Imus, Robinsons Dasmariñas, Robinsons Place Lipa, and Robinsons Sta. Rosa Market Fairytale Photo Land.

A Traffic Safety Mobile Park was set-up at Robinsons Sta. Rosa Market to teach children about road and traffic safety. This was done in collaboration with the Local Government Unit and Rotary Club of Sta.Rosa.

Last Christmas, shoppers of Robinsons Place Bacolod, Robinsons Place Iloilo and Robinsons Place Tacloban were invited to share their blessings with less fortunate children through the Wish Upon A Star project. Various beneficiaries for 2011 were the children of Suntown Camp Foundation, Inc., Aetas from the remote areas of Negros, the Banduria Choral of the Children's Joy Foundation, Brgy. Dalayunan home for underprivileged kids, and abused and neglected girls and orphans from Chameleon, Inc. Children were able to sit down for photographs and share their wishes with Santa Claus and were treated to free shows, snacks, and gifts.

Robinsons Bacolod also hosted the Suga Sang Paskwa Parol Making Contest where inmates of the Bureau of Jail Management and Penology (BJMP) competed in folk craft and recycling techniques in parol making. The activity attempted to restore the importance of Christmas traditions and encourage teamwork among inmates.

In Mindanao, Robinsons GenSan supported a program promoting safe pregnancies, childbirth and motherhood in conjunction with the local government of General Santos City and the General Santos Obstetrical and Gynecological Society. An awareness program celebrating World Aids Day was also held in partnership with Barangay Council of Lagao.

Board of Directors

John Gokongwei, Jr.
Chairman Emeritus

James L. Go
Chairman & CEO

Lance Y. Gokongwei
Director, Vice Chairman & Deputy CEO

Frederick D. Go
Director, President & COO

Robina Y. Gokongwei-Pe
Director

Patrick Henry C. Go
Director

Johnson Robert G. Go, Jr.
Director

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

Roberto F. De Ocampo
Director

Emmanuel C. Rojas, Jr.
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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 Subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2011, 2010 and October 1, 2009, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Subsidiaries as at September 30, 2011, 2010 and October 1, 2009, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-1
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2009,
June 1, 2009, Valid until May 31, 2012
PTR No. 3174824, January 2, 2012, Makati City

January 12, 2012

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		October 1
		2010	2009
	2011	(Note 35)	(Note 35)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 7, 20, 31 and 32)	**₱9,048,827,354**	₱5,497,605,487	₱8,925,696,125
Receivables (Notes 8, 20, 31 and 32)	**2,470,912,824**	4,861,604,649	2,989,725,063
Subdivision land, condominium and residential units for sale (Note 9)	**8,491,028,487**	6,197,307,815	5,084,164,042
Other current assets (Notes 10, 31 and 32)	**1,318,829,880**	1,045,534,305	1,320,412,485
Total Current Assets	**21,329,598,545**	17,602,052,256	18,319,997,715
Noncurrent Assets			
Noncurrent receivables (Notes 8, 20, 31 and 32)	**1,189,418,089**	589,558,480	1,079,232,803
Investment properties (Notes 5 and 11)	**39,385,145,549**	31,844,698,142	29,293,980,373
Property and equipment (Notes 5 and 12)	**2,554,933,447**	2,419,808,818	2,184,732,779
Other noncurrent assets (Notes 13, 31 and 32)	**659,695,850**	645,017,528	601,363,352
Total Noncurrent Assets	**43,789,192,935**	35,499,082,968	33,159,309,307
	₱65,118,791,480	₱53,101,135,224	₱51,479,307,022
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Notes 14, 20, 29, 31 and 32)	**₱4,360,623,030**	₱3,864,318,841	₱3,931,826,004
Income tax payable	**98,838,411**	89,741,207	341,498,823
Deposits and other liabilities (Notes 15, 20, 31 and 32)	**1,655,209,612**	1,307,955,532	1,016,792,441
Current portion of loans payable (Notes 9, 16, 31 and 32)	**3,000,000,000**	–	115,000,000
Total Current Liabilities	**9,114,671,053**	5,262,015,580	5,405,117,268
Noncurrent Liabilities			
Loans payable - net of current portion (Notes 9, 16, 31 and 32)	**12,000,000,000**	15,000,000,000	15,000,000,000
Deferred tax liabilities - net (Note 27)	**630,086,367**	482,354,578	457,788,438
Deposits and other noncurrent liabilities (Notes 17, 31 and 32)	**4,337,435,850**	4,619,336,852	5,049,925,139
Total Noncurrent Liabilities	**16,967,522,217**	20,101,691,430	20,507,713,577
Total Liabilities	**26,082,193,270**	25,363,707,010	25,912,830,845
Equity			
Equity attributable to equity holders of the Parent Company			
Capital stock (Note 19)	**4,111,528,685**	2,746,918,457	2,746,918,457
Additional paid-in capital (Note 19)	**20,392,532,781**	8,181,576,147	8,181,576,147
Subscription receivables (Note 19)	**(4,774,641,165)**	–	–
Retained earnings (Note 18)			
Unappropriated	**8,798,491,988**	6,298,163,543	4,018,122,230
Appropriated	**10,500,000,000**	10,500,000,000	10,500,000,000
Treasury stock (Note 19)	**(221,834,657)**	(221,834,657)	–
	38,806,077,632	27,504,823,490	25,446,616,834
Non-controlling interest in consolidated subsidiaries	**230,520,578**	232,604,724	119,859,343
	39,036,598,210	27,737,428,214	25,566,476,177
	₱65,118,791,480	₱53,101,135,224	₱51,479,307,022

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2011	2010	2009
REVENUE			
Real estate (Notes 20 and 21)	**₱11,466,435,155**	₱9,447,587,702	₱9,462,505,411
Hotel operations (Note 21)	**1,206,219,187**	1,147,314,598	1,033,231,696
Interest income (Note 26)	**671,813,337**	702,125,711	237,775,558
	13,344,467,679	11,297,028,011	10,733,512,665
COSTS AND EXPENSES			
Real estate (Notes 11, 12, 22 and 24)	**5,448,778,564**	4,134,814,048	4,130,396,012
Hotel operations (Notes 11, 12, 22, 24 and 25)	**1,009,589,782**	996,906,392	905,875,298
General and administrative (Notes 20, 23, 25 and 29)	**1,782,126,020**	1,595,283,415	1,348,518,484
Interest expense (Note 26)	**250,309,581**	300,080,364	68,624,827
	8,490,803,947	7,027,084,219	6,453,414,621
INCOME BEFORE INCOME TAX	**4,853,663,732**	4,269,943,792	4,280,098,044
PROVISION FOR INCOME TAX (Note 27)	**881,640,387**	674,362,254	1,013,861,777
NET INCOME (Note 2)	**3,972,023,345**	3,595,581,538	3,266,236,267
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**–**	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱3,972,023,345**	₱3,595,581,538	₱3,266,236,267
Net Income Attributable to:			
Equity holders of Parent Company	**₱3,974,107,491**	₱3,592,836,157	₱3,264,458,937
Non-controlling interest in consolidated subsidiaries	**(2,084,146)**	2,745,381	1,777,330
	₱3,972,023,345	₱3,595,581,538	₱3,266,236,267
Basic/Diluted Earnings Per Share (Note 28)	**₱1.16**	₱1.21	₱1.09

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)		
As of October 1, 2010	**₱2,746,918,457**	**₱8,181,576,147**	**(₱221,834,657)**	**₱–**	**₱6,298,163,543**	**₱10,500,000,000**	**₱232,604,724**	**₱27,737,428,214**
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 September 30, 2011	**₱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**
As of October 1, 2009	₱2,746,918,457	₱8,181,576,147	₱–	₱–	₱4,018,122,230	₱10,500,000,000	₱119,859,343	₱25,566,476,177
Total comprehensive income for the period	–	–	–	–	3,592,836,157	–	2,745,381	3,595,581,538
Cash dividends (Note 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 September 30, 2010	₱2,746,918,457	₱8,181,576,147	(₱221,834,657)	₱–	₱6,298,163,543	₱10,500,000,000	₱232,604,724	₱27,737,428,214
As of October 1, 2008	₱2,746,918,457	₱8,181,576,147	₱–	₱–	₱8,440,392,907	₱3,500,000,000	₱118,082,013	₱22,986,969,524
Additional appropriation during the period	–	–	–	–	(7,000,000,000)	7,000,000,000	–	–
Total comprehensive income for the period	–	–	–	–	3,264,458,937	–	1,777,330	3,266,236,267
Cash dividends (Note 18)	–	–	–	–	(686,729,614)	–	–	(686,729,614)
Balances at September 30, 2009	₱2,746,918,457	₱8,181,576,147	₱–	₱–	₱4,018,122,230	₱10,500,000,000	₱119,859,343	₱25,566,476,177

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2011	2010 (Note 35)	2009 (Note 35)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,853,663,732**	₱4,269,943,792	₱4,280,098,044
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 22 and 24)	**2,113,120,088**	1,912,198,868	1,668,846,295
Interest expense (Notes 11 and 26)	**250,309,581**	300,080,364	68,624,827
Provision for impairment losses (Notes 8 and 23)	**770,804**	2,025,141	1,000,601
Unrealized mark to market gain on derivative assets (Notes 13 and 31)	**(61,430,634)**	(8,080,850)	(102,985,391)
Interest income (Note 26)	**(671,813,337)**	(702,125,711)	(237,775,558)
Loss on retirement of investment in shares of stock	**10,000,000**	–	–
Loss on disposal of investment property	**–**	–	29,956,910
Operating income before working capital changes	**6,494,620,234**	5,774,041,604	5,707,765,728
Decrease (increase) in:			
Receivables - trade	**(150,109,265)**	579,739,863	164,311,439
Subdivision land, condominium and residential units for sale	**(2,128,322,849)**	(1,113,143,773)	(359,789,143)
Prepaid expenses and value-added input tax	**(268,835,903)**	95,844,064	19,140,689
Other current assets	**(17,735,133)**	(7,762,443)	(2,477,647)
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	**18,968,078**	(883,177,645)	(238,182,474)
Net pension liabilities	**19,271,003**	13,131,004	12,676,380
Customers' deposits	**(6,415,530)**	608,985,085	290,219,926
Cash generated from operations	**3,961,440,635**	5,067,657,759	5,593,664,898
Income tax paid	**(724,811,393)**	(901,553,734)	(588,784,993)
Net cash flows provided by operating activities	**3,236,629,242**	4,166,104,025	5,004,879,905
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**677,758,638**	689,372,349	345,763,597
Decrease (increase) in:			
Advances to lot owners	**30,758,610**	(10,850,026)	3,934,944
Advances to suppliers and contractors	**(155,042,366)**	(110,408,654)	(8,764,416)
Advances to Altus San Nicolas Corporation (Notes 2 and 10)	**–**	597,805,693	(487,805,693)
Investment in shares of stock (Note 10)	**–**	(210,000,000)	–
Other noncurrent assets	**(32,578,773)**	(22,848,704)	(9,855,416)
Receivables from affiliated companies (Note 20)	**1,934,225,376**	(1,951,216,904)	1,631,106
Receivable from Meralco	**6,890,300**	17,524,926	18,857,699
Proceeds from sale of investment property	**–**	290,610	45,000,000
Proceeds from redemption from shares of stocks (Note 10)	**200,000,000**	–	–
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Note 11)	**(9,462,734,833)**	(4,194,296,619)	(3,246,363,437)
Property and equipment (Note 12)	**(491,355,114)**	(503,986,667)	(604,757,143)
Net cash flows used in investing activities	**(7,292,078,162)**	(5,698,613,996)	(3,942,358,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of loans payable (Note 16)	**₱–**	₱–	₱10,000,000,000
Interest paid	**(237,010,970)**	(285,948,259)	10,996,537
Payments of loans payable (Note 16)	**–**	(115,000,000)	(902,000,000)
Increase (decrease) in payable to affiliated companies and other liabilities (Note 15)	**515,414,802**	39,430,985	(1,079,174,799)
Proceeds from issuance of capital stock (inclusive of additional paid-in capital) (Note 19)	**8,800,925,697**	–	–
Payments of cash dividends (Note 18)	**(1,472,658,742)**	(1,312,228,736)	(685,727,212)
Acquisition of treasury stock (Note 19)	**–**	(221,834,657)	–
Net cash flows provided by (used in) financing activities	**7,606,670,787**	(1,895,580,667)	7,344,094,526
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,551,221,867**	(3,428,090,638)	8,406,615,672
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,497,605,487**	8,925,696,125	519,080,453
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱9,048,827,354**	₱5,497,605,487	₱8,925,696,125

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized under the laws of the Philippines and has four wholly-owned subsidiaries, namely: Robinsons Inn, Inc. (RII); Robinsons Realty and Management Corporation (RRMC); Robinsons (Cayman) Limited (RCL); and Robinsons Properties Marketing and Management Corporation (RPMMC); 51%-owned subsidiary, Altus Angeles, Inc. (AAI); and 80%-owned subsidiary, Altus San Nicolas Corp. (ASNC) (see Note 2) (collectively known as the "Group").

The Group is engaged in the business of selling, acquiring, 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 and an investment in preferred shares that have 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. There have been no items of comprehensive income.

For ease of consolidation with the Group's ultimate parent company, the management opted to change the statement of financial position presentation from unclassified to classified presentation. Under classified presentation, current and non-current assets and current and non-current liabilities are presented separately. The impact of this change is explained in Note 35.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Robinsons Land Corporation and Subsidiaries (see Note 1) as at September 30, 2011, 2010 and October 1, 2009 and for the years then ended September 30, 2011, 2010 and 2009. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

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

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

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

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

Basis of consolidation prior to October 1, 2009
Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to October 1, 2009, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized in goodwill.

- Losses incurred by the Group were attributed to non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless non-controlling interest had a binding obligation to cover these. Losses prior to October 1, 2009 were not reallocated between
- non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at October 1, 2009 has not been restated.

Incorporation of Altus San Nicolas Corporation
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 (see Note 10).

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the effects of the early adoption of the following PAS, Improvements to PAS and Philippine Interpretation effective beginning October 1, 2010. Adoption of these standards did not have any significant impact on the accounting policies, financial position or performance of the Group.

- 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,* resulting in SIC 12 being withdrawn.

  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. Summary of Significant Accounting Policies

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales
Revenue from sales of real estate and cost from completed projects is accounted for using the full accrual method. 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.

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.

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

Revenue from hotel operations
Revenue from hotel operations 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.

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

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

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

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

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

Initial recognition 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. 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 assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial instruments are of the nature of loans and receivables, financial assets and financial liabilities 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 asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

Day 1 profit
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in the profit and loss 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 profit and loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

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

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

Derivative Financial Instruments
Derivative financial instruments (including bifurcated embedded derivatives), if any, are initially recognized at fair value on the date at which the derivative contract is entered into and is subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of the derivative (except those accounted for as accounting hedges) is taken directly to the consolidated statement of comprehensive income as "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).

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

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

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

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the profit and loss.

As of September 30, 2011, 2010 and 2009, the Group has no embedded derivatives requiring bifurcation.

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

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

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

As of September 30, 2010, the Group has an investment in preferred shares amounting ₱210 million (see Notes 10, 31 and 32).

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

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

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

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

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in the profit and loss 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 profit and loss. 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 profit and loss, 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 the profit and loss, is transferred from the consolidated statement of changes in equity to the 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 the 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 the 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 their 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 profit and loss.

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 costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction. NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried

at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. Investment properties are depreciated and amortized using the straight-line method over their estimated useful lives as follow:

	Years
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.

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.

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

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

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

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of over the estimated useful lives (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 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 or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

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

Impairment losses of continuing operations are recognized in the profit and loss 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.

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.

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 profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 and a portion of the net cumulative unrecognized actuarial gains and losses.

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

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

General and Administrative Expenses
General and administrative expenses, except for lease agreements, 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. 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. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based the terms of the leased contract.

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

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

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

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

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

Events After the Reporting Period
Post year-end events that provide additional information about the Group’s position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

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

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

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

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

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

The related balances from real estate transactions follow:

	2011	2010	2009
Revenue (Note 21)	**₱4,079,748,167**	₱2,720,062,815	₱3,903,963,162
Costs and expenses (Note 22)	**2,664,371,840**	1,745,032,612	2,304,166,017

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 ₱6,418 million, ₱6,514 million and ₱6,557 million as of September 30, 2011, 2010 and 2009, 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. In determining significant risks and benefits of ownerships, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset. The Group accordingly accounted for these as operating leases. The future minimum rentals receivables under non-cancelable operating lease amounted to ₱4,269 million, ₱4,445 million and ₱2,369 million as of September 30, 2011, 2010 and 2009, respectively (see Note 34).

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.

The related balances from real estate transactions follow:

	2011	2010	2009
Revenue (Note 21)	**₱4,079,748,167**	₱2,720,062,815	₱3,903,963,162
Costs and expenses (Note 22)	**2,664,371,840**	1,745,032,612	2,304,166,017

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):

	2011	2010	2009
Receivables	**₱3,705,474,498**	₱5,502,648,046	₱4,118,417,642
Allowance for impairment losses	**45,143,585**	51,484,917	49,459,776
Provision for impairment losses	**770,804**	2,025,141	1,000,601

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, 2011, 2010 and 2009, the Group has a derivative asset classified under FVPL amounting ₱172 million, ₱111 million and ₱103 million, respectively (see Notes 13 and 31).

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

AFS financial asset amounted to ₱210 million as of September 30, 2010 (see Notes 13 and 32).

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:

	2011	2010	2009
Investment properties (Note 11)			
Cost	**₱52,186,821,911**	₱42,889,484,901	₱38,955,325,424
Accumulated depreciation and amortization	**12,801,676,362**	11,044,786,759	9,661,345,051
Depreciation and amortization	**1,756,889,603**	1,596,776,495	1,420,605,645
Property and equipment (Note 12)			
Cost	**5,578,204,100**	5,091,510,108	4,328,144,148
Accumulated depreciation and amortization	**3,023,270,653**	2,671,701,290	2,143,411,369
Depreciation and amortization	**356,230,485**	315,422,373	248,240,650

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:

	2011	2010	2009
Investment properties (Note 11)			
Cost	**₱52,186,821,911**	₱42,889,484,901	₱38,955,325,424
Accumulated depreciation and amortization	**12,801,676,362**	11,044,786,759	9,661,345,051
Depreciation and amortization	**1,756,889,603**	1,596,776,495	1,420,605,645
Property and equipment (Note 12)			
Cost	**5,578,204,100**	5,091,510,108	4,328,144,148
Accumulated depreciation and amortization	**3,023,270,653**	2,671,701,290	2,143,411,369
Depreciation and amortization	**356,230,485**	315,422,373	248,240,650

Deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable profit 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 profit together with future tax planning. Deferred tax assets as of September 30, 2011, 2010 and 2009 amounted to ₱482 million, ₱415 million and ₱341 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 ₱14 million and ₱0.1 million in 2011 and 2010, respectively. The related deferred tax assets amounted to ₱4 million and ₱0.05 million as of September 30, 2011 and 2010, respectively.

As of September 30, 2011, 2010 and 2009, 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).

Pension expense
The determination of obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions, which are described in Note 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:

	2011	2010	2009
Net pension liabilities (Notes 17 and 29)	**₱60,855,783**	₱41,584,780	₱28,453,776
Pension benefit obligation (Note 29)	**145,607,663**	122,353,161	80,486,580
Unrecognized net actuarial gains (losses) (Note 29)	**32,648,717**	23,954,613	(8,526,756)

6. Operating Segment

Business Segment

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

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

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

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

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

The Group derives its revenue from the following reportable units:

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

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

Office Buildings Division - develops and leases offices spaces

Hotel Division - owns and operates a chain of hotels in Pasig City, Quezon City and Cebu City.
In 2010, the Group launched its Go Hotel. It marked the Group's entry in the budget hotels industry.

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

2011

	Commercial Center Division	**Residential Division**	**Office Buildings Division**	**Hotel Division**	**Intersegment Eliminating Adjustments**	**Consolidated**
Revenue						
Segment revenue	**₱6,226,043,270**	**₱4,559,509,332**	**₱1,351,356,796**	**₱1,207,558,281**	**₱–**	**₱13,344,467,679**
Intersegment revenue	**31,255,524**	**-**	**-**	**-**	**(31,255,524)**	**-**
Total Revenue	**6,257,298,794**	**4,559,509,332**	**1,351,356,796**	**1,207,558,281**	**(31,255,524)**	**13,344,467,679**
Costs and expenses						
Segment costs and expenses	**1,783,365,390**	**3,547,407,176**	**48,984,567**	**820,217,321**	**-**	**6,199,974,454**
Intersegment costs and expenses	**-**	**31,255,524**	**-**	**-**	**(31,255,524)**	**-**
Total Costs and expenses	**1,783,365,390**	**3,578,662,700**	**48,984,567**	**820,217,321**	**(31,255,524)**	**6,199,974,454**
Earnings before interest, taxes and depreciation and amortization	**4,473,933,404**	**980,846,632**	**1,302,372,229**	**387,340,960**	**-**	**7,144,493,225**
Depreciation and amortization (Note 24)	**1,509,637,503**	**34,979,000**	**379,131,125**	**189,372,461**	**-**	**2,113,120,089**
Income before income tax	**₱2,964,295,901**	**₱945,867,632**	**₱923,241,104**	**₱197,968,499**	**₱–**	**₱5,031,373,136**
Assets and Liabilities						
Segment assets	**₱39,284,110,021**	**₱18,198,840,878**	**₱5,659,865,862**	**₱1,975,974,719**	**₱–**	**₱65,118,791,480**
Investment in subsidiaries - at cost	**1,926,030,407**	**-**	**-**	**-**	**(1,926,030,407)**	**-**
Total segment assets	**₱41,210,140,428**	**₱18,198,840,878**	**₱5,659,865,862**	**₱1,975,974,719**	**(₱1,926,030,407)**	**₱65,118,791,480**
Total segment liabilities	**₱17,007,399,511**	**₱6,360,644,644**	**₱1,975,817,352**	**₱738,331,763**	**₱–**	**₱26,082,193,270**
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	₱5,739,179,867	₱3,225,844,279	₱1,182,235,305	₱1,149,768,560	₱–	₱11,297,028,011
Intersegment revenue	34,914,402	–	–	–	(34,914,402)	–
Total Revenue	5,774,094,269	3,225,844,279	1,182,235,305	1,149,768,560	(34,914,402)	11,297,028,011
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	4,174,985,098	742,637,548	1,139,613,569	353,674,815	–	6,410,911,030
Depreciation and amortization (Note 24)	1,388,316,331	25,856,018	297,213,869	200,812,650	–	1,912,198,868
Income before income tax	₱2,786,668,767	₱716,781,530	₱842,399,700	₱152,862,165	₱–	₱4,498,712,162
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

2009

	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating adjustments	Consolidated
Revenue						
Segment revenue	₱4,210,395,126	₱4,374,840,150	₱1,111,914,654	₱1,036,362,735	₱–	₱10,733,512,665
Intersegment revenue	23,579,993	–	–	–	(23,579,993)	–
Total Revenue	4,233,975,119	4,374,840,150	1,111,914,654	1,036,362,735	(23,579,993)	10,733,512,665
Costs and expenses						
Segment costs and expenses	990,466,972	2,990,913,810	80,086,599	723,100,945	–	4,784,568,326
Intersegment costs and expenses	–	23,579,993	–	–	(23,579,993)	–
Total Costs and expenses	990,466,972	3,014,493,803	80,086,599	723,100,945	(23,579,993)	4,784,568,326
Earnings before interest, taxes and depreciation and amortization	3,243,508,147	1,360,346,347	1,031,828,055	313,261,790	–	5,948,944,339
Depreciation and amortization (Note 22)	1,172,179,099	19,926,148	293,966,695	182,774,353	–	1,668,846,295
Income before income tax	₱2,071,329,048	₱1,340,420,199	₱737,861,360	₱130,487,437	₱–	₱4,280,098,044
Assets and Liabilities						
Segment assets	₱33,105,184,109	₱12,075,966,043	₱4,862,299,414	₱1,435,857,456	₱–	₱51,479,307,022
Investment in subsidiaries - at cost	1,486,030407	–	–	–	(1,486,030,407)	–
Total segment assets	₱34,591,214,516	₱12,075,966,043	₱4,862,299,414	₱1,435,857,456	(₱1,486,030407)	₱51,479,307,022
Total segment liabilities	₱16,451,809,373	₱5,959,514,292	₱2,644,841,412	₱856,665,768	₱–	₱25,912,830,845
Other segment information:						
Capital expenditures						₱6,288,533,310

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements amounting ₱31 million, ₱34 million and ₱24 million in 2011, 2010 and 2009, 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 ₱1,317 million, ₱1,263 million and ₱905 million in 2011, 2010 and 2009, respectively.

7. Cash and Cash Equivalents

This account consists of (see Note 20):

	September 30		October 1
	2011	2010	2009
Cash on hand and in banks	**₱159,643,410**	₱309,800,552	₱8,082,848,590
Short-term investments	**8,889,183,944**	5,187,804,935	842,847,535
	₱9,048,827,354	₱5,497,605,487	₱8,925,696,125

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates ranging from 0.25% to 4.38%.

Interest earned for the years ended September 30, 2011, 2010 and 2009 amounted to ₱414 million, ₱298 million and ₱120 million, respectively (see Note 26).

8. Receivables

This account consists of:

	September 30		October 1
	2011	2010	2009
Trade			
Installment contract receivables	**₱2,471,017,513**	₱2,462,317,615	₱3,166,871,003
Accrued rent receivables	**351,163,620**	397,932,724	320,890,367
Rental receivables (Note 20)	**333,825,954**	262,144,720	238,719,742
Hotel operations	**50,718,392**	61,841,108	76,130,603
	3,206,725,479	3,184,236,167	3,802,611,715
Affiliated companies (Note 20)	**110,118,302**	2,044,343,678	93,126,774
Others	**388,630,717**	274,068,201	222,679,153
	3,705,474,498	5,502,648,046	4,118,417,642
Less allowance for impairment losses	**45,143,585**	51,484,917	49,459,776
	3,660,330,913	5,451,163,129	4,068,957,866
Less noncurrent portion	**1,189,418,089**	589,558,480	1,079,232,803
	₱2,470,912,824	₱4,861,604,649	₱2,989,725,063

The installment contract receivables aggregating ₱2,471 million, ₱2,462 million and ₱3,167 million as of September 30, 2011, 2010 and 2009, 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 amounted to about ₱86 million, ₱105 million and ₱162 million as of September 30, 2011, 2010 and 2009, 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, 2011, 2010 and 2009, trade receivables with carrying value of ₱45 million, ₱51 million and ₱49 million were impaired and fully provided for. Changes in allowance for impairment losses on trade receivables follow:

2011

	Individual Assessment			**Collective Assessment**	
	Installment Contract Receivables	**Rental Receivable**	**Hotels Operations**	**Installment Contract Receivables**	**Total**
Balances at October 1, 2010	**₱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 September 30, 2011	**₱542,358**	**₱13,400,757**	**₱12,200,470**	**₱19,000,000**	**₱45,143,585**

2010

	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at October 1, 2009	₱542,358	₱20,512,893	₱9,404,525	₱19,000,000	₱49,459,776
Provision for impairment losses (Note 23)	–	–	2,025,141	–	2,025,141
Balances at September 30, 2010	₱542,358	₱20,512,893	₱11,429,666	₱19,000,000	₱51,484,917

2009

	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at October 1, 2008	₱542,358	₱20,512,893	₱8,403,924	₱19,000,000	₱48,459,175
Provision for impairment losses (Note 23)	–	–	1,000,601	–	1,000,601
Balances at September 30, 2009	₱542,358	₱20,512,893	₱9,404,525	₱19,000,000	₱49,459,776

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

2011

		Neither	**Past Due But Not Impaired**				**Past**
	Total	**Past Due nor Impaired**	**Less than 30 days**	**30 to 60 days**	**60 to 90 days**	**Over 90 days**	**Due and Impaired**
Trade receivables							
Installment contract receivables	**₱2,471,055,601**	**₱1,824,340,414**	**₱49,248,766**	**₱32,774,871**	**₱27,442,750**	**₱536,706,442**	**₱542,358**
Accrued rent receivables	**351,163,620**	**351,163,620**	**–**	**–**	**–**	**–**	**–**
Rental receivables	**333,825,954**	**301,672,541**	**–**	**1,517,025**	**2,557,921**	**14,677,710**	**13,400,757**
Hotel operations	**50,680,304**	**24,806,904**	**9,796,155**	**3,193,879**	**682,896**	**–**	**12,200,470**
Affiliated companies (Note 20)	**110,118,302**	**110,118,302**	**–**	**–**	**–**	**–**	**–**
Others	**388,630,717**	**384,585,176**	**123,643**	**500**	**583,957**	**3,337,441**	**–**
	₱3,705,474,498	**₱2,996,686,957**	**₱59,168,564**	**₱37,486,275**	**₱31,267,524**	**₱554,721,593**	**₱26,143,585**

2010

		Neither	Past Due But Not Impaired				Past
	Total	Past Due nor Impaired	Less than 30days	30 to 60 days	60 to 90 days	Over 90 days	Due and Impaired
Trade receivables							
Installment contract receivables	₱2,462,859,973	₱1,209,007,518	₱278,802,201	₱449,232,704	₱102,594,204	₱422,680,988	₱542,358
Accrued rent receivables	397,932,724	397,932,724	–	–	–	–	–
Rental receivables	262,144,720	144,999,130	16,179,252	4,061,751	2,335,489	74,056,205	20,512,893
Hotel operations	70,299,275	31,768,337	17,031,150	4,660,827	1,667,432	3,741,863	11,429,666
Affiliated companies (Note 20)	2,044,343,678	2,044,343,678	–	–	–	–	–
Others	274,068,201	274,068,201	–	–	–	–	–
	₱5,511,648,571	₱4,102,119,588	₱312,012,603	₱457,955,282	₱106,597,125	₱500,479,056	₱32,484,917

2009

	Total	Neither Past Due nor Impaired	Past Due But Not Impaired: Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables							
Installment contract receivables	₱3,167,413,361	₱2,866,977,762	₱49,835,054	₱17,329,617	₱27,428,275	₱205,300,295	₱542,358
Accrued rent receivables	320,890,367	320,890,367	–	–	–	–	–
Rental receivables	238,719,742	131,050,306	39,725,087	5,982,170	419,645	41,029,641	20,512,893
Hotel operations	75,588,245	37,983,835	12,535,280	7,095,504	3,366,052	5,203,049	9,404,525
Affiliated companies (Note 20)	93,126,774	93,126,774	–	–	–	–	–
Others	222,679,153	222,679,153	–	–	–	–	–
	₱4,118,417,642	₱3,672,708,197	₱102,095,421	₱30,407,291	₱31,213,972	₱251,532,985	₱30,459,776

The Group holds no collateral in respect of these receivables.

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	September 30		October 1
	2011	2010	2009
Land and condominium units	**₱6,411,923,262**	₱4,958,089,821	₱4,430,344,379
Residential units and subdivision land development costs	**2,079,105,225**	1,239,217,994	653,819,663
	₱8,491,028,487	₱6,197,307,815	₱5,084,164,042

The subdivision land, condominium and residential units for sale are carried at cost. No amount of write down is recognized as expense for the years ended September 30, 2011, 2010 and 2009.

The amount of subdivision land, condominium and residential units for sale recognized as expense in the consolidated statement of comprehensive income amounted to ₱2,664 million, ₱1,745 million and ₱2,304 million for the years ended September 30, 2011, 2010 and 2009, respectively (see Note 22).

There are no subdivision land, condominium and residential units for sale as of September 30, 2011, 2010 and 2009 that are pledged as security to liabilities.

10. Other Current Assets

This account consists of:

	September 30		October 1
	2011	2010	2009
Value-added input tax	**₱903,217,562**	₱586,892,577	₱665,505,765
Advances to suppliers and contractors	**276,687,707**	105,844,970	2,501,591
Supplies	**57,542,090**	37,586,154	29,287,698
Prepaid expenses	**45,090,437**	92,579,519	109,810,396
Advances to lot owners (Note 31)	**32,772,104**	–	–
Utility deposits (Notes 31 and 32)	**3,519,980**	5,740,785	6,276,798
Receivable from Meralco (Notes 30, 31 and 32)	**-**	6,890,300	19,224,544
Investment in preferred shares of stocks (Note 32)	**-**	210,000,000	–
Advances to ASNC (Note 2)	**-**	–	487,805,693
	₱1,318,829,880	₱1,045,534,305	₱1,320,412,485

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

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

Prepaid expenses consist mainly of prepayments for taxes and insurance.

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

Utility deposits consist primarily of bid bonds and meter deposits.

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

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

11. Investment Properties

The rollforward analysis of this account follows:

2011

	Land	**Land Improvements**	**Buildings and Improvements**	**Construction In Progress**	**Total**
Cost					
At October 1, 2010	**₱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)**	**–**
At September 30, 2011	**16,914,362,270**	**84,425,893**	**30,494,808,643**	**4,693,225,105**	**52,186,821,911**
Accumulated Depreciation and Amortization					
At October 1, 2010	**–**	**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**
At September 30, 2011	**–**	**52,223,164**	**12,749,453,198**	**–**	**12,801,676,362**
Net Book Value as of September 30, 2011	**₱16,914,362,270**	**₱32,202,729**	**₱17,745,355,445**	**₱4,693,225,105**	**₱39,385,145,549**

2010

	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost					
At October 1, 2009	₱9,958,029,539	₱58,465,680	₱26,027,435,530	₱2,651,257,533	₱38,695,188,282
Additions	1,706,098,306	1,630,357	895,215,545	1,591,352,411	4,194,296,619
Reclassifications/transfers		5,340,906	2,742,466,842	(2,747,807,748)	–
At September 30, 2010	11,664,127,845	65,436,943	29,665,117,917	1,494,802,196	42,889,484,901
Accumulated Depreciation and Amortization					
At October 1, 2009	–	44,277,123	9,403,733,141	–	9,448,010,264
Depreciation and amortization (Note 24)	–	3,558,604	1,593,217,891	–	1,596,776,495
At September 30, 2010	–	47,835,727	10,996,951,032	–	11,044,786,759
Net Book Value as of September 30, 2010	₱11,664,127,845	₱17,601,216	₱18,668,166,885	₱1,494,802,196	₱31,844,698,142

2009

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Construction In Progress	Total
Cost						
At October 1, 2008	₱9,862,661,566	₱58,340,680	₱23,172,087,520	₱254,274,144	₱2,454,179,853	₱35,801,543,763
Additions	187,949,749	125,000	702,204,761	5,862,998	2,350,220,929	3,246,363,437
Retirements/disposals	(92,581,776)	–	–	–	–	(92,581,776)
Reclassifications/transfers	–	–	2,153,143,249	–	(2,153,143,249)	–
At September 30, 2009	9,958,029,539	58,465,680	26,027,435,530	260,137,142	2,651,257,533	38,955,325,424
Accumulated Depreciation and Amortization						
At October 1, 2008	–	39,991,185	8,006,713,709	194,034,512	–	8,240,739,406
Depreciation and amortization (Note 24)	–	4,285,938	1,397,019,432	19,300,275	–	1,420,605,645
At September 30, 2009	–	44,277,123	9,403,733,141	213,334,787	–	9,661,345,051
Net Book Value as of September 30, 2009	₱9,958,029,539	₱14,188,557	₱16,623,702,389	₱46,802,355	₱2,651,257,533	₱29,293,980,373

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

Effective October 1, 2009, the operation of Robinsons Movieworld was transferred to the Parent Company under Commercial Center Division. Theater Furniture and Equipment were transferred under the captions "Property and Equipment".

Depreciation and amortization expense charged to operations amounted to ₱1,757 million,₱1,597 million and ₱1,421 million for the year ended September 30, 2011, 2010 and 2009, respectively (see Note 24).

Borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties under construction amounted to about ₱1,041 million, ₱985 million and ₱631 million in 2011, 2010 and 2009, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2011, 2010 and 2009 ranges from 7.47% to 12.00%.

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

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

Property operations and maintenance costs arising from investment properties amounted to ₱485 million, ₱427 million and ₱341 million for the year ended September 30, 2011, 2010 and 2009, respectively (see Note 22).

There are no investment properties and other investments as of September 30, 2011, 2010 and 2009 that are pledged as security to liabilities.

12. Property and Equipment

The rollforward analysis of this account follows:

2011

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost						
At October 1, 2010	**₱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**	**-**
At September 30, 2011	**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						
At October 1, 2010	**-**	**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)**
At September 30, 2011	**-**	**20,932,632**	**1,336,056,336**	**269,972,881**	**1,396,308,804**	**3,023,270,653**
Net Book Value as of September 30, 2011	**₱173,086,946**	**₱13,393,703**	**₱1,605,030,926**	**₱90,702,006**	**₱672,719,866**	**₱2,554,933,447**

2010

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost						
At October 1, 2009	₱173,086,946	₱21,498,582	₱2,629,603,763	₱260,137,142	₱1,503,954,857	₱4,588,281,290
Additions	–	8,571,817	271,361,752	63,723,563	160,329,535	503,986,667
Retirements/disposal	–	–	–	–	(757,849)	(757,849)
Reclassifications/transfers	–	–	–	–	–	–
At September 30, 2010	173,086,946	30,070,399	2,900,965,515	323,860,705	1,663,526,543	5,091,510,108
Accumulated Depreciation and Amortization						
At October 1, 2009	–	16,242,906	1,044,229,013	213,334,787	1,082,939,450	2,356,746,156
Depreciation and amortization (Note 24)	–	3,012,411	141,016,504	21,653,014	149,740,444	315,422,373
Retirements/disposal	–	–	–	–	(467,239)	(467,239)
At September 30, 2010	–	19,255,317	1,185,245,517	234,987,801	1,232,212,655	2,671,701,290
Net Book Value as of September 30, 2010	₱173,086,946	₱10,815,082	₱1,715,719,998	₱88,872,904	₱431,313,888	₱2,419,808,818

2009

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Total
Cost					
At October 1, 2008	₱173,086,946	₱3,195,681	₱2,242,912,992	₱1,307,022,297	₱3,726,217,916
Additions	–	–	386,690,771	218,066,372	604,757,143
Retirements/disposal	–	–	–	(2,830,911)	(2,830,911)
Reclassifications/transfers	–	18,302,901	–	(18,302,901)	–
At September 30, 2009	173,086,946	21,498,582	2,629,603,763	1,503,954,857	4,328,144,148
Accumulated Depreciation and Amortization					
At October 1, 2008	–	3,195,681	916,818,739	977,197,173	1,897,211,593
Depreciation and amortization (Note 24)	–	–	127,410,274	120,830,376	248,240,650
Retirements/disposal	–	–	–	(2,040,874)	(2,040,874)
Reclassifications/transfers	–	13,047,225	–	(13,047,225)	–
At September 30, 2009	–	16,242,906	1,044,229,013	1,082,939,450	2,143,411,369
Net Book Value as of September 30, 2009	₱173,086,946	₱5,255,676	₱1,585,374,750	₱421,015,407	₱2,184,732,779

Depreciation and amortization expense charged to operations amounted to ₱356 million, ₱315 million and ₱248 million for the year ended September 30, 2011, 2010 and 2009, respectively (see Note 24).

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

There are no property and equipment items as of September 30, 2011, 2010 and 2009 that are pledged as security to liabilities.

13. Other Noncurrent Assets

This account consists of:

	September 30		October 1
	2011	2010	2009
Utility deposits (Notes 31 and 32)	**₱222,076,451**	₱211,098,369	₱196,419,195
Advances to lot owners (Note 31)	**174,166,992**	237,697,706	226,847,680
Derivative asset (Note 31)	**172,496,875**	111,066,241	102,985,391
Receivable from Meralco (Notes 30, 31 and 32)	**-**	–	5,190,682
Others	**90,955,532**	85,155,212	69,920,404
	₱659,695,850	₱645,017,528	₱601,363,352

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.

Others include advances to suppliers/contractors representing advance payment to supplier or contractors which will be applied against the final billing.

14. Accounts Payable and Accrued Expenses

This account consists of:

	September 30		October 1
	2011	2010	2009
Accrued taxes and licenses, bonus and other liabilities	**₱2,625,279,676**	₱2,566,492,695	₱2,318,123,849
Accounts payable (Note 20)	**1,634,014,716**	1,236,170,341	1,600,516,467
Accrued rent expense	**92,639,627**	54,087,098	6,183,088
Dividends payable	**8,689,011**	7,568,707	7,002,600
	₱4,360,623,030	₱3,864,318,841	₱3,931,826,004

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

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

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

15. Deposits and Other Liabilities

This account consists of:

	September 30		October 1
	2011	2010	2009
Deposits from real estate buyers (Notes 17 and 32)	**₱845,695,426**	₱1,011,306,997	₱772,991,204
Payables to affiliated companies (Notes 20 and 32)	**634,969,045**	134,390,653	120,448,784
Deposits from lessees (Notes 17 and 32)	**174,545,141**	162,257,882	123,352,453
	₱1,655,209,612	₱1,307,955,532	₱1,016,792,441

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

Deposits from real estate buyers are cash collections in excess of the installment contract receivables recognized under the percentage-of-completion method which amounted to ₱1,587 million, ₱1,733 million and ₱1,021 million as of September 30, 2011, 2010 and 2009, respectively.

The Deposits from lessees represent cash received in advance equivalent to three (3) to six (6) months rent which shall be refunded to lessees at the end of lease term. The Group recognized Discount on deposits from lessees (included under the caption "Interest expense") amounting ₱114 million, ₱97 million and ₱101 million as of September 30, 2011, 2010 and 2009, respectively. The related interest expense on the discount amounted to ₱72 million, ₱71 million and ₱69 million in 2011, 2010 and 2009, respectively (see Note 26). The Deposits from lessees was discounted using PDST-F rate plus 2% spread.

The Unearned rental income (included under the caption "Deposit from lessees") amounted to ₱104 million, ₱84 million and ₱91 million as of September 30, 2011, 2010 and 2009, respectively. The rental income on amortization of unearned rental income amounted to ₱70 million, ₱72 million and ₱53 million in 2011, 2010 and 2009, 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	September 30 2011	September 30 2010	October 1 2009
Loan from ING, Manila and Security Bank Corporation (SBC) under the Development Bank of the Philippines (DBP)-JBIC - 5 loan facility at fixed interest rate of 9.2% per annum + 1.5% margin payable in nine (9) semi-annual payments starting October 2005	**₱1,000,000,000**	**₱–**	₱–	₱115,000,000
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**	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	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	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	5,000,000,000
	16,000,000,000	**15,000,000,000**	15,000,000,000	15,115,000,000
Less current portion	**–**	**3,000,000,000**	–	115,000,000
	₱16,000,000,000	**₱12,000,000,000**	₱15,000,000,000	₱15,000,000,000

Loans Payable due in May 2012

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

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

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.

Aggregate Borrowing Costs
Aggregate borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties amounted to ₱1,041 million, ₱985 million and ₱631 million in 2011, 2010 and 2009, 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
2011	**₱3,000,000,000**	**₱2,000,000,000**	**₱10,000,000,000**	**₱–**	**₱–**	**₱15,000,000,000**
2010	₱–	₱3,000,000,000	₱2,000,000,000	₱10,000,000,000	₱–	₱15,000,000,000
2009	₱115,000,000	₱–	₱3,000,000,000	₱2,000,000,000	₱10,000,000,000	₱15,115,000,000

17. Deposits and Other Noncurrent Liabilities

This account consists of:

	September 30		October 1
	2011	2010	2009
Deposits from lessees - net of current portion (Note 31)	**₱1,820,384,583**	₱1,692,237,015	₱1,286,480,407
Accrued rent expense	**1,080,362,640**	977,436,619	869,566,391
Deposits from real estate buyers - net of current portion (Note 31)	**741,071,742**	722,310,528	796,303,273
Pension liabilities (Note 29)	**60,855,783**	41,584,780	28,453,776
Advances and others	**634,761,102**	1,185,767,910	2,069,121,292
	₱4,337,435,850	₱4,619,336,852	₱5,049,925,139

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

Advances and others account consists of noncurrent accounts payable and accrued taxes and licenses, bonus and other liabilities.

18. Retained Earnings

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting ₱380 million, ₱359 million and ₱345 million as of September 30, 2011, 2010 and October 1, 2009, respectively, are not available for dividend declaration until received in the form of dividends.

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

	September 30		October 1
	2011	2010	2009
Date of declaration	**May 11, 2011**	April 15, 2010	April 16, 2009
Date of payment	**June 27, 2011**	May 20, 2010	June 10, 2009
Ex-dividend rate	**May 31, 2011**	May 5, 2010	May 15, 2009
Dividend per share	**₱0.36**	₱0.48	₱0.25
Total dividends	**₱1,473,779,046**	₱1,312,794,844	₱686,729,614

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 (Note 11).

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

19. Capital Stock

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

	September 30		October 1
	2011	2010	2009
Authorized - at ₱1 par value	**8,200,000,000**	3,000,000,000	3,000,000,000
At beginning of the period	**2,729,220,457**	2,746,918,457	2,746,918,457
Additional subscription	**1,364,610,22**8		
Treasury shares		(17,698,000)	–
Issued and outstanding	**4,093,830,68**5	2,729,220,457	2,746,918,457

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

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 authorized 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 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, 2011, 2010 and October 1, 2009.

		September 30		October 1
		2011	2010	2009
(a)	Loans payable (Note 16)	**₱15,000,000,000**	₱15,000,000,000	₱15,115,000,000
(b)	Equity	**₱39,036,598,210**	₱27,737,205,566	₱25,566,476,177
(c)	Debt-to-capital ratio (a/b)	**0.38:1**	0.54:1	0.59:1

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

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

The Group, in the normal course of business, has transactions with its major stockholder, JGSHI and its affiliated companies consisting principally of lease arrangements and advances (both interest and 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 ₱1,317 million, ₱1,263 million and ₱905 million in 2011, 2010 and 2009, respectively (see Note 6). There are no intersegment sales.

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

	September 30		October 1
	2011	2010	2009
Savings and current accounts	**₱86,374,803**	₱23,156,452	₱43,959,441
Short-term investments	**8,817,480,814**	2,740,883,543	123,197,650
	₱8,903,855,617	₱2,764,039,995	₱167,157,091

As of September 30, 2011, 2010 and 2009, the net receivable (payable) to an affiliated companies amounted to (₱525 million), ₱1,910 million and (₱27 million), respectively. Details are as follow:

	September 30		October 1
	2011	2010	2009
Receivable from affiliated companies (Notes 8 and 32)			
JGSHI	**₱–**	₱1,920,690,302	₱–
Digital Telecommunications Philippines Inc.	**40,289,156**	39,708,187	39,926,434
Robinsons Recreation Corporation	**13,209,271**	11,353,023	11,351,620
Universal Robina Corporation	**6,249,032**	12,644,234	6,156,389
Others	**50,370,843**	59,947,932	35,692,331
	110,118,302	2,044,343,678	93,126,774
Payable to affiliated companies (Notes 15 and 32)			
WINSOME	**(₱75,010,000)**	(₱75,010,000)	₱–
Westpoint Industrial Mills	**(22,819,452)**	(22,819,452)	(22,819,452)
JGSHI	**(496,142,280)**	–	(33,828,465)
Others	**(40,997,313)**	(36,561,201)	(63,800,867)
	(634,969,045)	(134,390,653)	(120,448,784)
Net receivables from (payable to) affiliated companies	**(₱524,850,743)**	₱1,909,953,025	(₱27,322,010)

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

Other receivables from affiliates account consists primarily of receivables from Robinsons Summit Center Corp., Venvi Holdings Corp. and Robinsons Condominium Corporation.

Other payables from affiliates account consists primarily of payables to RPR Manila Condominium Corporation, East of Galleria Corporation and The Fort Residences.

Outstanding balances as of September 30, 2011, which are unsecured and interest free, are all due within one (1) year.

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 will commence in March 2012.

The contributions of the parties follow:
a. RLC: Road lot valued at ₱88.83 million and development costs amounting ₱1,390 million (Note 11)
b. FLI: Development costs amounting ₱738.82 million
c. HLRD, an affiliate of FLI: Four (4) adjoining parcels of land valued at ₱738.82 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, 2011, 2010 and 2009. 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:

	September 30		October 1
	2011	2010	2009
Short term employee benefits (Note 23)	**₱545,422,594**	₱487,468,400	₱466,196,967
Post-employment benefits (Note 25)	**25,774,243**	21,248,965	19,328,400
	₱571,196,837	₱508,717,365	₱485,525,367

21. Revenue

This account consists of:

	September 30		October 1
	2011	2010	2009
Real estate			
Rental income (Notes 20 and 34)	**₱6,113,510,000**	₱5,588,305,712	₱5,143,095,179
Real estate sale	**4,079,748,167**	2,720,062,815	3,903,963,162
Amusement income	**687,899,815**	691,070,543	–
Others	**585,277,173**	448,148,632	415,447,070
	11,466,435,155	9,447,587,702	9,462,505,411
Hotel operations			
Rooms	**707,593,257**	665,425,855	593,396,475
Food and beverage	**454,042,502**	437,973,257	398,818,700
Others	**44,583,428**	43,915,486	41,016,521
	1,206,219,187	1,147,314,598	1,033,231,696
	₱12,672,654,342	₱10,594,902,300	₱10,495,737,107

Real estate others mainly includes association dues and other penalty charges received from tenants and other penalty charges received from buyers.

Effective October 1, 2009, the operation of Robinsons Movieworld was transferred to the Parent Company under Commercial Center Division. Transactions pertaining to the operations of Robinsons Movieworld were recognize in the books of Group under the captions "Amusement income" and Film rentals expense".

Hotel operations others amount includes transport, laundry, valet and other services.

22. Costs and Expenses

This account consists of:

	2011	2010	2009
Real Estate			
Cost of real estate sale (Note 9)	**₱2,664,371,840**	₱1,745,032,612	₱2,304,166,017
Depreciation and amortization (Notes 11, 12 and 24)	**1,923,747,627**	1,711,386,218	1,486,071,942
Film rentals expense (Note 21)	**320,222,382**	309,970,334	–
Property operations and maintenance costs (Note 11)	**277,066,989**	219,782,623	152,311,784
Others (Note 25)	**263,369,726**	148,642,261	187,846,269
	5,448,778,564	4,134,814,048	4,130,396,012
Hotel Operations			
Cost of sale	**172,332,552**	164,849,924	137,338,511
Property operations and maintenance costs (Note 11)	**207,542,599**	206,927,449	188,908,781
Depreciation and amortization (Notes 11, 12 and 24)	**189,372,461**	200,812,650	182,774,353
Others (Note 25)	**440,441,170**	424,316,369	396,853,653
	1,009,688,782	996,906,392	905,875,298
	₱6,458,467,346	₱5,131,720,440	₱5,036,271,310

Real estate others amount include expenses from contracted services and other administration expenses.

Hotel operations others amount includes advertising, sales and promotion fees.

23. General and Administrative Expenses

This account consists of:

	2011	2010	2009
Salaries and wages (Notes 20, 25 and 29)	**₱422,611,616**	₱367,370,141	₱352,580,249
Advertising and promotions	**339,031,250**	285,976,028	199,825,182
Taxes and licenses	**301,858,105**	316,976,296	236,908,362
Commission	**276,098,706**	253,316,134	224,761,947
Rent expense (Note 34)	**164,889,306**	158,400,664	156,097,564
Insurance	**68,297,031**	37,756,695	35,006,496
Light, water and communication (Note 30)	**64,696,047**	53,427,953	53,017,210
Donation	**43,886,381**	37,696,344	23,178,581
Supplies expense	**33,033,099**	27,231,435	13,991,651
Travel and transportation	**28,325,620**	26,320,363	19,785,993
Entertainment, amusement and recreation	**13,743,722**	8,486,948	9,656,765
Provision for impairment losses (Note 8)	**770,804**	2,025,141	1,000,601
Others	**24,884,333**	20,299,273	22,707,883
	₱1,782,126,020	₱1,595,283,415	₱1,348,518,484

24. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	2011	2010	2009
Real estate (Notes 11, 12 and 22)	**₱1,923,747,627**	₱1,711,386,218	₱1,486,071,942
Hotel operations (Notes 11, 12 and 22)	**189,372,461**	200,812,650	182,774,353
	₱2,113,120,088	₱1,912,198,868	₱1,668,846,295

25. Personnel Expenses

Personnel expenses consist of (see Note 23):

	2011	2010	2009
Salaries, wages and other staff costs	**₱482,157,134**	₱435,332,938	₱430,317,859
Pension expense (Note 29)	**25,774,243**	21,248,965	19,328,400
SSS contributions, PAG-IBIG contributions, premiums and others	**63,265,460**	52,135,462	35,879,108
	₱571,196,837	₱508,717,365	₱485,525,367

The above amounts are distributed as follows:

	2011	2010	2009
General and administrative (Note 23)	**₱422,611,616**	₱367,370,141	₱352,580,249
Hotel operations (Note 22)	**148,585,221**	141,347,224	132,945,118
	₱571,196,837	₱508,717,365	₱485,525,367

26. Interest Income and Interest Expense

This account consists of:

	2011	2010	2009
Interest income			
Installment contract receivables	**₱227,648,380**	₱234,195,441	₱111,115,924
Bank deposits (Note 7)	**414,303,157**	298,455,839	120,053,222
Receivable from affiliated companies	**26,469,281**	160,567,866	–
Receivable from Meralco (Note 30)	**3,392,519**	8,906,565	6,606,412
	₱671,813,337	₱702,125,711	₱237,775,558
Interest expense			
Loans payable (Note 16)	**₱177,709,404**	₱228,768,370	₱–
Customers' deposits (Note 15)	**72,600,177**	71,311,994	68,624,827
	₱250,309,581	₱300,080,364	₱68,624,827

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:

	2011	2010	2009
Current			
RCIT	**₱659,117,793**	₱603,089,926	₱656,936,577
Final tax	**74,778,141**	46,472,582	5,211,068
MCIT	**12,663**	233,606	–
	733,908,597	649,796,114	662,147,645
Deferred	**147,731,790**	24,566,140	351,714,132
	₱881,640,387	₱674,362,254	₱1,013,861,777

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

	2011	2010	2009
Statutory income tax rate	**30.00%**	30.00%	31.25%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.78)**	(0.57)	(0.17)
Tax exempt real estate sales	**(0.01)**	(0.04)	(0.50)
Income subjected to BOI, PEZA and lower tax	**(11.05)**	(13.60)	(6.30)
Change in tax rate	**–**	–	(0.59)
Effective income tax rate	**18.16%**	15.79%	23.69%

Deferred taxes as of September 30, 2011, 2010 and 2009 relate to the tax effects of the following:

	September 30		October 1
	2011	2010	2009
Deferred tax assets:			
Accrued rent expense	**₱351,900,680**	₱309,457,115	₱261,293,652
Accrued interest expense	**98,798,026**	77,337,747	56,332,918
Accrued retirement payable	**17,763,319**	12,475,434	8,536,133
Allowance for impairment loss	**13,543,076**	15,445,475	14,837,933
MCIT	**246,269**	233,606	–
	482,251,370	414,949,377	341,000,636
Deferred tax liabilities:			
Unamortized capitalized interest expense	**(528,633,025)**	(393,741,545)	(332,299,371)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(450,812,458)**	(347,012,563)	(299,732,399)
Accrued rent income	**(105,349,086)**	(119,379,817)	(116,420,990)
Market valuation gain on derivative instrument (Note 13)	**(18,429,190)**	(22,814,767)	(30,895,617)
Unamortized debt issuance cost	**(9,113,978)**	(12,288,172)	(12,116,129)
Receivable from Meralco	**–**	(2,067,090)	(7,324,568)
	(1,112,337,737)	(897,303,954)	(798,789,074)
Net deferred tax liabilities	**(₱630,086,367)**	(₱482,354,577)	(₱457,788,438)

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 ₱13 million and ₱0.1 million in 2011 and 2010, respectively.

The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱4 million and ₱0.04 million as of September 30, 2011 and 2010, 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, 2011	₱13,542,091	September 30, 2014
September 30, 2010	147,900	September 30, 2013
	₱13,689,991	
MCIT		
September 30, 2011	₱12,663	September 30, 2014
September 30, 2010	233,606	September 30, 2013
	₱246,269	

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

28. Earnings Per Share

Earnings per share amounts were computed as follows:

		2011	2010	2009
a.	Net income attributable to equity holders of Parent Company	**₱3,974,107,491**	₱3,592,836,157	₱3,264,458,937
b.	Weighted average number of common shares outstanding adjusted	**3,434,143,420**	2,970,134,021	2,982,151,806
c.	Earnings per share (a/b)	**₱1.16**	₱1.21	₱1.09

There were no potential dilutive shares in 2011, 2010 and 2009.

The 2010 and 2009 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 an unfunded, noncontributory, defined benefit retirement plan covering all its regular permanent employees. The plan provides retirement, separation, disability and death benefits to its members. The latest actuarial valuation was made on September 30, 2011.

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

Pension expense

	2011	2010	2009
Current service cost	**₱11,819,900**	₱9,169,036	₱11,794,300
Interest cost	**9,042,463**	8,906,540	8,568,100
Expected return on plan assets	**2,499,806**	3,039,272	(3,166,100)
Benefits paid	**–**	–	–
Past service cost	**–**	–	–
Actuarial losses recognized	**2,412,074**	134,117	2,132,100
Total pension expense (Note 23)	**₱25,774,243**	₱21,248,965	₱19,328,400

Pension liabilities

	September 30		October 1
	2011	2010	2009
Benefit obligation	**₱145,607,663**	₱122,353,161	₱80,486,580
Fair value of plan assets	**(52,103,163)**	(56,813,768)	(60,559,560)
Unrecognized net actuarial losses (gains)	**(32,648,717)**	(23,954,613)	8,526,756
Pension liabilities	**₱60,855,783**	₱41,584,780	₱28,453,776

Pension benefit obligation

	2011	2010	2009
Balance at beginning of the period	**₱122,353,161**	₱80,486,580	₱101,706,300
Current service cost	**11,819,900**	9,169,036	11,794,300
Interest cost	**9,042,463**	8,906,540	8,568,100
Past service cost	**–**	–	–
Actuarial gains on obligation	**17,977,621**	35,044,216	(34,743,000)
Benefits paid	**(15,585,482)**	(11,253,211)	(6,839,120)
Balance at end of the period	**₱145,607,663**	₱122,353,161	₱80,486,580

Fair value of plan assets

	2011	2010	2009
Balance at beginning of the period	**₱56,813,768**	₱60,559,560	₱57,568,490
Expected return on plan assets	**(2,499,806)**	(3,039,272)	3,166,100
Actual contributions	**6,503,240**	8,117,961	6,652,020
Benefits paid	**(15,585,482)**	(11,253,211)	(6,839,120)
Actuarial gains - net	**6,871,443**	2,428,730	12,070
Balance at end of the period	**₱52,103,163**	₱56,813,768	₱60,559,560

The rollforward of unrecognized actuarial (losses) gains follows:

	2011	2010	2009
Balance at beginning of year	**₱23,954,613**	(₱8,526,756)	₱28,360,414
Additional actuarial (gains) losses:			
From plan obligation	**17,977,621**	35,044,216	(34,743,000)
From plan asset	**(6,871,443)**	(2,428,730)	(12,070)
Actuarial losses recognized	**(2,412,074)**	(134,117)	(2,132,100)
Balance at end of year	**₱32,648,717**	₱23,954,613	(₱8,526,756)

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

Actual return on plan assets amounted to ₱4 million, (₱1 million) and ₱3 million in 2011, 2010 and 2009, respectively.

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

	2011	2010	2009
Discount rate	**6.70% - 7.42%**	7.18% - 8.25%	9.29% - 11.40%
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%**	5.50%	5.50%
Experience adjustment gain (loss) - net	**₱19,335,301**	(₱35,044,216)	₱34,743,000
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:

	2011		2010		2009	
	Amount	**%**	Amount	%	Amount	%
Cash	**₱189,176**	**0.36**	₱225,331	0.40	₱179,754	0.30
Receivables	**65,981,946**	**126.64**	65,034,281	114.47	66,922,515	110.50
Liabilities (Notes 14 and 17)	**(14,067,959)**	**(27.00)**	(8,445,844)	(14.87)	(6,542,709)	(10.80)
	₱52,103,163	**100.00**	₱56,813,768	100.00	₱60,559,560	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 ₱7 million into the pension fund for the fiscal year ending in September 30, 2012.

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

	2011	2010	2009	2008	2007
Pension benefit obligation	**₱145,607,663**	₱122,353,161	₱80,486,580	₱101,706,300	₱84,707,150
Plan assets	**52,103,163**	56,813,768	60,559,560	57,568,490	104,000
Experience adjustments on:					
Plan liabilities	**17,977,621**	35,044,216	(34,743,000)	13,471,444	(1,643,849)
Plan assets	**(6,871,443)**	(2,428,730)	(12,070)	(7,876,242)	(251,500)

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, 2011, 2010 and 2009, the Group's receivable from Meralco, which is included in "Other asset", amounted to nil (net of unearned interest income of 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 ₱3 million, ₱9 million and ₱7 million in 2011, 2010 and 2009 respectively (see Note 26).

31. 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.

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				October	
	2011		2010		2009	
Assets						
Cash and cash equivalents	**$853,882**	**₱37,331,703**	$3,197,805	₱140,319,691	$1,413,153	₱66,969,339
Liabilities						
Accounts payable and accrued expenses	**200,148**	**8,750,476**	252,166	11,065,044	421,529	19,976,279
Net foreign currency-denominated assets	**$653,734**	**₱28,581,227**	$2,945,639	₱129,254,647	$991,624	₱46,993,060

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of September 30, 2011, 2010 and 2009 follow:

	September 30		October 1
	2011	2010	2009
US Dollar - Philippine Peso exchange rate	**₱43.72 to US$1.00**	₱43.88 to US$1.00	₱47.39 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the year ended September 30, 2011, 2010 and 2009.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
2011	
2.0% PHP appreciation	**(₱1,307,467)**
2.0% PHP depreciation	**1,307,467**
2010	
2.0% PHP appreciation	(₱5,891,278)
2.0% PHP depreciation	5,891,278
2009	
2.0% PHP appreciation	(₱939,861)
2.0% PHP depreciation	939,861

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, 2011, 2010 and 2009, 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.

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	**611,609,198**	**338,725,597**	**1,084,115,043**	**949,512,472**	**222,763,169**	**3,206,725,479**
Affiliated companies	**110,118,302**	**–**	**–**	**–**	**–**	**110,118,302**

(Forward)

	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Others	**312,912,089**	**1,501,302**	**11,931,293**	**47,260,068**	**15,025,965**	**388,630,717**
Other assets						
Utility deposits	**–**	**–**	**–**	**–**	**225,596,431**	**225,596,431**
Receivable from Meralco	**–**	**–**	**–**	**–**	**–**	**–**
Total financial assets	**₱1,194,282,999**	**₱9,229,410,843**	**₱1,096,046,336**	**₱996,772,540**	**₱463,385,565**	**₱12,979,898,283**
Accounts payable and accrued expenses	**₱1,634,014,716**	**₱376,885,073**	**₱740,309,124**	**₱264,232,798**	**₱1,081,932,478**	**₱4,097,374,189**
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	**634,969,045**	**–**	**–**	**–**	**–**	**634,969,045**
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	**₱2,268,983,761**	**₱613,464,597**	**₱4,892,931,841**	**₱15,908,812,469**	**₱1,103,017,029**	**₱24,787,209,697**

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.

2010

	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	₱309,800,552	₱5,187,804,935	₱–	₱–	₱–	₱5,497,605,487
Receivables						
Trade	1,060,194,153	587,163,990	895,834,627	555,020,282	86,023,115	3,184,236,167
Affiliated companies	2,044,343,678	–	–	–	–	2,044,343,678
Others	272,759,544	1,308,657	–	–	–	274,068,201
Other assets						
Utility deposits	–	5,140,773	600,012	32,009,874	179,088,495	216,839,154
Receivable from Meralco	–	4,678,287	2,212,013	–	–	6,890,300
Total financial assets	₱3,687,097,927	₱5,786,096,642	₱898,646,652	₱587,030,156	₱265,111,610	₱11,223,982,987
Accounts payable and accrued expenses	₱1,236,170,341	₱1,515,645,284	₱80,331,283	₱438,510,255	₱637,801,210	₱3,908,458,373
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	134,390,653	–	–	–	–	134,390,653
Deposits from lessees	–	83,721,595	78,536,287	1,672,636,729	19,600,286	1,854,494,897
Loans payable and future interest payment*	–	153,373,000	1,297,619,000	18,107,986,000	–	19,558,978,000
Interest rate swap*	–	(14,153,533)	(42,460,600)	(99,385,800)	–	(155,999,933)
Other financial liabilities	₱1,370,560,994	₱1,738,586,346	₱1,414,025,970	₱20,119,747,184	₱657,401,496	₱25,300,321,990

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.

2009

	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	₱8,082,848,590	₱842,847,535	₱–	₱–	₱–	₱8,925,696,125
Receivables						
Trade	1,049,461,141	581,219,760	1,043,238,235	985,916,514	142,776,065	3,802,611,715
Affiliated companies	93,126,774	–	–	–	–	93,126,774
Others	221,615,876	1,063,277	–	–	–	222,679,153
Other assets						
Utility deposits	–	4,267,416	2,009,382	20,351,005	176,068,190	202,695,993
Receivable from Meralco	–	5,616,170	13,608,374	5,190,682	–	24,415,226
Financial assets at FVPL						
Derivative asset	–	–	–	102,985,391	–	102,985,391
Total financial assets	₱9,447,052,381	₱1,435,014,158	₱1,058,855,991	₱1,114,443,592	₱318,844,255	₱13,374,210,377
Accounts payable and accrued expenses	₱1,600,516,467	₱2,252,182,419	₱79,127,118	₱464,735,133	₱540,667,388	₱4,937,228,525
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	120,448,784	–	–	–	–	120,448,784
Deposits from lessees	–	63,647,226	59,705,227	1,271,579,785	14,900,622	1,409,832,860
Loans payable and future interest payment*	–	274,206,000	1,296,660,500	19,555,463,500	–	21,120,177,500
Interest rate swap*	–	(13,828,967)	(41,486,900)	(152,422,567)	–	(207,738,434)
Other financial liabilities	₱1,720,965,251	₱2,570,054,178	₱1,394,005,945	₱21,139,355,851	₱555,568,010	₱27,379,949,235

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, 2011, 2010 and 2009, 87%, 87% and 61% 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.

2011

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

2010

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

2009

	Within 1 year	1-2 years	2-3 years	Total
Loans payable (Note 16)	₱115,000,000	₱–	₱2,000,000,000	₱2,115,000,000

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 2011, 2010 and 2009.

Increase/Decrease in Basis Points	Change in Income Before Income Tax
2011	
+150	**₱102,239,605**
-150	**(102,239,605)**
2010	
+150	₱43,395,454
-150	(43,395,454)
2009	
+150	₱34,170,447
-150	(34,170,447)

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, 2011, 2010 and 2009, without considering the effects of collaterals and other credit risk mitigation techniques.

	September 30		October 1
	2011	2010	2009
Cash and cash equivalents	**₱9,034,292,85**4	₱5,488,738,871	₱8,920,473,247
Receivables - net			
Trade receivables			
Installment contract receivable	**2,451,475,155**	2,442,775,257	3,147,328,645
Accrued rent receivable	**351,163,620**	397,932,724	320,890,367
Rental receivables	**320,425,197**	241,631,827	218,206,849
Hotel operations	**38,517,922**	50,411,442	66,726,078

(Forward)

	September 30		October 1
	2011	2010	2009
Affiliated companies	**110,118,302**	2,044,343,678	93,126,774
Other receivables	**388,630,717**	274,068,201	222,679,153
Other assets			
Utility deposits	**225,596,431**	216,839,154	202,695,993
Derivative asset	**172,496,875**	111,066,241	102,985,391
Receivable from Meralco	**–**	6,890,300	24,415,226
	₱13,092,717,073	₱11,274,697,695	₱13,319,527,723

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, 2011, 2010 and 2009, gross of allowance for credit and impairment losses.

2011

	Neither Past Due Nor Impaired			**Past Due or Individually Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
Loans and receivables					
Cash and cash equivalents	**₱9,034,292,854**	**₱–**	**₱–**	**₱–**	**₱9,034,292,854**
Receivables:					
Trade receivables					
Installment contract receivables	**1,824,340,414**	**–**	**–**	**646,715,187**	**2,471,055,601**
Accrued rent receivables	**351,163,620**	**–**	**–**	**–**	**351,163,620**
Rental receivables	**301,672,542**	**–**	**–**	**32,153,413**	**333,825,955**
Hotel operations	**24,806,904**	**–**	**–**	**25,911,488**	**50,718,392**
Affiliated companies	**110,118,302**	**–**	**–**	**–**	**110,118,302**
Other receivables	**384,585,176**	**–**	**–**	**4,045,541**	**388,630,717**
Other assets					
Utility deposits	**225,596,431**	**–**	**–**	**–**	**225,596,431**
Financial assets of FVPL					
Derivative asset	**172,496,875**	**–**	**–**	**–**	**172,496,875**
	₱12,429,073,118	**₱–**	**₱–**	**₱708,825,629**	**₱13,137,898,747**

2010

	Neither Past Due Nor Impaired			Past Due or Individually Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Loans and receivables					
Cash and cash equivalents	₱5,488,738,871	₱–	₱–	₱–	₱5,488,738,871
Receivables:					
Trade receivables					
Installment contract receivables	1,209,007,518	–	–	1,253,852,455	2,462,859,973
Accrued rent receivables	397,932,724	–	–	–	397,932,724
Rental receivables	144,999,130	–	–	117,145,590	262,144,720
Hotel operations	22,767,813	–	–	39,073,296	61,841,109
Affiliated companies	2,044,343,678	–	–	–	2,044,343,678
Other receivables	274,068,201	–	–	–	274,068,201
Other assets					
Utility deposits	216,839,154	–	–	–	216,839,154
Receivable from Meralco	6,890,300	–	–	–	6,890,300
Financial assets of FVPL					
Derivative asset	111,066,241	–	–	–	111,066,241
	₱9,916,653,630	₱–	₱–	₱1,410,071,341	₱11,326,724,971

2009

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Loans and receivables					
Cash and cash equivalents	₱8,920,473,247	₱–	₱–	₱–	₱8,920,473,247
Receivables:					
Trade receivables					
Installment contract receivables	2,866,977,762	–	–	300,435,599	3,167,413,361
Accrued rent receivables	320,890,367	–	–	–	320,890,367
Rental receivables	131,050,306	–	–	107,669,436	238,719,742
Hotel operations	37,983,835	–	–	38,146,768	76,130,603
Affiliated companies	93,126,774	–	–	–	93,126,774
Other receivables	222,679,153	–	–	–	222,679,153
Other assets					
Utility deposits	202,695,993	–	–	–	202,695,993
Receivable from Meralco	24,415,226	–	–	–	24,415,226
Financial assets of FVPL					
Derivative asset	102,985,391	–	–	–	102,985,391
	₱12,923,278,054	₱–	₱–	₱446,251,803	₱13,369,529,857

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 ₱172 million asset, ₱111 million asset, ₱103 million asset as of September 30, 2011, 2010 and 2009, respectively (see Note 13). The mark-to-market gain is recorded as part of "Other Income.

The rollforward of the derivative asset is as follows:

	September 30		October 1
	2011	2010	2009
Balance at beginning of year	**₱111,066,241**	₱102,985,391	₱–
Changes in fair value of derivatives	**61,430,634**	8,080,850	102,985,391
Balance at end of year	**₱172,496,875**	₱111,066,241	₱102,985,391

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.

	September 30, 2011		September 30, 2010		October 1, 2009	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and receivables						
Cash and cash equivalents	**₱9,048,827,354**	**₱9,048,827,354**	₱5,497,605,487	₱5,497,605,487	₱8,925,696,125	₱8,925,696,125
Receivables						
Trade						
Installment contract receivable	**2,471,017,513**	**2,145,057,880**	2,462,317,615	2,137,505,612	3,166,871,003	2,853,206,784
Accrued rent receivable	**351,163,620**	**351,163,620**	397,932,724	397,932,724	320,890,367	320,890,367
Rental receivables	**333,825,954**	**333,825,954**	262,144,720	260,841,433	238,719,742	238,719,742
Hotel operations	**50,718,392**	**50,718,392**	61,841,108	61,841,108	76,130,603	76,130,603
Affiliated companies	**110,118,302**	**110,118,302**	2,044,343,678	2,044,343,678	93,126,774	93,126,774
Others	**388,630,717**	**388,630,717**	274,068,201	274,068,201	222,679,153	222,679,153
Other assets						
Utility deposits	**225,596,431**	**225,596,431**	216,839,154	216,839,154	202,695,993	202,695,993
Investment in preferred shares of stock	**-**	**-**	210,000,000	210,000,000	–	–
Receivable from Meralco	**-**	**-**	6,890,300	6,598,494	24,415,226	33,846,525
Derivative asset	**172,496,875**	**172,496,875**	111,066,241	111,066,241	102,985,391	102,985,391
	₱13,152,395,158	**₱12,826,435,525**	₱11,545,049,228	₱11,218,642,132	₱13,374,210,377	₱13,069,977,457
Other financial liabilities						
Accounts payable and accrued expenses						
Accrued bonus and licenses and others	**₱2,625,279,673**	**₱2,625,279,673**	₱2,623,782,761	₱2,623,782,761	₱2,318,123,849	₱2,318,123,849
Accounts payable – trade	**1,840,606,289**	**1,840,606,289**	1,236,170,341	1,236,170,341	1,707,898,821	1,707,898,821
Dividends payable	**8,689,011**	**8,689,011**	7,568,707	7,568,707	7,002,600	7,002,600
Customers' deposit						
Deposits from lessees	**1,994,929,724**	**1,899,672,575**	1,854,494,897	1,609,862,686	1,409,832,860	1,196,573,777
Loans payable	**15,000,000,000**	**16,072,484,362**	15,000,000,000	15,647,074,166	15,115,000,000	15,059,483,370
Payables to affiliated companies	**634,969,045**	**634,969,045**	134,390,653	134,390,653	120,448,784	120,448,784
	₱22,104,473,742	**₱23,081,700,955**	₱20,856,407,359	₱21,258,849,314	₱20,678,306,914	₱20,409,531,201

The fair values of cash and cash equivalents, trade 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 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 6.14% to 7.09% in 2011, 8.00% to 10.00% in 2010 and 8.0% to 10.10% in 2009.

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, 2011, 2010 and 2009, investment in preferred shares of stock valued under level 1 amounted to nil, ₱210 million and nil, respectively, while derivative asset valued under level 2 amounted to ₱172 million, ₱111 million and ₱103 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- Summit Ridge Hotel)" on a Non-Pioneer status at a capacity of two hundred twenty three (223) rooms, under Certificate of Registration No. 2010-002 dated January 6, 2010. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2010 to June 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. 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. 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 three (363) units, under Certificate of Registration No. 2007-204 dated November 9, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from 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. 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 November 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 October 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 Tourist Accommodation Facility (Hotel- Summit Ridge Hotel)" on a Non-Pioneer status at a capacity of two hundred ten (210) rooms, under Certificate of Registration No. 2011-021 dated January 24, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (3) years from June 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 Tourist Accommodation Facility (Hotel- Summit Ridge Hotel)" on a Non-Pioneer status at a capacity of two hundred eighty-five (285) rooms, under Certificate of Registration No. 2011-097 dated May 25, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (3) years from May 2011 to May 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.

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 ₱165 million, ₱158 million and ₱156 million in 2011, 2010 and 2009, respectively. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2011	2010	2009
Within one (1) year	**₱51,773,432**	₱47,147,298	₱48,004,527
After one (1) year but not more than five (5) years	**236,150,146**	213,176,325	202,539,847
After more than five (5) years	**6,129,676,237**	6,253,520,299	6,306,558,981
	₱6,417,599,815	₱6,513,843,922	₱6,557,103,355

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 ₱6,114 million, ₱5,588 million and ₱5,143 million in 2011, 2010 and 2009, respectively. Total percentage rent recognized as income for 2011, 2010 and 2009 amounted to ₱1,670 million, ₱1,596 million and ₱1,363 million, respectively.

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

	2011	2010	2009
Within one (1) year	**₱1,208,000,779**	₱1,128,494,867	₱943,532,729
After one (1) year but not more than five (5) years	**2,597,161,871**	2,728,725,119	1,354,524,223
After more than five (5) years	**463,430,460**	587,588,901	71,111,376
	₱4,268,593,110	₱4,444,808,887	₱2,369,168,328

Capital Commitments
The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱3,943 million, ₱3,334 million and ₱2,937 million as of September 30, 2011, 2010 and 2009, respectively. Moreover, the Group has contractual obligations amounting to ₱1,569 million, ₱1,567 million and ₱1,547 million as of September 30, 2011, 2010 and 2009, respectively, for the completion and delivery of real estate units that have been presold.

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

35. Comparative information

Change in Classification

In 2011, the Group opted to present a classified statement of financial position which separates current and noncurrent items in the statement of financial position to assist users in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes and computation of financial ratios. As a result, the September 30, 2010 balances in the statement of financial position were restated to enhance inter-period comparability. In addition, the Company presented October 1, 2009 statement of financial position to comply with the requirement of PAS 1, *Presentation of Financial Statements.*

The accounts affected are summarized in the tables below:

September 30, 2010	2010	Current	Noncurrent
Assets			
Receivables	₱5,451,163,129	₱4,861,604,649	₱589,558,480
Other assets	1,690,551,833	1,045,534,305	645,017,528
Liabilities			
Accounts payable and accrued expenses	4,940,630,306	3,864,318,841	1,076,311,465
Deposits and other liabilities	4,137,480,919	1,307,955,532	2,829,525,387

October 1, 2009	2008	Current	Noncurrent
Assets			
Receivables	₱4,068,957,866	₱2,989,725,063	₱1,079,232,803
Other assets	1,921,775,837	1,320,412,485	601,363,352
Liabilities			
Accounts payable and accrued expenses	5,795,978,735	3,931,826,004	1,864,152,731
Deposits and other liabilities	3,489,064,849	1,016,792,441	2,472,272,408

36. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 12, 2012.

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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 Subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2011, 2010 and October 1, 2009, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Subsidiaries as at September 30, 2011, 2010 and October 1, 2009, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-1
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2009,
June 1, 2009, Valid until May 31, 2012
PTR No. 3174824, January 2, 2012, Makati City

January 12, 2012

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		October 1
		2010	2009
	2011	(Note 35)	(Note 35)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 7, 20, 31 and 32)	**₱9,048,827,354**	₱5,497,605,487	₱8,925,696,125
Receivables (Notes 8, 20, 31 and 32)	**2,470,912,824**	4,861,604,649	2,989,725,063
Subdivision land, condominium and residential units for sale (Note 9)	**8,491,028,487**	6,197,307,815	5,084,164,042
Other current assets (Notes 10, 31 and 32)	**1,318,829,880**	1,045,534,305	1,320,412,485
Total Current Assets	**21,329,598,545**	17,602,052,256	18,319,997,715
Noncurrent Assets			
Noncurrent receivables (Notes 8, 20, 31 and 32)	**1,189,418,089**	589,558,480	1,079,232,803
Investment properties (Notes 5 and 11)	**39,385,145,549**	31,844,698,142	29,293,980,373
Property and equipment (Notes 5 and 12)	**2,554,933,447**	2,419,808,818	2,184,732,779
Other noncurrent assets (Notes 13, 31 and 32)	**659,695,850**	645,017,528	601,363,352
Total Noncurrent Assets	**43,789,192,935**	35,499,082,968	33,159,309,307
	₱65,118,791,480	₱53,101,135,224	₱51,479,307,022
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Notes 14, 20, 29, 31 and 32)	**₱4,360,623,030**	₱3,864,318,841	₱3,931,826,004
Income tax payable	**98,838,411**	89,741,207	341,498,823
Deposits and other liabilities (Notes 15, 20, 31 and 32)	**1,655,209,612**	1,307,955,532	1,016,792,441
Current portion of loans payable (Notes 9, 16, 31 and 32)	**3,000,000,000**	–	115,000,000
Total Current Liabilities	**9,114,671,053**	5,262,015,580	5,405,117,268
Noncurrent Liabilities			
Loans payable - net of current portion (Notes 9, 16, 31 and 32)	**12,000,000,000**	15,000,000,000	15,000,000,000
Deferred tax liabilities - net (Note 27)	**630,086,367**	482,354,578	457,788,438
Deposits and other noncurrent liabilities (Notes 17, 31 and 32)	**4,337,435,850**	4,619,336,852	5,049,925,139
Total Noncurrent Liabilities	**16,967,522,217**	20,101,691,430	20,507,713,577
Total Liabilities	**26,082,193,270**	25,363,707,010	25,912,830,845
Equity			
Equity attributable to equity holders of the Parent Company			
Capital stock (Note 19)	**4,111,528,685**	2,746,918,457	2,746,918,457
Additional paid-in capital (Note 19)	**20,392,532,781**	8,181,576,147	8,181,576,147
Subscription receivables (Note 19)	**(4,774,641,165)**	–	–
Retained earnings (Note 18)			
Unappropriated	**8,798,491,988**	6,298,163,543	4,018,122,230
Appropriated	**10,500,000,000**	10,500,000,000	10,500,000,000
Treasury stock (Note 19)	**(221,834,657)**	(221,834,657)	–
	38,806,077,632	27,504,823,490	25,446,616,834
Non-controlling interest in consolidated subsidiaries	**230,520,578**	232,604,724	119,859,343
	39,036,598,210	27,737,428,214	25,566,476,177
	₱65,118,791,480	₱53,101,135,224	₱51,479,307,022

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2011	2010	2009
REVENUE			
Real estate (Notes 20 and 21)	**₱11,466,435,155**	₱9,447,587,702	₱9,462,505,411
Hotel operations (Note 21)	**1,206,219,187**	1,147,314,598	1,033,231,696
Interest income (Note 26)	**671,813,337**	702,125,711	237,775,558
	13,344,467,679	11,297,028,011	10,733,512,665
COSTS AND EXPENSES			
Real estate (Notes 11, 12, 22 and 24)	**5,448,778,564**	4,134,814,048	4,130,396,012
Hotel operations (Notes 11, 12, 22, 24 and 25)	**1,009,589,782**	996,906,392	905,875,298
General and administrative (Notes 20, 23, 25 and 29)	**1,782,126,020**	1,595,283,415	1,348,518,484
Interest expense (Note 26)	**250,309,581**	300,080,364	68,624,827
	8,490,803,947	7,027,084,219	6,453,414,621
INCOME BEFORE INCOME TAX	**4,853,663,732**	4,269,943,792	4,280,098,044
PROVISION FOR INCOME TAX (Note 27)	**881,640,387**	674,362,254	1,013,861,777
NET INCOME (Note 2)	**3,972,023,345**	3,595,581,538	3,266,236,267
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**–**	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱3,972,023,345**	₱3,595,581,538	₱3,266,236,267
Net Income Attributable to:			
Equity holders of Parent Company	**₱3,974,107,491**	₱3,592,836,157	₱3,264,458,937
Non-controlling interest in consolidated subsidiaries	**(2,084,146)**	2,745,381	1,777,330
	₱3,972,023,345	₱3,595,581,538	₱3,266,236,267
Basic/Diluted Earnings Per Share (Note 28)	**₱1.16**	₱1.21	₱1.09

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)		
As of October 1, 2010	**₱2,746,918,457**	**₱8,181,576,147**	**(₱221,834,657)**	**₱–**	**₱6,298,163,543**	**₱10,500,000,000**	**₱232,604,724**	**₱27,737,428,214**
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 September 30, 2011	**₱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**
As of October 1, 2009	₱2,746,918,457	₱8,181,576,147	₱–	₱–	₱4,018,122,230	₱10,500,000,000	₱119,859,343	₱25,566,476,177
Total comprehensive income for the period	–	–	–	–	3,592,836,157	–	2,745,381	3,595,581,538
Cash dividends (Note 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 September 30, 2010	₱2,746,918,457	₱8,181,576,147	(₱221,834,657)	₱–	₱6,298,163,543	₱10,500,000,000	₱232,604,724	₱27,737,428,214
As of October 1, 2008	₱2,746,918,457	₱8,181,576,147	₱–	₱–	₱8,440,392,907	₱3,500,000,000	₱118,082,013	₱22,986,969,524
Additional appropriation during the period	–	–	–	–	(7,000,000,000)	7,000,000,000	–	–
Total comprehensive income for the period	–	–	–	–	3,264,458,937	–	1,777,330	3,266,236,267
Cash dividends (Note 18)	–	–	–	–	(686,729,614)	–	–	(686,729,614)
Balances at September 30, 2009	₱2,746,918,457	₱8,181,576,147	₱–	₱–	₱4,018,122,230	₱10,500,000,000	₱119,859,343	₱25,566,476,177

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2011	2010 (Note 35)	2009 (Note 35)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,853,663,732**	₱4,269,943,792	₱4,280,098,044
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 22 and 24)	**2,113,120,088**	1,912,198,868	1,668,846,295
Interest expense (Notes 11 and 26)	**250,309,581**	300,080,364	68,624,827
Provision for impairment losses (Notes 8 and 23)	**770,804**	2,025,141	1,000,601
Unrealized mark to market gain on derivative assets (Notes 13 and 31)	**(61,430,634)**	(8,080,850)	(102,985,391)
Interest income (Note 26)	**(671,813,337)**	(702,125,711)	(237,775,558)
Loss on retirement of investment in shares of stock	**10,000,000**	–	–
Loss on disposal of investment property	**–**	–	29,956,910
Operating income before working capital changes	**6,494,620,234**	5,774,041,604	5,707,765,728
Decrease (increase) in:			
Receivables - trade	**(150,109,265)**	579,739,863	164,311,439
Subdivision land, condominium and residential units for sale	**(2,128,322,849)**	(1,113,143,773)	(359,789,143)
Prepaid expenses and value-added input tax	**(268,835,903)**	95,844,064	19,140,689
Other current assets	**(17,735,133)**	(7,762,443)	(2,477,647)
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	**18,968,078**	(883,177,645)	(238,182,474)
Net pension liabilities	**19,271,003**	13,131,004	12,676,380
Customers' deposits	**(6,415,530)**	608,985,085	290,219,926
Cash generated from operations	**3,961,440,635**	5,067,657,759	5,593,664,898
Income tax paid	**(724,811,393)**	(901,553,734)	(588,784,993)
Net cash flows provided by operating activities	**3,236,629,242**	4,166,104,025	5,004,879,905
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**677,758,638**	689,372,349	345,763,597
Decrease (increase) in:			
Advances to lot owners	**30,758,610**	(10,850,026)	3,934,944
Advances to suppliers and contractors	**(155,042,366)**	(110,408,654)	(8,764,416)
Advances to Altus San Nicolas Corporation (Notes 2 and 10)	**–**	597,805,693	(487,805,693)
Investment in shares of stock (Note 10)	**–**	(210,000,000)	–
Other noncurrent assets	**(32,578,773)**	(22,848,704)	(9,855,416)
Receivables from affiliated companies (Note 20)	**1,934,225,376**	(1,951,216,904)	1,631,106
Receivable from Meralco	**6,890,300**	17,524,926	18,857,699
Proceeds from sale of investment property	**–**	290,610	45,000,000
Proceeds from redemption from shares of stocks (Note 10)	**200,000,000**	–	–
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Note 11)	**(9,462,734,833)**	(4,194,296,619)	(3,246,363,437)
Property and equipment (Note 12)	**(491,355,114)**	(503,986,667)	(604,757,143)
Net cash flows used in investing activities	**(7,292,078,162)**	(5,698,613,996)	(3,942,358,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of loans payable (Note 16)	**–**	–	10,000,000,000
Interest paid	**(237,010,970)**	(285,948,259)	10,996,537
Payments of loans payable (Note 16)	**–**	(115,000,000)	(902,000,000)
Increase (decrease) in payable to affiliated companies and other liabilities (Note 15)	**515,414,802**	39,430,985	(1,079,174,799)
Proceeds from issuance of capital stock (inclusive of additional paid-in capital) (Note 19)	**8,800,925,697**	–	–
Payments of cash dividends (Note 18)	**(1,472,658,742)**	(1,312,228,736)	(685,727,212)
Acquisition of treasury stock (Note 19)	**–**	(221,834,657)	–
Net cash flows provided by (used in) financing activities	**7,606,670,787**	(1,895,580,667)	7,344,094,526
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,551,221,867**	(3,428,090,638)	8,406,615,672
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,497,605,487**	8,925,696,125	519,080,453
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱9,048,827,354**	₱5,497,605,487	₱8,925,696,125

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized under the laws of the Philippines and has four wholly-owned subsidiaries, namely: Robinsons Inn, Inc. (RII); Robinsons Realty and Management Corporation (RRMC); Robinsons (Cayman) Limited (RCL); and Robinsons Properties Marketing and Management Corporation (RPMMC); 51%-owned subsidiary, Altus Angeles, Inc. (AAI); and 80%-owned subsidiary, Altus San Nicolas Corp. (ASNC) (see Note 2) (collectively known as the "Group").

The Group is engaged in the business of selling, acquiring, 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 and an investment in preferred shares that have 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. There have been no items of comprehensive income.

For ease of consolidation with the Group's ultimate parent company, the management opted to change the statement of financial position presentation from unclassified to classified presentation. Under classified presentation, current and non-current assets and current and non-current liabilities are presented separately. The impact of this change is explained in Note 35.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Robinsons Land Corporation and Subsidiaries (see Note 1) as at September 30, 2011, 2010 and October 1, 2009 and for the years then ended September 30, 2011, 2010 and 2009. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to October 1, 2009
Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to October 1, 2009, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized in goodwill.
- Losses incurred by the Group were attributed to non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless non-controlling interest had a binding obligation to cover these. Losses prior to October 1, 2009 were not reallocated between non-controlling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at October 1, 2009 has not been restated.

Incorporation of Altus San Nicolas Corporation
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 (see Note 10).

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the effects of the early adoption of the following PAS, Improvements to PAS and Philippine Interpretation effective beginning October 1, 2010. Adoption of these standards did not have any significant impact on the accounting policies, financial position or performance of the Group.

- 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*

<u>Future Changes in Accounting Policies</u>

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,* resulting in SIC 12 being withdrawn.

  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. Summary of Significant Accounting Policies

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales
Revenue from sales of real estate and cost from completed projects is accounted for using the full accrual method. 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.

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.

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

Revenue from hotel operations
Revenue from hotel operations 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.

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

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

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

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

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

Initial recognition 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. 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 assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial instruments are of the nature of loans and receivables, financial assets and financial liabilities 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 asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

Day 1 profit
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in the profit and loss 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 profit and loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

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

After initial measurement, loans and receivables are subsequently measured at amortized cost using the EIR method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in the "Interest Income" in the consolidated statement of comprehensive income. The losses arising from impairment of such loans and receivables are recognized in the "Other Expense" 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 10, 30, 31 and 32).

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

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

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

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are reflected in the profit and loss. 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.

Derivative Financial Instruments
Derivative financial instruments (including bifurcated embedded derivatives), if any, are initially recognized at fair value on the date at which the derivative contract is entered into and is subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of the derivative (except those accounted for as accounting hedges) is taken directly to the consolidated statement of comprehensive income as "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).

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

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

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

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the profit and loss.

As of September 30, 2011, 2010 and 2009, the Group has no embedded derivatives requiring bifurcation.

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

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

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

As of September 30, 2010, the Group has an investment in preferred shares amounting ₱210 million (see Notes 10, 31 and 32).

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

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

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

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

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in the profit and loss 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 profit and loss. 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 profit and loss, 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 the profit and loss, is transferred from the consolidated statement of changes in equity to the 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 the 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 the 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 their 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 profit and loss.

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 costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction. NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried

at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. Investment properties are depreciated and amortized using the straight-line method over their estimated useful lives as follow:

	Years
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.

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.

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

Property and Equipment

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

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

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of over the estimated useful lives (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 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 or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

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

Impairment losses of continuing operations are recognized in the profit and loss 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.

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.

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 profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 and a portion of the net cumulative unrecognized actuarial gains and losses.

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

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

General and Administrative Expenses
General and administrative expenses, except for lease agreements, 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. 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. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based the terms of the leased contract.

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

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

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

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

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

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

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

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

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

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

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

The related balances from real estate transactions follow:

	2011	2010	2009
Revenue (Note 21)	**₱4,079,748,167**	₱2,720,062,815	₱3,903,963,162
Costs and expenses (Note 22)	**2,664,371,840**	1,745,032,612	2,304,166,017

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 ₱6,418 million, ₱6,514 million and ₱6,557 million as of September 30, 2011, 2010 and 2009, 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. In determining significant risks and benefits of ownerships, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset. The Group accordingly accounted for these as operating leases. The future minimum rentals receivables under non-cancelable operating lease amounted to ₱4,269 million, ₱4,445 million and ₱2,369 million as of September 30, 2011, 2010 and 2009, respectively (see Note 34).

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.

The related balances from real estate transactions follow:

	2011	2010	2009
Revenue (Note 21)	**₱4,079,748,167**	₱2,720,062,815	₱3,903,963,162
Costs and expenses (Note 22)	**2,664,371,840**	1,745,032,612	2,304,166,017

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):

	2011	2010	2009
Receivables	**₱3,705,474,498**	₱5,502,648,046	₱4,118,417,642
Allowance for impairment losses	**45,143,585**	51,484,917	49,459,776
Provision for impairment losses	**770,804**	2,025,141	1,000,601

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, 2011, 2010 and 2009, the Group has a derivative asset classified under FVPL amounting ₱172 million, ₱111 million and ₱103 million, respectively (see Notes 13 and 31).

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

AFS financial asset amounted to ₱210 million as of September 30, 2010 (see Notes 13 and 32).

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:

	2011	2010	2009
Investment properties (Note 11)			
Cost	**₱52,186,821,911**	₱42,889,484,901	₱38,955,325,424
Accumulated depreciation and amortization	**12,801,676,362**	11,044,786,759	9,661,345,051
Depreciation and amortization	**1,756,889,603**	1,596,776,495	1,420,605,645
Property and equipment (Note 12)			
Cost	**5,578,204,100**	5,091,510,108	4,328,144,148
Accumulated depreciation and amortization	**3,023,270,653**	2,671,701,290	2,143,411,369
Depreciation and amortization	**356,230,485**	315,422,373	248,240,650

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:

	2011	2010	2009
Investment properties (Note 11)			
Cost	**₱52,186,821,911**	₱42,889,484,901	₱38,955,325,424
Accumulated depreciation and amortization	**12,801,676,362**	11,044,786,759	9,661,345,051
Depreciation and amortization	**1,756,889,603**	1,596,776,495	1,420,605,645
Property and equipment (Note 12)			
Cost	**5,578,204,100**	5,091,510,108	4,328,144,148
Accumulated depreciation and amortization	**3,023,270,653**	2,671,701,290	2,143,411,369
Depreciation and amortization	**356,230,485**	315,422,373	248,240,650

Deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable profit 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 profit together with future tax planning. Deferred tax assets as of September 30, 2011, 2010 and 2009 amounted to ₱482 million, ₱415 million and ₱341 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 ₱14 million and ₱0.1 million in 2011 and 2010, respectively. The related deferred tax assets amounted to ₱4 million and ₱0.05 million as of September 30, 2011 and 2010, respectively.

As of September 30, 2011, 2010 and 2009, 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).

Pension expense
The determination of obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions, which are described in Note 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:

	2011	2010	2009
Net pension liabilities (Notes 17 and 29)	**₱60,855,783**	₱41,584,780	₱28,453,776
Pension benefit obligation (Note 29)	**145,607,663**	122,353,161	80,486,580
Unrecognized net actuarial gains (losses) (Note 29)	**32,648,717**	23,954,613	(8,526,756)

6. Operating Segment

Business Segment

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

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

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

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

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

The Group derives its revenue from the following reportable units:

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

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

Office Buildings Division - develops and leases offices spaces

Hotel Division - owns and operates a chain of hotels in Pasig City, Quezon City and Cebu City. In 2010, the Group launched its Go Hotel. It marked the Group's entry in the budget hotels industry.

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

2011

	Commercial Center Division	**Residential Division**	**Office Buildings Division**	**Hotel Division**	**Intersegment Eliminating Adjustments**	**Consolidated**
Revenue						
Segment revenue	**₱6,226,043,270**	**₱4,559,509,332**	**₱1,351,356,796**	**₱1,207,558,281**	**₱–**	**₱13,344,467,679**
Intersegment revenue	**31,255,524**	**-**	**-**	**-**	**(31,255,524)**	**-**
Total Revenue	**6,257,298,794**	**4,559,509,332**	**1,351,356,796**	**1,207,558,281**	**(31,255,524)**	**13,344,467,679**
Costs and expenses						
Segment costs and expenses	**1,783,365,390**	**3,547,407,176**	**48,984,567**	**820,217,321**	**-**	**6,199,974,454**
Intersegment costs and expenses	**-**	**31,255,524**	**-**	**-**	**(31,255,524)**	**-**
Total Costs and expenses	**1,783,365,390**	**3,578,662,700**	**48,984,567**	**820,217,321**	**(31,255,524)**	**6,199,974,454**
Earnings before interest, taxes and depreciation and amortization	**4,473,933,404**	**980,846,632**	**1,302,372,229**	**387,340,960**	**-**	**7,144,493,225**
Depreciation and amortization (Note 24)	**1,509,637,503**	**34,979,000**	**379,131,125**	**189,372,461**	**-**	**2,113,120,089**
Income before income tax	**₱2,964,295,901**	**₱945,867,632**	**₱923,241,104**	**₱197,968,499**	**₱–**	**₱5,031,373,136**
Assets and Liabilities						
Segment assets	**₱39,284,110,021**	**₱18,198,840,878**	**₱5,659,865,862**	**₱1,975,974,719**	**₱–**	**₱65,118,791,480**
Investment in subsidiaries - at cost	**1,926,030,407**	**-**	**-**	**-**	**(1,926,030,407)**	**-**
Total segment assets	**₱41,210,140,428**	**₱18,198,840,878**	**₱5,659,865,862**	**₱1,975,974,719**	**(₱1,926,030,407)**	**₱65,118,791,480**
Total segment liabilities	**₱17,007,399,511**	**₱6,360,644,644**	**₱1,975,817,352**	**₱738,331,763**	**₱–**	**₱26,082,193,270**
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	₱5,739,179,867	₱3,225,844,279	₱1,182,235,305	₱1,149,768,560	₱–	₱11,297,028,011
Intersegment revenue	34,914,402	–	–	–	(34,914,402)	–
Total Revenue	5,774,094,269	3,225,844,279	1,182,235,305	1,149,768,560	(34,914,402)	11,297,028,011
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	4,174,985,098	742,637,548	1,139,613,569	353,674,815	–	6,410,911,030
Depreciation and amortization (Note 24)	1,388,316,331	25,856,018	297,213,869	200,812,650	–	1,912,198,868
Income before income tax	₱2,786,668,767	₱716,781,530	₱842,399,700	₱152,862,165	₱–	₱4,498,712,162
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

2009

	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating adjustments	Consolidated
Revenue						
Segment revenue	₱4,210,395,126	₱4,374,840,150	₱1,111,914,654	₱1,036,362,735	₱–	₱10,733,512,665
Intersegment revenue	23,579,993	–	–	–	(23,579,993)	–
Total Revenue	4,233,975,119	4,374,840,150	1,111,914,654	1,036,362,735	(23,579,993)	10,733,512,665
Costs and expenses						
Segment costs and expenses	990,466,972	2,990,913,810	80,086,599	723,100,945	–	4,784,568,326
Intersegment costs and expenses	–	23,579,993	–	–	(23,579,993)	–
Total Costs and expenses	990,466,972	3,014,493,803	80,086,599	723,100,945	(23,579,993)	4,784,568,326
Earnings before interest, taxes and depreciation and amortization	3,243,508,147	1,360,346,347	1,031,828,055	313,261,790	–	5,948,944,339
Depreciation and amortization (Note 22)	1,172,179,099	19,926,148	293,966,695	182,774,353	–	1,668,846,295
Income before income tax	₱2,071,329,048	₱1,340,420,199	₱737,861,360	₱130,487,437	₱–	₱4,280,098,044
Assets and Liabilities						
Segment assets	₱33,105,184,109	₱12,075,966,043	₱4,862,299,414	₱1,435,857,456	₱–	₱51,479,307,022
Investment in subsidiaries - at cost	1,486,030,407	–	–	–	(1,486,030,407)	–
Total segment assets	₱34,591,214,516	₱12,075,966,043	₱4,862,299,414	₱1,435,857,456	(₱1,486,030407)	₱51,479,307,022
Total segment liabilities	₱16,451,809,373	₱5,959,514,292	₱2,644,841,412	₱856,665,768	₱–	₱25,912,830,845
Other segment information:						
Capital expenditures						₱6,288,533,310

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements amounting ₱31 million, ₱34 million and ₱24 million in 2011, 2010 and 2009, 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 ₱1,317 million, ₱1,263 million and ₱905 million in 2011, 2010 and 2009, respectively.

7. Cash and Cash Equivalents

This account consists of (see Note 20):

	September 30		October 1
	2011	2010	2009
Cash on hand and in banks	**₱159,643,410**	₱309,800,552	₱8,082,848,590
Short-term investments	**8,889,183,944**	5,187,804,935	842,847,535
	₱9,048,827,354	₱5,497,605,487	₱8,925,696,125

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates ranging from 0.25% to 4.38%.

Interest earned for the years ended September 30, 2011, 2010 and 2009 amounted to ₱414 million, ₱298 million and ₱120 million, respectively (see Note 26).

8. Receivables

This account consists of:

	September 30		October 1
	2011	2010	2009
Trade			
Installment contract receivables	**₱2,471,017,513**	₱2,462,317,615	₱3,166,871,003
Accrued rent receivables	**351,163,620**	397,932,724	320,890,367
Rental receivables (Note 20)	**333,825,954**	262,144,720	238,719,742
Hotel operations	**50,718,392**	61,841,108	76,130,603
	3,206,725,479	3,184,236,167	3,802,611,715
Affiliated companies (Note 20)	**110,118,302**	2,044,343,678	93,126,774
Others	**388,630,717**	274,068,201	222,679,153
	3,705,474,498	5,502,648,046	4,118,417,642
Less allowance for impairment losses	**45,143,585**	51,484,917	49,459,776
	3,660,330,913	5,451,163,129	4,068,957,866
Less noncurrent portion	**1,189,418,089**	589,558,480	1,079,232,803
	₱2,470,912,824	₱4,861,604,649	₱2,989,725,063

The installment contract receivables aggregating ₱2,471 million, ₱2,462 million and ₱3,167 million as of September 30, 2011, 2010 and 2009, 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 amounted to about ₱86 million, ₱105 million and ₱162 million as of September 30, 2011, 2010 and 2009, 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, 2011, 2010 and 2009, trade receivables with carrying value of ₱45 million, ₱51 million and ₱49 million were impaired and fully provided for. Changes in allowance for impairment losses on trade receivables follow:

2011

	Individual Assessment			**Collective Assessment**	
	Installment Contract Receivables	**Rental Receivable**	**Hotels Operations**	**Installment Contract Receivables**	**Total**
Balances at October 1, 2010	**₱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 September 30, 2011	**₱542,358**	**₱13,400,757**	**₱12,200,470**	**₱19,000,000**	**₱45,143,585**

2010

	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at October 1, 2009	₱542,358	₱20,512,893	₱9,404,525	₱19,000,000	₱49,459,776
Provision for impairment losses (Note 23)	–	–	2,025,141	–	2,025,141
Balances at September 30, 2010	₱542,358	₱20,512,893	₱11,429,666	₱19,000,000	₱51,484,917

2009

	Individual Assessment			Collective Assessment	
	Installment Contract Receivables	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at October 1, 2008	₱542,358	₱20,512,893	₱8,403,924	₱19,000,000	₱48,459,175
Provision for impairment losses (Note 23)	–	–	1,000,601	–	1,000,601
Balances at September 30, 2009	₱542,358	₱20,512,893	₱9,404,525	₱19,000,000	₱49,459,776

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

2011

		Neither	**Past Due But Not Impaired**				**Past**
	Total	**Past Due nor Impaired**	**Less than 30 days**	**30 to 60 days**	**60 to 90 days**	**Over 90 days**	**Due and Impaired**
Trade receivables							
Installment contract receivables	**₱2,471,055,601**	**₱1,824,340,414**	**₱49,248,766**	**₱32,774,871**	**₱27,442,750**	**₱536,706,442**	**₱542,358**
Accrued rent receivables	**351,163,620**	**351,163,620**	**–**	**–**	**–**	**–**	**–**
Rental receivables	**333,825,954**	**301,672,541**	**–**	**1,517,025**	**2,557,921**	**14,677,710**	**13,400,757**
Hotel operations	**50,680,304**	**24,806,904**	**9,796,155**	**3,193,879**	**682,896**	**–**	**12,200,470**
Affiliated companies (Note 20)	**110,118,302**	**110,118,302**	**–**	**–**	**–**	**–**	**–**
Others	**388,630,717**	**384,585,176**	**123,643**	**500**	**583,957**	**3,337,441**	**–**
	₱3,705,474,498	**₱2,996,686,957**	**₱59,168,564**	**₱37,486,275**	**₱31,267,524**	**₱554,721,593**	**₱26,143,585**

2010

		Neither	Past Due But Not Impaired				Past
	Total	Past Due nor Impaired	Less than 30days	30 to 60 days	60 to 90 days	Over 90 days	Due and Impaired
Trade receivables							
Installment contract receivables	₱2,462,859,973	₱1,209,007,518	₱278,802,201	₱449,232,704	₱102,594,204	₱422,680,988	₱542,358
Accrued rent receivables	397,932,724	397,932,724	–	–	–	–	–
Rental receivables	262,144,720	144,999,130	16,179,252	4,061,751	2,335,489	74,056,205	20,512,893
Hotel operations	70,299,275	31,768,337	17,031,150	4,660,827	1,667,432	3,741,863	11,429,666
Affiliated companies (Note 20)	2,044,343,678	2,044,343,678	–	–	–	–	–
Others	274,068,201	274,068,201	–	–	–	–	–
	₱5,511,648,571	₱4,102,119,588	₱312,012,603	₱457,955,282	₱106,597,125	₱500,479,056	₱32,484,917

2009

	Total	Neither Past Due nor Impaired	Past Due But Not Impaired: Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables							
Installment contract receivables	₱3,167,413,361	₱2,866,977,762	₱49,835,054	₱17,329,617	₱27,428,275	₱205,300,295	₱542,358
Accrued rent receivables	320,890,367	320,890,367	–	–	–	–	–
Rental receivables	238,719,742	131,050,306	39,725,087	5,982,170	419,645	41,029,641	20,512,893
Hotel operations	75,588,245	37,983,835	12,535,280	7,095,504	3,366,052	5,203,049	9,404,525
Affiliated companies (Note 20)	93,126,774	93,126,774	–	–	–	–	–
Others	222,679,153	222,679,153	–	–	–	–	–
	₱4,118,417,642	₱3,672,708,197	₱102,095,421	₱30,407,291	₱31,213,972	₱251,532,985	₱30,459,776

The Group holds no collateral in respect of these receivables.

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	September 30 2011	2010	October 1 2009
Land and condominium units	**₱6,411,923,262**	₱4,958,089,821	₱4,430,344,379
Residential units and subdivision land development costs	**2,079,105,225**	1,239,217,994	653,819,663
	₱8,491,028,487	₱6,197,307,815	₱5,084,164,042

The subdivision land, condominium and residential units for sale are carried at cost. No amount of write down is recognized as expense for the years ended September 30, 2011, 2010 and 2009.

The amount of subdivision land, condominium and residential units for sale recognized as expense in the consolidated statement of comprehensive income amounted to ₱2,664 million, ₱1,745 million and ₱2,304 million for the years ended September 30, 2011, 2010 and 2009, respectively (see Note 22).

There are no subdivision land, condominium and residential units for sale as of September 30, 2011, 2010 and 2009 that are pledged as security to liabilities.

10. Other Current Assets

This account consists of:

	September 30 2011	2010	October 1 2009
Value-added input tax	**₱903,217,562**	₱586,892,577	₱665,505,765
Advances to suppliers and contractors	**276,687,707**	105,844,970	2,501,591
Supplies	**57,542,090**	37,586,154	29,287,698
Prepaid expenses	**45,090,437**	92,579,519	109,810,396
Advances to lot owners (Note 31)	**32,772,104**	–	–
Utility deposits (Notes 31 and 32)	**3,519,980**	5,740,785	6,276,798
Receivable from Meralco (Notes 30, 31 and 32)	**-**	6,890,300	19,224,544
Investment in preferred shares of stocks (Note 32)	**-**	210,000,000	–
Advances to ASNC (Note 2)	**-**	–	487,805,693
	₱1,318,829,880	₱1,045,534,305	₱1,320,412,485

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

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

Prepaid expenses consist mainly of prepayments for taxes and insurance.

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

Utility deposits consist primarily of bid bonds and meter deposits.

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

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

11. Investment Properties

The rollforward analysis of this account follows:

2011

	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost					
At October 1, 2010	**₱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)**	**–**
At September 30, 2011	**16,914,362,270**	**84,425,893**	**30,494,808,643**	**4,693,225,105**	**52,186,821,911**
Accumulated Depreciation and Amortization					
At October 1, 2010	**–**	**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**
At September 30, 2011	**–**	**52,223,164**	**12,749,453,198**	**–**	**12,801,676,362**
Net Book Value as of September 30, 2011	**₱16,914,362,270**	**₱32,202,729**	**₱17,745,355,445**	**₱4,693,225,105**	**₱39,385,145,549**

2010

	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost					
At October 1, 2009	₱9,958,029,539	₱58,465,680	₱26,027,435,530	₱2,651,257,533	₱38,695,188,282
Additions	1,706,098,306	1,630,357	895,215,545	1,591,352,411	4,194,296,619
Reclassifications/transfers		5,340,906	2,742,466,842	(2,747,807,748)	–
At September 30, 2010	11,664,127,845	65,436,943	29,665,117,917	1,494,802,196	42,889,484,901
Accumulated Depreciation and Amortization					
At October 1, 2009	–	44,277,123	9,403,733,141	–	9,448,010,264
Depreciation and amortization (Note 24)	–	3,558,604	1,593,217,891	–	1,596,776,495
At September 30, 2010	–	47,835,727	10,996,951,032	–	11,044,786,759
Net Book Value as of September 30, 2010	₱11,664,127,845	₱17,601,216	₱18,668,166,885	₱1,494,802,196	₱31,844,698,142

2009

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Construction In Progress	Total
Cost						
At October 1, 2008	₱9,862,661,566	₱58,340,680	₱23,172,087,520	₱254,274,144	₱2,454,179,853	₱35,801,543,763
Additions	187,949,749	125,000	702,204,761	5,862,998	2,350,220,929	3,246,363,437
Retirements/disposals	(92,581,776)	–	–	–	–	(92,581,776)
Reclassifications/transfers	–	–	2,153,143,249	–	(2,153,143,249)	–
At September 30, 2009	9,958,029,539	58,465,680	26,027,435,530	260,137,142	2,651,257,533	38,955,325,424
Accumulated Depreciation and Amortization						
At October 1, 2008	–	39,991,185	8,006,713,709	194,034,512	–	8,240,739,406
Depreciation and amortization (Note 24)	–	4,285,938	1,397,019,432	19,300,275	–	1,420,605,645
At September 30, 2009	–	44,277,123	9,403,733,141	213,334,787	–	9,661,345,051
Net Book Value as of September 30, 2009	₱9,958,029,539	₱14,188,557	₱16,623,702,389	₱46,802,355	₱2,651,257,533	₱29,293,980,373

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

Effective October 1, 2009, the operation of Robinsons Movieworld was transferred to the Parent Company under Commercial Center Division. Theater Furniture and Equipment were transferred under the captions "Property and Equipment".

Depreciation and amortization expense charged to operations amounted to ₱1,757 million,₱1,597 million and ₱1,421 million for the year ended September 30, 2011, 2010 and 2009, respectively (see Note 24).

Borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties under construction amounted to about ₱1,041 million, ₱985 million and ₱631 million in 2011, 2010 and 2009, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2011, 2010 and 2009 ranges from 7.47% to 12.00%.

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

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

Property operations and maintenance costs arising from investment properties amounted to ₱485 million, ₱427 million and ₱341 million for the year ended September 30, 2011, 2010 and 2009, respectively (see Note 22).

There are no investment properties and other investments as of September 30, 2011, 2010 and 2009 that are pledged as security to liabilities.

12. Property and Equipment

The rollforward analysis of this account follows:

2011

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost						
At October 1, 2010	**₱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**	**–**
At September 30, 2011	**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						
At October 1, 2010	**–**	**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)**
At September 30, 2011	**–**	**20,932,632**	**1,336,056,336**	**269,972,881**	**1,396,308,804**	**3,023,270,653**
Net Book Value as of September 30, 2011	**₱173,086,946**	**₱13,393,703**	**₱1,605,030,926**	**₱90,702,006**	**₱672,719,866**	**₱2,554,933,447**

2010

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost						
At October 1, 2009	₱173,086,946	₱21,498,582	₱2,629,603,763	₱260,137,142	₱1,503,954,857	₱4,588,281,290
Additions	–	8,571,817	271,361,752	63,723,563	160,329,535	503,986,667
Retirements/disposal	–	–	–	–	(757,849)	(757,849)
Reclassifications/transfers	–	–	–	–	–	–
At September 30, 2010	173,086,946	30,070,399	2,900,965,515	323,860,705	1,663,526,543	5,091,510,108
Accumulated Depreciation and Amortization						
At October 1, 2009	–	16,242,906	1,044,229,013	213,334,787	1,082,939,450	2,356,746,156
Depreciation and amortization (Note 24)	–	3,012,411	141,016,504	21,653,014	149,740,444	315,422,373
Retirements/disposal	–	–	–	–	(467,239)	(467,239)
At September 30, 2010	–	19,255,317	1,185,245,517	234,987,801	1,232,212,655	2,671,701,290
Net Book Value as of September 30, 2010	₱173,086,946	₱10,815,082	₱1,715,719,998	₱88,872,904	₱431,313,888	₱2,419,808,818

2009

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Total
Cost					
At October 1, 2008	₱173,086,946	₱3,195,681	₱2,242,912,992	₱1,307,022,297	₱3,726,217,916
Additions	–	–	386,690,771	218,066,372	604,757,143
Retirements/disposal	–	–	–	(2,830,911)	(2,830,911)
Reclassifications/transfers	–	18,302,901	–	(18,302,901)	–
At September 30, 2009	173,086,946	21,498,582	2,629,603,763	1,503,954,857	4,328,144,148
Accumulated Depreciation and Amortization					
At October 1, 2008	–	3,195,681	916,818,739	977,197,173	1,897,211,593
Depreciation and amortization (Note 24)	–	–	127,410,274	120,830,376	248,240,650
Retirements/disposal	–	–	–	(2,040,874)	(2,040,874)
Reclassifications/transfers	–	13,047,225	–	(13,047,225)	–
At September 30, 2009	–	16,242,906	1,044,229,013	1,082,939,450	2,143,411,369
Net Book Value as of September 30, 2009	₱173,086,946	₱5,255,676	₱1,585,374,750	₱421,015,407	₱2,184,732,779

Depreciation and amortization expense charged to operations amounted to ₱356 million, ₱315 million and ₱248 million for the year ended September 30, 2011, 2010 and 2009, respectively (see Note 24).

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

There are no property and equipment items as of September 30, 2011, 2010 and 2009 that are pledged as security to liabilities.

13. Other Noncurrent Assets

This account consists of:

	September 30		October 1
	2011	2010	2009
Utility deposits (Notes 31 and 32)	**₱222,076,451**	₱211,098,369	₱196,419,195
Advances to lot owners (Note 31)	**174,166,992**	237,697,706	226,847,680
Derivative asset (Note 31)	**172,496,875**	111,066,241	102,985,391
Receivable from Meralco (Notes 30, 31 and 32)	**–**	–	5,190,682
Others	**90,955,532**	85,155,212	69,920,404
	₱659,695,850	₱645,017,528	₱601,363,352

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.

Others include advances to suppliers/contractors representing advance payment to supplier or contractors which will be applied against the final billing.

14. Accounts Payable and Accrued Expenses

This account consists of:

	September 30		October 1
	2011	2010	2009
Accrued taxes and licenses, bonus and other liabilities	**₱2,625,279,676**	₱2,566,492,695	₱2,318,123,849
Accounts payable (Note 20)	**1,634,014,716**	1,236,170,341	1,600,516,467
Accrued rent expense	**92,639,627**	54,087,098	6,183,088
Dividends payable	**8,689,011**	7,568,707	7,002,600
	₱4,360,623,030	₱3,864,318,841	₱3,931,826,004

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

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

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

15. Deposits and Other Liabilities

This account consists of:

	September 30		October 1
	2011	2010	2009
Deposits from real estate buyers (Notes 17 and 32)	**₱845,695,426**	₱1,011,306,997	₱772,991,204
Payables to affiliated companies (Notes 20 and 32)	**634,969,045**	134,390,653	120,448,784
Deposits from lessees (Notes 17 and 32)	**174,545,141**	162,257,882	123,352,453
	₱1,655,209,612	₱1,307,955,532	₱1,016,792,441

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

Deposits from real estate buyers are cash collections in excess of the installment contract receivables recognized under the percentage-of-completion method which amounted to ₱1,587 million, ₱1,733 million and ₱1,021 million as of September 30, 2011, 2010 and 2009, respectively.

The Deposits from lessees represent cash received in advance equivalent to three (3) to six (6) months rent which shall be refunded to lessees at the end of lease term. The Group recognized Discount on deposits from lessees (included under the caption "Interest expense") amounting ₱114 million, ₱97 million and ₱101 million as of September 30, 2011, 2010 and 2009, respectively. The related interest expense on the discount amounted to ₱72 million, ₱71 million and ₱69 million in 2011, 2010 and 2009, respectively (see Note 26). The Deposits from lessees was discounted using PDST-F rate plus 2% spread.

The Unearned rental income (included under the caption "Deposit from lessees") amounted to ₱104 million, ₱84 million and ₱91 million as of September 30, 2011, 2010 and 2009, respectively. The rental income on amortization of unearned rental income amounted to ₱70 million, ₱72 million and ₱53 million in 2011, 2010 and 2009, 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	September 30 2011	2010	October 1 2009
Loan from ING, Manila and Security Bank Corporation (SBC) under the Development Bank of the Philippines (DBP)-JBIC - 5 loan facility at fixed interest rate of 9.2% per annum + 1.5% margin payable in nine (9) semi-annual payments starting October 2005	**₱1,000,000,000**	**₱–**	₱–	₱115,000,000
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**	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	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	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	5,000,000,000
	16,000,000,000	**15,000,000,000**	15,000,000,000	15,115,000,000
Less current portion	**–**	**3,000,000,000**	–	115,000,000
	₱16,000,000,000	**₱12,000,000,000**	₱15,000,000,000	₱15,000,000,000

<u>Loans Payable due in May 2012</u>

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.

Debt Covenants

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

<u>Loans Payable due in June 2013</u>

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.

<u>Bonds Payable due in July 2014</u>

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

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

Aggregate Borrowing Costs
Aggregate borrowing costs capitalized to subdivision land, condominium and residential units for sale and investment properties amounted to ₱1,041 million, ₱985 million and ₱631 million in 2011, 2010 and 2009, 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
2011	**₱3,000,000,000**	**₱2,000,000,000**	**₱10,000,000,000**	**₱–**	**₱–**	**₱15,000,000,000**
2010	₱–	₱3,000,000,000	₱2,000,000,000	₱10,000,000,000	₱–	₱15,000,000,000
2009	₱115,000,000	₱–	₱3,000,000,000	₱2,000,000,000	₱10,000,000,000	₱15,115,000,000

17. Deposits and Other Noncurrent Liabilities

This account consists of:

	September 30		October 1
	2011	2010	2009
Deposits from lessees - net of current portion (Note 31)	**₱1,820,384,583**	₱1,692,237,015	₱1,286,480,407
Accrued rent expense	**1,080,362,640**	977,436,619	869,566,391
Deposits from real estate buyers - net of current portion (Note 31)	**741,071,742**	722,310,528	796,303,273
Pension liabilities (Note 29)	**60,855,783**	41,584,780	28,453,776
Advances and others	**634,761,102**	1,185,767,910	2,069,121,292
	₱4,337,435,850	₱4,619,336,852	₱5,049,925,139

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

Advances and others account consists of noncurrent accounts payable and accrued taxes and licenses, bonus and other liabilities.

18. Retained Earnings

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting ₱380 million, ₱359 million and ₱345 million as of September 30, 2011, 2010 and October 1, 2009, respectively, are not available for dividend declaration until received in the form of dividends.

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

	September 30		October 1
	2011	2010	2009
Date of declaration	**May 11, 2011**	April 15, 2010	April 16, 2009
Date of payment	**June 27, 2011**	May 20, 2010	June 10, 2009
Ex-dividend rate	**May 31, 2011**	May 5, 2010	May 15, 2009
Dividend per share	**₱0.36**	₱0.48	₱0.25
Total dividends	**₱1,473,779,046**	₱1,312,794,844	₱686,729,614

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 (Note 11).

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

19. Capital Stock

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

	September 30		October 1
	2011	2010	2009
Authorized - at ₱1 par value	**8,200,000,000**	3,000,000,000	3,000,000,000
At beginning of the period	**2,729,220,457**	2,746,918,457	2,746,918,457
Additional subscription	**1,364,610,228**		
Treasury shares		(17,698,000)	–
Issued and outstanding	**4,093,830,685**	2,729,220,457	2,746,918,457

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

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 authorized 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 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, 2011, 2010 and October 1, 2009.

		September 30		October 1
		2011	2010	2009
(a)	Loans payable (Note 16)	**₱15,000,000,000**	₱15,000,000,000	₱15,115,000,000
(b)	Equity	**₱39,036,598,210**	₱27,737,205,566	₱25,566,476,177
(c)	Debt-to-capital ratio (a/b)	**0.38:1**	0.54:1	0.59:1

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

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

The Group, in the normal course of business, has transactions with its major stockholder, JGSHI and its affiliated companies consisting principally of lease arrangements and advances (both interest and 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 ₱1,317 million, ₱1,263 million and ₱905 million in 2011, 2010 and 2009, respectively (see Note 6). There are no intersegment sales.

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

	September 30		October 1
	2011	2010	2009
Savings and current accounts	**₱86,374,803**	₱23,156,452	₱43,959,441
Short-term investments	**8,817,480,814**	2,740,883,543	123,197,650
	₱8,903,855,617	₱2,764,039,995	₱167,157,091

As of September 30, 2011, 2010 and 2009, the net receivable (payable) to an affiliated companies amounted to (₱525 million), ₱1,910 million and (₱27 million), respectively. Details are as follow:

	September 30		October 1
	2011	2010	2009
Receivable from affiliated companies (Notes 8 and 32)			
JGSHI	**₱–**	₱1,920,690,302	₱–
Digital Telecommunications Philippines Inc.	**40,289,156**	39,708,187	39,926,434
Robinsons Recreation Corporation	**13,209,271**	11,353,023	11,351,620
Universal Robina Corporation	**6,249,032**	12,644,234	6,156,389
Others	**50,370,843**	59,947,932	35,692,331
	110,118,302	2,044,343,678	93,126,774
Payable to affiliated companies (Notes 15 and 32)			
WINSOME	**(₱75,010,000)**	(₱75,010,000)	₱–
Westpoint Industrial Mills	**(22,819,452)**	(22,819,452)	(22,819,452)
JGSHI	**(496,142,280)**	–	(33,828,465)
Others	**(40,997,313)**	(36,561,201)	(63,800,867)
	(634,969,045)	(134,390,653)	(120,448,784)
Net receivables from (payable to) affiliated companies	**(₱524,850,743)**	₱1,909,953,025	(₱27,322,010)

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

Other receivables from affiliates account consists primarily of receivables from Robinsons Summit Center Corp., Venvi Holdings Corp. and Robinsons Condominium Corporation.

Other payables from affiliates account consists primarily of payables to RPR Manila Condominium Corporation, East of Galleria Corporation and The Fort Residences.

Outstanding balances as of September 30, 2011, which are unsecured and interest free, are all due within one (1) year.

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 will commence in March 2012.

The contributions of the parties follow:

a. RLC: Road lot valued at ₱88.83 million and development costs amounting ₱1,390 million (Note 11)
b. FLI: Development costs amounting ₱738.82 million
c. HLRD, an affiliate of FLI: Four (4) adjoining parcels of land valued at ₱738.82 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, 2011, 2010 and 2009. 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.

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

	September 30		October 1
	2011	2010	2009
Short term employee benefits (Note 23)	**₱545,422,594**	₱487,468,400	₱466,196,967
Post-employment benefits (Note 25)	**25,774,243**	21,248,965	19,328,400
	₱571,196,837	₱508,717,365	₱485,525,367

21. Revenue

This account consists of:

	September 30		October 1
	2011	2010	2009
Real estate			
Rental income (Notes 20 and 34)	**₱6,113,510,000**	₱5,588,305,712	₱5,143,095,179
Real estate sale	**4,079,748,167**	2,720,062,815	3,903,963,162
Amusement income	**687,899,815**	691,070,543	–
Others	**585,277,173**	448,148,632	415,447,070
	11,466,435,155	9,447,587,702	9,462,505,411
Hotel operations			
Rooms	**707,593,257**	665,425,855	593,396,475
Food and beverage	**454,042,502**	437,973,257	398,818,700
Others	**44,583,428**	43,915,486	41,016,521
	1,206,219,187	1,147,314,598	1,033,231,696
	₱12,672,654,342	₱10,594,902,300	₱10,495,737,107

Real estate others mainly includes association dues and other penalty charges received from tenants and other penalty charges received from buyers.

Effective October 1, 2009, the operation of Robinsons Movieworld was transferred to the Parent Company under Commercial Center Division. Transactions pertaining to the operations of Robinsons Movieworld were recognize in the books of Group under the captions "Amusement income" and Film rentals expense".

Hotel operations others amount includes transport, laundry, valet and other services.

22. Costs and Expenses

This account consists of:

	2011	2010	2009
Real Estate			
Cost of real estate sale (Note 9)	**₱2,664,371,840**	₱1,745,032,612	₱2,304,166,017
Depreciation and amortization (Notes 11, 12 and 24)	**1,923,747,627**	1,711,386,218	1,486,071,942
Film rentals expense (Note 21)	**320,222,382**	309,970,334	–
Property operations and maintenance costs (Note 11)	**277,066,989**	219,782,623	152,311,784
Others (Note 25)	**263,369,726**	148,642,261	187,846,269
	5,448,778,564	4,134,814,048	4,130,396,012
Hotel Operations			
Cost of sale	**172,332,552**	164,849,924	137,338,511
Property operations and maintenance costs (Note 11)	**207,542,599**	206,927,449	188,908,781
Depreciation and amortization (Notes 11, 12 and 24)	**189,372,461**	200,812,650	182,774,353
Others (Note 25)	**440,441,170**	424,316,369	396,853,653
	1,009,688,782	996,906,392	905,875,298
	₱6,458,467,346	₱5,131,720,440	₱5,036,271,310

Real estate others amount include expenses from contracted services and other administration expenses.

Hotel operations others amount includes advertising, sales and promotion fees.

23. General and Administrative Expenses

This account consists of:

	2011	2010	2009
Salaries and wages (Notes 20, 25 and 29)	**₱422,611,616**	₱367,370,141	₱352,580,249
Advertising and promotions	**339,031,250**	285,976,028	199,825,182
Taxes and licenses	**301,858,105**	316,976,296	236,908,362
Commission	**276,098,706**	253,316,134	224,761,947
Rent expense (Note 34)	**164,889,306**	158,400,664	156,097,564
Insurance	**68,297,031**	37,756,695	35,006,496
Light, water and communication (Note 30)	**64,696,047**	53,427,953	53,017,210
Donation	**43,886,381**	37,696,344	23,178,581
Supplies expense	**33,033,099**	27,231,435	13,991,651
Travel and transportation	**28,325,620**	26,320,363	19,785,993
Entertainment, amusement and recreation	**13,743,722**	8,486,948	9,656,765
Provision for impairment losses (Note 8)	**770,804**	2,025,141	1,000,601
Others	**24,884,333**	20,299,273	22,707,883
	₱1,782,126,020	₱1,595,283,415	₱1,348,518,484

24. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	2011	2010	2009
Real estate (Notes 11, 12 and 22)	**₱1,923,747,627**	₱1,711,386,218	₱1,486,071,942
Hotel operations (Notes 11, 12 and 22)	**189,372,461**	200,812,650	182,774,353
	₱2,113,120,088	₱1,912,198,868	₱1,668,846,295

25. Personnel Expenses

Personnel expenses consist of (see Note 23):

	2011	2010	2009
Salaries, wages and other staff costs	**₱482,157,134**	₱435,332,938	₱430,317,859
Pension expense (Note 29)	**25,774,243**	21,248,965	19,328,400
SSS contributions, PAG-IBIG contributions, premiums and others	**63,265,460**	52,135,462	35,879,108
	₱571,196,837	₱508,717,365	₱485,525,367

The above amounts are distributed as follows:

	2011	2010	2009
General and administrative (Note 23)	**₱422,611,616**	₱367,370,141	₱352,580,249
Hotel operations (Note 22)	**148,585,221**	141,347,224	132,945,118
	₱571,196,837	₱508,717,365	₱485,525,367

26. Interest Income and Interest Expense

This account consists of:

	2011	2010	2009
Interest income			
Installment contract receivables	**₱227,648,380**	₱234,195,441	₱111,115,924
Bank deposits (Note 7)	**414,303,157**	298,455,839	120,053,222
Receivable from affiliated companies	**26,469,281**	160,567,866	–
Receivable from Meralco (Note 30)	**3,392,519**	8,906,565	6,606,412
	₱671,813,337	₱702,125,711	₱237,775,558
Interest expense			
Loans payable (Note 16)	**₱177,709,404**	₱228,768,370	₱–
Customers' deposits (Note 15)	**72,600,177**	71,311,994	68,624,827
	₱250,309,581	₱300,080,364	₱68,624,827

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:

	2011	2010	2009
Current			
RCIT	**₱659,117,793**	₱603,089,926	₱656,936,577
Final tax	**74,778,141**	46,472,582	5,211,068
MCIT	**12,663**	233,606	–
	733,908,597	649,796,114	662,147,645
Deferred	**147,731,790**	24,566,140	351,714,132
	₱881,640,387	₱674,362,254	₱1,013,861,777

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

	2011	2010	2009
Statutory income tax rate	**30.00%**	30.00%	31.25%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.78)**	(0.57)	(0.17)
Tax exempt real estate sales	**(0.01)**	(0.04)	(0.50)
Income subjected to BOI, PEZA and lower tax	**(11.05)**	(13.60)	(6.30)
Change in tax rate	**–**	–	(0.59)
Effective income tax rate	**18.16%**	15.79%	23.69%

Deferred taxes as of September 30, 2011, 2010 and 2009 relate to the tax effects of the following:

	September 30		October 1
	2011	2010	2009
Deferred tax assets:			
Accrued rent expense	**₱351,900,680**	₱309,457,115	₱261,293,652
Accrued interest expense	**98,798,026**	77,337,747	56,332,918
Accrued retirement payable	**17,763,319**	12,475,434	8,536,133
Allowance for impairment loss	**13,543,076**	15,445,475	14,837,933
MCIT	**246,269**	233,606	–
	482,251,370	414,949,377	341,000,636
Deferred tax liabilities:			
Unamortized capitalized interest expense	**(528,633,025)**	(393,741,545)	(332,299,371)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(450,812,458)**	(347,012,563)	(299,732,399)
Accrued rent income	**(105,349,086)**	(119,379,817)	(116,420,990)
Market valuation gain on derivative instrument (Note 13)	**(18,429,190)**	(22,814,767)	(30,895,617)
Unamortized debt issuance cost	**(9,113,978)**	(12,288,172)	(12,116,129)
Receivable from Meralco	**–**	(2,067,090)	(7,324,568)
	(1,112,337,737)	(897,303,954)	(798,789,074)
Net deferred tax liabilities	**(₱630,086,367)**	(₱482,354,577)	(₱457,788,438)

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 ₱13 million and ₱0.1 million in 2011 and 2010, respectively.

The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱4 million and ₱0.04 million as of September 30, 2011 and 2010, 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, 2011	₱13,542,091	September 30, 2014
September 30, 2010	147,900	September 30, 2013
	₱13,689,991	
MCIT		
September 30, 2011	₱12,663	September 30, 2014
September 30, 2010	233,606	September 30, 2013
	₱246,269	

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

28. Earnings Per Share

Earnings per share amounts were computed as follows:

		2011	2010	2009
a.	Net income attributable to equity holders of Parent Company	**₱3,974,107,491**	₱3,592,836,157	₱3,264,458,937
b.	Weighted average number of common shares outstanding adjusted	**3,434,143,420**	2,970,134,021	2,982,151,806
c.	Earnings per share (a/b)	**₱1.16**	₱1.21	₱1.09

There were no potential dilutive shares in 2011, 2010 and 2009.

The 2010 and 2009 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 an unfunded, noncontributory, defined benefit retirement plan covering all its regular permanent employees. The plan provides retirement, separation, disability and death benefits to its members. The latest actuarial valuation was made on September 30, 2011.

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

Pension expense

	2011	2010	2009
Current service cost	**₱11,819,900**	₱9,169,036	₱11,794,300
Interest cost	**9,042,463**	8,906,540	8,568,100
Expected return on plan assets	**2,499,806**	3,039,272	(3,166,100)
Benefits paid	–	–	–
Past service cost	–	–	–
Actuarial losses recognized	**2,412,074**	134,117	2,132,100
Total pension expense (Note 23)	**₱25,774,243**	₱21,248,965	₱19,328,400

Pension liabilities

	September 30		October 1
	2011	2010	2009
Benefit obligation	**₱145,607,663**	₱122,353,161	₱80,486,580
Fair value of plan assets	**(52,103,163)**	(56,813,768)	(60,559,560)
Unrecognized net actuarial losses (gains)	**(32,648,717)**	(23,954,613)	8,526,756
Pension liabilities	**₱60,855,783**	₱41,584,780	₱28,453,776

Pension benefit obligation

	2011	2010	2009
Balance at beginning of the period	**₱122,353,161**	₱80,486,580	₱101,706,300
Current service cost	**11,819,900**	9,169,036	11,794,300
Interest cost	**9,042,463**	8,906,540	8,568,100
Past service cost	**-**	–	–
Actuarial gains on obligation	**17,977,621**	35,044,216	(34,743,000)
Benefits paid	**(15,585,482)**	(11,253,211)	(6,839,120)
Balance at end of the period	**₱145,607,663**	₱122,353,161	₱80,486,580

Fair value of plan assets

	2011	2010	2009
Balance at beginning of the period	**₱56,813,768**	₱60,559,560	₱57,568,490
Expected return on plan assets	**(2,499,806)**	(3,039,272)	3,166,100
Actual contributions	**6,503,240**	8,117,961	6,652,020
Benefits paid	**(15,585,482)**	(11,253,211)	(6,839,120)
Actuarial gains - net	**6,871,443**	2,428,730	12,070
Balance at end of the period	**₱52,103,163**	₱56,813,768	₱60,559,560

The rollforward of unrecognized actuarial (losses) gains follows:

	2011	2010	2009
Balance at beginning of year	**₱23,954,613**	(₱8,526,756)	₱28,360,414
Additional actuarial (gains) losses:			
From plan obligation	**17,977,621**	35,044,216	(34,743,000)
From plan asset	**(6,871,443)**	(2,428,730)	(12,070)
Actuarial losses recognized	**(2,412,074)**	(134,117)	(2,132,100)
Balance at end of year	**₱32,648,717**	₱23,954,613	(₱8,526,756)

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

Actual return on plan assets amounted to ₱4 million, (₱1 million) and ₱3 million in 2011, 2010 and 2009, respectively.

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

	2011	2010	2009
Discount rate	**6.70% - 7.42%**	7.18% - 8.25%	9.29% - 11.40%
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%**	5.50%	5.50%
Experience adjustment gain (loss) - net	**₱19,335,301**	(₱35,044,216)	₱34,743,000
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:

	2011		2010		2009	
	Amount	**%**	Amount	%	Amount	%
Cash	**₱189,176**	**0.36**	₱225,331	0.40	₱179,754	0.30
Receivables	**65,981,946**	**126.64**	65,034,281	114.47	66,922,515	110.50
Liabilities (Notes 14 and 17)	**(14,067,959)**	**(27.00)**	(8,445,844)	(14.87)	(6,542,709)	(10.80)
	₱52,103,163	**100.00**	₱56,813,768	100.00	₱60,559,560	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 ₱7 million into the pension fund for the fiscal year ending in September 30, 2012.

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

	2011	2010	2009	2008	2007
Pension benefit obligation	**₱145,607,663**	₱122,353,161	₱80,486,580	₱101,706,300	₱84,707,150
Plan assets	**52,103,163**	56,813,768	60,559,560	57,568,490	104,000
Experience adjustments on:					
Plan liabilities	**17,977,621**	35,044,216	(34,743,000)	13,471,444	(1,643,849)
Plan assets	**(6,871,443)**	(2,428,730)	(12,070)	(7,876,242)	(251,500)

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, 2011, 2010 and 2009, the Group's receivable from Meralco, which is included in "Other asset", amounted to nil (net of unearned interest income of 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 ₱3 million, ₱9 million and ₱7 million in 2011, 2010 and 2009 respectively (see Note 26).

31. 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.

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				October	
	2011		2010		2009	
Assets						
Cash and cash equivalents	**$853,882**	**₱37,331,703**	$3,197,805	₱140,319,691	$1,413,153	₱66,969,339
Liabilities						
Accounts payable and accrued expenses	**200,148**	**8,750,476**	252,166	11,065,044	421,529	19,976,279
Net foreign currency-denominated assets	**$653,734**	**₱28,581,227**	$2,945,639	₱129,254,647	$991,624	₱46,993,060

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of September 30, 2011, 2010 and 2009 follow:

	September 30		October 1
	2011	2010	2009
US Dollar - Philippine Peso exchange rate	**₱43.72 to US$1.00**	₱43.88 to US$1.00	₱47.39 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the year ended September 30, 2011, 2010 and 2009.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
2011	
2.0% PHP appreciation	**(₱1,307,467)**
2.0% PHP depreciation	**1,307,467**
2010	
2.0% PHP appreciation	(₱5,891,278)
2.0% PHP depreciation	5,891,278
2009	
2.0% PHP appreciation	(₱939,861)
2.0% PHP depreciation	939,861

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, 2011, 2010 and 2009, 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.

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	**611,609,198**	**338,725,597**	**1,084,115,043**	**949,512,472**	**222,763,169**	**3,206,725,479**
Affiliated companies	**110,118,302**	**–**	**–**	**–**	**–**	**110,118,302**

(Forward)

	On Demand	**1 to 3 months**	**4 to 12 months**	**More than 1 year but less than 5 years**	**5 years or more**	**Total**
Others	**312,912,089**	**1,501,302**	**11,931,293**	**47,260,068**	**15,025,965**	**388,630,717**
Other assets						
Utility deposits	**–**	**–**	**–**	**–**	**225,596,431**	**225,596,431**
Receivable from Meralco	**–**	**–**	**–**	**–**	**–**	**–**
Total financial assets	**₱1,194,282,999**	**₱9,229,410,843**	**₱1,096,046,336**	**₱996,772,540**	**₱463,385,565**	**₱12,979,898,283**
Accounts payable and accrued expenses	**₱1,634,014,716**	**₱376,885,073**	**₱740,309,124**	**₱264,232,798**	**₱1,081,932,478**	**₱4,097,374,189**
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	**634,969,045**	**–**	**–**	**–**	**–**	**634,969,045**
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	**₱2,268,983,761**	**₱613,464,597**	**₱4,892,931,841**	**₱15,908,812,469**	**₱1,103,017,029**	**₱24,787,209,697**

**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.*

2010

	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	₱309,800,552	₱5,187,804,935	₱–	₱–	₱–	₱5,497,605,487
Receivables						
Trade	1,060,194,153	587,163,990	895,834,627	555,020,282	86,023,115	3,184,236,167
Affiliated companies	2,044,343,678	–	–	–	–	2,044,343,678
Others	272,759,544	1,308,657	–	–	–	274,068,201
Other assets						
Utility deposits	–	5,140,773	600,012	32,009,874	179,088,495	216,839,154
Receivable from Meralco	–	4,678,287	2,212,013	–	–	6,890,300
Total financial assets	₱3,687,097,927	₱5,786,096,642	₱898,646,652	₱587,030,156	₱265,111,610	₱11,223,982,987
Accounts payable and accrued expenses	₱1,236,170,341	₱1,515,645,284	₱80,331,283	₱438,510,255	₱637,801,210	₱3,908,458,373
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	134,390,653	–	–	–	–	134,390,653
Deposits from lessees	–	83,721,595	78,536,287	1,672,636,729	19,600,286	1,854,494,897
Loans payable and future interest payment*	–	153,373,000	1,297,619,000	18,107,986,000	–	19,558,978,000
Interest rate swap*	–	(14,153,533)	(42,460,600)	(99,385,800)	–	(155,999,933)
Other financial liabilities	₱1,370,560,994	₱1,738,586,346	₱1,414,025,970	₱20,119,747,184	₱657,401,496	₱25,300,321,990

**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.*

2009

	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	₱8,082,848,590	₱842,847,535	₱–	₱–	₱–	₱8,925,696,125
Receivables						
Trade	1,049,461,141	581,219,760	1,043,238,235	985,916,514	142,776,065	3,802,611,715
Affiliated companies	93,126,774	–	–	–	–	93,126,774
Others	221,615,876	1,063,277	–	–	–	222,679,153
Other assets						
Utility deposits	–	4,267,416	2,009,382	20,351,005	176,068,190	202,695,993
Receivable from Meralco	–	5,616,170	13,608,374	5,190,682	–	24,415,226
Financial assets at FVPL						
Derivative asset	–	–	–	102,985,391	–	102,985,391
Total financial assets	₱9,447,052,381	₱1,435,014,158	₱1,058,855,991	₱1,114,443,592	₱318,844,255	₱13,374,210,377
Accounts payable and accrued expenses	₱1,600,516,467	₱2,252,182,419	₱79,127,118	₱464,735,133	₱540,667,388	₱4,937,228,525
Payables to affiliated companies (included under Deposits and other liabilities account in the consolidated statement of financial position)	120,448,784	–	–	–	–	120,448,784
Deposits from lessees	–	63,647,226	59,705,227	1,271,579,785	14,900,622	1,409,832,860
Loans payable and future interest payment*	–	274,206,000	1,296,660,500	19,555,463,500	–	21,120,177,500
Interest rate swap*	–	(13,828,967)	(41,486,900)	(152,422,567)	–	(207,738,434)
Other financial liabilities	₱1,720,965,251	₱2,570,054,178	₱1,394,005,945	₱21,139,355,851	₱555,568,010	₱27,379,949,235

**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, 2011, 2010 and 2009, 87%, 87% and 61% 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.

2011

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

2010

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

2009

	Within 1 year	1-2 years	2-3 years	Total
Loans payable (Note 16)	₱115,000,000	₱–	₱2,000,000,000	₱2,115,000,000

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 2011, 2010 and 2009.

Increase/Decrease in Basis Points	Change in Income Before Income Tax
2011	
+150	**₱102,239,605**
-150	**(102,239,605)**
2010	
+150	₱43,395,454
-150	(43,395,454)
2009	
+150	₱34,170,447
-150	(34,170,447)

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, 2011, 2010 and 2009, without considering the effects of collaterals and other credit risk mitigation techniques.

	September 30		October 1
	2011	2010	2009
Cash and cash equivalents	**₱9,034,292,854**	₱5,488,738,871	₱8,920,473,247
Receivables - net			
Trade receivables			
Installment contract receivable	**2,451,475,155**	2,442,775,257	3,147,328,645
Accrued rent receivable	**351,163,620**	397,932,724	320,890,367
Rental receivables	**320,425,197**	241,631,827	218,206,849
Hotel operations	**38,517,922**	50,411,442	66,726,078

(Forward)

	September 30		October 1
	2011	2010	2009
Affiliated companies	**110,118,302**	2,044,343,678	93,126,774
Other receivables	**388,630,717**	274,068,201	222,679,153
Other assets			
Utility deposits	**225,596,431**	216,839,154	202,695,993
Derivative asset	**172,496,875**	111,066,241	102,985,391
Receivable from Meralco	**–**	6,890,300	24,415,226
	₱13,092,717,073	₱11,274,697,695	₱13,319,527,723

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, 2011, 2010 and 2009, gross of allowance for credit and impairment losses.

2011

	Neither Past Due Nor Impaired			**Past Due or Individually Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
Loans and receivables					
Cash and cash equivalents	**₱9,034,292,854**	**₱–**	**₱–**	**₱–**	**₱9,034,292,854**
Receivables:					
Trade receivables					
Installment contract receivables	**1,824,340,414**	**–**	**–**	**646,715,187**	**2,471,055,601**
Accrued rent receivables	**351,163,620**	**–**	**–**	**–**	**351,163,620**
Rental receivables	**301,672,542**	**–**	**–**	**32,153,413**	**333,825,955**
Hotel operations	**24,806,904**	**–**	**–**	**25,911,488**	**50,718,392**
Affiliated companies	**110,118,302**	**–**	**–**	**–**	**110,118,302**
Other receivables	**384,585,176**	**–**	**–**	**4,045,541**	**388,630,717**
Other assets					
Utility deposits	**225,596,431**	**–**	**–**	**–**	**225,596,431**
Financial assets of FVPL					
Derivative asset	**172,496,875**	**–**	**–**	**–**	**172,496,875**
	₱12,429,073,118	**₱–**	**₱–**	**₱708,825,629**	**₱13,137,898,747**

2010

	Neither Past Due Nor Impaired			Past Due or Individually Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Loans and receivables					
Cash and cash equivalents	₱5,488,738,871	₱–	₱–	₱–	₱5,488,738,871
Receivables:					
Trade receivables					
Installment contract receivables	1,209,007,518	–	–	1,253,852,455	2,462,859,973
Accrued rent receivables	397,932,724	–	–	–	397,932,724
Rental receivables	144,999,130	–	–	117,145,590	262,144,720
Hotel operations	22,767,813	–	–	39,073,296	61,841,109
Affiliated companies	2,044,343,678	–	–	–	2,044,343,678
Other receivables	274,068,201	–	–	–	274,068,201
Other assets					
Utility deposits	216,839,154	–	–	–	216,839,154
Receivable from Meralco	6,890,300	–	–	–	6,890,300
Financial assets of FVPL					
Derivative asset	111,066,241	–	–	–	111,066,241
	₱9,916,653,630	₱–	₱–	₱1,410,071,341	₱11,326,724,971

2009

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Loans and receivables					
Cash and cash equivalents	₱8,920,473,247	₱–	₱–	₱–	₱8,920,473,247
Receivables:					
Trade receivables					
Installment contract receivables	2,866,977,762	–	–	300,435,599	3,167,413,361
Accrued rent receivables	320,890,367	–	–	–	320,890,367
Rental receivables	131,050,306	–	–	107,669,436	238,719,742
Hotel operations	37,983,835	–	–	38,146,768	76,130,603
Affiliated companies	93,126,774	–	–	–	93,126,774
Other receivables	222,679,153	–	–	–	222,679,153
Other assets					
Utility deposits	202,695,993	–	–	–	202,695,993
Receivable from Meralco	24,415,226	–	–	–	24,415,226
Financial assets of FVPL					
Derivative asset	102,985,391	–	–	–	102,985,391
	₱12,923,278,054	₱–	₱–	₱446,251,803	₱13,369,529,857

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 ₱172 million asset, ₱111 million asset, ₱103 million asset as of September 30, 2011, 2010 and 2009, respectively (see Note 13). The mark-to-market gain is recorded as part of "Other Income.

The rollforward of the derivative asset is as follows:

	September 30		October 1
	2011	2010	2009
Balance at beginning of year	**₱111,066,241**	₱102,985,391	₱–
Changes in fair value of derivatives	**61,430,634**	8,080,850	102,985,391
Balance at end of year	**₱172,496,875**	₱111,066,241	₱102,985,391

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.

	September 30, 2011		September 30, 2010		October 1, 2009	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and receivables						
Cash and cash equivalents	**₱9,048,827,354**	**₱9,048,827,354**	₱5,497,605,487	₱5,497,605,487	₱8,925,696,125	₱8,925,696,125
Receivables						
Trade						
Installment contract receivable	**2,471,017,513**	**2,145,057,880**	2,462,317,615	2,137,505,612	3,166,871,003	2,853,206,784
Accrued rent receivable	**351,163,620**	**351,163,620**	397,932,724	397,932,724	320,890,367	320,890,367
Rental receivables	**333,825,954**	**333,825,954**	262,144,720	260,841,433	238,719,742	238,719,742
Hotel operations	**50,718,392**	**50,718,392**	61,841,108	61,841,108	76,130,603	76,130,603
Affiliated companies	**110,118,302**	**110,118,302**	2,044,343,678	2,044,343,678	93,126,774	93,126,774
Others	**388,630,717**	**388,630,717**	274,068,201	274,068,201	222,679,153	222,679,153
Other assets						
Utility deposits	**225,596,431**	**225,596,431**	216,839,154	216,839,154	202,695,993	202,695,993
Investment in preferred shares of stock	**-**	**-**	210,000,000	210,000,000	–	–
Receivable from Meralco	**-**	**-**	6,890,300	6,598,494	24,415,226	33,846,525
Derivative asset	**172,496,875**	**172,496,875**	111,066,241	111,066,241	102,985,391	102,985,391
	₱13,152,395,158	**₱12,826,435,525**	₱11,545,049,228	₱11,218,642,132	₱13,374,210,377	₱13,069,977,457
Other financial liabilities						
Accounts payable and accrued expenses						
Accrued bonus and licenses and others	**₱2,625,279,673**	**₱2,625,279,673**	₱2,623,782,761	₱2,623,782,761	₱2,318,123,849	₱2,318,123,849
Accounts payable – trade	**1,840,606,289**	**1,840,606,289**	1,236,170,341	1,236,170,341	1,707,898,821	1,707,898,821
Dividends payable	**8,689,011**	**8,689,011**	7,568,707	7,568,707	7,002,600	7,002,600
Customers' deposit						
Deposits from lessees	**1,994,929,724**	**1,899,672,575**	1,854,494,897	1,609,862,686	1,409,832,860	1,196,573,777
Loans payable	**15,000,000,000**	**16,072,484,362**	15,000,000,000	15,647,074,166	15,115,000,000	15,059,483,370
Payables to affiliated companies	**634,969,045**	**634,969,045**	134,390,653	134,390,653	120,448,784	120,448,784
	₱22,104,473,742	**₱23,081,700,955**	₱20,856,407,359	₱21,258,849,314	₱20,678,306,914	₱20,409,531,201

The fair values of cash and cash equivalents, trade 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 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 6.14% to 7.09% in 2011, 8.00% to 10.00% in 2010 and 8.0% to 10.10% in 2009.

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, 2011, 2010 and 2009, investment in preferred shares of stock valued under level 1 amounted to nil, ₱210 million and nil, respectively, while derivative asset valued under level 2 amounted to ₱172 million, ₱111 million and ₱103 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- Summit Ridge Hotel)" on a Non-Pioneer status at a capacity of two hundred twenty three (223) rooms, under Certificate of Registration No. 2010-002 dated January 6, 2010. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2010 to June 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. 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. 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 three (363) units, under Certificate of Registration No. 2007-204 dated November 9, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from 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. 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 November 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 October 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 Tourist Accommodation Facility (Hotel- Summit Ridge Hotel)" on a Non-Pioneer status at a capacity of two hundred ten (210) rooms, under Certificate of Registration No. 2011-021 dated January 24, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (3) years from June 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 Tourist Accommodation Facility (Hotel- Summit Ridge Hotel)" on a Non-Pioneer status at a capacity of two hundred eighty-five (285) rooms, under Certificate of Registration No. 2011-097 dated May 25, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (3) years from May 2011 to May 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.

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 ₱165 million, ₱158 million and ₱156 million in 2011, 2010 and 2009, respectively. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2011	2010	2009
Within one (1) year	**₱51,773,432**	₱47,147,298	₱48,004,527
After one (1) year but not more than five (5) years	**236,150,146**	213,176,325	202,539,847
After more than five (5) years	**6,129,676,237**	6,253,520,299	6,306,558,981
	₱6,417,599,815	₱6,513,843,922	₱6,557,103,355

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 ₱6,114 million, ₱5,588 million and ₱5,143 million in 2011, 2010 and 2009, respectively. Total percentage rent recognized as income for 2011, 2010 and 2009 amounted to ₱1,670 million, ₱1,596 million and ₱1,363 million, respectively.

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

	2011	2010	2009
Within one (1) year	**₱1,208,000,779**	₱1,128,494,867	₱943,532,729
After one (1) year but not more than five (5) years	**2,597,161,871**	2,728,725,119	1,354,524,223
After more than five (5) years	**463,430,460**	587,588,901	71,111,376
	₱4,268,593,110	₱4,444,808,887	₱2,369,168,328

Capital Commitments
The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱3,943 million, ₱3,334 million and ₱2,937 million as of September 30, 2011, 2010 and 2009, respectively. Moreover, the Group has contractual obligations amounting to ₱1,569 million, ₱1,567 million and ₱1,547 million as of September 30, 2011, 2010 and 2009, respectively, for the completion and delivery of real estate units that have been presold.

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

35. Comparative information

Change in Classification
In 2011, the Group opted to present a classified statement of financial position which separates current and noncurrent items in the statement of financial position to assist users in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes and computation of financial ratios. As a result, the September 30, 2010 balances in the statement of financial position were restated to enhance inter-period comparability. In addition, the Company presented October 1, 2009 statement of financial position to comply with the requirement of PAS 1, *Presentation of Financial Statements.*

The accounts affected are summarized in the tables below:

September 30, 2010	2010	Current	Noncurrent
Assets			
Receivables	₱5,451,163,129	₱4,861,604,649	₱589,558,480
Other assets	1,690,551,833	1,045,534,305	645,017,528
Liabilities			
Accounts payable and accrued expenses	4,940,630,306	3,864,318,841	1,076,311,465
Deposits and other liabilities	4,137,480,919	1,307,955,532	2,829,525,387

October 1, 2009	2008	Current	Noncurrent
Assets			
Receivables	₱4,068,957,866	₱2,989,725,063	₱1,079,232,803
Other assets	1,921,775,837	1,320,412,485	601,363,352
Liabilities			
Accounts payable and accrued expenses	5,795,978,735	3,931,826,004	1,864,152,731
Deposits and other liabilities	3,489,064,849	1,016,792,441	2,472,272,408

36. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 12, 2012.

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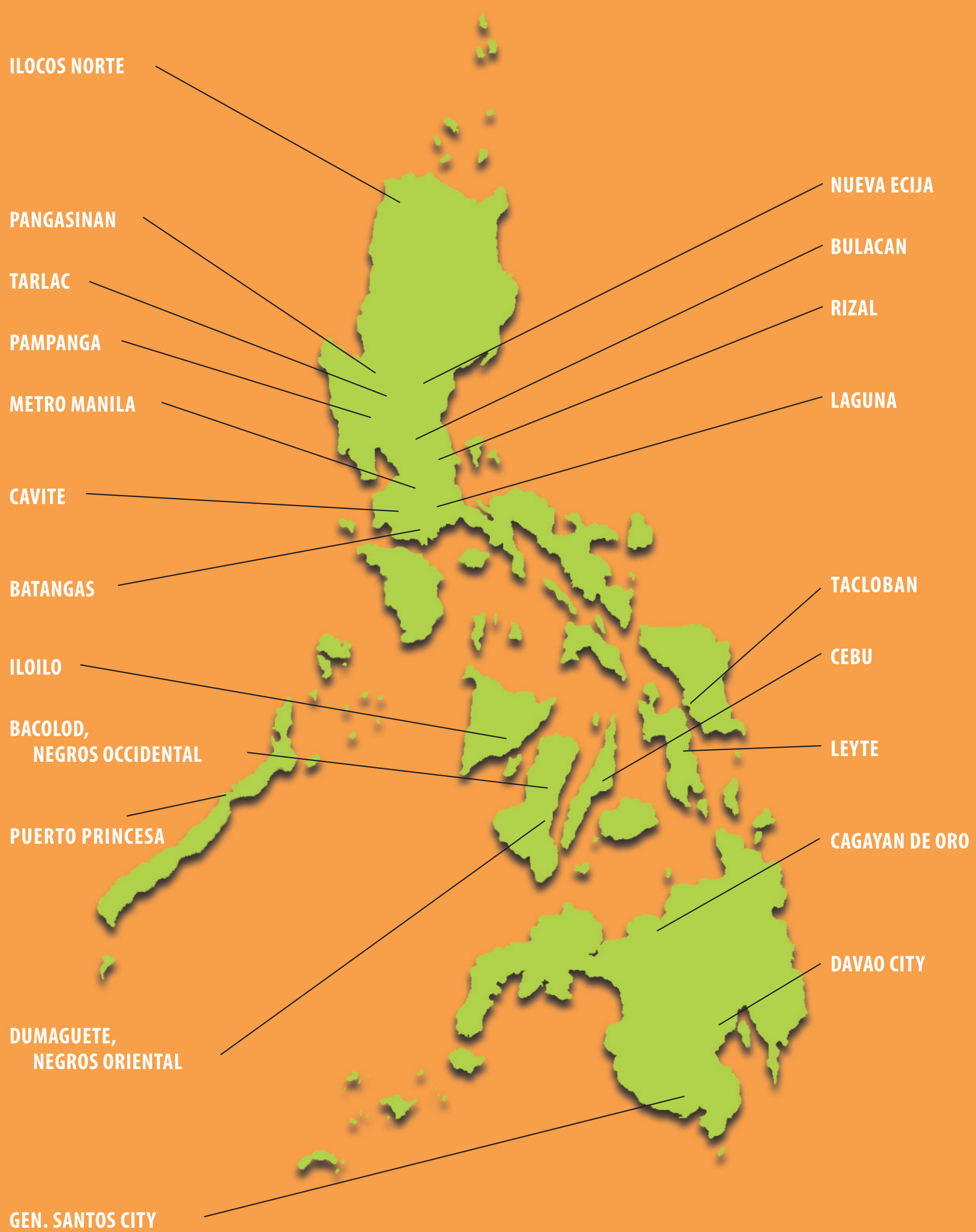
Project Locations



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CORPORATION

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