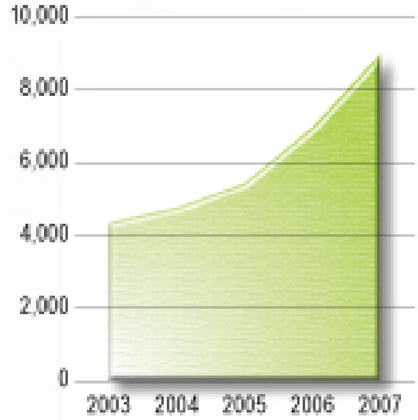
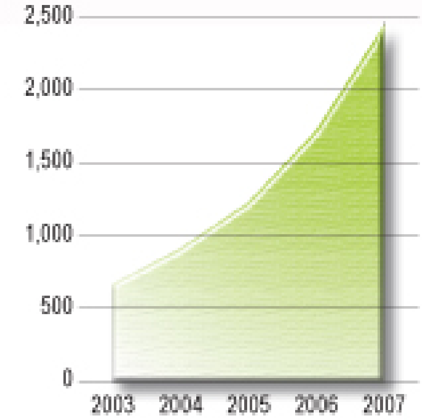
Financial Highlights

	2007	2006	2005	2004	2003
FISCAL YEARS ENDED SEPTEMBER 30					
(in Million Pesos)					
Gross Revenues	**8,998.48**	6,974.78	5,438.83	4,764.45	4,361.05
Cost and Expenses	**5,582.79**	4,550.86	3,836.35	3,434.01	3,400.28
Income Before Income Tax	**3,415.69**	2,423.92	1,602.48	1,330.44	960.77
Net Income	**2,447.04**	1,725.00	1,231.90	917.14	670.86
FISCAL YEARS ENDED SEPTEMBER 30					
(in Million Pesos)					
Total Assets	**36,785.78**	28,611.77	23,218.98	20,452.43	19,965.77
Total Liabilities	**15,495.68**	13,986.01	9,583.20	7,640.38	7,999.57
Minority Interest in a Consolidated Subsidiary	**115.38**	109.68	103.65	103.00	102.27
Stockholders' Equity	**21,290.10**	14,625.76	13,635.78	12,812.05	11,966.20

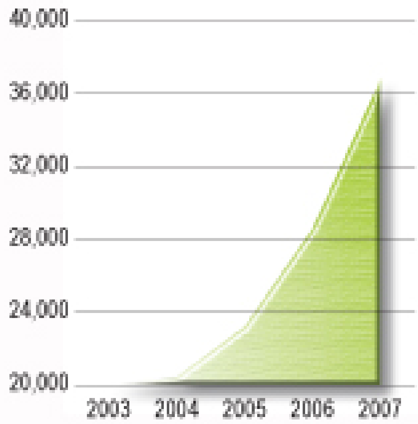
GROSS REVENUES
(in Million Pesos)



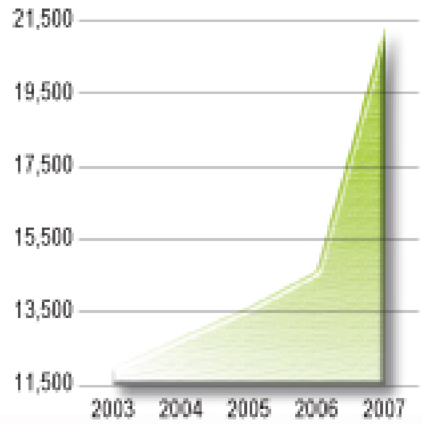
NET INCOME
(in Million Pesos)



TOTAL ASSETS
(in Million Pesos)



STOCKHOLDERS' EQUITY
(in Million Pesos)



Message to the **Shareholders**

James L. Go
Chairman & CEO

Lance Y. Gokongwei
Director, Vice Chairman & Deputy CEO

TO OUR SHAREHOLDERS, CUSTOMERS, PARTNERS, AND EMPLOYEES:

Fiscal year 2007 was a remarkable year for the Philippine property market and for your company, Robinsons Land Corporation (RLC). We benefited from the strength of the Philippine economy, which was largely fuelled by the continuous and growing remittance flows from Overseas Filipino Workers (OFW) and the booming Business Process Outsourcing (BPO) industry. These, together with the strong capital markets as well as lower interest rates, have propelled demand for our residential condominiums, housing, and office properties. Growth in domestic consumption helped our shopping malls post good profits, while the increasing arrival of international visitors have boosted the occupancy and room rates of our hotels.

We were able to deliver commendable results in the fiscal year 2007. RLC posted an impressive 29% growth to PhP9.0 billion in revenues over fiscal 2006. Our earnings before income tax, depreciation and amortization was reported at PhP4.8 billion, a 31% increase from PhP3.7 billion, and at an EBITDA margin of 54%. Net income for the year totaled PhP2.4 billion, a 42% jump over last year.

In fiscal 2007, we returned to the capital markets with a successful US$223 million follow-on equity offering. We believe that this offering unlocked the value of our shares and widened our shareholder base. Your company was recently included in the Philippine Stock Exchange Index in November 2007. In May, we borrowed PhP3 billion at a fixed interest rate for five years. Moreover, we maintained our high dividend payout of 60% of previous year's earnings declaring a cash dividend of PhP0.32 per share in April.

DELIVERING GROWTH BUILT ON VALUE CREATION AND INNOVATION

For the fiscal year 2007, the Commercial Centers Division remained the biggest source of recurring revenue for your company at PhP3.5 billion, an 8% growth over last year. Our portfolio of 19 shopping malls enjoyed the return of domestic consumption and healthy occupancy rates. We were visited by 247 million shoppers in the past year. We maintained our commitment to innovation, repositioning our malls to take advantage of changing lifestyles and needs of the Filipino market. We transformed Robinsons Novaliches to a value mall, Robinsons Starmills in Pampanga as an outlet mall, and Robinsons Pioneer as The Forum, an information technology center of "techie" gizmos and gadgets. We have also acquired 12 new properties over the past 2 years for future mall development and we have 6 projects under construction. Our malls will continue to be the anchor of our mixed-use developments, a strategy we have successfully employed over the years.

Our Office Buildings Division posted the highest year on year revenue growth at 86% to PhP867 million due to the additional revenues from our newest office building Robinsons Cybergate Tower 2. We are the leading BPO and call center space provider in the country with approximately 120,000 square meters of leasable office building space and approximately 40,000 square meters of commercial center space occupied by voice and non-voice BPOs. Our experience and expertise in building office spaces suited for BPOs has allowed us to pre-lease most of Robinsons Cybergate Tower 3 prior to its expected completion in the first half of Y2008. As of the first quarter of Y2008, we have over 190,000 square meters of space in totality leased out to BPOs. We remain the landlord of choice for the top BPOs in the country.

The opening of Crowne Plaza Galleria Manila Hotel and renovation of Holiday Inn and Cebu Midtown Hotel was in perfect timing with the recovery of the Philippine tourism industry. Our Hotels division churned out PhP1.1 billion in revenues, a 22% growth year on year. The lack of new hotels and strong tourist arrivals ensured higher occupancy and room rates for our hotel establishments. Holiday Inn Galleria Manila, Crowne Plaza Galleria Manila, and Cebu Midtown averaged 80%, 79%, and 65% occupancy rates, respectively, in the past fiscal year. In August 2007, we ceased operations of our 75-room Robinsons Apartelle to give way to the construction of a new hotel and office building.

INVESTING IN COMMUNITIES, TRANSFORMING THE FILIPINO'S WAY OF LIFE

The residential condominiums division is our second-fastest growing division. For the fiscal year 2007, we booked realized sales of PhP2.8 billion, a 54% increase due to progress completion of pre-sold projects. It has a portfolio of 18 residential buildings in various stages of development, of which a significant portion have already been pre-sold. To drive the future growth of this division, we acquired several prime properties for future development, including two hectares in Fort Bonifacio and one hectare in the Ortigas central

Frederick D. Go
Director, President & COO

business district. We also signed a memorandum of agreement with Federal Land of the Metrobank group to develop residential condominiums on a two-hectare land located beside our Pioneer mixed-use complex. Moreover, we recently finalized financing arrangements with Bank of the Philippine Islands-Family Savings Bank, Banco de Oro, and Robinsons Bank to provide more flexible payment terms to our clients.

In fiscal year 2007, our Housing and Land Development Division booked revenues of PhP716 million, an increase of 39% over last year, due to progress completion of pre-sold projects. We launched seven land and housing projects in key areas in Pampanga, Ilocos Norte, Tagaytay, Cebu, and Davao. Today, we are the leading developer in several provincial areas and we intend to continue to build on this strength. We now have 27 ongoing projects and we intend to launch at least 3 new and expansion projects per year going forward. We have acquired the properties for these future plans. On the marketing front, we are continuously pursuing marketing efforts to tap the overseas markets particularly in the Middle East and Europe.

IMPLEMENTING OUR GROWTH STRATEGIES

We continue to see numerous opportunities for growth in the coming fiscal year 2008. We have earmarked PhP10 billion for our capital expenditure program to fuel growth and complete our pipeline of projects.

Investment Properties

We will continue to expand our shopping malls, launching five malls in 2008. In October 2007, we completed and opened "THE MIDTOWN," an expansion of the highly popular Robinsons Place Manila, as well as Robinsons Place Otis, beside our highly successful Otis 888 residential subdivision in Manila. Malls in Pulilan (Bulacan), Cabanatuan, and Tagaytay will soon follow. We will continue to take advantage of the growing BPO industry and its complementary nature by allotting leasable area in some of our new malls for BPOs.

Our office buildings will remain a major and fast growing source of recurring revenue with the soaring rental rates brought about by the demand for office space. For fiscal 2008, we will complete the construction of Robinsons Cybergate Tower 3 and will commence construction of Robinsons Cybergate Plaza. These new buildings will add another 90,000 square meters of office space to our portfolio. Plans are also underway for another 40,000-square meter office building in Ortigas Center which is currently master planned as a mixed-use complex.

In 2008, we expect the momentum of improving occupancy rates in our Crowne Plaza and Holiday Inn hotels to continue. We are also constructing the 100-room Summit Ridge Hotel Complex in Tagaytay, scheduled for completion in Y2009.

Development Properties

We have a pipeline of 29 residential condominiums for launch and construction, aiming to launch three projects per year. For fiscal 2008, we have soft launched Amisa, the 4.7-hectare leisure and retirement development in Mactan, Cebu. We will continue to tap new overseas markets targeting in particular Filipino migrant workers in Europe and the Middle East.

In our land and housing division, we will launch three new projects per year, capitalizing on the significant housing backlog and continuing growth in the number of households in the Philippines. For fiscal 2008, we have already launched Aspen Highlands, a 25-hectare residential community in Consolacion, Cebu. We are confident of the prospects for the year and will further tap markets abroad to boost sales.

ACKNOWLEDGEMENT

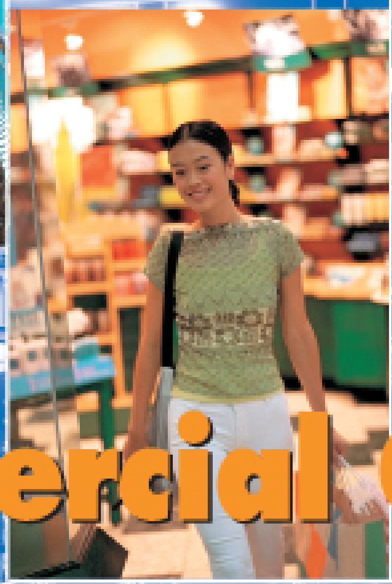
Building on our current momentum, we will strive to continue to deliver good results and take advantage of opportunities to create long-term value for our shareholders.

We would like to thank our Shareholders and our Board of Directors for your unwavering trust. We remain committed to our policy of paying out 60% of previous year's earnings as cash dividends. We also recognize the continuing contributions of our business partners and employees at every level throughout the company. It is your continued support that enables us to pursue our plans and goals.

JAMES L. GO
Chairman and CEO

LANCE Y. GOKONGWEI
Director, Vice Chairman and Deputy CEO

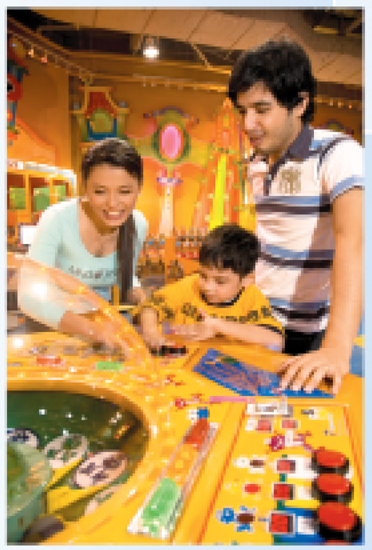
FREDERICK D. GO
Director, President and COO



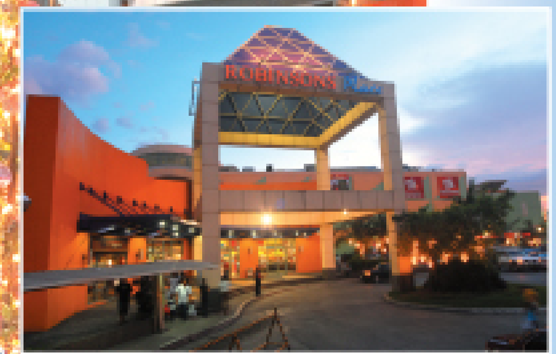
Commercial Centers Division

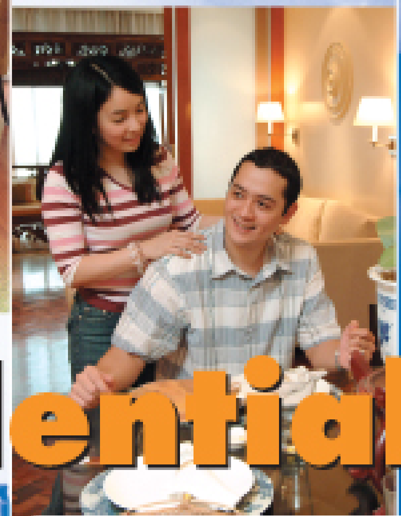
The **Commercial Centers Division** continued to carry on its aggressive mode last year, after completing the expansion of Robinsons Place Dasmariñas and Robinsons Place Lipa and renovation of the Galleria West Wing. Two new malls were opened in December 2007: Robinsons Otis and the Midtown Wing of Robinsons Place Manila, with four malls under construction in the localities of Tagaytay, Dumaguete, Pulilan, and Cabanatuan. Moreover, a shopping center in Luisita, Tarlac was acquired during the fiscal year.

The division successfully repositioned a few of its key malls to cater to the specific market segments. Outlet stores of popular international and local brands were opened at Robinsons Starmills, offering year long discounts to "fashionistas" with tight budgets. Robinsons Novaliches was renamed Nova Market offering a wide variety of fashion and home items at a big bargain to value seekers. Those who are tech savvy will enjoy gadget-hunting at Forum Robinsons in Mandaluyong.



• **Robinsons Galleria**	Quezon City	• **Robinsons Place**	Iloilo
• **Robinsons Place**	Manila	• **Robinsons Star Mills**	Pampanga
• **Robinsons Metro East**	Pasig	• **Robinsons Place**	Santa Rosa
• **Robinsons Place**	Novaliches	• **Robinsons**	Cagayan de Oro
• **Robinsons Place**	Cainta	• **Robinsons Place**	Dasmariñas
• **Robinsons Place**	Pioneer	• **Robinsons Place**	Lipa
• **Robinsons Place**	Bacolod	• **Robinsons Place Angeles**	Pampanga
• **Robinsons Place**	Imus	• **Robinsons Place**	Metro Bacolod
• **Robinsons Place**	Cebu	• **Robinsons Luisita**	Tarlac
• **Robinsons Town Mall**	Laguna	• **Robinsons Otis**	Manila





Relax

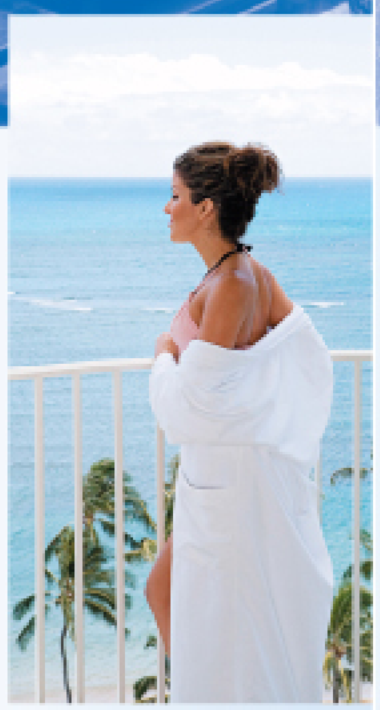
Residential Buildings Division

The **Residential Buildings Division** is a leading developer of mid to upscale condominiums primarily in Metro Manila. Started by building residential communities attached to shopping malls built by the Company, it has remained true to its commitment of delivering quality projects as per specifications and in a timely manner. RLC's Residential Buildings Division continued to build its brand and reputation across the country and the globe, earning the confidence of locals, overseas Filipinos, and foreigners who seek to invest in Philippine property.

In synergy with the other units of Robinsons Land Corporation – Hotels, Offices, and Malls – the Residential Buildings Division is the pioneer in building fully integrated mixed-use projects, which allow occupants to live, work, play, and shop in one setting. This innovation has significantly transformed the way of living in areas such as Pasig, Mandaluyong, and Manila.

The acquisition of a 5-hectare seafront lot in Mactan, Cebu will be the division's first leisure and resort community project. This new foray reinforces the company's efforts to provide unlimited lifestyle options for today's city dwellers as well as retirees from overseas.

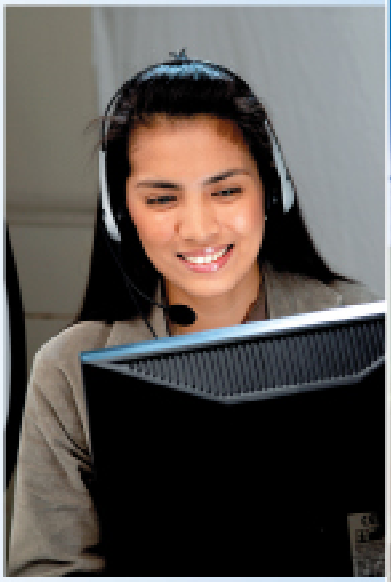
The Residential Buildings Division prides itself not only in building landmarks that have now come to define the modern skyline, but also in fulfilling the dreams of individuals and families who have placed their trust in the Robinsons Land name.



• **Bloomfields**	Quezon City
• **Galleria Regency**	Quezon City
• **Robinsons Place Residences**	Manila
• **Adriatico Residences***	Manila
• **Otis 888 Residences***	Manila
• **One Gateway Place***	Mandaluyong City
• **Gateway Garden Heights***	Mandaluyong City
• **Gateway Garden Ridge***	Mandaluyong City
• **East of Galleria***	Pasig City
• **Fifth Avenue Place***	Fort Bonifacio Global City
• **McKinley Park Residences***	Fort Bonifacio Global City
• **The Fort Residences***	Fort Bonifacio Global City
• **The Trion Towers***	Fort Bonifacio Global City
• **Woodsville Viverde Mansions***	Paranaque City
• **AmiSa***	Cebu City

• On-going projects

Work



Office Buildings Division

RLC's **Office Buildings Division** is a leading provider of office space to Business Process Outsourcing companies in the country. Combined with the commercial centers division, RLC is the largest landlord of the best and biggest voice and non-voice outsourcing firms operating in the Philippines. With the expected growth of the BPO industry, the division continues to build its pipeline of office buildings in the main business districts of Metro Manila.

At the end of the fiscal year, the Office Buildings Division has five buildings located in all the major business districts.

• **Galleria Corporate Center**	Quezon City
• **Robinsons-Equitable Tower**	Pasig City
• **Robinsons Summit Center**	Makati City
• **Robinsons Cybergate Center Tower 1**	Mandaluyong City
• **Robinsons Cybergate Center Tower 2**	Mandaluyong City
• **Robinsons Cybergate Center Tower 3***	Mandaluyong City

** Completion in mid 2008*

Housing & Land Development Division

A major force in the housing industry, the **Housing & Land Development Division** continued to expand in the regions and establish itself as a trailblazer in key cities in Northern Luzon and Mindanao. The developments are strategically located and joint venture partners are carefully chosen. The subdivisions RLC builds are exclusive, private, and offer amenities such as parks, a jogging path, children's playground, basketball court, tennis court, and/or a pavilion, that create an excellent atmosphere. Functionality and aesthetics form the main ingredients in developing these themed properties.

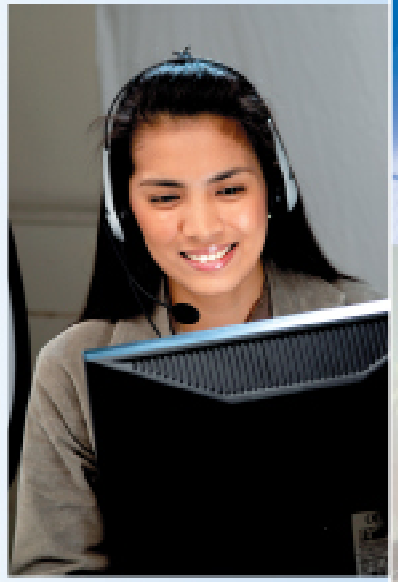
To ensure its commitment to the National Shelter Program, the division is committed to delivering quality yet affordable housing to more Filipinos ranging from low to upper middle class developments. It mainly offers residential lots with option for housing, through flexible financing terms catering to both the domestic and overseas markets.

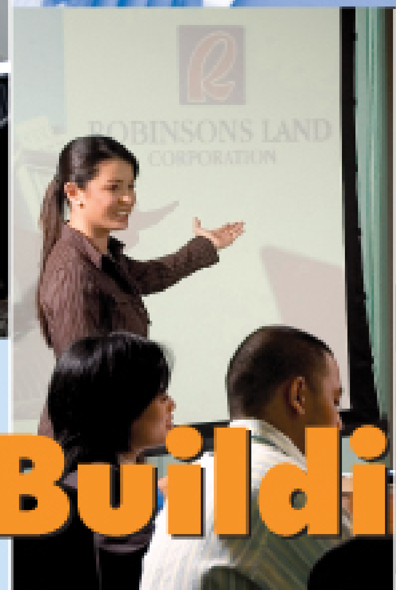
Current Projects

• **Robinsons Homes East**	Antipolo City
• **San Lorenzo Homes**	Antipolo City
• **San Jose Estates**	Antipolo City
• **Centennial Place**	Quezon City
• **Brighton Parkplace**	Laoag City
• **Southsquare Village**	General Trias, Cavite
• **Manchester Midlands in Grosvenor Place**	Tanza, Cavite
• **Robinsons Vineyard**	Dasmariñas, Cavite
• **Bloomfields Tagaytay**	Tagaytay City
• **The Wellington Courtyard**	Tagaytay City
• **Robinsons Residenza Milano**	Batangas City
• **Forest Parkhomes**	Angeles City, Pampanga
• **Fernwood Parkhomes**	Mabalacat, Pampanga
• **Rosewood Parkhomes**	Angeles City, Pampanga
• **Mirada Dos**	San Fernando City, Pampanga
• **Blue Coast Residences**	Mactan Cebu
• **Robinsons Highlands**	Davao City
• **Bloomfields Davao**	Davao City
• **Robinsons Hillsborough Pointe**	Cagayan de Oro City
• **Richmond Hills**	Cagayan De Oro City

Upcoming Projects

• **Brighton Parkplace North**	Laoag City
• **Hanalei Heights**	Laoag City
• **Nueva Segovia**	Bantay, Ilocos Sur
• **Forest Parkhomes North**	Angeles City, Pampanga
• **Aspen Heights**	Consolacion, Cebu
• **Monte Del Sol**	Cagayan De Oro City
• **Montclair Highlands**	Davao City
• **Costa Verde**	Davao City





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• Robinsons Cybergate Center Tower 2	Mandaluyong City
• Robinsons Cybergate Center Tower 3*	Mandaluyong City

** Completion in mid 2008*

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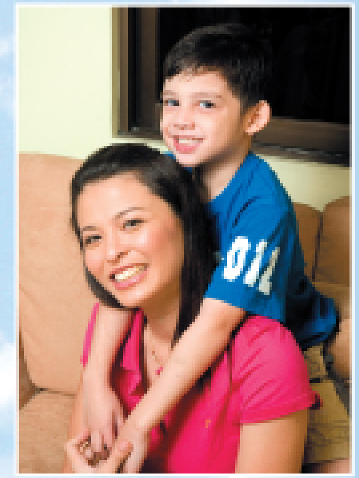
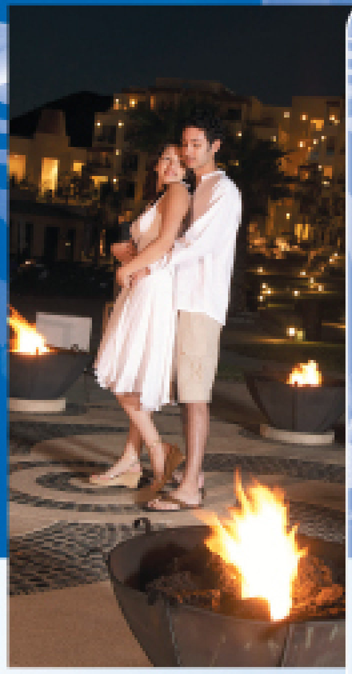


Celebrate

Hotels Division



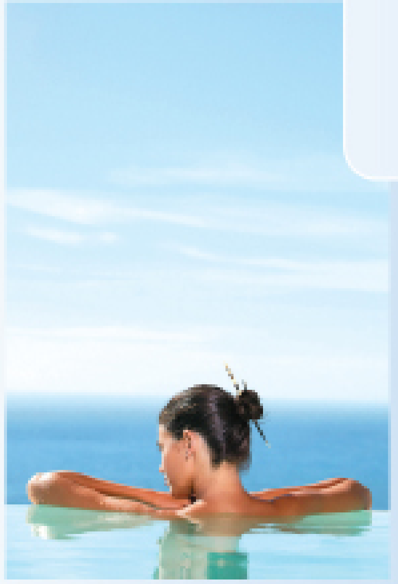
As of September 2007, RLC's **Hotels Division** owns and operates three (3) hotels ranging from first class to deluxe hotel categories. Crowne Plaza Galleria and Holiday Inn Galleria hotels in the Ortigas District are managed by the InterContinental Hotels Group while RLC manages Cebu Midtown Hotel directly. In addition to the division's portfolio, construction work is underway for the completion of a 100 - room hotel in Tagaytay by the year 2009. The Tagaytay hotel complex will address the demand for more hotel rooms and conference facilities in the country's hottest holiday destination for meetings and conventions.

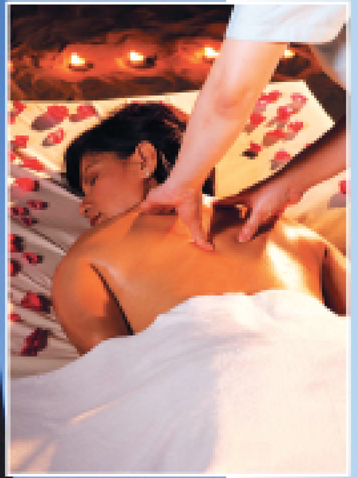
The division's portfolio offers fresh approaches to rediscovering the meaning of hospitality with its friendly and warm staff, state-of-the-art facilities, comfortable and relaxing room amenities, and a varied choice of the finest local and international cuisines.

Given a robust economic and business growth as well as growing influx of foreign and local tourists alike, RLC's Hotels Division is expected to sustain improvements in occupancy, revenue, and profit levels.

• **Crowne Plaza Galleria Manila**	Quezon City
• **Holiday Inn Galleria Manila**	Pasig City
• **Cebu Midtown Hotel**	Cebu City
• **Summit Ridge Tagaytay Hotel***	Tagaytay City

**Completion in 2009*





Commi

Our Social Responsibility

GIVING "THE GIFT OF CHANGE"

Over a decade now, Robinsons Malls has extended a helping hand to the less privileged by making them beneficiaries of its "The Gift of Change" project.

Robinsons Malls conceptualized and initiated this advocacy campaign in 1997, encouraging shoppers and visitors to contribute their spare change after shopping and dining in the commercial centers. Aptly dubbed as "The Gift of Change," this project aimed to help the needy by assisting in their education, health, and community development.

To date, The Gift of Change has extended assistance to the following beneficiaries: EDSA Shrine, Caritas Manila, Makabata Foundation, and Jaime Cardinal Sin Village.

In the last four years, the coin bank donation campaign was able to help the Cardinal Sin Village finish the buildings that house the families as well as the second floor of the village school to accommodate more students. In coordination with other concerned private sectors, RLC has help developed the facilities of the Cardinal Sin Village Learning Center, donating more than 100,000 books and pamphlets as well as various school supplies. Moreover, Robinsons Malls bring village children to Robinsons Galleria for a day of fun, games, party, rides, and giveaways. The support of pharmaceutical companies was likewise solicited to provide vitamins and medicines to the village's clinic to provide health and wellness to the needy.

COMMUNITY DEVELOPMENT

Robinsons Malls has given many free offerings to its patrons. The malls offered free health and wellness checks, including eye checkups, bone screening tests, flu vaccines, and the like.

RLC properties have also provided free spaces to support various government and non-government efforts such as citizen registration, licensing, filings, as well as to charity organizations which include the Red Cross and Salvation Army. It also supports job fairs and other employment opportunities in various Robinsons Malls. The job fairs hosted by Robinsons Malls have generated over 100,000 jobs.

RLC has also sponsored programs on Micro Financing in local communities through workshops about preservation of meats and sweets, making of jewelry / accessories, soap, cologne, candle, and crafts among others. RLC has extended numerous support to various local and national government's road safety programs, such as the donation of roadway signages, lighting fixtures, and light posts.

ART

RLC has given support to young and artistic students of the University of Santo Tomas, University of the Philippines, and University of the East whose creative energies are focused on advertising and fine arts. The winning entries from both UP and UE's art competition are now proudly displayed in RLC's Hotel Properties.

ENTREPRENEURSHIP

Robinsons Malls have been aggressively encouraging students from various colleges and universities to showcase and feature their entrepreneurial skills through the "**Entrep Corner**". RLC's founder and Chairman Emeritus, Mr. John Gokongwei, Jr., is known for his advocacy in entrepreneurship and its role in nation building. In Mr. John's words, "Entrepreneurship is about creating value. Choose to be an entrepreneur because the products, services, and jobs you create then become the lifeblood of our nation. But most of all choose to be an entrepreneur because then you desire a life of adventure, endless challenge, and the opportunity to be your BEST SELF." RLC has worked with colleges and universities such as Miriam College, San Beda College, De La Salle – Dasmariñas, and De La Salle – Lipa for this endeavor.

In 2007, Robinsons Malls together with JCI Philippines (Junior Chamber International) launched the **1st Creative Young Entrepreneur Awards** (CYEA) in the Philippines. This competition attracts young entrepreneur nominees from around the world, and it is the first time that the Philippines will join this global search by conducting this national competition. This endeavor hopes to take RLC's involvement in entrepreneurship to a national scale, and hopefully identify deserving people who can also be excellent models for the youth.

The search was recently concluded and 3 young, dynamic, and creative individuals were chosen. These three finalists bested over 30 participants during the three-month search and moved onward to the International 2007 JCI Creative Young Entrepreneur Award Competition in Antalya, Turkey.

RLC hopes that its humble contributions CAN MAKE LIFE BETTER FOR EVERY FILIPINO.

Board of Directors

ROBINA Y. GOKONGWEI-PE
Director

PATRICK HENRY C. GO
Director

ROBERT G. COYIUTO, JR.
Director

JOHN GOKONGWEI, JR.
Chairman Emeritus

LANCE Y. GOKONGWEI
Director, Vice Chairman and Deputy CEO

IGNACIO O. GOTAO
Director

EMMANUEL C. ROXAS, JR.
Director

JAMES L. GO
Chairman & CEO

FREDERICK D. GO
Director, President and COO

JOHNSON ROBERT G. GO, JR.
Director

ROBERTO F. DE OCAMPO
Director

ROBINSONS LAND
CORPORATION

LEVEL 2, GALLERIA CORPORATE CENTER, ROBINSONS GALLERIA, EDSA CORNER ORTIGAS AVE., QUEZON CITY, PHILIPPINES
TELEPHONE NO.: (632) 683-6100 • FAX NO.: (632) 632-0667

January 11, 2008

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

The Management of Robinsons Land Corporation and Subsidiaries is responsible for all information and representations contained in the consolidated financial statements as of September 30, 2007 and 2006 and for each of the three years in the period ended September 30, 2007. The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

Sycip, Gorres, Velayo and Co. (SGV), the independent auditors appointed by the stockholders, have examined the consolidated financial statements of the Company and its subsidiaries in accordance with Philippine Financial Reporting Standards and have expressed their opinion on the fairness of presentation upon completion of such examination, in the attached report to the stockholders and the Board of Directors.

Signed under oath by the following:

James L. Go
Chairman and Chief Executive Officer

Constante T. Santos
SVP-Corporate Controller

Atty. Editha P. Talaboc
Notary Public
Until December 31, 2009
PTR No. 6243558 / Jan. 02, 2008
IBP No. 729359 / City of Manila

DOC. NO. 921
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BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-F

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 balance sheets as of September 30, 2007 and 2006, and the consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Land Corporation and Subsidiaries as of September 30, 2007 and 2006, and its financial performance and its cash flows for each of the three years in the period ended September 30, 2007 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Medel T. Nera

Medel T. Nera
Partner
CPA Certificate No. 31835
SEC Accreditation No. 0089-AR-1
Tax Identification No. 113-423-143
PTR No. 0017606, January 3, 2008, Makati City

January 11, 2008

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30	
	2007	2006
ASSETS		
Cash and Cash Equivalents (Notes 7, 18 and 30)	**P1,555,623,418**	P564,971,585
Receivables - net (Notes 5, 8, 18 and 30)	**2,932,643,996**	1,867,899,067
Subdivision Land, Condominium and Residential Units for Sale - at cost (Notes 9 and 31)	**1,966,786,592**	1,788,468,078
Investment Properties and Other Investments - net (Notes 5, 10, 22 and 31)	**23,895,179,679**	18,536,383,907
Property and Equipment - net (Notes 5, 11, 22 and 31)	**5,189,570,520**	4,620,764,886
Other Assets (Note 12)	**1,245,974,070**	1,233,278,672
	P36,785,778,275	P28,611,766,195
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses (Notes 13, 27 and 30)	**P4,081,871,018**	P4,114,182,445
Income tax payable	**180,817,533**	169,295,864
Deposits and other liabilities (Notes 14, 18 and 30)	**4,868,976,063**	6,759,562,020
Long-term debt (Notes 10, 11, 15 and 30)	**4,560,000,000**	1,670,000,000
Deferred tax liabilities - net (Notes 5 and 25)	**1,804,017,921**	1,272,967,937
	15,495,682,535	13,986,008,266
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 17)	**2,746,918,457**	2,296,918,457
Additional paid-in capital	**8,181,576,147**	3,397,915,263
Retained earnings (Note 16)		
Appropriated	**3,500,000,000**	3,500,000,000
Unappropriated	**6,746,220,504**	5,321,241,952
	21,174,715,108	14,516,075,672
Minority Interest in a Consolidated Subsidiary	**115,380,632**	109,682,257
	21,290,095,740	14,625,757,929
	P36,785,778,275	P28,611,766,195

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2007	2006	2005
GROSS REVENUE			
Real estate (Notes 18 and 19)	**P7,181,902,452**	P5,739,572,643	P4,619,380,865
Hotel operations (Note 19)	**1,106,213,500**	903,538,725	499,877,855
Interest income (Note 24)	**710,366,315**	331,670,643	319,569,788
	8,998,482,267	6,974,782,011	5,438,828,508
COSTS AND EXPENSES			
Real estate (Notes 10, 11, 20 and 22)	**3,290,345,071**	2,448,269,370	2,198,614,895
Hotel operations (Notes 10, 11, 20, 22 and 23)	**922,025,081**	821,079,872	526,965,893
General and administrative (Notes 18, 21, 23, 27 and 28)	**1,251,391,875**	1,086,303,533	1,034,926,565
Interest expense (Note 24)	**119,030,864**	195,210,319	75,839,838
	5,582,792,891	4,550,863,094	3,836,347,191
INCOME BEFORE INCOME TAX	**3,415,689,376**	2,423,918,917	1,602,481,317
PROVISION FOR INCOME TAX (Note 25)			
Current	**464,057,510**	413,179,468	290,999,938
Deferred	**504,595,109**	285,743,298	79,586,068
	968,652,619	698,922,766	370,586,006
NET INCOME	**P2,447,036,757**	P1,724,996,151	P1,231,895,311
Attributable to:			
Equity holders of Parent Company	**P2,441,338,382**	P1,718,966,320	P1,231,237,652
Minority interest in a Consolidated Subsidiary	**5,698,375**	6,029,831	657,659
	P2,447,036,757	P1,724,996,151	P1,231,895,311
Earnings Per Share (Note 26)			
Basic	**P0.89**	P0.75	P0.54
Diluted	**P0.89**	P0.75	P0.54

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company					
	Common Stock	**Additional Paid-in Capital**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Attributable to Minority Interest Equity**	**Total Equity**
As of September 30, 2006	P2,296,918,457	P3,397,915,263	P5,321,241,952	P3,500,000,000	P109,682,257	P14,625,757,929
Capital stock subscription during the year (Notes 17 and 26)	450,000,000	4,783,660,884	–	–	–	5,233,660,884
Net income for the year	–	–	2,441,338,382	–	5,698,375	2,447,036,757
Cash dividends (Note 16)	–	–	(1,016,359,830)	–	–	(1,016,359,830)
Balances at September 30, 2007	**P2,746,918,457**	**P8,181,576,147**	**P6,746,220,504**	**P3,500,000,000**	**P115,380,632**	**P21,290,095,740**
As of September 30, 2005, as previously reported	P2,296,918,457	P3,397,915,263	P4,299,471,551	P3,500,000,000	P103,652,426	P13,597,957,697
Cumulative effect of change in accounting policy for employee benefits	–	–	37,817,987	–	–	37,817,987
As of October 1, 2005, as restated	2,296,918,457	3,397,915,263	4,337,289,538	3,500,000,000	103,652,426	13,635,775,684
Net income for the year	–	–	1,718,966,320	–	6,029,831	1,724,996,151
Cash dividends (Note 16)	–	–	(735,013,906)	–	–	(735,013,906)
Balances at September 30, 2006	P2,296,918,457	P3,397,915,263	P5,321,241,952	P3,500,000,000	P109,682,257	P14,625,757,929
As of September 30, 2004, as previously reported	P2,296,918,457	P3,397,915,263	P3,474,467,405	P3,500,000,000	P102,994,767	P12,772,295,892
Cumulative effect of change in accounting policy for employee benefits	–	–	39,750,322	–	–	39,750,322
As of October 1, 2004, as restated	2,296,918,457	3,397,915,263	3,514,217,727	3,500,000,000	102,994,767	12,812,046,214
Cumulative effect of change in accounting policy for financial instruments	–	–	51,217,851	–	–	51,217,851
As October 1, 2004	2,296,918,457	3,397,915,263	3,565,435,578	3,500,000,000	102,994,767	12,863,264,065
Net income for the year	–	–	1,231,237,652	–	657,659	1,231,895,311
Cash dividends (Note 16)	–	–	(459,383,692)	–	–	(459,383,692)
Balances at September 30, 2005	P2,296,918,457	P3,397,915,263	P4,337,289,538	P3,500,000,000	P103,652,426	P13,635,775,684

See accompanying Notes to Consolidated Financial Statement.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**P3,415,689,376**	P2,423,918,917	P1,602,481,317
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 20 and 22)	**1,402,911,884**	1,265,809,016	1,251,850,580
Provision for doubtful accounts (write-offs) (Note 8)	**16,299,444**	4,869,390	905,649
Cost of sale/retirement of investment properties and other investments and property and equipment (Notes 10 and 11)	**55,685,524**	43,487,586	25,544,512
Pension expense (Note 27)	**16,537,631**	14,291,233	10,679,930
Interest expense (Note 24)	**119,030,864**	195,210,319	75,839,838
Interest income (Note 24)	**(710,366,315)**	(331,670,643)	(319,569,788)
Operating income before changes in operating assets and liabilities:	**4,315,788,408**	3,615,915,818	2,647,732,038
Decrease (increase) in:			
Receivables (Note 8)	**(856,389,200)**	(471,996,752)	(35,083,884)
Subdivision land, condominium and residential units for sale (Note 9)	**1,200,659,576**	545,650,611	891,339,263
Receivable from Meralco (Notes 12 and 28)	**24,018,987**	(89,486,447)	–
Prepaid expenses and input tax (Note 12)	**(214,783,848)**	(269,199,818)	(35,337,043)
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 13)	**230,517,969**	1,552,693,011	987,884,956
Pension liability paid (Notes 13 and 27)	**(32,945,544)**	(938,575)	(4,910,750)
Customers' deposits (Note 14)	**142,710,149**	753,607,444	342,386,337
Net cash generated from operations	**4,809,576,497**	5,636,245,292	4,794,010,917
Income taxes paid	**(452,535,841)**	(327,102,457)	(242,522,003)
Net cash provided by operating activities	**4,357,040,656**	5,309,142,835	4,551,488,914
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**479,007,332**	101,881,660	390,694,889
Decrease (increase) in:			
Advances to lot owners (Note 12)	**177,886,141**	(250,144,403)	(55,011,871)
Advances to suppliers and contractors (Note 12)	**166,580,641**	52,428,709	12,491,326
Other assets (Note 12)	**(166,397,319)**	(69,284,601)	78,483,459
Receivables from affiliated companies (Note 8)	**6,703,810**	(6,023,979)	12,442,113
Additions to:			
Investment properties and other investments (Note 10)	**(4,638,551,015)**	(2,721,182,557)	(1,247,901,978)
Property and equipment (Note 11)	**(4,245,656,752)**	(3,596,507,425)	(2,977,088,400)
Net cash used in investing activities	**(8,220,427,162)**	(6,488,832,596)	(3,785,890,462)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(220,402,589)**	(382,221,450)	(336,386,758)
Payments of notes payable	**–**	–	(420,000,000
Availments (payments) of long-term debt (Note 15)	**2,890,000,000**	(330,000,000)	1,000,000,000
Increase (decrease) in payable to affiliated companies and other liabilities (Note 14)	**(2,033,296,106)**	2,421,365,892	(25,824,645)
Payments of cash dividends (Note 16)	**(1,015,923,850)**	(732,830,804)	(458,983,692)
Capital stock subscriptions during the year (Note 17)	**450,000,000**	–	–
Additional paid-in capital arising from capital stock subscriptions (Note 17)	**4,783,660,884**	–	–
Net cash provided by (used in) financing activities	**4,854,038,339**	976,313,638	(241,195,095)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**990,651,833**	(203,376,123)	524,403,357
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**564,971,585**	768,347,708	243,944,351
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**P1,555,623,418**	P564,971,585	P768,347,708

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 seven wholly-owned consolidated subsidiaries, namely: Robinsons Homes, Inc. (RHI), Trion Homes Development Corporation (THDC), Manila Midtown Hotels and Land Corporation (MMHLC), Robinsons Inn, Inc. (RII), Robinsons Realty and Management Corporation (RRMC), Robinsons (Cayman) Limited (RCL), and Robinsons Properties Marketing and Management Corporation (RPMMC) and a 51%-owned company, Altus Angeles, Inc. (AAI) (collectively known as the “Group”).

The Group is engaged in the business of selling, acquiring, constructing, developing, leasing and disposing of real properties such as land, buildings, shopping malls, commercial centers and housing projects, hotels and other variants and mixed-used property projects. The Group is 60.01% owned by JG Summit Holdings, Inc. (JGSHI), the Group’s ultimate parent company. JGSHI is one of the country’s largest conglomerates, with diverse interests in branded consumer foods, agro-industrial and commodity food products, textile, telecommunications, petrochemicals, air transportation and financial services.

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

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention method and are presented in Philippine Pesos.

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

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of Robinsons Land Corporation and its subsidiaries as at September 30 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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

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

Minority interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet and consolidated statement of changes in equity.

3. Changes in Accounting Policies

The accounting polities adopted are consistent with those of the previous financial year except as follows:

- Amendments to Philippine Accounting Standards (PAS) 19, *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (effective for annual periods beginning on or after January 1, 2006).* The amendments introduce an additional option for recognition of actuarial gains and losses in post-employment defined benefit plans. These permit an entity to recognize actuarial gains and losses in the period in which they occur outside of the consolidated statement of income. The amendments also require additional disclosures on the financial statements to provide information about trends in the assets and liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. This change has no recognition nor measurement impact, as the Group chose not to apply the new option offered to recognize actuarial gains and losses outside of the consolidated statement of income. Additional disclosures required by the amendments were included in the consolidated financial statements, where applicable.

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates (effective for annual periods beginning on or after January 1, 2006).* The amendments to PAS 21 states that all exchange differences arising from a nonmonetary item that form part of an entity’s net investment in foreign operations must be recognized in a separate component of equity in the consolidated financial statements, regardless of the currency in which the monetary item is denominated. This amendment did not have any effect on the consolidated financial statements.

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after January 1, 2006):*

    (a) *Amendment for financial guarantee contracts.* This amended the scope of PAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognized initially at fair value and to be remeasured at the higher of the amount determined in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with PAS 18, *Revenue.* This amendment did not have any effect on the consolidated financial statements.

    (b) *Amendment for cash flow hedge accounting of forecast intragroup transactions.* This amended the scope of PAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction, and that the foreign currency risk will affect the consolidated statement of income. As the Group currently has no such transactions, this amendment did not have any effect on the consolidated financial statements.

    (c) *Amendment for the fair value option.* This amended the scope of PAS 39 to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss. This amendment did not have any significant effect on the consolidated financial statements.

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 4, *Determining Whether an Arrangement Contains a Lease (effective for annual periods beginning on or after January 1, 2006).* This Philippine Interpretation provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. The adoption of this Philippine Interpretation did not have any effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives (effective for annual periods beginning on or after June 1, 2006).* It establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The adoption of this Philippine Interpretation did not have any effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 10, *Interim financial Reporting and Impairment (effective for annual periods beginning on or after November 1, 2006).* This Philippine Interpretation addresses an inconsistency between PAS 34, *Interim Financial Reporting* and the impairment requirements relating to goodwill in PAS 36, *Impairment of Assets* and equity instruments classified as available for sale in PAS 39, *Financial Instruments: Recognition and Measurement.* The Philippine Interpretation states that the specific requirements of PAS 36 and PAS 39 take precedence over the general requirements of PAS 34 and, therefore, any impairment loss recognized for these assets in an interim period may not be reversed in subsequent interim periods. This Philippine Interpretation will not have any effect on the consolidated financial statements.

- Philippine Interpretation Q&A 2006-1-PAS 18, *Appendix, paragraph 9-Revenue Recognition for Sales of Property Units under Pre-completion Contracts,* states that the law in different countries may determine the point in time at which the entity transfers the significant risks and rewards of ownership and that the examples in the Appendix need to be read in the context of the laws relating to the sale of goods in the country in which the transaction takes place. In the Philippines, equitable interest may vest in the buyer before a condominium building is complete and before legal title passes since the concept of equitable interest is recognized in Presidential Decree 957, known as the *Condominium and Subdivision Buyers' Protective Decree.* Although the sale of property units under pre-completion contracts is not within the scope of PAS 11, *Construction Contracts,* the method of determining the stage of completion and revenue recognition as provided in that Standard may be referred to for guidance in determining revenue as the acts are performed.

    The adoption of this Interpretation was accounted for retrospectively and resulted to a decrease in total assets and liabilities amounting to P4,147,630,050 as of September 30, 2006, as receivables are now recognized only to the extent of the recognized revenue which is equivalent to the stage of completion of the project. Any excess of collections over the recognized receivables are included in the "Deposit and other liabilities" account in the liabilities section of the consolidated balance sheet. Previously, receivables are recognized in full and the corresponding unfulfilled obligation is credited to liabilities.

Future Changes in Accounting Policies
The Group has not early adopted the following PFRS and Philippine Interpretations which became effective January 1, 2007 but for adoption beginning October 1, 2007:

- PFRS 7, *Financial Instruments - Disclosures (effective for annual periods beginning on or after January 1, 2007).* PFRS 7 includes all of the disclosure requirements relating to financial instruments and will replace the disclosure section of PAS 32, *Financial Instruments: Disclosure and Presentation* and all of PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions.* PAS 32 will then contain only presentation requirements for financial instruments. The most significant additional disclosure requirements of PFRS 7 (compared to PAS 32 and PAS 30) are as follows: (a) qualitative risk disclosures are to include information on the processes that an entity uses to manage and measure its risks, (b) quantitative data about the exposure to each type of risk (including credit risk, liquidity risk and market risk) arising from financial instruments, (c) information about the credit quality of financial assets that are neither past due nor impaired, (d) an analysis of financial assets that are past due or impaired, including a description of collateral held as security and its fair value, (e) a market risk sensitivity analysis which includes the effect of a reasonably possible change in the risk variables, along with the methods and assumptions used in preparing the analysis. The Group will assess whether the processes and systems in place are capable of collecting these information and making any necessary changes. The Group will reassess to determine whether documented policies are comprehensive and complete. The amendment requires presentation of comparative information in the consolidated financial statements.

- Amendments to PAS 1, *Presentation of Financial Statements - Capital Disclosure (effective for annual periods beginning on or after January 1, 2007).* This amendment requires entities to disclose information that enables readers to evaluate the entity's objectives, policies and processes for managing capital. The disclosures are based on information provided internally to key management personnel, and will include: (a) the objectives, procedures and policies used to manage capital; (b) a description of what the entity manages as capital, the nature of any externally imposed capital requirements (if any) and how it meets objectives for managing capital; (c) quantitative information about what the entity manages as capital and any changes from the prior period; and (d) whether the entity complied with externally imposed capital requirements and the consequences of any non-compliance, (if applicable). The Group will consider what information is currently used internally and how this is to be incorporated into the disclosures.

The following PFRS and Philippine Interpretations will become effective in 2008 and 2009:

- PFRS 8, *Operating Segments, (effective for annual periods beginning on or after January 1, 2009),* was issued as part of the convergence project with the US Financial Accounting Standards Board. This new standard replaces PAS 14, *Segment Reporting,* and adopts a management approach to segment reporting as required in the US Standard SFAS 131, *Disclosures about Segments of an Enterprise and Related Information.* The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. As the information required to be disclosed will likely be readily available as it is already used internally, the Group will reassess to determine whether additional processes should be put into place to reconcile information to the consolidated balance sheet and consolidated statement of income.

- Amendment to PAS 1, *Amendment on Statement of Comprehensive Income (effective for annual periods beginning on or after January 1, 2009).* In accordance with the amendment to PAS 1, the statement of changes in equity shall include only transactions with owners, while all non-owner changes will be presented in equity as a single line with details included in a separate statement. Owners are defined as holders of instruments classified as equity.

  The amendment to PAS 1 also provides for the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the statement of income together with 'other comprehensive income'. The revisions specify what is included in other comprehensive income, such as gains and losses on available-for-sale assets, actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one (1) statement, or to present two (2) linked statements, a separate statement of income and a statement of comprehensive income. The Group will assess and evaluate the options available under the amendment to PAS 1, and will comply with such changes once effective.

- Amendment to PAS 23, *Borrowing Costs (effective for annual periods beginning on or after January 1, 2009).* Amendment to PAS 23 requires the capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No change will be made on the accounting policy for borrowing costs.

- Philippine Interpretation IFRIC 11, *PRFS 2 - Group and Treasury Share Transaction*s *(effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation requires arrangements whereby an employee is granted rights to a Company's equity instruments to be accounted for as an equity-settled scheme by the Company even if: (a) the Company chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or (b) the shareholders of the Company provide the equity instruments needed. This Philippine Interpretation will not have any effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and/or an intangible asset. This Philippine Interpretation covers contractual arrangements arising from private entities providing public services and is not relevant to the Group since it is not engaged in any service concession arrangements within the scope of Philippine Interpretation IFRIC 12.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008).* This Philippine Interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this Philippine Interpretation will have no impact on the consolidated financial statements, as no such scheme currently exists.

- Philippine Interpretation IFRIC 14, *PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits.* This Philippine Interpretation will not have any effect on the consolidated financial statements.

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 are accounted for under the percentage-of-completion method when: (a) equitable interest and/or legal title to the subject properties is transferred to the buyer; (b) the seller is obliged to perform significant acts after the subject properties are sold; (c) the amount of revenue can be measured realiably; (d) the costs incurred or to be incurred can be measured realiably; and (e) it is probable that the economic benefits will flow to the entity. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

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 "Customers' deposits" account which is shown as part of the "Deposits and Other Liabilities" account in the liabilities section of the consolidated balance sheet.

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.

Revenues from Hotel Operations

Revenues from hotel operations are recognized when services are rendered. Revenues 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.

Interest Income

Interest income is recognized as the interest accrues (using the effective interest 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 change in value.

Financial Assets and Liabilities

Financial instruments are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Financial assets within the scope of PAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The financial assets of the Group consist of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Date of recognition

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

Initial recognition of financial instruments

Financial assets are recognized initially at fair value of the consideration given. The fair values of the consideration given are determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit or loss, includes transaction costs.

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

Determination of fair value
The fair value for financial instruments traded in active markets at the consolidated balance sheet 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 techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Day 1 profit
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in the consolidated statement of income. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

Financial Liabilities
All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when liabilities are derecognized as well as through amortization process.

<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 or financial assets at FVPL. This accounting policy relates to the consolidated balance sheet caption "Receivables".

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate 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 effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

The Group's loans and receivables include trade receivables, receivable from affiliated companies and other receivables.

<u>Long-term Debt</u>
All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, long-term debts are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

<u>Customers' Deposits</u>
Deposits from lessees
Customers' deposits are measured initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using effective interest method.

The difference between the cash received and its fair value is deferred (included in the "Deposits and Other Liabilities" in the consolidated balance sheet) 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 revenues in the statement of income as the related obligations are fulfilled to the real estate buyers.

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

Impairment of Financial Assets

The Group assesses at each balance sheet 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 it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is 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). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated balance sheet.

Free Standing and 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 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 at fair value through profit or loss. Changes in fair values are included in the consolidated statement of income.

As of September 30, 2007 and 2006, the Group has no free standing and embedded derivatives.

Subdivision Land, Condominium and Residential Units for Sale
Subdivision land, condominium and residential units for sale are carried at the lower of cost or net realizable value (NRV). Cost includes costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction. NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group. Investment properties, except for land, are carried at cost less accumulated depreciation 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. The land improvements, buildings and building improvements are depreciated using the straight-line method over their estimated useful lives as follow:

	Years
Land improvements	10
Buildings	20
Building improvements	10
Theater furniture and equipment	5

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investments in land improvements, buildings and building improvements and theater furniture and equipment.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization and 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 its intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the acquisition of property and equipment to the extent incurred during the period of construction/installation.

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

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of five (5) years.

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 are consistent with the expected pattern of economic benefits from items of property and equipment.

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 property and equipment are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are transferred to the investment properties account or reclassified to a specific category of property and equipment when the construction or installation and related activities necessary to prepare the properties for their intended use are completed and the properties are available for service.

China, glassware, silver and linen on stock are valued at cost less accumulated depreciation.

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 statement of income in the year the asset is derecognized.

Impairment of Nonfinancial Assets
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 its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years.

<u>Income Tax</u>
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 balance sheet date.

Deferred Tax
Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet 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, except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized except: (1) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

<u>Pension Expense</u>
Pension expense is actuarially determined using the projected unit credit (PUC) 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 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 balance sheet 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.

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

<u>Commission</u>
The Group recognizes commission expense when services are rendered by the broker. The commission expense is accrued 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
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based the terms of the leased contract.

Borrowing Costs
Borrowing costs generally are expensed as incurred. Interest and other related financing charges on borrowed funds used to finance the acquisition or construction of a qualifying asset (included under subdivision land, condominium and residential units for sale, investment properties and property and equipment) are capitalized to the appropriate asset accounts. Capitalization of borrowing costs: (a) 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; (b) is suspended during extended periods in which active development is interrupted; and (c) 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 income.

Interest expense on loans and borrowings is recognized using the effective interest 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 balance sheet date and adjusted to reflect the current best estimate.

Foreign Currency Transactions
The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. 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 consolidated balance sheet date.

Earnings Per Share
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 year after giving effect to assumed conversion of potential common shares.

Segments
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.

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.

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

5. Significant Accounting Judgments, Estimates and Assumptions

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

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

- Stage of completion of the project.

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues 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 of a physical proportion of the contract work, and 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:

	2007	2006	2005
Gross revenue	**P7,181,902,452**	P5,739,572,643	P4,619,380,865
Cost and expenses	**3,290,345,071**	2,448,269,370	2,198,614,895

Operating Lease Commitments - Group as Lessor
The Group has entered into commercial property leases on its investment property portfolio. 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.

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 generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or 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.

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 or by the end of construction or development. 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 sell.

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 (Note 31).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for doubtful accounts
The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the tenant, the tenant's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis.

The related balances follow:

	2007	2006
Receivables (Note 8)	**P2,932,643,996**	P1,867,899,067
Allowance for doubtful accounts	**29,477,071**	13,177,627
Provision for doubtful accounts	**19,000,000**	4,869,390

Financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the consolidated statement of income and consolidated statement of changes in equity (Note 30).

The related balances follow:

	Carrying Value		Fair Value	
	2007	2006	**2007**	2006
Financial assets	**P5,012,398,006**	P3,001,533,629	**P4,763,686,676**	P2,840,268,137
Financial liabilities	**13,034,554,128**	12,065,857,205	**12,579,781,377**	11,943,522,880

Useful lives of investment properties and property and equipment
The Group estimates the useful lives of its investment properties and property and equipment based on the period over which the assets are expected to be available for use. 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:

	2007	2006
Investment properties and other investments (Note 10)	**P23,895,179,679**	P18,536,383,907
Accumulated depreciation (Note 10)	**6,913,748,239**	5,708,222,967
Property and equipment (Note 11)	**5,189,570,520**	4,620,764,886
Accumulated depreciation (Note 11)	**1,683,411,053**	1,501,445,284
Depreciation and amortization (Note 22)	**1,402,911,884**	1,265,809,016

Impairment of nonfinancial assets
Assessing investment properties and other investments and property and equipment for impairment includes considering certain indications of impairment such as significant changes in asset usage, significant decline in market value and obsolescence or physical damage of an asset. If such indications are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determining the fair value of investment properties and other investments and property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future event could cause the Group to conclude that investment properties and other investments and property and equipment are impaired. Any resulting impairment loss could have a material impact on the consolidated financial statements.

The related balances follow:

	2007	2006
Investment properties and other investments (Note 10)	**P23,895,179,679**	P18,536,383,907
Accumulated depreciation (Note 10)	**6,913,748,239**	5,708,222,967
Property and equipment (Note 11)	**5,189,570,520**	4,620,764,886
Accumulated depreciation (Note 11)	**1,683,411,053**	1,501,445,284
Depreciation and amortization (Note 22)	**1,402,911,884**	1,265,809,016

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 judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax assets as of September 30, 2007 and 2006 amounted to P325,437,783 and P285,530,814, respectively (Note 25).

Pension
The determination of obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions, which are described in Note 27, include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations (Note 27).

The related balances follow:

	2007	2006
Pension liability (Notes 13 and 27)	**P31,040,750**	P47,448,663
Pension benefit obligation (Note 27)	**47,448,663**	75,515,689
Unrecognized net actuarial losses (Note 27)	**(16,407,913)**	(28,067,026)

6. Segment Reporting

PAS 14, *Segment Reporting,* requires that a public business enterprise report financial and descriptive information about its reportable segments. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.

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

The Group derives its revenues from the following reportable units:

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

High-rise Buildings Division - responsible for the development, sale and/or lease of office and residential condominium space, as well as high-end horizontal residential projects.

Housing and Land Development Division - responsible for the development and sale of middle-income and socialized housing and residential lots.

Hotels Division - owns and operates a chain of prime hotels in Pasig City, Quezon City and Cebu City and a service apartment which closed operations in August 2007.

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

2007

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotels Division	Total
Revenue	P3,538,931,635	P3,635,430,091	P715,802,113	P1,108,318,428	P8,998,482,267
Operating expenses	1,059,711,286	1,897,120,309	456,548,330	766,501,082	4,179,881,007
Earnings before depreciation and amortization	2,479,220,349	1,738,309,782	259,253,783	341,817,346	4,818,601,260
Depreciation and amortization (Note 22)	1,037,667,008	203,695,165	6,025,712	155,523,999	1,402,911,884
Income before income tax	P1,441,553,341	P1,534,614,617	P253,228,071	P186,293,347	P3,415,689,376
Segment assets	P20,085,067,259	P12,935,533,737	P1,346,574,628	P2,418,602,651	P36,785,778,275
Segment liabilities	P6,150,841,506	P7,821,194,942	P1,057,578,737	P466,067,350	P15,495,682,535
Other Segment Information:					
Capital expenditures					P8,884,207,767

2006

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotels Division	Total
Revenue	P3,284,080,887	P2,268,512,858	P514,902,178	P907,286,088	P6,974,782,011
Operating expenses	851,794,126	1,448,668,555	312,248,379	672,343,018	3,285,054,078
Earnings before depreciation and amortization	2,432,286,761	819,844,303	202,653,799	234,943,070	3,689,727,933
Depreciation and amortization (Note 22)	963,899,758	149,483,940	3,688,464	148,736,854	1,265,809,016
Income before income tax	P1,468,387,003	P670,360,363	P198,965,335	P86,206,216	P2,423,918,917
Segment assets	P18,575,474,645	P6,464,615,265	P1,327,026,783	P2,244,649,502	P28,611,766,195
Segment liabilities	P9,161,028,148	P3,453,897,138	P1,119,593,709	P251,489,271	P13,986,008,266
Other Segment Information:					
Capital expenditures					P6,317,689,982

2005

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotels Division	Total
Revenue	P3,136,168,553	P1,281,897,205	P518,624,083	P502,138,667	P5,438,828,508
Operating expenses	1,035,843,983	767,654,777	341,051,636	439,946,215	2,584,496,611
Earnings before depreciation and amortization	2,100,324,570	514,242,428	177,572,447	62,192,452	2,854,331,897
Depreciation and amortization (Note 22)	1,041,555,760	120,161,410	3,113,732	87,019,678	1,251,850,580
Income (loss) before income tax	P1,058,768,810	P394,081,018	P174,458,715	(P24,827,226)	P1,602,481,317
Segment assets	P16,453,677,114	P3,646,036,713	P961,561,875	P2,157,707,283	P23,218,982,985
Segment liabilities	P6,134,383,360	P2,403,639,238	P839,265,857	P205,918,846	P9,583,207,301
Other Segment Information:					
Capital expenditures					P4,224,990,378

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

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

7. Cash and Cash Equivalents

This account consists of:

	2007	2006
Cash on hand and in banks	**P127,153,450**	P21,181,460
Short-term investments	**1,428,469,968**	543,790,125
	P1,555,623,418	P564,971,585

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

8. Receivables

This account consists of:

	2007	2006
Trade		
Real estate	**P2,713,075,482**	P1,535,455,594
Hotel operations	**68,951,642**	133,821,108
	2,782,027,124	1,669,276,702
Affiliated companies (Note 18)	**62,945,371**	69,649,181
Others	**117,148,572**	142,150,811
	2,962,121,067	1,881,076,694
Less allowance for doubtful accounts	**29,477,071**	13,177,627
	P2,932,643,996	P1,867,899,067

The installment contract receivables aggregating P2,220,262,428 and P910,316,073 as of September 30, 2007 and 2006, included under real estate receivables, are collectible in monthly installments over a period of one to ten years and bear annual interest rates ranging from 8.20% to 9.75% computed on the diminishing balance of the principal.

Rental receivables from affiliated companies which are included in trade receivables amounted to about P91 million and P56 million as of September 30, 2007 and 2006, respectively.

The accrued rent receivable represents the portion of the lease recognized as income on a straight line basis.

The following presents the breakdown of receivables by maturity dates as of September 30, 2007 and 2006:

	Due within One Year	Due over One Year	Total
2007	P1,484,796,111	P1,477,324,956	P2,962,121,067
2006	939,628,652	941,448,042	1,881,076,694

The roll forward analysis of the allowance for doubtful accounts follows:

	2007	2006
Balance at beginning of year	**P13,177,627**	P8,308,237
Provision for doubtful accounts during the year	**19,000,000**	4,869,390
Write offs during the year	**(2,700,556)**	–
Balance at end of year	**P29,477,071**	P13,177,627

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2007	2006
Condominium units	**P1,524,331,022**	P1,390,254,671
Residential units and land development costs	**442,455,570**	398,213,407
	P1,966,786,592	P1,788,468,078

The subdivision land, condominium and residential units for sale are carried at cost. There is no amount of write down recognized as expense for the year ended September 30, 2007, 2006 and 2005.

The amount of subdivision land, condominium and residential units for sale recognized as expense in the statement of income amounted to P1,417,930,410, P944,333,636 and P530,565,816 for the years ended September 30, 2007, 2006 and 2005, respectively (Note 20).

Subdivision land, condominium and residential units for sale transferred from property and equipment aggregated to P1,532,344,580 and P1,548,188,349 as of September 30, 2007 and 2006. These represent completed subdivision land, condominium and residential units for sale that are located in Pioneer.

There are no subdivision land, condominium and residential units for sale as of September 30, 2007 and 2006 that are pledged as security to liabilities.

10. Investment Properties and Other Investments

This account consists of:

September 30, 2007

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Others	Total
Cost:						
At September 30, 2006	P6,927,627,870	P46,986,296	P17,013,718,563	P254,274,144	P2,000,000	P24,244,606,873
Additions	3,813,758,665	8,749,479	816,042,871	–	–	4,638,551,015
Retirements/disposal	(55,685,524)	–	–	–	–	(55,685,524)
Reclassifications	21,002,687	483,491	1,959,969,376	–	–	1,981,455,554
At September 30, 2007	10,706,703,698	56,219,266	19,789,730,810	254,274,144	2,000,000	30,808,927,918
Accumulated depreciation:						
At September 30, 2006	–	30,972,490	5,527,124,381	150,126,096	–	5,708,222,967
Depreciation and amortization during the year (Note 22)	–	4,353,046	1,183,389,057	24,411,595	–	1,212,153,698
Reclassifications	–	(214,749)	(6,413,677)	–	–	(6,628,426)
At September 30, 2007	–	35,110,787	6,704,099,761	174,537,691	–	6,913,748,239
Net book value as of September 30, 2007	**P10,706,703,698**	**P21,108,479**	**P13,085,631,049**	**P79,736,453**	**P2,000,000**	**P23,895,179,679**

September 30, 2006

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Others	Total
Cost:						
At September 30, 2005	P5,004,374,616	P46,329,654	P16,427,135,596	P254,159,654	P2,000,000	P21,733,999,520
Additions	2,302,365,420	336,292	418,366,355	114,490	–	2,721,182,557
Retirements/disposal	(42,994,137)	–	–	–	–	(42,994,137)
Reclassifications	(336,118,029)	320,350	168,216,613	–	–	(167,581,066)
At September 30, 2006	6,927,627,870	46,986,296	17,013,718,564	254,274,144	2,000,000	24,244,606,874
Accumulated depreciation:						
At September 30, 2005	–	26,588,205	4,475,946,915	124,673,101	–	4,627,208,221
Depreciation and amortization during the year (Note 22)	–	4,157,215	1,058,978,483	25,452,995	–	1,088,588,693
Reclassifications	–	227,070	(7,801,017)	–	–	(7,573,947)
At September 30, 2006	–	30,972,490	5,527,124,381	150,126,096	–	5,708,222,967
Net book value as of September 30, 2006	P6,927,627,870	P16,013,806	P11,486,594,183	P104,148,048	P2,000,000	P18,536,383,907

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

Other investments pertain to investment in North City Properties.

Depreciation and amortization expense charged to operations amounted to P1,212,153,698, P1,088,588,693 and P1,132,265,902 for the years ended September 30, 2007, 2006 and 2005, respectively (Note 22).

The fair value of investment properties, which has been determined based on valuations performed by Asian Appraisal Company, Inc. as of May 31, 2005, exceeds its carrying cost. Asian Appraisal Company, Inc. is an industry specialist in valuing these types of investment properties. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The fair value as of the date of appraisal amounted to P37.1 billion. Subsequently, there is no available fair value.

Property operations and maintenance costs arising from investment properties amounted to P368 million, P289 million and P195 million for the years ended September 30, 2007, 2006 and 2005.

Investment properties transferred from property and equipment aggregated to P1,959,969,376 and P168,216,613 as of September 30, 2007 and 2006. These represent completed mall expansions that are located in Dasmariñas, Novaliches and Lipa, Batangas.

There are no investment properties and other investments as of September 30, 2007 and 2006 that are pledged as security to liabilities.

11. Property and Equipment

The rollforward analysis of this account follows:

September 30, 2007

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Construction In Progress	Total
Cost:						
At September 30, 2006	P170,035,106	P2,980,931	P2,133,093,951	P1,091,065,206	P2,725,034,976	P6,122,210,170
Additions	3,051,840	–	100,267,017	95,314,277	4,047,023,618	4,245,656,752
Reclassifications	–	(483,491)	(2,087,902)	–	(3,492,313,956)	(3,494,885,349)
At September 30, 2007	173,086,946	2,497,440	2,231,273,066	1,186,379,483	3,279,744,638	6,872,981,573
Accumulated depreciation:						
At September 30, 2006	–	2,980,931	694,863,559	803,600,794	–	1,501,445,284
Depreciation and amortization during the year (Note 22)	–	–	102,233,199	88,524,987	–	190,758,186
Reclassifications	–	(483,491)	3,757,667	(12,066,593)	–	(8,792,417)
At September 30, 2007	–	2,497,440	800,854,425	880,059,188	–	1,683,411,053
Net book value as of September 30, 2007	**P173,086,946**	**P–**	**P1,430,418,641**	**P306,320,295**	**P3,279,744,638**	**P5,189,570,520**

September 30, 2006

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Construction In Progress	Total
Cost:						
At September 30, 2005	P170,035,106	P3,195,681	P1,929,019,366	P1,011,988,059	P1,131,673,836	P4,245,912,048
Additions	–	–	156,490,351	82,666,738	3,357,350,336	3,596,507,425
Retirements/disposal	–	–	–	(6,668,500)	–	(6,668,500)
Reclassifications	–	(214,750)	47,584,234	3,078,909	(1,763,989,196)	(1,713,540,803)
At September 30, 2006	170,035,106	2,980,931	2,133,093,951	1,091,065,206	2,725,034,976	6,122,210,170
Accumulated depreciation:						
At September 30, 2005	–	3,195,681	595,375,143	724,024,990	–	1,322,595,814
Depreciation and amortization during the year (Note 22)	–	–	91,687,399	85,532,924	–	177,220,323
Retirements/disposal	–	–	–	(6,175,051)	–	(6,175,051)
Reclassifications	–	(214,750)	7,801,017	217,931	–	7,804,198
At September 30, 2006	–	2,980,931	694,863,559	803,600,794	–	1,501,445,284
Net book value as of September 30, 2006	P170,035,106	P–	P1,438,230,392	P287,464,412	P2,725,034,976	P4,620,764,886

Depreciation expense charged to operations amounted to P190,758,186, P177,220,323 and P119,584,678 for the years ended September 30, 2007, 2006 and 2005, respectively (Note 22).

Borrowing costs capitalized to property and equipment under construction amounted to about P264 million, P375 million and P110 million in 2007, 2006 and 2005, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2007, 2006 and 2005 is 7.59%, 8.67 % and 11.23%, respectively.

Property and equipment transferred to investment property and subdivision land, condominium and residential units for sale aggregated to P3,492,313,956 and P1,763,989,196 as of September 30, 2007 and 2006.

There are no property and equipment items as of September 30, 2007 and 2006 that are pledged as security to liabilities.

12. Other Assets

This account consists of:

	2007	2006
Input value added tax	**P538,418,226**	P349,282,114
Utility deposits	**247,246,588**	89,873,845
Advances to lot owners	**211,416,544**	389,302,685
Receivable from Meralco (Note 28)	**65,467,460**	89,486,447
Prepaid expenses	**65,345,648**	39,697,912
Supplies	**38,420,921**	28,143,337
Advances to suppliers and contractors	**4,297,686**	170,878,327
Other assets	**75,360,997**	76,614,005
	P1,245,974,070	P1,233,278,672

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

Advances to lot owners consist of advance payment to land owners and these shall be applied against the acquisition cost of the assets acquired.

The prepaid expenses account consists mainly of prepayments for taxes and insurance.

Other assets include cleaning, maintenance supplies and various deposits.

13. Accounts Payable and Accrued Expenses

This account consists of:

	2007	2006
Accrued bonus, commission, taxes and licenses	**P2,037,295,839**	P1,813,187,785
Accounts payable - trade	**1,349,388,365**	1,699,022,371
Accrued rent expense	**659,475,015**	550,288,557
Pension liability (Note 27)	**31,040,750**	47,448,663
Dividends payable	**4,671,049**	4,235,069
	P4,081,871,018	P4,114,182,445

Accounts payable - trade and accrued expenses are all due within one year.

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

14. Deposits and Other Liabilities

This account consists of:

	2007	2006
Deposits from real estate buyers	**P2,092,033,140**	P1,795,778,667
Deposits from lessees	**1,168,629,103**	1,322,173,427
Payables to affiliated companies (Notes 18 and 30)	**1,163,061,617**	3,211,171,329
Others	**445,252,203**	430,438,597
	P4,868,976,063	P6,759,562,020

The customers' deposit account represents cash received from tenants representing three to six months rent which shall be refunded to tenants at the end of lease term. In 2007, the Group recognized Discount on Customers' Deposit amounting to P132,754,522 (net of interest expense of P118,939,136) and Unearned rental income of P129,565,495 (net of rental income of P131,944,763). The Customers' Deposit was discounted using MART 1 plus 2% spread.

In addition, other customers' deposits represent cash received from buyers which shall be applied against the total contract price of the subdivision land, condominium and residential units that are for sale. The deposits from buyers are normally applied against the total contract price within a year from the date the deposits were made.

Included in customers' deposit are cash collections in excess of the receivables recognized under the percentage-of-completion method which amounted to P1,148,993,477 and P1,000,594,187 as of September 30, 2007 and 2006, respectively.

15. Long-term Debt

Bonds Payable due in March 2008

On March 13, 2003, the Group issued P1 billion bonds constituting direct, unconditional, unsubordinated and unsecured obligations of the Group ranking pari-passu with all direct, unconditional, unsubordinated and unsecured obligations of the Group at par of 100% of face value, for general corporate purposes, such as, but not limited to the following: (i) financing various capital expenditures; (ii) debt refinancing; and (iii) funding permanent working capital. The bond is payable with a bullet payment on March 14, 2008 or shall be redeemable at par upon maturity or on a date which is 5 years and 1 day from issue date.

Interest on the outstanding principal sum of the bonds shall be paid at a rate determined for each quarterly interest period, accrued and payable quarterly on the dates indicated in the interest coupon of the bonds beginning December 12, 2003. The interest rate shall be the sum of the Base Rate (defined as the bid yield for the applicable 91-day Treasury Bills based on the secondary market bids as displayed on the MART 1 page of Bloomberg at approximately 11:30 a.m. on the interest rate setting date) plus a spread of two percent (2%).

Out of the total interest expense in 2007, 2006 and 2005, borrowing costs capitalized to investment properties aggregated P264 million, P375 million and P221 million, respectively, out of which P72 million, P91 million and P95 million in 2007, 2006 and 2005, respectively, pertain to bonds payable due in March 2008.

Debt Covenants
The Group is required to maintain a debt to equity ratio and interest coverage ratio of not exceeding 1.5:1.0. The Group has complied with the debt covenant.

Bonds Payable due in October 2009
On October 6, 2004, the Group obtained unsecured loans each amounting to P500 million from ING Bank N.V. and from Security Bank Corporation (collectively, the "Lenders") under the Omnibus Facility Agreement (the "Agreement") constituting direct and unconditional obligation of the Group ranking pari-passu with all present and future unsecured and unsubordinated obligations, other than obligations in respect of which a statutory preference is established solely by operation of law, for partial financing and/or reimbursement of construction cost of the Parent Company's projects. Development Bank of the Philippines advanced the loan granted by the Lenders to the Group by virtue of various agreements. The loan is payable in nine (9) semi-annual installments beginning October 2005.

Interest on the outstanding principal amount of the loans shall be paid at each interest payment date, as follow: (i) the interest rate shall be fixed at 9.2% per annum plus an interest margin of 1.5% per annum; (ii) the Group will have a one-time option throughout the life of the loan to switch from the fixed rate of 9.2% per annum to a floating rate equivalent to the applicable Development Bank of the Philippines (DBP) pass-on-rate plus an interest margin of 1.5% per annum, subject to the provision by the Group of one-week prior written notice for the exercise of such option; and (iii) in case the Group opts for a floating interest rate, the setting of rates shall be in accordance with the policies of DBP which, as of the date of Agreement, fixes January 1, April 1, July 1, and October 1 of every year as the interest setting dates. Interest shall accrue from and include the first day of an interest period, up to, and including, the last day of such interest period. Interest period shall mean the period of six months of each year; provided, however, that in the event the Group shall have exercised its option under (ii) above to switch to a floating interest rate, interest period shall mean the period of three months of each year.

On April 10, 2007, April 5, 2006 and September 26, 2006, the Group settled its obligations amounting to P110 million, P90 million and P90 million, respectively.

Out of the total interest expense in 2007, 2006 and 2005, borrowing costs capitalized to investment properties aggregated P264 million, P375 million and P221 million, respectively, out of which P65 million, P92 million and P111 million in 2007, 2006 and 2005, respectively, pertain to bonds payable due in October 2009.

Debt Covenants
The Group is required to maintain a debt to equity ratio of not exceeding 1.5:1.0 and interest coverage ratio of not less that 1.5:1. The Group has complied with the debt covenants.

Bonds Payable due in May 2012
On May 24, 2007, the Group issued P3 billion 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 years and one-day from Issue Date to be issued in one tranche.

The interest rate shall be 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.

Out of the total interest expense in 2007, 2006 and 2005, borrowing costs capitalized to investment properties aggregated P264 million, P375 million and P221 million, respectively, out of which P66 million in 2007 pertains to bonds payable due in May 2012.

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

Details of loan payable by maturity follow:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
Long-term debt (Note 15)	P1,220,000,000	P225,000,000	P115,000,000	P–	P3,000,000,000	P4,560,000,000

16. Retained Earnings

Restriction
A portion of the retained earnings representing the undistributed net earnings of subsidiaries amounting to P284,512,332 in 2007, P242,745,174 in 2006 and P163,670,247 in 2005 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:

	2007	2006	2005
Date of declaration	**April 19, 2007**	April 20, 2006	May 5, 2005
Date of payment	**June 14, 2007**	June 15, 2006	June 29, 2005
Ex-dividend rate	**May 18, 2007**	May 19, 2006	June 3, 2005
Dividend per share	**P0.37**	P0.32	P0.20
Total dividends	**P1,016,359,830**	P735,013,906	P459,383,692

Appropriation
On May 14, 2003, the BOD approved the appropriation of P3.5 billion out of the retained earnings for future expansion.

17. Capital Stock

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

	2007	2006	2005
Authorized - at P1 par value	**3,000,000,000**	3,000,000,000	3,000,000,000
At beginning of the year	**2,296,918,457**	2,296,918,457	2,296,918,457
Additional subscription	**450,000,000**	–	–
Issued and outstanding	**2,746,918,457**	2,296,918,457	2,296,918,457

On September 23, 2006, the BOD approved the primary and secondary offerings of up to 811,136,200 common shares of the Parent Company which consisted of 450,000,000 common shares from the unissued authorized capital stock of the Parent Company and 361,136,200 secondary shares held by shareholders: JGSHI, Universal Robina Corporation and JG Summit Capital Services Corporation. The offer price was P12 per share. An over-allotment option for the sale of additional 121,670,400 secondary shares (Optional Shares) at the same offer price and terms was likewise approved by the BOD.

The Securities and Exchange Commission issued a pre-effective order on September 1, 2006 with respect to the registration statements filed by the Group for the purpose of the above share offering. In October 2006, all primary and secondary share offerings (including Optional Shares) were fully subscribed by both foreign and local investors. Net proceeds from the primary offering amounted to about P5,230 million. The amount representing excess of subscription price over the par value of the primary share offering amounting to about P4,784 million was credited to additional paid-in capital.

18. Related Party Transactions

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

The Group, in its normal course of business, has transactions with its major stockholder, JGSHI and its affiliated companies consisting principally of lease arrangements and advances (both interest and non interest bearing), principally for working capital, including construction costs. The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about P799 million, P720 million and P892 million in 2007, 2006 and 2005, respectively. Interest expense charged from the P2,500 million loan from JGSHI in 2007 and 2006 amounted to P61 million and P142 million, respectively. Interest expense charged from the P480 million loan from Litton Mills in 2005 amounted to P43 million.

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

	2007	2006
Savings and current accounts	**P38,856,645**	P8,564,323
Short-term investments	**376,326,190**	118,008,050
	P415,182,835	P126,572,373

Loans from shareholders
As of September 30, 2007 and 2006, a subsidiary has outstanding noninterest-bearing advances from Winsome Development Corporation, a minority stockholder, for working capital requirement amounting to P104 million and P134 million, respectively. The advances are included in the "Accounts Payable and Accrued Expenses" account in the consolidated balance sheet.

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

As of September 30, 2007 and 2006, the net payable to affiliated companies amounted to P1,100 million and P3,141 million, respectively. Details are as follow:

	2007	2006
Receivable from Affiliated Companies (Note 8):		
Digital Telecommunication Inc.	**P39,701,125**	P39,842,677
Robinsons Recreation Corporation	**11,270,828**	11,231,868
Universal Robina Corporation	**9,285,655**	901,519
Others	**2,687,763**	17,673,117
	62,945,371	69,649,181
Payable to Affiliated Companies (Note 14):		
JGSHI	**(1,077,396,857)**	(3,148,272,327)
Westpoint Industrial Mills	**(22,950,417)**	(4,786,292)
Robinsons Inc.	**(15,136,027)**	672,465
Robinsons Place Residence Manila		
Condominium Corporation	**(7,329,484)**	(7,641,190)
Robinsons Summit Center Condominium Corporation	**(6,774,898)**	(3,525,230)
Others	**(33,473,934)**	(47,618,755)
	(1,163,061,617)	(3,211,171,329)
Net Payable to Affiliated Companies	**(P1,100,116,246)**	(P3,141,522,148)

Outstanding balances as of September 30, 2007, which are unsecured and interest free, are all due within one year, except for the P2,500 million loan acquired from JGSHI. The JGSHI loan was obtained on February 14, 2006 with interest at 9% payable quarterly while the principal is payable on single balloon payment after three (3) years. The entire P2,500 million was fully paid as of September 30, 2007.

As of September 30, 2007 and 2006, the Group has not provided any allowance for doubtful accounts for amounts owed by related parties. This assessment is undertaken each financial year through examining 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:

	2007	2006	2005
Short term employee benefits	**P386,078,541**	P288,046,037	P248,626,498
Post-employment benefits	**16,537,631**	14,291,233	10,679,930
	P402,616,172	P302,337,270	P259,306,428

19. Gross Revenue

This account consists of:

	2007	2006	2005
Real Estate:			
Rental income	**P3,967,721,986**	P3,345,234,477	P3,288,537,028
Real estate sale	**2,896,397,480**	2,011,660,253	1,156,514,430
Others	**317,782,986**	382,677,913	174,329,407
	7,181,902,452	5,739,572,643	4,619,380,865
Hotel Operations:			
Rooms	**626,689,474**	531,801,149	320,288,690
Food and beverage	**413,169,484**	360,815,984	172,422,104
Others	**66,354,542**	10,921,592	7,167,061
	1,106,213,500	903,538,725	499,877,855
	P8,288,115,952	P6,643,111,368	P5,119,258,720

20. Cost and Expenses

This account consists of:

	2007	2006	2005
Real Estate:			
Cost of sale	**P1,417,930,410**	P944,333,636	P530,565,816
Depreciation (Notes 10, 11 and 22)	**1,247,387,885**	1,117,072,162	1,164,830,903
Maintenance costs	**126,764,207**	102,079,484	113,186,648
Others	**498,262,569**	284,784,088	390,031,528
	3,290,345,071	2,448,269,370	2,198,614,895
Hotel Operations:			
Cost of sale	**380,982,065**	316,196,353	125,062,807
Property operations and maintenance	**241,041,115**	187,306,147	81,654,819
Depreciation (Notes 10, 11 and 22)	**155,523,999**	148,736,854	87,019,677
Others	**144,477,902**	168,840,518	233,228,590
	922,025,081	821,079,872	526,965,893
	P4,212,370,152	P3,269,349,242	P2,725,580,788

21. General and Administrative Expenses

This account consists of:

	2007	2006	2005
Commission	**P333,517,097**	P274,818,004	P224,473,824
Salaries and wages (Notes 20, 23 and 27)	**263,806,354**	228,995,635	207,979,806
Taxes and licenses	**167,749,893**	143,767,753	136,650,560
Rent expense	**155,603,494**	145,543,680	146,477,006
Advertising and promotions	**148,613,850**	119,498,005	108,090,566
Light, water and communication (Note 28)	**71,083,536**	60,329,659	68,033,607
Representation and entertainment	**25,975,931**	21,692,626	17,749,324
Insurance	**23,891,722**	27,131,903	40,331,245
Travel and transportation	**17,663,692**	20,079,232	16,240,978
Supplies expense	**14,239,494**	11,182,307	12,320,123
Donation	**7,854,152**	10,462,367	23,456,616
Others	**21,392,660**	22,802,362	33,122,910
	P1,251,391,875	P1,086,303,533	P1,034,926,565

22. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	2007	2006	2005
Real estate (Notes 10, 11 and 20)	**P1,247,387,885**	P1,117,072,162	P1,164,830,903
Hotel operations (Note 20)	**155,523,999**	148,736,854	87,019,677
	P1,402,911,884	P1,265,809,016	P1,251,850,580

23. Personnel Expenses

Personnel expenses consist of:

	2007	2006	2005
Salaries, wages and other staff costs	**P361,099,065**	P254,821,472	P223,853,290
SSS contributions, PAG-IBIG contributions, premiums and others	**24,979,476**	33,224,565	24,773,208
Retirement costs (Note 27)	**16,537,631**	14,291,233	10,679,930
	P402,616,172	P302,337,270	P259,306,428

The above amounts are distributed as follows:

	2007	2006	2005
General and administrative (Note 21)	**P263,806,354**	P228,995,635	P207,979,806
Hotel operations	**138,809,818**	73,341,635	51,326,622
	P402,616,172	P302,337,270	P259,306,428

24. Finance Income - net

This account consists of:

	2007	2006	2005
Interest income:			
Installment contract receivables	**P490,174,138**	P230,415,102	P246,281,928
Bank deposits	**220,192,177**	101,255,541	73,287,860
	710,366,315	331,670,643	319,569,788
Interest expense on amortization of discount on deposits (Note 14)	**(119,030,864)**	(195,210,319)	(75,839,838)
	P591,335,451	P136,460,324	P243,729,950

25. Income Taxes

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

	2007	2006
Statutory income tax rate	**35.00%**	34.75%
Reductions in income tax resulting from:		
Interest income subjected to final tax	**(0.53)**	(0.43)
Income subjected to lower income tax rates	**(3.06)**	(1.58)
Tax-exempt interest income	**(0.10)**	(0.15)
Tax exempt real estate sales	**(0.49)**	(0.73)
Change in tax rate	**–**	0.92
Others	**(2.46)**	(3.95)
Effective income tax rate	**28.36%**	28.83%

Deferred income taxes as of September 30, 2007 and 2006 relate to the tax effects of the following:

	2007	2006
Deferred income tax assets:		
Accrued rent expense	**P230,816,255**	P192,600,995
Accrued interest expense	**57,115,136**	61,930,495
Accrued retirement payable	**26,203,092**	16,607,032
Allowance for doubtful accounts	**11,303,300**	4,612,169
Others	**–**	9,780,123
	325,437,783	285,530,814
Deferred tax liabilities:		
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(1,020,933,051)**	(590,000,246)
Unamortized capitalized interest expense	**(971,754,968)**	(853,441,769)
Accrued rent income	**(100,704,480)**	(83,736,479)
Receivable from Meralco	**(32,166,193)**	(31,320,257)
Others	**(3,897,012)**	–
Net deferred tax liabilities	**(2,129,455,704)**	(1,558,498,751)
	(P1,804,017,921)	(P1,272,967,937)

26. Earnings Per Share

Earnings per share amounts were computed as follows:

	2007	2006	2005
a. Net income attributable to equity holders of Parent Company	**P2,441,338,382**	P1,718,966,320	P1,231,237,652
b. Weighted average number of common shares outstanding	**2,746,918,457**	2,296,918,457	2,296,918,457
c. Earnings per share (a/b)	**P0.89**	P0.75	P0.54

There were no potential dilutive shares in 2007, 2006 and 2005.

27. Pension 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, 2007.

The following tables summarize the components of pension expense included in salaries and wages under ("Selling, General and Administrative Expenses") recognized in the consolidated statement of income and the funded status and amounts recognized in the consolidated balance sheet for the plan:

Pension Expense

	2007	2006
Current service cost	**P8,890,500**	P6,138,514
Interest cost on benefit obligation	**7,354,100**	7,396,550
Expected return on plan assets	**(19,000)**	–
Net actuarial loss recognized during the year	**312,031**	756,169
Total pension expense	**P16,537,631**	P14,291,233

Pension Liability

	2007	2006
Benefit obligation	**P47,448,663**	P75,515,689
Unrecognized net actuarial losses	**(16,407,913)**	(28,067,026)
Pension liability	**P31,040,750**	P47,448,663

Pension Benefit Obligation

	2007	2006
Balance at beginning of year	**P75,515,689**	P55,364,700
Current service cost	**8,890,500**	6,138,514
Interest cost	**7,354,100**	7,396,550
Actuarial (gains) losses on obligation	**(11,366,082)**	7,554,500
Benefits paid	**(32,945,544)**	(938,575)
Balance at end of year	**P47,448,663**	P75,515,689

The rollforward of unrecognized actuarial losses follow:

	2007	2006
Balance at beginning of year	**P28,067,026**	P21,268,695
Additional actuarial (gains) losses from plan obligations	**(11,347,082)**	7,554,500
Actuarial losses recognized	**(312,031)**	(756,169)
Balance at end of year	**P16,407,913**	P28,067,026

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

	2007	2006
Discount rate	**9.06% - 9.50%**	12.33% - 14.47%
Rate of salary increase	**7%**	6%
Experience adjustment gain (loss) - net	**(P1,503,800)**	P7,554,500

28. Meralco Refund

As a customer of the Manila Electric Company (Meralco), the Group is entitled to receive a refund pertaining to previous billings adjustments under Phase IV of Meralco's refund scheme. Subsequent to the approval of Meralco's amended refund scheme in 2005 by the Energy Regulatory Commission (ERC), 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. In 2007 and 2006, the Group recognized a receivable from Meralco amounting to P65.4 million, net of unearned interest income of P22.9 million and P89.5 million, net of unearned interest income of P25.4 million (included in "Other Assets"), respectively. Interest income recognized on amortization of unearned interest income amounted to P2.4 million in 2007 while income from the refund amounted to P89.5 million (included as deduction in "General and Administrative Expenses") in 2006. The receivable was discounted using an effective interest rate of 10%.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of bonds payable, long-term debt, receivables from affiliated companies, payables to affiliated companies and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from our financial instruments are liquidity risk, interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarized below.

Liquidity Risk
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.

Interest Rate Risk
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 debt rate debts. As of September 30, 2007 and 2006, 88% and 60% of the Group's long-term debts are at a fixed rate of interest.

Credit Risk
The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to doubtful accounts is not significant.

With respect to credit risk arising from Group's financial assets, which comprise of cash and cash equivalents and receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group has no significant concentrations of credit risk.

30. Financial Instruments

Fair value
Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	2007	2006	**2007**	2006
Financial assets				
Cash and cash equivalents (Note 7)	**P1,555,623,418**	P564,971,585	**P1,555,623,418**	P564,971,585
Receivables (Note 8)	**2,932,643,996**	1,867,899,067	**2,677,251,693**	1,706,278,273
Other Assets (Note 12)				
Utility deposits	**247,246,588**	89,873,845	**247,246,588**	89,873,845
Advances to lot owners	**211,416,544**	389,302,685	**211,416,544**	389,302,685
Receivable from Meralco	**65,467,460**	89,486,447	**72,148,433**	89,841,749
	P5,012,398,006	P3,001,533,629	**P4,763,686,676**	P2,840,268,137

	Carrying amount		Fair value	
	2007	2006	**2007**	2006
Financial liabilities				
Accounts payable and accrued expenses (Note 13)	**P4,050,830,268**	P4,066,733,782	**P4,050,830,268**	P4,066,733,782
Customers' deposit (Note 14)	**3,260,662,243**	3,117,952,094	**3,067,487,622**	2,924,774,473
Long-term debt (Note 15)	**4,560,000,000**	1,670,000,000	**4,298,401,870**	1,740,843,296
Payables to affiliated companies (Note 18)	**1,163,061,617**	3,211,171,329	**1,163,061,617**	3,211,171,329
	P13,034,554,128	P12,065,857,205	**P12,579,781,377**	P11,943,522,880

The fair values of cash and cash equivalents, trade receivables (arising from lease of investment properties), other receivables, certain receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their carrying amounts due to the short-term nature of the transaction.

The fair values of trade receivable (arising from sale of real estate properties) and long-term debt are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables. The discount rates used range from 8.2% to 10.3% in 2007 and 9.73% to 10.24% in 2006.

Interest rate risk

The following presents the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

Year ended September 30, 2007

Fixed rate

	Within 1 year	1-2 years	2-3 years	Total
Short term investments (Note 7)	P1,416,742,651	P–	P–	P1,416,742,651
Long-term debt (Note 15)	1,000,000,000	–	3,000,000,000	4,000,000,000
	P2,416,742,651	P–	P3,000,000,000	P5,416,742,651

Floating rate

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
Long-term debt (Note 15)	P220,000,000	P225,000,000	P115,000,000	P–	P560,000,000

Year ended September 30, 2006

Fixed rate

	Within 1 year	1-2 years	2-3 years	Total
Short term investments (Note 7)	P543,790,125	P–	P–	P543,790,125
Long-term debt (Note 15)	–	1,000,000,000	–	1,000,000,000
	P543,790,125	P1,000,000,000	P–	P1,543,790,125

Floating rate

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
Long-term debt (Note 15)	P110,000,000	P220,000,000	P225,000,000	P115,000,000	P670,000,000

Financial instruments with floating interest rate are repriced quarterly at intervals of less than one year. Other financial instruments held by the Group that are not included are non-interest bearing.

31. 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 P142,847,330 in 2007, 2006 and 2005. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2007	2006
Within one year	**P34,694,797**	P32,476,612
After one year but not more than five years	**161,315,477**	153,583,640
After more than five years	**6,155,001,711**	6,198,612,605
	P6,351,011,985	P6,384,672,857

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 1 and 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 P3,967,721,986, P3,345,245,892 and P3,288,267,030 in 2007, 2006 and 2005, respectively. Total percentage rent recognized as income for 2007, 2006 and 2005 amounted to P1,192,558,958, P1,151,038,325 and P551,970,816, respectively.

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

	2007	2006
Within one year	**P1,747,847,370**	P1,908,733,779
After one year but not more than five years	**2,038,092,305**	2,182,503,024
After more than five years	**324,681,209**	831,056,004
	P4,110,620,884	P4,922,292,807

Capital commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating P4.6 billion and P3.2 billion as of September 30, 2007 and 2006. Moreover, the Group has contractual obligations amounting to P3.1 billion and P2.9 billion as of September 30, 2007 and 2006, 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 information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed on the assessments. No provisions were made during the year.

32. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 11, 2008.