SEC Number CS200411593
File Number ___________

ANCHOR LAND HOLDINGS, INC.

Company's Full name

Unit 11B, 11th Floor, L.V. Locsin Building, 6752 Ayala Avenue
Corner Makati Avenue, Makati City, Philippines 1228

Company's Address

(632) 886-3572 to 74

Telephone Number

_____September 30______

Fiscal Year Ending
(month & day)

___17-Q (3rd Quarter)_

Form Type

____

Amended Designation (if applicable)

September 30, 2013

Period Ended Date

_____Registered and Listed______

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2013**

2. SEC Identification No. **CS200411593** 3. BIR Tax Identification No. **232-639-838-000**

4. Exact name of issuer as specified in its charter: **ANCHOR LAND HOLDINGS, INC.**

5. ____________________
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **Unit 11B, 11th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City, Philippines** **1228**
Address of issuer's principal office Postal Code

8. (632) 886-3572 to 74
Registrant's telephone number, including area code

9.
Former name, former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares Outstanding and Amount of Debt Outstanding
Common shares	693,334,000
Preferred shares	346,667,000
Loans payable	7,022,162,432

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [**X**] No [ ]

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

PART I. FINANCIAL INFORMATION

Financial Statements

Basis of Preparation
The consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group) have been prepared using the historical cost basis and are presented in Philippine Peso (₱), the Group's functional currency.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company has selected and applied accounting policies so that financial statements will comply with all the requirements of PFRS. If there are no specific requirements, management has developed policies to ensure that the financial statements provide relevant and reliable information.

The Company maintains and adopts accounting principle or practice, which affects relevance, reliability and comparability of the financial statements with those of prior periods.

The Company has no significant change in accounting estimates of the amount reported during the interim period of the financial year and in the other interim period or changes in estimates of amounts reported in prior financial years.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARY
MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements, including the related notes, contained herein.

Operations

Results of Operations (January – September 30, 2013 vs. January – September 30, 2012)

Anchor Land Holdings, Inc.'s and its subsidiaries (the Group) registered a net income of ₱740.64 million in the first nine months of 2013, 4% higher than the net income of ₱711.17 million in 2012 of the same period.

The Group continued to develop and sell residential condominiums namely Wharton Parksuites, Anchor Skysuites, Solemare Parksuites Phase 2, Admiral Baysuites, Clairemont Hills Parksuites and Oxford Parksuites that increased the consolidated revenues by 36% to ₱4.11 billion. Moreover, the

Group's rental income increased by 28% to ₱158.71 million as a result of full operations of One Shopping Center, Two Shopping Center and Mandarin Square commercial units.

Consolidated cost and expenses in the first nine months of 2013 amounted to ₱3.1 billion or an increase of 49% compared to the same period in 2012 brought by the increase in the percentage of completion as a result of continued construction of residential condominiums and growth in the units sold.

Material Changes to the Statements of Income for the Nine Months Ended September 30, 2013 Compared with the Nine Months Ended September 30, 2012 (Increase/Decrease of 5% or more)

Total revenue from real estate sales resulted to an increase of 41% to ₱3.7 billion in the first nine months of 2013 as compared to the same period last year. The increase is due to the continued construction and sale of the residential condominium projects of the Group namely Wharton Parksuites, Anchor Skysuites, Solemare Parksuites Phase 2, Admiral Baysuites, Clairemont Hills Parksuites and Oxford Parksuites.

The rental income increased by 28% to ₱158.7 million that is attributable to the higher number of commercial units leased out during the current period. The Group's commercial unit assets are located in Baclaran (One Shopping Center and Two Shopping Center), Parañaque (Solemare Parksuites Phase1) and Binondo (Mandarin Square Commercial units).

Revenue from management fees increased by 106% as the Group provided higher number of property management services and plan reviews.

The 50% increase in cost of real estate is due to the continued construction of the residential condominium projects of the Group combined with the higher number of units sold during the first nine months of 2013.

Selling and administrative expenses increased by 46% mainly due to the increase in salaries and wages, rental expenses, taxes and licenses, professional expenses, utilities, donations and sales and marketing expenses including sales commission and advertising given the higher number of current and future condominium projects.

The 17% increase in provision for income tax is due to the increase in taxable income as lower amount of sales were recognized from BOI registered units in the first nine months of 2013 as compared to the same period in 2012.

Material Changes to the Balance Sheet as of September 30, 2013
Compared to December 31, 2012 (Increase/Decrease of 5% or more)

As of September 30, 2013, cash and cash equivalents decreased by 7% due to the higher net working capital requirements.

Total receivables (inclusive of noncurrent portion) increased by 45% mainly due to the higher revenues from the units sold and the recognition of the increase in percentage of completion of the projects in 2013.

The 11% increase in real estate for development and sale is attributable to the continued construction and development of existing projects in the first nine months of 2013. Construction and development activities relate to Wharton Parksuites, Anchor Skysuites, Solemare Parksuites Phase 2, Admiral Baysuites, Clairemont Hills Parksuites and Oxford Parksuites.

Other current assets increased by 17% mainly due to the increase in Input VAT from the purchases of the Group, deposit on real estate property as well as deposit for future stock subscriptions and prepaid expenses.

The 12% decrease in property and equipment was brought by the net acquisition of office furniture and fixtures, office equipment and vehicles and the related depreciation recognized as of September 30, 2013.

The 56% increase in deferred tax asset was due to the recognition of the difference between tax and book basis of accounting for real estate transactions.

The increase of 85% in other noncurrent assets resulted from higher security and utility deposits in line with the increase in construction activities of the Group's residential condominium projects and operation of commercial units.

Accounts and other payables increased by 38% on account of the development of existing projects, construction costs were continuously incurred and new construction contracts were entered into resulting to the increase in payables to contractors and suppliers and the related retention payables.

The 9% increase in loans payable is the net result of new loan availments and repayment of loans. These loans were obtained to finance the construction of ongoing projects of the Group.

The decrease of 67% in liabilities for purchased land is the result of payments made.

Deferred tax liabilities increased by 99% due to the recognition of the difference between tax and book basis of accounting for real estate transactions.

The 49% increase in pension liabilities is due to the recognition of pension cost for the first nine months of 2013 based on the most recent actuarial valuation.

The other comprehensive income pertains to the actuarial gains or losses related to the assumptions used by the actuary. In prior years, actuarial gains or losses pass through a certain "corridor" whether it will be recognized or amortized in profit or loss. According to the newly effective PFRS 19-R, such assumptions shall be recognized in other comprehensive income rather than in profit or loss.

The 25% increase in retained earnings arises from the Net Income of the Group for the nine months ended September 30, 2013 less cash dividends declared.

The increase of 33% in non-controlling interest is brought by the share of the minority interest in the net income of a subsidiary.

KEY PERFORMANCE INDICATORS

The Company assessed its performance based on the following key performance indicators

	September 2013	December 2012
Liquity Ratio:		
(1) Current Ratio	1.22:1	1.52:1
(2) Debt to Equity Ratio	2.42:1	2.28:1
(3) Asset to Equity Ratio	3.42:1	3.28:1

	September 2013	September 2012
(4) Earnings before Interest and Taxes	P1,016.82 Million	P948.01 million
(5) Interest coverage ratio	114.60	108.76
(6) Return on Sales	20.19%	27.25%
(7) Return on Equity	16.98%	20.46%
(8) Basic Earnings per Share	P1.04	P1.00*

**As restated due to declaration of stock dividends.*

(1) Current Assets / Current Liabilities
(2) Total Liabilities / Stockholders' Equity
(3) Total Assets / Stockholders' Equity
(4) Net Income plus Interest Expenses and Provision for Income Tax
(5) Earnings before Interest and Taxes / Interest expense in Income Statement
(6) Net Income / Sales
(7) Net Income / Average Stockholders' Equity
(8) Net Income / Outstanding Shares *

These key indicators were chosen in order to provide management with a measure of the Company's financial strength (Current Ratio and Debt to Equity) and ability to maximize the value of its stockholders' investment in the Company (Earnings per Share and Return on Equity).

AGING OF RECEIVABLES
As of September 30, 2013

	Total	Due within Six months	Due over Six months
Installment Contracts Receivables	**5,685,963,506**	**1,059,762,916**	**4,626,200,590**

PART II - OTHER INFORMATION

As of this date, the Company filed the following reports on SEC Form 17-C:

Date of Report	Item Reported
July 25, 2013	Election of Directors & Organizational Meeting

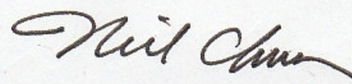
Signature

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

By:

Registrant: **Anchor Land Holdings, Inc.**

MR. STEPHEN LEE KENG
Chairman



NEIL Y. CHUA
Chief Finance Officer

Anchor Land Holdings, Inc. and Subsidiaries

Consolidated Financial Statements
September 30, 2013 and December 31, 2012
and Periods Ended September 30, 2013 and 2012 and December 31, 2012 and 2011

COVER SHEET

CS200411593

SEC Registration Number

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

11th Floor, L.V. Locsin Building, 6752 Ayala Avenue coRner Makati Avenue, Makati City

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

Christine P. Base	(02) 844-3906
(Contact Person)	(Company Telephone Number)

12	31	AAFS		
Month	*Day*	(Form Type)	*Month*	*Day*
(Interim)			(Annual Meeting)	

(Secondary License Type, If Applicable)

SEC	N/A
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

21		N/A
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	September 30, 2013 (Unaudited)	December 31, 2012 (As Adjusted*)	December 31, 2011 (As Adjusted*)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 5 and 23)	**₱528,803,856**	₱571,230,382	₱501,238,183
Receivables (Notes 6 and 23)	**2,241,741,605**	1,403,527,086	931,469,151
Real estate for development and sale (Note 7)	**5,156,492,723**	4,632,856,217	3,512,869,121
Other current assets (Note 8)	**1,629,912,901**	1,388,771,441	1,400,446,833
Total Current Assets	**9,556,951,085**	7,996,385,126	6,346,023,288
Noncurrent Assets			
Receivables - net of current portion (Notes 6 and 23)	**3,693,979,568**	2,697,094,927	1,942,236,792
Property and equipment (Note 9)	**36,531,483**	41,559,426	36,755,148
Investment properties (Note 10)	**2,534,273,893**	2,500,938,074	2,345,034,834
Deferred tax assets - net (Note 21)	**95,211,551**	61,002,694	45,341,514
Other noncurrent assets (Note 11)	**47,722,003**	25,843,856	21,794,852
Total Noncurrent Assets	**6,407,718,498**	5,326,438,977	4,391,163,140
	₱15,964,669,583	₱13,322,824,103	₱10,737,186,428
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables (Notes 12 and 23)	**₱2,398,276,417**	₱1,742,127,055	₱1,900,272,800
Current portion of:			
Loans payable (Notes 13 and 23)	**3,951,555,439**	2,641,812,972	1,192,807,154
Liabilities for purchased land (Notes 14 and 23)	**86,973,120**	260,919,360	260,919,360
Customers' advances and deposits (Note 15)	**1,395,795,699**	615,957,591	515,838,595
Total Current Liabilities	**7,832,600,675**	5,260,816,978	3,869,837,909
Noncurrent Liabilities			
Loans payable - net of current portion (Notes 13 and 23)	**3,070,606,993**	3,774,533,603	3,326,389,986
Liabilities for purchased land - net of current portion (Notes 14 and 23)	**–**	21,743,280	282,662,641
Deferred tax liabilities - net (Note 21)	**360,476,165**	181,484,660	38,178,595
Pension liabilities (Note 20)	**37,030,745**	24,856,210	9,474,274
Total Noncurrent Liabilities	**3,468,113,903**	4,002,617,753	3,656,705,496
Total Liabilities	**11,300,714,578**	9,263,434,731	7,526,543,405

(Forward)

		December 31	
	September 30, 2013 (Unaudited)	December 31, 2012 (As Adjusted)*	December 31, 2011 (As Adjusted)*
Equity (Note 22)			
Equity attributable to equity holders of Anchor Land Holdings, Inc.			
Capital stock			
Common stock	**₱693,334,000**	₱693,334,000	₱346,667,000
Preferred stock	**346,667,000**	346,667,000	–
Additional paid-in capital	**632,687,284**	632,687,284	632,687,284
Deposits on future stock subscription	–	–	346,667,000
Other comprehensive income (loss)	**(5,012,329)**	(666,748)	5,127,360
Retained earnings	**2,991,392,565**	2,383,688,800	1,879,787,581
	4,659,068,520	4,055,710,336	3,210,936,225
Non-controlling interests	**4,886,485**	3,679,036	(293,202)
Total Equity	**4,663,955,005**	4,059,389,372	3,210,643,023
	₱15,964,669,583	₱13,322,824,103	₱10,737,186,428

See accompanying Notes to Consolidated Financial Statements.
** Certain amounts shown here do not correspond to the consolidated financial statements as at December 31, 2012 and December 31, 2011, and reflect adjustments made as detailed in Note 2 - Summary of Significant Accounting Policies - Changes in Accounting Policies.*

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2013 Unaudited		2012 Unaudited (As Adjusted*)	
	July 1to September 30	**January 1 to September 30**	July 1 to September 30	January 1 to September 30
REVENUE				
Real estate sales	**₱1,042,800,660**	**₱3,668,384,755**	₱627,023,291	₱2,609,353,658
Rental income	**44,858,195**	**158,713,328**	42,069,213	123,855,188
Management fees	**9,885,676**	**17,550,813**	2,788,197	8,524,760
Interest and others (Note 17)	**76,890,578**	**263,214,720**	115,624,462	284,782,488
	1,174,435,109	**4,107,863,616**	787,505,163	3,026,516,094
COSTS AND EXPENSES				
Real estate (Note 7)	**720,510,368**	**2,322,917,404**	351,961,340	1,552,653,978
Selling and administrative (Note 18)	**186,048,171**	**768,123,396**	117,384,560	525,849,961
Finance costs (Note 19)	**1,631,589**	**8,872,456**	6,368,216	8,716,610
	908,190,128	**3,099,913,256**	475,714,116	2,087,220,549
INCOME BEFORE INCOME TAX	**266,244,981**	**1,007,950,360**	311,791,047	939,295,545
PROVISION FOR INCOME TAX (Note 21)	**35,472,201**	**267,305,686**	64,038,436	228,123,429
NET INCOME	**230,772,780**	**740,644,674**	247,752,611	711,172,116
OTHER COMPREHENSIVE INCOME (LOSS)	**(1,448,527)**	**(4,345,581)**	(1,448,527)	(4,345,581)
TOTAL COMPREHENSIVE INCOME	**₱229,324,253**	**₱736,299,093**	₱246,304,084	₱706,826,535
Net income (loss) attributable to				
Equity holders of Anchor Land Holdings, Inc.	**₱230,617,955**	**₱739,437,225**	₱247,087,981	₱711,614,185
Non-controlling interests	**154,825**	**1,207,449**	664,630	(442,069)
	₱230,772,780	**₱740,644,674**	₱247,752,611	₱711,172,116
EARNINGS PER SHARE				
Basic/diluted (Note 26)	**₱0.32**	**₱1.04**	₱0.35**	₱1.00**

See accompanying Notes to Consolidated Financial Statements.

** Certain amounts shown here do not correspond to the consolidated financial statements as at September 30, 2012, and reflect adjustments made as detailed in Note 2 - Summary of Significant Accounting Policies - Changes in Accounting Policies.*

*** As restated due to declaration of stock dividends.*

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	September 30			December 31
	2013	2012	2012	2011
	Unaudited		(As Adjusted*)	
COMMON STOCK - ₱1 par value (Note 22)				
Authorized - 2,300,000,000 shares in 2013 and 2012 and 1,000,000,000 shares in 2011				
Issued - 693,334,000 in 2013 and 2012 and 346,667,000 shares in 2011				
Balance at beginning of period	**₱693,334,000**	₱346,667,000	₱346,667,000	₱346,667,000
Issuance through stock dividends	**–**	346,667,000	346,667,000	–
Balance at end of period	**693,334,000**	693,334,000	693,334,000	346,667,000
PREFERRED STOCK - 8% voting, ₱1 par value (Note 22)				
Authorized - 1,300,000,000 shares in 2013 and 2012				
Issued - 346,667,000 shares				
Balance at beginning of period	**346,667,000**	–	–	–
Issuance of preferred shares	**–**	346,667,000	346,667,000	–
Balance at end of period	**346,667,000**	346,667,000	346,667,000	–
ADDITIONAL PAID-IN CAPITAL	**632,687,284**	632,687,284	632,687,284	632,687,284
DEPOSITS ON FUTURE STOCK SUBSCRIPTION (Note 22)				
Balance at beginning of period	**–**	346,667,000	346,667,000	–
Addition	**–**	–	–	346,667,000
Issuance of preferred shares	**–**	(346,667,000)	(346,667,000)	–
Balance at end of period	**–**	–	–	346,667,000
OTHER COMPREHENSIVE INCOME (LOSS)				
Balance at beginning of period	**(666,748)**	5,127,360	5,127,360	–
Actuarial gains (losses)	**(4,345,581)**	(4,345,581)	(5,794,108)	5,127,360
Balance at end of period	**(5,012,329)**	781,779	(666,748)	5,127,360

(Forward)

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	September 30		December 31	
	2013	2012	2012	2011
	Unaudited		(As Adjusted*)	
RETAINED EARNINGS (Note 22)				
Appropriated:				
Balance at beginning of period	**₱350,000,000**	₱399,500,000	₱399,500,000	₱689,500,000
Appropriation for capital expenditure and project development	–	–	350,000,000	–
Release from appropriation	–	–	(399,500,000)	(290,000,000)
Balance at end of period	**350,000,000**	399,500,000	350,000,000	399,500,000
Unappropriated:				
Balance at beginning of period	**2,033,688,800**	1,480,287,581	1,480,287,581	462,379,921
Net income	**739,437,225**	711,614,185	1,022,896,385	842,132,232
Actuarial gains (losses)	–	–	–	(3,291,132)
Cash dividends	**(131,733,460)**	(172,328,166)	(172,328,166)	(110,933,440)
Stock dividends	–	(346,667,000)	(346,667,000)	–
Appropriations	–	–	(350,000,000)	–
Release from appropriation	–	–	399,500,000	290,000,000
Balance at end of period	**2,641,392,565**	1,672,906,600	2,033,688,800	1,480,287,581
Balance at end of period	**2,991,392,565**	2,072,406,600	2,383,688,800	1,879,787,581
NON-CONTROLLING INTERESTS				
Balance at beginning of period	**₱3,679,036**	(₱293,202)	(₱293,202)	₱–
Addition (Note 4)	–	–	937,501	100,000
Net income (loss)	**1,207,449**	(442,069)	3,034,737	(393,202)
Balance at end of period	**4,886,485**	(735,271)	3,679,036	(293,202)
	₱4,663,955,005	₱3,745,141,392	₱4,059,389,372	₱3,210,643,023

See accompanying Notes to Consolidated Financial Statements.
** Certain amounts shown here do not correspond to the consolidated financial statements as at December 31, 2012 and December 31, 2011, and reflect adjustments made as detailed in Note 2 - Summary of Significant Accounting Policies - Changes in Accounting Policies.*

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30		Years Ended December 31	
	2013	2012	2012	2011
	Unaudited		Audited	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱1,007,950,360**	₱939,295,545	₱1,353,934,787	₱1,009,349,074
Adjustments for:				
Depreciation and amortization (Notes 9, 10 and 11)	**50,758,990**	45,348,196	63,457,250	23,319,474
Finance costs (Note 13 and 19)	**8,872,456**	8,716,610	13,859,831	2,261,702
Interest income (Note 17)	**(221,821,943)**	(234,213,811)	(304,169,873)	(268,500,320)
Operating income before working capital changes	**845,759,863**	759,146,540	1,127,081,995	766,429,930
Decrease (increase) in:				
Receivables	**(1,835,099,160)**	(1,047,029,292)	(1,226,916,070)	(792,937,696)
Real estate for development and sale	**(243,073,834)**	(478,564,787)	(856,627,526)	(820,707,754)
Other current assets	**(241,141,460)**	120,017,017	11,675,392	(654,982,919)
Increase (decrease) in:				
Accounts and other payables	**617,099,972**	(36,902,787)	(258,289,726)	506,518,579
Pension obligation (Note 20)	**6,190,384**	648,479	7,343,220	6,658,746
Customers' advances and deposits	**779,838,108**	4,677,746	100,118,996	27,694,715
Liabilities for purchased land	**(195,689,520)**	(195,689,521)	(260,919,361)	–
Cash used in operations	**(266,115,647)**	(873,696,605)	(1,356,533,080)	(961,326,399)
Interest received	**221,821,943**	234,213,811	304,169,873	268,459,203
Interest paid	**(304,655,426)**	(219,815,014)	(284,516,145)	(252,496,862)
Income taxes paid	**(81,835,079)**	(111,043,006)	(100,954,468)	(117,366,027)
Net cash used in operating activities	**(430,784,209)**	(970,340,814)	(1,437,833,820)	(1,062,730,085)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of:				
Property and equipment (Note 9)	**(11,572,242)**	(47,876,202)	(24,720,265)	(21,668,969)
Investment properties (Note 10)	**(66,906,962)**	(131,025,358)	(183,370,089)	(598,346,129)
Software cost (Note 11)	**(480,107)**	–	(1,041,124)	(39,098)
Other noncurrent assets (Note 11)	**(21,985,702)**	(6,036,617)	(3,293,859)	(9,406,841)
Net cash used in investing activities	**(100,945,013)**	(184,938,177)	(212,425,337)	(629,461,037)

(Forward)

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Nine Months Ended September 30		Years Ended December 31	
	2013	2012	2012	2011
	Unaudited		Audited	
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Loans	**₱4,257,554,680**	₱3,603,314,104	₱4,832,112,126	₱3,974,141,954
Deposits on future stock subscription (Note 22)	**–**	–	–	346,667,000
Increase in non-controlling interest	**–**	–	–	100,000
Payments of:				
Dividends (Note 22)	**(131,733,460)**	(172,328,166)	(172,328,166)	(110,933,440)
Short-term and long-term loans	**(3,636,518,524)**	(2,270,546,717)	(2,939,532,604)	(2,484,990,383)
Net cash provided by financing activities	**489,302,696**	1,160,439,221	1,720,251,356	1,724,985,131
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(42,426,526)**	5,160,230	69,992,199	32,794,009
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**571,230,382**	501,238,183	501,238,183	468,444,174
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱528,803,856**	₱506,398,413	₱571,230,382	₱501,238,183

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

Anchor Land Holdings, Inc. (the Parent Company) is a property developer engaged mainly in the development and construction of condominium units and recently, in leasing activities. The Parent Company was incorporated in the Philippines and registered in the Securities and Exchange Commission (SEC) on July 29, 2004. The Parent Company started its operations on November 25, 2005 and eventually traded its shares to the public in August 2007. The registered office address of the Parent Company is at 11th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City.

The Parent Company has the following subsidiaries:

	Percentage Ownership	
	2013	2012
Gotamco Realty Investment Corporation (GRIC)	**100%**	100%
Anchor Properties Corporation (APC) (formerly Manila Towers Development Corporation (MTDC)	**100%**	100%
Posh Properties Development Corporation (PPDC)	**100%**	100%
Momentum Properties Management Corporation (MPMC)	**100%**	100%
Admiral Realty Company, Inc. (ARCI)	**100%**	100%
Anchor Land Global Corporation (ALGC)	**100%**	100%
Realty & Development Corporation of San Buenaventura (REDESAN)	**100%**	100%
Pasay Metro Center, Inc. (PMCI)	**100%**	100%
1080 Soler Corp. (Note 4)	**100%**	100%
Nusantara Holdings, Inc.	**100%**	–
Globeway Property Ventures, Inc. (GPVI) (Note 4)	**70%**	70%
Eisenglas Aluminum and Glass, Inc. (EAGI)	**60%**	60%

Incorporation of Globeway Property Ventures, Inc.
On October 25, 2012, GPVI was incorporated primarily to carry on the business of a registered real estate developer with similar undertakings to said business. It has no operations as of December 31, 2012. The Group has a 70% interest on GPVI.

Incorporation of EAGI
On March 4, 2011, EAGI was incorporated with the primary purpose of installing and selling aluminum, glass and hardware products. It has started its operations on August 2011. The Group has a 60% interest on EAGI.

The Parent Company and its subsidiaries (collectively called as “the Group”) have principal business interest in the development and sale of high-end residential condominium units. The Group is also engaged in the development and leasing of commercial, warehouses and office spaces. The Group's subsidiary, MPMC, provides property management services to its completed projects, commercial centers and its buyers.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group are prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of September 30, 2013, December 31, 2012 and 2011 and for each of the periods ended September 30, 2013 and 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Subsidiaries are entities over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full or to the extent of the Parent Company's equity interest in the consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in profit or loss and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

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

- Derecognizes the assets and liabilities of the subsidiary and the carrying amount of any non-controlling interest.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the adoption of the following new and amended standards and interpretations which became effective beginning January 1, 2012.

- PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets* (Amendments)
  The amendments require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendments affect disclosures only and have no impact on the Group's financial position or performance (see Note 6).

- PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (Amendment)
  This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset. The amendment has no impact on the consolidated financial statements as investment properties and property and equipment are carried at cost.

Future Changes in Accounting Policies
The Group has not applied the following PFRS and Philippine Interpretations which are not yet effective as of December 31, 2012. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group does not expect the adoption of these standards to have a significant impact in the financial statements, unless otherwise stated.

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

d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
   ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

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

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

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

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

  The adoption of this standard will not have a significant impact on the Group's financial position and performance.

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

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

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013.

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

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

- PAS 19, *Employee Benefits (Amendment)* (effective for annual periods beginning on or after January 1, 2013)

  On January 1, 2013, the Group adopted PAS 19, *Employee Benefits (Revised).*

  For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses immediately to profit or loss while past service cost, if any, is recognized immediately to profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost is amortized on a straight-line basis over the vesting period. Upon adoption of the PAS 19 Revised, the Group changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur. Moving forward, the Group will retain the recognized actuarial gains and losses in other comprehensive income and will not transfer this to other items of equity.

  The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

  The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination

benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact on the Group's financial position and financial performance.

The changes in accounting policies have been applied retrospectively. The effects of first time adoption of the Revised PAS 19 on the consolidated financial statements are as follows:

	As at September 30, 2013	As at December 31, 2012 (As adjusted)	As at December 31, 2011 (As adjusted)
Increase (decrease) in:			
Consolidated statements of financial position			
Deferred tax assets	**₱3,058,979**	₱17,953	₱1,410,485
Deferred tax liability	**(12,680)**	(2,184,760)	2,197,440
Retirement liability	**12,174,536**	8,038,711	2,623,183
Other comprehensive income	**(4,345,581)**	(5,794,108)	5,127,360
Retained earnings	–	–	(3,291,132)
Noncontrolling interest	–	–	–

	2013	2012 (As adjusted)
Consolidated statements of income		
Net benefit expense	**₱6,190,385**	₱59,843
Provision for income tax	**(1,433,088)**	(17,953)
Net income	**4,757,297**	41,890

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

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of the amended PAS 28 will not have a significant impact on the separate financial statements of the entities in the Group. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
  This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after January 1, 2013. This new interpretation is not relevant to the Group.

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

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

  The Group has not conducted its full impact evaluation on the possible financial implications of the adoption of PFRS 9 as the other phases are not yet issued and will do so once these are issued. Therefore, the Group has decided not to early adopt PFRS 9 for its September 30, 2013 financial reporting.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of

completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Annual Improvements to PFRSs (2009-2011 cycle)

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

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

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

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

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

- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*
  The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

Property Acquisitions and Business Combinations

Property acquisitions

Where property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, corporate acquisitions are accounted for as business combinations.

Business combinations are accounted for using the acquisition method. The acquisition is recognized at the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as a liability will be recognized in profit or loss.

Acquisitions of the Group in 2013, 2012 and 2010 were accounted for as property acquisitions.

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 months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of recognition

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

Initial recognition of financial instruments
All financial assets and liabilities are initially recognized at fair value. Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities includes transaction costs.

The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income.

The Group's financial assets are of the nature of loans and receivables while its financial liabilities are the nature of other financial liabilities.

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

Determination of fair value
The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value (a 'day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset and liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'day 1' difference amount.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL. Loans and receivables are classified as current if these are expected to be collected within one year or 12 months from the reporting date, otherwise, these will be classified as noncurrent. The Group's loans and receivables pertain to the consolidated statement of financial position captions "Cash and cash equivalents" and "Receivables".

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization, if any, is included in profit or loss. The losses arising from impairment of loans and receivables are recognized in profit or loss under "Provision for credit losses" in "Selling and administrative" account.

Other financial liabilities
Other financial liabilities pertain to issued financial instruments that are not classified or designated as financial liabilities at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Other financial liabilities are classified as current if these are expected to be paid within one year or 12 months from the reporting date, otherwise, these will be classified as noncurrent.

This accounting policy applies primarily to the Group's "Loans payable" and "Accounts and other payables" (except "Taxes payable"), "Liabilities for purchased land" and other liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension obligation and income tax payable).

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

Customers' Deposits
Deposits form lessee
Deposits from lessees are measured initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using straight-line method.

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

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in the consolidated statement of comprehensive income as the related obligations are fulfilled to the real estate buyers. The deposits are recorded as "Customers' deposits" and reported under the "Customers' advances and deposits" account in the consolidated statement of financial position.

Classification of Financial Instruments between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group has no financial instruments that contain both liability and equity elements.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset 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 a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of 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 profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as customer type, customer location, credit history and past due status.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

(a) the right to receive cash flows from the assets has expired;
(b) the Group retains the rights 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
(c) the Group has transferred its rights to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset; or (ii) has neither transferred nor retained 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

A financial liability is 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 amount of the financial liability or part of the financial liability extinguished and the consideration paid including non-cash assets transferred or liabilities assumed is recognized in profit or loss.

Offsetting of Financial Instruments

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

Real Estate for Development and Sale

Real estate for development and sale is constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and are measured at

the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated cost to sell.

Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors for construction, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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

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

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments of insurance premiums, rents, creditable tax withheld and real property taxes. This also includes the deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Land Held for Future Development
Land held for future development, included under other real estate for development and sale account, consists of properties carried at lower of cost or NRV. Cost consists of acquisition cost and cost incurred for development and improvements of the properties. NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated cost to sell.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	2 - 5
Furniture and fixtures	2 - 5
Transportation equipment	3 - 5

Leasehold improvements are amortized on a straight-line basis over term of the lease or the EUL of the asset of 2 years, whichever is shorter.

The useful life and depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Investment Properties

Investment properties comprise completed property and property under construction or redevelopment which are held to earn rentals.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of the replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at historical cost less provisions for depreciation and impairment. Accordingly, land is carried at cost less any impairment in value and building is carried at cost less depreciation and any impairment in value.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets of 30 years. 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 investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor doesn’t change the cost of that property for measurement or disclosure purposes.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized. As of September 30, 2013 and December 31, 2012, the Group's intangible assets consist only of software costs.

Software costs
Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and accumulated impairment, if any. Otherwise, such costs are recognized as expense as incurred.

Software costs, recognized as assets, are amortized using the straight-line method over their useful lives of five years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (i.e., property and equipment, investment properties and software costs) 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 the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups 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 assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss 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 such indication exists, the recoverable amount is estimated. 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity
Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital". When the shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity

transaction are accounted for as a deduction from equity (net of related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Deposits on future stock subscription represent funds received from stockholders intended for conversion to fixed number of shares. When obligations are payable in fixed number of shares at a determined fixed price these are classified as equity, otherwise, these are classified as liabilities.

Commission Expense

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the percentage-of-completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

Selling and Administrative Expenses

Selling expenses are costs incurred to sell real estate inventories, which includes advertising and promotions, among others. Administrative expenses constitute costs of administering the business. Except for commission, selling and administrative expenses are expensed as incurred.

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.

Real estate sales

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage, and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the actual costs incurred to date over the estimated total costs of the project.

Any excess of collections over the recognized receivables are included in the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

If any of the criteria under the full accrual or 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' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

Rental income
Rental income under cancellable leases on investment properties is recognized in profit or loss on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Management fees
Management fees consist of revenue arising from contracts of administering a property. The tenants pay either a fixed amount or depending on the agreement and such payment is recognized when the related services are rendered.

Interest and other income
Interest is recognized as it accrues (using the effective interest method, i.e., based on 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). Other income are customer related fees such as penalties and surcharges which are recognized as they accrue, taking into account the provisions of the related contract.

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

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

Borrowing Costs
Borrowing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in "Real estate for development and sale" and "Investment properties" accounts in the consolidated statement of financial position). Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

Pension Obligation
Pension obligation is actuarially determined using the projected unit credit 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 obligation includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses, past service cost and the effect of any curtailment or settlement.

The liability recognized by the Group in respect of the unfunded defined benefit pension plan is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related pension obligation or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses of the defined benefit plan at the end of the previous reporting year exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. These actuarial gains or losses are recognized over the expected average remaining working lives of the employees participating in the defined benefit plan.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a retirement plan, past service cost is recognized immediately.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis over the lease while the variable rent is recognized as an expense based on the terms of the lease contract.

Group as a lessor

The Group has entered into property lease agreements on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties as the Group considered, among others, the length of the lease term compared with the estimated life of the assets.

The Group requires its tenants to pay leasehold rights pertaining to the right to use the leased unit before the two parties enter into a lease transaction and is reported under "Customers' advances and deposit" in the consolidated statement of financial position. Upon commencement of the lease, these payments are recognized in profit or loss under "Rental income" on a straight-line basis over the lease term.

Income Tax

Current taxes

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 amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred taxes
Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise 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 income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.
The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

Foreign Currency Transactions and Translations
Transactions in foreign currencies are recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rates prevailing at reporting dates. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against current operations. Non-monetary items measured at historical value in a foreign currency are translated using the exchange rates at the date when the historical value was determined.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any stock dividends issued. 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. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

As of September 30, 2013 and December 31, 2012 and 2011, the Group has no dilutive potential common shares.

Segment Reporting
The Group's operating business is composed of real estate sales, leasing and property management. Financial information on the Group's business segments are presented in Note 24.

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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These 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 disclosed when an inflow of economic benefits is probable.

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

3. Significant Accounting Judgments and Use of Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

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

Distinction between business combination and property acquisition
The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. See Note 4 for the acquisitions made by the Group.

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

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment: In determining whether the sales price are collectible, the Company considers that initial and continuing investments by the buyer of about 5% for real estate for development and sale would demonstrate the buyer's commitment to pay; and
- Stage of completion of the project: The Group recognizes only revenue from projects with at least 15% completion rate.

The Group's revenue from and cost from real estate sales are recognized based on the percentage-of-completion method and the completion rate is measured principally on the basis of actual costs incurred to date over the estimated total costs of the project.

Operating lease commitments - the Group as lessee
The Group has entered into various contracts of lease with terms of one month to three years for its exhibits booths and model units for its ongoing projects and three to five years for its administrative location. The Group has determined that all significant risks and benefits of ownership on these properties will be retained by the lessor. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset.

Rent expense amounted to ₱62.07 million and ₱53.30 million for the nine months ended September 30, 2013 and 2012, respectively (see Note 18).

Operating lease commitments - the Group as lessor
The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Rental income amounted to ₱158.71 million and ₱123.86 million for the nine months ended September 30, 2013 and 2012, respectively.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties are attributable not only to property but also to the other assets used in the supply process.

Some properties are held to earn rentals or for capital appreciation and other properties are held for use in rendering of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in providing services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Distinction between real estate for development and sale, property and equipment and investment properties
The Group determines whether a property will be classified as real estate for development and sale, property and equipment or investment properties. The Group determines a property as investment property if such is not intended for use in the operations nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. If such property is intended for use in the operations, the Group classifies it as property and equipment.

Real estate for development and sale comprise both condominium units for sale and land held for future development, which are properties that are held for sale in the ordinary course of business. Principally, these are properties that the Group develops and intends to sell before or on completion of construction.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

Revenue and cost recognition
The Group's revenue from real estate sales are recognized based on the percentage-of-completion method and the completion rate is measured principally on the basis of actual costs incurred to date over the estimated total costs of the project. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and cost of condominium units and receivables.

Real estate sales amounted to ₱3,668.38 million and ₱2,609.35 million for the nine months ended September 30, 2013 and 2012, respectively. Cost of condominium units amounted to ₱2,322.92 million and ₱1,552.65 million for the nine months ended September 30, 2013 and 2012, respectively.

Estimating allowance for impairment losses on receivables
The Group maintains allowance for impairment losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. Factors considered in the individual assessment are payment history, past-due status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, customer location, credit history and past due status) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

As of September 30, 2013 and December 31, 2012, the Group has not provided any allowance for impairment losses on its receivables after consideration of credit enhancement (see Note 23). Receivables amounted to ₱5,935.72 million and ₱4,100.62 million as of September 30, 2013 and December 31, 2012, respectively (see Note 6).

Estimating NRV of real estate inventories
The Group reviews the NRV of real estate inventories, which include “Real estate for development and sale”, and compares it with the cost since assets should not be carried in excess of amounts expected to be realized from sale. Real estate for development and sale are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in light of recent market transactions.

NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. As of September 30, 2013 and December 31, 2012, the Group’s Real estate for development and sale which are carried at cost amounted to ₱5,156.49 million and ₱4,632.86 million, respectively (see Note 7).

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets (i.e., property and equipment, investment properties and software costs) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets’ market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and
- Significant negative industry or economic trends.

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. The recoverable amount is the higher of an asset’s net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm’s length transaction while value in use is the present value of estimated future cash flows expected to arise from the nonfinancial assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect the carrying amount of the assets.

As of September 30, 2013 and December 31, 2012, carrying values are as follows:

	2013	2012
Property and equipment (Note 9)	**₱36,531,483**	₱41,559,426
Investment properties (Note 10)	**2,534,273,893**	2,500,938,074
Software costs (Note 11)	**986,395**	1,093,950

No impairment was recognized for the Group’s nonfinancial assets.

Estimating EUL of property and equipment, investment properties and software costs
The Group estimates the useful lives of its property and equipment, investment properties and software costs based on the period over which these assets are expected to be available for use.

The EUL of property and equipment, investment properties and software cost are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property and equipment, investment properties and software costs would increase depreciation and amortization expense and decrease noncurrent assets.

As of September 30, 2013 and December 31, 2012, carrying values are as follows:

	2013	2012
Property and equipment (Note 9)	**₱36,531,483**	₱41,559,426
Investment properties (Note 10)	**2,534,273,893**	2,500,938,074
Software costs (Note 11)	**986,395**	1,093,950

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of future taxable income. The Group's unrecognized deferred tax assets amounted to ₱14.99 million and ₱4.79 million as of September 30, 2013 and December 31, 2012, respectively (see Note 21).

Estimating pension obligation
The determination of the Group's pension liabilities and cost of retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 20 to the consolidated financial statements and include among others, discount rates and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The Group's pension liabilities amounted to ₱37.03 million and ₱24.86 million as of September 30, 2013 and December 31, 2012, respectively (see Note 20).

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at its fair value by using the discounted cash flow methodology. See Note 23 for the related fair value disclosures.

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 in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's consolidated statements of financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 27).

4. Corporate Acquisitions

Acquisition of 1080 Soler Corp.
1080 Soler Corp. is a landholding entity owning a parcel of land in Metro Manila. It has not started its operations as of December 31, 2012. The Group has a 100% interest on 1080 Soler.

5. Cash and Cash Equivalents

This account consists of:

	2013	2012
Cash on hand	**₱170,000**	₱151,000
Cash in banks	**520,973,658**	263,419,184
Cash equivalents	**7,660,198**	307,660,198
	₱528,803,856	₱571,230,382

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates. Investment rate for Peso denominated securities is 1.13% and 1.25% for US Dollar denominated securities in 2013 while investment rate for Peso denominated securities is 3.44% and 1.25% for US Dollar denominated securities in 2012. The carrying value of cash and cash equivalents approximates their fair value as of reporting date.

Interest income derived from cash and cash equivalents amounted to ₱2.68 million and ₱1.81 million for the nine months ended September 30, 2013 and 2012, respectively (see Note 17).

6. **Receivables**

This account consists of:

	2013	2012
Installment contracts receivable	**₱5,685,963,506**	₱3,989,721,221
Due from condominium association	**14,524,106**	17,759,561
Advances to employees	**5,285,403**	5,722,334
Others	**229,948,158**	87,418,897
	5,935,721,173	4,100,622,013
Less noncurrent portion of installment contracts receivable	**3,693,979,568**	2,697,094,927
	₱2,241,741,605	₱1,403,527,086

Installment contracts receivable consist of receivables from the sale of real estate properties. These are collectible in equal monthly principal installments over a maximum of four to seven years depending on the agreement. Installment contracts receivable with term payment of up to four or five years are noninterest-bearing while those that exceed four or five years are interest bearing. The corresponding titles to the condominium units sold under this arrangement are transferred to the buyer upon full payment of the contract price. Any nonrefundable amounts on forfeited contracts are included in other income under "Interest and other income" in profit or loss.

Due from condominium association pertain to janitorial, security and maintenance expenses paid by the Group in behalf of the condominium association.

Advances to employees of the Group represent advances for operational purposes and are expected to be liquidated within one year.

Other receivables pertain to utilities and real property taxes initially paid by the Group in behalf of the unit owners before the establishment of the related condominium association. These advances are normally settled within one year from such establishment.

As of September 30, 2013 and December 31, 2012, no impairment losses resulted from performing individual and collective impairment tests. All outstanding receivables are considered by management as neither past due nor impaired and thus, the Group has not recognized any allowance for impairment losses (see Note 23).

Unamortized discount on installment contracts receivables
Noninterest-bearing installment contracts receivable with a nominal amount of ₱2,430.09 million and ₱2,810.14 million as of September 30, 2013 and December 31, 2012, respectively, were initially recorded at fair value amounting to ₱2,276.34 million and ₱2,543.13 million, respectively. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments ranging from 0.16% to 5.16% and 0.30% to 6.68% in 2013 and 2012, respectively. The aggregate unamortized discount amounted to ₱152.25 million and ₱217.64 million as of September 30, 2013 and December 31, 2012, respectively.

Movements in the unamortized discount on installment contracts receivables follow:

	2013	2012
Balance at beginning of period	**₱217,643,153**	₱251,235,352
Additions	**153,750,100**	267,010,310
Accretion for the year (Note 17)	**(219,143,561)**	(300,602,509)
Balance at end of period	**₱152,249,692**	₱217,643,153

Receivable financing
In 2013 and 2012, the Group has agreements with banks whereby the Group sold its installment contracts receivable on a with recourse basis. The purchase agreements provide that the Group will substitute defaulted contracts to sell with other contracts to sell of equivalent value. The Group still retains the sold receivables in the receivables account and records the proceeds from these sales as loans payable (see Note 13). The carrying value of installment contracts receivable sold amounted to ₱735.33 million and ₱1,306.93 million as of September 30, 2013 and December 31, 2012, respectively. Receivables on with a recourse basis are used as collateral to secure the corresponding loans payables obtained.

7. Real Estate for Development and Sale

This account consists:

	2013	2012
Condominium units for sale	**₱3,654,810,645**	₱3,261,238,236
Land held for development	**1,501,682,078**	1,371,617,981
	₱5,156,492,723	₱4,632,856,217

The rollforward of this account follows:

	2013	2012
Balance at beginning of period	**₱4,632,856,217**	₱3,512,869,121
Property acquisitions and construction costs incurred	**2,550,770,940**	2,862,647,433
Capitalized borrowing cost (Note 19)	**295,782,970**	297,407,010
Disposals (recognized as cost of sales)	**(2,322,917,404)**	(2,040,067,347)
Balance at end of period	**₱5,156,492,723**	₱4,632,856,217

General borrowings were used to finance the Group's ongoing projects and investment properties. The related borrowing costs were capitalized as part of real estate for development and sale and investment properties. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 3.00% to 8.07% in 2013 and 4.00% to 9.03% in 2012. Total borrowing cost capitalized as part of real estate for development and sale amounted to ₱295.78 million and ₱297.41 million for the periods ended September 30, 2013 and December 31, 2012, respectively (see Note 19).

Real estate inventories sold recognized as "Real estate" under Costs and expenses in profit or loss amounted to ₱2,322.92 million and ₱2,040.07 million for the periods ended September 30, 2013 and December 31, 2012, respectively. Such cost of sales represent the cost of the property and its development into condominium units that were realized as sales in the respective periods.

Parcels of land amounting to ₱1,501.68 million and ₱1,371.62 million were classified as real estate for development and sale in 2013 and 2012, respectively.

The Group recorded no provision for impairment and no reversal was recognized in 2013, 2012 and 2011.

The Group has no restrictions on the realizability of its inventories.

As of September 30, 2013, various land and condominium units for sale of the Group were used as collateral to secure the Group's bank loans (see Note 13).

8. Other Current Assets

This account consists of:

	2013	2012
Value added input tax (Input VAT)	**₱609,055,137**	₱534,784,551
Advances to contractors and suppliers	**460,451,439**	561,424,302
Deposits on real estate properties	**102,011,580**	87,656,534
Creditable withholding tax	**99,880,959**	157,114,807
Deposit for future stock subscription	**160,003,205**	–
Prepaid expenses	**163,086,674**	32,050,444
Deposits	**18,284,857**	15,740,803
Others	**17,139,050**	–
	₱1,629,912,901	₱1,388,771,441

Advances to contractors and suppliers represent advances and downpayment that are recouped upon every progress billing payment depending on the percentage of accomplishment.

Input VAT represents taxes imposed on the Group by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. This will be used against future output VAT liabilities or will be claimed as tax credits. Management has estimated that all input VAT is recoverable at its full amount.

The Group will be able to apply the creditable withholding taxes against income tax payable.

Deposit on real estate properties represents the Group's advance payments to real estate property owners for the future acquisition of real estate properties.

Deposits consist principally of construction bond deposit and amounts paid to the utility provider for service application which will be settled within 12 months from the reporting date.

Prepaid expenses are attributable to prepayments of commission, insurance premiums and real property taxes.

9. Property and Equipment

The rollforward analysis of property and equipment is as follows:

2013

	Leasehold Improvements	**Office Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Total**
Cost					
At January 1	**₱23,881,668**	**₱17,287,164**	**₱20,259,523**	**₱40,407,399**	**₱101,835,754**
Additions	**330,390**	**5,571,242**	**622,396**	**5,048,214**	**11,572,242**
At September 30	**24,212,058**	**22,858,406**	**20,881,919**	**45,455,613**	**113,407,996**
Accumulated Depreciation and Amortization					
At January 1	**15,540,346**	**10,340,551**	**11,646,171**	**22,749,260**	**60,276,328**
Depreciation and amortization (Note 18)	**4,037,228**	**3,984,537**	**2,320,072**	**6,258,348**	**16,600,185**
At September 30	**19,577,574**	**14,325,088**	**13,966,243**	**29,007,608**	**76,876,513**
Net Book Value	**₱4,634,484**	**₱8,533,318**	**₱6,915,676**	**₱16,448,005**	**₱36,531,483**

2012

	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Total
Cost					
At January 1	₱20,983,614	₱11,078,261	₱18,286,772	₱26,766,842	₱77,115,489
Additions	2,898,054	6,208,903	1,972,751	13,640,557	24,720,265
At December 31	23,881,668	17,287,164	20,259,523	40,407,399	101,835,754
Accumulated Depreciation and Amortization					
At January 1	9,867,423	6,266,907	8,321,546	15,904,465	40,360,341
Depreciation and amortization (Note 18)	5,672,923	4,025,848	3,372,421	6,844,795	19,915,987
Reclassification	–	47,796	(47,796)	–	–
At December 31	15,540,346	10,340,551	11,646,171	22,749,260	60,276,328
Net Book Value	₱8,341,322	₱6,946,613	₱8,613,352	₱17,658,139	₱41,559,426

Depreciation and amortization expense charged to operations amounted to ₱16.60 million, ₱19.92 million and ₱14.57 million for the period ended September 30, 2013 and for the years ended December 31, 2012 and 2011, respectively (see Note 18).

The Group's transportation equipment with a carrying value of ₱16.45 million and ₱17.66 million as of September 30, 2013 and December 31, 2012, respectively, were pledged as collateral under chattel mortgage to secure the Group's vehicle financing arrangement with various financial institutions (see Note 13).

The Group has fully depreciated property and equipment with carrying value amounting to ₱24.69 million and ₱21.43 million as of September 30, 2013 and December 31, 2012, respectively.

10. Investment Properties

This account consists of:

2013

	Commercial Projects		Construction in Progress		
	Land	**Building**	**Land**	**Building**	**Total**
Cost					
At January 1	**₱747,227,798**	**₱1,647,821,060**	**₱157,509,585**	**₱–**	**₱2,552,558,443**
Additions	**–**	**23,615,437**	**11,101,357**	**32,190,168**	**66,906,962**
At September 30	**747,227,798**	**1,671,436,497**	**168,610,942**	**32,190,168**	**2,619,465,405**
Accumulated Depreciation					
At January 1	**–**	**51,620,369**	**–**	**–**	**51,620,369**
Depreciation (Note 18)	**–**	**33,571,143**	**–**	**–**	**33,571,143**
At September 30	**–**	**85,191,512**	**–**	**–**	**85,191,512**
	₱747,227,798	**₱1,586,244,985**	**₱168,610,942**	**₱32,190,168**	**₱2,534,273,893**

2012

	Commercial Projects		Construction in Progress		
	Land	Building	Land	Building	Total
Cost					
At January 1	₱111,582,348	₱220,142,521	₱779,376,305	₱1,242,298,745	₱2,353,399,919
Additions	–	185,379,794	13,778,730	–	199,158,524
Transfers (Note 7)	635,645,450	1,242,298,745	(635,645,450)	(1,242,298,745)	–
At December 31	747,227,798	1,647,821,060	157,509,585	–	2,552,558,443
Accumulated Depreciation					
At January 1	–	8,365,085	–	–	8,365,085
Depreciation (Note 18)	–	43,255,284	–	–	43,255,284
At December 31	–	51,620,369	–	–	51,620,369
	₱747,227,798	₱1,596,200,691	₱157,509,585	₱–	₱2,500,938,074

Commercial projects pertain to the Group’s completed commercial center, namely One Shopping Center, which was completed in October 2010, and the commercial units of the Group’s completed condominium projects.

Construction-in-progress comprises the Group’s ongoing commercial project, Two Shopping Center, and the commercial units of the Group’s condominium projects, which are intended for leasing. As of December 31, 2012, Two Shopping Center and the commercial units are 100% complete and has been reclassified from construction in progress to commercial projects.

General borrowings were used to finance the Group’s ongoing projects and investment properties. The related borrowing costs were capitalized as part of real estate for development and sale and investment properties. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 3.00% to 8.07% and 4.00% to 9.03% in 2013 and 2012, respectively. Total borrowing cost capitalized as part of investment properties amounted to ₱15.79 million as of December 31, 2012 (see Note 19). These amounts were included in the consolidated statement of cash flows under additions to investment properties.

For the periods ended September 30, 2013 and December 31, 2012, rental income on these investment properties amounted to ₱141.61 million and ₱163.79 million, respectively, while depreciation charged to operations amounted to ₱33.57 million and ₱43.26 million, respectively. Selling and administrative expenses exclusive of depreciation related to these investment properties amounted to ₱65.59 million and ₱78.64 million for the periods ended September 30, 2013 and December 31, 2012, respectively.

The aggregate fair value of investment properties amounted to ₱3,043.82 million. The fair values of the investment properties were determined based on valuations performed by Cuervo

Appraisers, Inc., an independent qualified appraiser as of December 23, 2012. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of properties, intangible assets and businesses. The value was estimated by using the Sales Comparison Approach, an approach to value that considers similar or substitute properties and related market data.

Fair value of investment properties pledged as security to liabilities as of September 30, 2013 amounted to ₱1,821.20 million.

As of September 30, 2013, capital commitments for investment properties amounted to ₱363.64 million.

11. Other Noncurrent Assets

This account consists of:

	2013	2012
Utility and security deposits	**₱36,807,608**	₱17,919,906
Construction bond deposits	**8,828,000**	6,830,000
Software costs	**986,395**	1,093,950
Other investment	**1,100,000**	–
	₱47,722,003	₱25,843,856

Utility and security deposit pertains to the initial set-up of services rendered by public utility companies and other various long-term deposits necessary for the construction and development of real estate projects.

Construction bond deposit pertains to the bond with ASEANA Business Park in line with the construction of Solemare Phase 1 and 2.

Other investment pertains to club shares held by the Group.

The rollforward analysis of software costs follow:

	2013	2012
Cost		
At beginning of period	**₱3,547,010**	₱2,505,886
Additions	**480,107**	1,041,124
At end of period	**4,027,117**	3,547,010
Accumulated Amortization		
At beginning of period	**2,453,060**	2,167,081
Amortization (Note 18)	**587,662**	285,979
At end of period	**3,040,722**	2,453,060
Net Book Value	**₱986,395**	₱1,093,950

12. **Accounts and Other Payables**

This account consists of:

	2013	2012
Payable to contractors and suppliers	**₱1,488,539,490**	₱988,672,122
Retention payable	**442,613,081**	384,515,209
Taxes payable	**157,935,060**	178,361,716
Accrued expenses	**144,470,987**	103,074,637
Rental security deposit	**30,000,000**	30,000,000
Others	**134,717,799**	57,503,371
	₱2,398,276,417	₱1,742,127,055

Payable to contractors are attributable to the construction costs incurred by the Group. These are noninterest-bearing and are normally settled on 30 to 120-day terms.

Retention payable pertains to 10% retention from contractors' progress billings which will be later released after the satisfactory completion of the contractor's work. The 10% retention serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled on a 30-day term upon completion of the relevant contracts.

Taxes payable pertains to the income taxes, net output VAT payable, taxes withheld by the Group from their employees and contractors and statutory payables, which are payable within one (1) year.

Accrued expenses and other payables are normally settled within one (1) year.

13. **Loans Payable**

This represents loans from local banks with fixed and floating interest rates based on current market rates, the details of which are as follows:

	Payment Terms	**2013**	2012
Short-term loans:			
Bank loans	within 1 year	**₱3,565,290,315**	₱2,084,757,500
Long-term loans:			
Bank loans	3 to 5 years	**2,707,348,957**	3,010,456,158
Receivable purchase agreement	2 to 3 years	**735,334,188**	1,306,931,231
Notes payable	3 to 5 years	**14,188,972**	14,201,686
		7,022,162,432	6,416,346,575
Less current portion		**3,951,555,439**	2,641,812,972
		₱3,070,606,993	₱3,774,533,603

Short-term bank loans
Short-term bank loans represent various unsecured promissory notes from local banks with interest rates ranging from 3.00% to 8.07% and 4.25% to 5.00% in 2013 and 2012, respectively, and are payable within three months to one year from date of issuance.

Notes payable
Notes payable represents the car loans availed by the Group for the benefit of its employees. These loans are subject to monthly repricing. In 2013 and 2012, interest rates ranged from 4.40% to 8.96%. The Group's transportation equipment are held as collateral to secure the Group's notes payable (see Note 9).

Receivable purchase agreement
The loans payable on receivable purchase agreement as discussed in Note 6 arises from installment contracts receivable sold by the Group to various local banks with a total carrying amount of ₱735.33 million and ₱1,306.93 million as of September 30, 2013 and December 31, 2012, respectively. These loans bear fixed interest rates ranging from 4.50% to 4.90% in 2013 and 4.10% to 5.25% in 2012, payable on equal monthly installments over a maximum of 4 to 7 years depending on the terms of the installment contracts receivable.

Long-term bank loans
PPDC has a 10-year fixed rate loan from a local bank amounting to ₱691.00 million as of September 30, 2013. Quarterly principal repayments of 0.75% of the principal amount shall be made from the 1st to the 36th quarter while the remaining 75% will be paid on January 27, 2023, the maturity date. The loan bears an interest of 7.07% per annum.

ARCI has a long-term fixed rate loan from a local bank with an outstanding balance of ₱1,700.00 million as of September 30, 2013 and December 31, 2012, respectively. Payments shall be made in 5 equal quarterly amortizations to commence in 2015 until June 26, 2016. The loan bears a fixed interest rate of 6.31% per annum.

GRIC has secured long-term loans from a local bank with an aggregate outstanding balance of ₱1,900.00 million as of September 30, 2013 and ₱1,000.00 million in December 31, 2012, respectively. 21.05% of the principal will be paid at the end of 2013 while the remaining balance is to be paid upon maturity, August 28, 2014. The loans have fixed interest ranging from 3.00% per annum to 5.26% per annum.

In 2011, the Parent Company obtained long-term loans from a local bank amounting to ₱150.00 million and ₱350.00 million maturing in May 2016. Annual principal repayments shall be ₱15.00 million and ₱35.00 million, respectively while the remaining balance is to be paid upon maturity. The loan has a fixed interest rate of 8.07% and 7.30% per annum, respectively. As of September 30, 2013, the aggregate outstanding balance of these loans amounted to ₱400.00 million, of which ₱50.00 million shall be due within 12 months.

In March 2010, the Parent Company signed an omnibus notes facility and security agreement with local banks relating to the issuance of 5-year peso denominated fixed rates notes of up to ₱1,000.00 million. The notes bear fixed interest rates of 7.87% and 9.03%. Proceeds of the said loan facility will be used to fund the Group's construction projects and repay short-term bank loans. The loan is made available in several tranches of ₱560.00 million and ₱140.00 million payable on December 21, 2010 until December 21, 2015, and ₱240.00 million and ₱60.00 million payable on January 26, 2011 until January 26, 2016. These notes were pre-terminated on June 14, 2013. As of September 30, 2013 and December 31, 2012, outstanding loan amounted to nil and ₱1,000.00 million, respectively.

Unamortized debt discount and issuance costs deducted from the above-mentioned long-term bank loans as of September 30, 2013 and December 31, 2012 amounted to ₱18.36 million and ₱24.79 million, respectively.

The rollforward analyses of unamortized debt discount and issuance costs in 2013 and 2012 on long-term bank loans follow:

	2013	2012
Balance at beginning of period	**₱24,786,335**	₱13,357,615
Additions	**8,794,692**	15,998,632
Amortization	**(15,220,299)**	(4,569,912)
Balance at end of period	**₱18,360,728**	₱24,786,335

In January 2010, PPDC entered into a loan agreement with a local bank to finance the acquisition of REDESAN and PMCI. The loan with an aggregate principal amount of ₱465.00 million is payable in three years. This loan was fully paid in January 2013.

Various land and buildings owned by the Group located in Pasay, Roxas Boulevard, San Juan, Parañaque and Binondo Manila and 15 residential units of Mayfair recorded under condominium units for sale and investment properties were used as collateral to secure the Group's ₱1,000.00 million fixed rate note facility and the ₱465.00 million loan. Aggregate carrying value of the said properties amounted to ₱8,297.44 million and ₱5,179.92 million as of September 30, 2013 and December 31, 2012, respectively.

Debt covenants
The ₱1,000.00 million omnibus notes facility and security agreement requires the Group to ensure that debt-to-equity ratio will not exceed 3.5 times and debt service coverage ratio is at least 1.5 times.

As of December 31, 2012, the Group is fully compliant with these requirements. This loan has been fully paid in June 2013.

Borrowing costs
As of September 30, 2013 and December 31, 2012, total borrowing costs on loans payable amounted to ₱304.66 million and ₱327.06 million, respectively, of which, ₱295.78 million and ₱313.20 million have been capitalized, respectively (see Note 19).

14. Liabilities for Purchased Land

On May 18, 2011, the Group acquired land for the development of Monarch Parksuites from DM Wenceslao. Total consideration amounted to ₱869.73 million, net of VAT, of which, ₱782.76 million and ₱587.07 million was paid as of September 30, 2013 and December 31, 2012, respectively. The remaining balance of ₱86.97 million, net of VAT is to be paid in monthly installments. This liability is non interest-bearing.

15. **Customers' Advances and Deposits**

This account consists of:

	2013	2012
Deposits from real estate buyers	**₱870,721,606**	₱149,364,818
Deposits from lessees	**525,074,093**	466,592,773
	₱1,395,795,699	₱615,957,591

Deposits from real estate buyers
The Group requires buyers of condominium units to pay a minimum percentage of the total contract price before the two parties enter into a sale transaction. In relation to this, the customers' advances and deposits represent payment from buyers which have not reached the minimum required percentage. When the buyer paid up 5% of the total contract price, a sale is recognized and these deposits and down payments will be applied against the related installment contracts receivable. These deposits also include payments of real estate buyers in excess of the recognized sales based on the percentage of completion and reservation deposits.

Deposits from lessees
The Group also requires its tenants to pay leasehold rights pertaining to the right to use the lease unit before the parties enter into a lease transaction. Upon commencement of the lease, these payments are recognized in statements of comprehensive income under "Rental income" on a straight-line basis over the lease term. The rental income on amortization of unearned rental income amounted to ₱30.59 million and ₱40.02 million for the periods ended September 30, 2013 and December 31, 2012, respectively.

16. **Related Party Transactions**

The Parent Company, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party (referred to as subsidiaries) or exercise significant influence (referred as associates) over the other party in making financial and operating decisions, or parties are subject to common control or significant influence (referred to as affiliates). Related parties may be individual or corporate.

Terms and conditions of transactions with related parties
Transactions entered by the Group with related parties are cash advances to employees for operational purposes. Outstanding balances at year-end are unsecured, interest-free and settlement occurs by way of liquidation of cash advances. For the period ended September 30, 2013 and years ended December 31, 2012 and 2011, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. Related party transactions and balances were eliminated in the consolidated financial statements.

Compensation of key management personnel amounted to ₱25.17 million and ₱25.07million for the periods ended September 30, 2013 and December 31, 2012, respectively

Key management compensation
The key management personnel of the Group include all directors, executives, and senior management.

17. Interest and Other Income

This account consists of:

	September 30		December 31	
	2013	2012	2012	2011
Interest income from:				
Accretion of unamortized discount (Notes 6 and 11)	**₱219,143,561**	₱232,406,805	₱300,687,376	₱261,423,521
Cash and cash equivalents (Note 5)	**2,678,382**	1,807,006	3,482,497	7,076,799
Other income	**41,392,777**	50,568,677	55,490,980	54,050,331
	₱263,214,720	₱284,782,488	₱359,660,853	₱322,550,651

Other income consists mainly of the income from forfeited sales as well as penalties and other surcharges billed against defaulted installment contracts receivable. Income from forfeited sales includes both reservation fees that have prescribed from the allowable period of completing the requirements for such reservations and the forfeited collections from defaulted contracts receivables that have been assessed by the Group's management as no longer refundable.

18. Selling and Administrative Expenses

This account consists of:

	September 30		December 31	
	2013	2012	2012	2011
Sales and marketing	**₱235,112,960**	₱155,814,828	₱216,457,859	₱148,614,214
Salaries, wages and employee benefits (Notes 16 and 20)	**165,892,770**	97,233,197	152,065,379	117,519,671
Taxes and licenses	**101,478,513**	63,037,154	88,575,694	46,883,413
Utilities	**69,832,303**	60,499,154	82,445,806	30,496,905
Rental (Note 25)	**62,067,363**	53,301,783	74,232,360	55,276,909
Depreciation and amortization (Notes 9, 10 and 11)	**48,791,715**	45,348,196	61,758,616	22,766,195
Donations and contributions	**19,611,326**	6,001,870	6,277,706	11,016,910
Professional fees	**13,661,476**	7,449,917	8,394,868	16,819,521
Insurance	**5,506,754**	5,202,192	6,473,996	2,529,874
Representation and entertainment	**3,786,393**	1,684,801	4,010,208	3,067,832
Transportation and travel	**3,485,782**	3,228,436	4,274,107	3,070,702
Others	**38,896,041**	27,048,433	31,809,532	20,623,025
	₱768,123,396	₱525,849,961	₱736,776,131	₱478,685,171

Others mainly pertain to membership dues, office and pantry supplies and liquidation of cash advances incurred for the daily operations of the Group.

19. **Finance Costs**

This account consists of:

	September 30		December 31	
	2013	**2012**	2012	2011
Interest expense on loans payable	**₱304,655,426**	₱219,815,014	₱327,055,276	₱238,528,308
Less amounts capitalized on:				
Real estate development and sale (Note 7)	**295,782,970**	173,730,205	297,407,010	169,650,881
Investment properties (Note 10)	–	37,368,199	15,788,435	66,615,725
	295,782,970	211,098,404	313,195,445	236,266,606
	₱8,872,456	₱8,716,610	₱13,859,831	₱2,261,702

Interest expense for short-term loans amounted to ₱20.68 million, ₱72.56 million and ₱57.26 million for the period ended September 30, 2013 and for the years ended December 31, 2012 and 2011, respectively.

20. **Pension Plan**

The Group has an unfunded, noncontributory defined benefit plan covering substantially all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with Republic Act 7641, *Retirement Pay Law*. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the retirement benefit obligation.

The principal actuarial assumptions used to determine the pension benefits with respect to the discount rate, salary increases and return on plan assets were based on historical and projected normal rates.

The components of pension cost (included in "Salaries, wages and employees benefits" under Operating expenses) in profit or loss are as follows:

		December 31	
	September 30, 2013	2012 (As adjusted)	2011 (As adjusted)
Current service cost	**₱5,051,349**	₱6,735,132	₱5,707,754
Interest cost on benefit obligation	**1,139,035**	667,936	814,919
Total pension expense	**₱6,190,384**	₱7,403,068	₱6,522,673

Funded status and amounts recognized in the consolidated statement of financial position for the pension plan follow:

		December 31	
	September 30, 2013	2012 (As adjusted)	2011 (As adjusted)
Defined benefit obligation	**₱37,030,745**	₱24,856,210	₱9,474,274
Plan assets	**–**	–	–
Liability recognized in the consolidated statements of financial position	**₱37,030,745**	₱24,856,210	₱9,474,274

Changes in the combined present value of the combined defined benefit obligation are as follows:

	September 30, 2013	December 31 2012 (As adjusted)	December 31 2011 (As adjusted)
Balance at beginning of year	**₱24,856,210**	₱9,474,274	₱10,276,401
Current service cost	**5,051,349**	6,735,132	5,707,754
Interest cost on benefit obligation	**1,139,035**	667,936	814,919
Actuarial loss (gain)	**5,984,151**	7,978,868	(7,324,800)
Balance at end of year	**₱37,030,745**	₱24,856,210	₱9,474,274

The movements in the combined net pension liabilities follow:

	September 30, 2013	December 31 2012	December 31 2011
Balance at beginning of year	**₱24,856,210**	₱9,474,274	₱10,276,401
Pension expense	**6,190,384**	7,403,068	6,522,673
Total amount recognized in OCI	**5,984,151**	7,978,868	(7,324,800)
Actual contribution	**–**	–	–
Balance at end of year	**₱37,030,745**	₱24,856,210	₱9,474,274

The Group's immediately recognized to income actuarial gains and losses.

The assumptions used to determine pension benefits of the Group for the period ended September 30, 2013 and for the years ended December 31, 2012 and 2011 follow:

	2013	2012	2011
Discount rate	**6.11%**	6.11%	7.05%
Salary increase rate	**10.00**	10.00	10.00

Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation. Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level of the remaining life of the obligation.

21. Income Tax

Provision for income tax consists of:

	September 30 2013	September 30 2012	December 31 2012	December 31 2011
Current:				
Final	**₱531,151**	₱161,550	₱571,417	₱1,319,372
RCIT/MCIT	**120,353,317**	95,359,889	200,527,033	156,425,820
	120,884,468	95,521,439	201,098,450	157,745,192
Deferred	**146,421,218**	132,601,990	126,905,215	9,864,852
	₱267,305,686	₱228,123,429	₱328,003,665	₱167,610,044

Current taxes include corporate income tax and final taxes paid at the rate of 7.50% and 20.00%, which is a final withholding tax on gross interest income from cash and cash equivalents.

Effective November 1, 2005, Republic Act (RA) No. 9337, *An Act amending the National Internal Revenue Code* (NIRC of 1997), provides that the corporate tax rate shall be 35.0% until January 1, 2009. Starting January 1, 2009 the RCIT rate shall be 30.0%. Interest allowed as a deductible expense is reduced by an amount equivalent to 42.0% of interest income subjected to final tax starting November 1, 2005 until December 31, 2008. Starting January 1, 2009, interest allowed as deductible expense shall be reduced by 33%.

The NIRC of 1997 also provides for rules on the imposition of a 2.0% MCIT on the gross income as of the end of the taxable year beginning on the fourth taxable year immediately following the taxable year in which the Parent Company and its wholly owned subsidiaries commenced its business operations. Any excess MCIT over the RCIT can be carried forward on an annual basis and credited against the RCIT for the three immediately succeeding taxable years.

In addition, the NIRC of 1997 allows the Group to deduct from its taxable income for the current year its accumulated NOLCO from the immediately preceding three consecutive taxable years.

Details of the carryover NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deductions against income tax liabilities are as follows:

NOLCO

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2010	₱25,769,425	₱25,769,425	₱–	2013
2011	132,005,487	34,103,678	97,901,809	2014
2012	35,665,830	–	35,665,830	2015
2013	4,421,380	–	4,421,380	2016
	₱197,862,122	₱59,873,103	₱137,989,019	

MCIT

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2010	₱107,442	₱107,442	₱–	2013
2011	4,148,905	1,993,860	2,155,045	2014
2012	2,264,282	–	2,264,282	2015
2013	1,319,078	–	1,319,078	2016
	₱7,839,707	₱2,101,302	₱5,738,405	

Net deferred tax assets of the Group consist of the following:

	2013	2012 (As Adjusted)
Deferred tax assets on:		
Unamortized discount on installment contracts receivables	**₱3,971,932**	₱16,256,122
Difference between tax and book basis of accounting for real estate transactions	**44,107,901**	2,834,711
NOLCO	**31,605,954**	38,765,572
MCIT	**5,685,035**	4,842,301
Pension liabilities	**9,840,729**	7,302,536
	95,211,551	70,001,242
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate transactions	–	1,987,746
Unamortized discount on loans payable	–	6,674,369
Actual commissions paid in excess of commissions expense per books	–	336,433
	–	8,998,548
	₱95,211,551	₱61,002,694

Net deferred tax liabilities of the Group consist of the following:

	2013	2012 (As Adjusted)
Deferred tax asset on:		
Unamortized discount on installment contracts receivables	**₱82,112,036**	₱49,896,028
Commissions expense per books in excess of actual commissions paid	**35,772,644**	11,209,816
NOLCO	**8,757,045**	8,441,857
	126,641,725	69,547,701
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate transactions	**479,797,843**	247,907,067
Actual commissions paid in excess of commissions expense per books	**4,761,776**	2,351,083
Unamortized discount on loans payable	**2,558,271**	761,531
Pension liabilities	–	12,680
	487,117,890	251,032,361
	₱360,476,165	₱181,484,660

The Group has deductible temporary differences for which deferred tax assets have not been recognized since the management assessed that no sufficient taxable income is available in the future to allow all or part of deferred tax assets on certain temporary differences to be realized and/or utilized. Accordingly, the Group did not set up deferred tax assets on certain temporary differences as follows:

	2013	2012 (As adjusted)
NOLCO	**₱45,406,225**	₱12,921,101
Pension liabilities	**4,367,962**	2,856,370
MCIT	**53,370**	53,370
	₱49,827,557	₱15,830,841

The Group's unrecognized deferred tax assets amounted to ₱14.99 million and ₱4.79 million as of September 30, 2013 and December 31, 2012, respectively.

Board of Investments (BOI) incentives
The BOI issued Certificates of Registration as a New Developer of Low-Cost Mass Housing Project to PPDC for Solemare Parksuites Phase 1 and 2 and ARCI for Admiral Baysuites East Wing in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects have been granted an Income Tax Holiday for a period of three (3) to four (4) years.

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

	2013	2012	2011
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Nondeductible expenses	**0.02**	0.51	0.06
Interest income subjected to final tax	**(0.03)**	(0.02)	(0.07)
Change in unrecognized deferred tax assets	**28.69**	(0.79)	(1.41)
Tax exempt income	**(32.17)**	(5.47)	(12.43)
Excess MCIT over RCIT	**–**	–	0.46
Effective income tax rate	**26.51%**	24.23%	16.61%

22. **Equity**

Capital stock
The details of the Parent Company's capital stock which consists of common and preferred shares follow:

Common Shares

	2013	2012
Authorized shares	**2,300,000,000**	2,300,000,000
Par value per share	**₱1.00**	₱1.00
Issued shares	**693,334,000**	693,334,000

On August 8, 2007, the Parent Company launched its Initial Public Offering where a total of 86,667,000 common shares were offered at an offering price of ₱8.93 per share. The registration statement was approved on July 30, 2007. The Parent Company has 102 existing shareholders as of December 31, 2012 and 2011.

On June 15, 2012, the Securities and Exchange Commission (SEC) approved the increase in the Parent Company's capital stock by increasing common stock from ₱1 billion divided into 1 billion shares with par value of ₱1.00 each to ₱2.3 billion divided into 2.3 billion shares with par value of ₱1.00 each.

Preferred shares

	2013	2012
Authorized shares	**1,300,00,000**	1,300,00,000
Par value per share	**₱1.00**	₱1.00
Issued shares	**346,667,000**	346,667,000

On June 2, 2011, the BOD approved the following resolutions:

a. Parent Company's authorized capital stock increased by 1.30 billion 8% cumulative, voting, nonparticipating, nonredeemable preferred shares with par value of ₱1.00 per share.

b. Articles of Incorporation was amended to reflect the creation of preferred shares and to increase its authorized capital stocks from 1.00 billion common shares with par value of ₱1.00 to 2.30 billion shares, consisting of 1.00 billion common shares with par value of ₱1.00 and 1.30 billion 8% cumulative, voting, nonparticipating, nonredeemable preferred shares with par value of ₱1.00.

On July 7, 2011, the stockholders ratified the approved resolution of the BOD. The increase in authorized capital stock and creation of preferred shares will be used in funding the working capital of the Group.

On September 15, 2011, the Parent Company conducted stock rights offering of up to 346.67 million 8%, voting, preferred shares on a pre-emptive basis to holders of common shares of the Parent Company as of September 15, 2011 at an offer price of ₱1.00 per preferred shares. The amount received by the Parent Company is presented as deposits on future stock subscription in the equity portion of the consolidated statement of financial position as of December 31, 2011. On January 20, 2012, the SEC approved the increase in authorized capital stock relating to the creation of preferred shares. Accordingly, the deposit on future stock subscription has been reflected as preferred shares on the December 31, 2012 consolidated financial statements.

Cash dividends
On May 29, 2013, the Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8%, proportionate dividends for the year 2012; and

2. For common shares - ₱0.15 per common share held for common shares issued and outstanding.

The record date is June 28, 2013 and dividends are payable on July 16, 2013.

On May 31, 2012, the Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 1.71%, proportionate dividends for 78 days for year 2011; and

2. For common shares - ₱0.48 per common share held for common shares issued and outstanding before the distribution of stock dividends declared in 2011 (or ₱0.24 per common share outstanding after distribution of stock dividends declared in 2011).

The record date is June 18, 2012 and dividends are paid on July 11, 2012.

On April 13, 2011, the Parent Company's BOD declared cash dividends of ₱110.93 million or ₱0.32 per share to all stockholders of record as of June 30, 2011. The dividends declared were paid on July 15, 2011.

On April 20, 2010, the Parent Company's BOD declared cash dividends of ₱72.80 million or ₱0.21 per share to all stockholders of record as of June 30, 2010. The dividends declared were paid on July 15, 2010.

Retained earnings
The retained earnings available for dividend distribution amounted to ₱897.64 million and ₱964.74 million as of September 30, 2013 and December 31, 2012, respectively. The undistributed earnings from subsidiaries amounting to ₱1,324.69 million and ₱992.88 million in 2013 and 2012, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

Under the Tax Code, publicly-held Corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

On December 12, 2012, the BOD approved the release from appropriation of earnings amounting to ₱399.50 million. On the same date, the BOD approved the appropriation of earnings for the project development of Anchor Skysuites amounting to ₱100.00 million, Oxford Parksuites amounting to ₱150.00 million and Monarch Parksuites amounting to ₱100.00 million expected to be released gradually in 2015, 2016 and 2017, respectively.

Stock dividends
On May 29, 2013, the BOD approved to increase the Parent Company's authorized capital from 2,300.00 million common shares with par value of ₱1 per share to 3,500.00 million common shares with par value of ₱1 per share. Furthermore, the BOD also authorized to issue one (1) common share per two (2) outstanding common share held by stockholders or 50% of the outstanding capital stock of the Parent Company to be issued to the stockholders as of record date to be determined by the SEC, upon approval of the increase in authorized capital stock of the Parent Company. On November 8, 2013, the SEC approved the said increase in authorized capital stock.

On May 30, 2011, the BOD approved to increase the Parent Company's authorized capital from 1,000.00 million common shares with par value of ₱1 per share to 2,300.00 million with par value of ₱1 per share. Furthermore, the BOD also authorized to issue one (1) common share per one (1) outstanding common share held by stockholders or 100% of the outstanding capital stock of the Parent Company to be issued to the stockholders as of record date to be determined by the SEC, upon approval of the increase in authorized capital stock of the Parent Company.
On June 15, 2012, the SEC approved the said increase in authorized capital stock (see disclosures on Common Shares above).

Further, on June 15, 2012, the SEC also authorized the issuance of 346,667,000 shares at ₱1.00 par value, to cover stock dividend declared by the BOD, to stockholders of record as of June 28, 2012. The said stock dividends were paid on July 19, 2012.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The following table shows the components of what the Group considers its capital:

	2013	2012 (As Adjusted)
Capital stock:		
Common stock	**₱693,334,000**	₱693,334,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Retained earnings	**2,991,392,565**	2,383,688,800
	₱4,664,080,849	₱4,056,377,084

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt the interest-bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

	2013	2012 (As Adjusted)
Accounts and other payables	**₱2,398,276,417**	₱1,742,127,055
Loans payable	**7,022,162,432**	6,416,346,575
Liabilities for purchased land	**86,973,120**	282,662,640
Customers' advances and deposits	**1,395,795,699**	615,957,591
	10,903,207,668	9,057,093,861
Less cash and cash equivalents	**(528,803,856)**	(571,230,382)
Net debt	**10,374,403,812**	8,485,863,479
Capital	**4,663,955,005**	4,059,389,372
Total capital and net debt	**₱15,038,358,817**	₱12,545,252,851
Gearing ratio	**69%**	68%

No changes were made in the objectives, policies or processes during the periods ended September 30, 2013 and December 31, 2012.

23. **Financial Instruments**

Fair Value Information

The table below presents the carrying amounts and fair values of the Group's financial assets and liabilities as of September 30, 2013 and December 31, 2012:

	2013		2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱528,803,856**	**₱528,803,856**	₱571,230,382	₱571,230,382
Receivables				
Installment contracts receivable	**5,685,963,506**	**5,764,798,415**	3,989,721,221	4,448,125,352
Due from condominium association	**14,524,106**	**14,524,106**	17,759,561	17,759,561
Advances to employees	**1,082,143**	**1,082,143**	1,230,230	1,230,230
Others	**217,517,295**	**217,517,295**	81,916,769	81,916,769
Total Financial Assets	**₱6,447,890,906**	**₱6,526,725,815**	₱4,661,858,163	₱5,120,262,294
Financial Liabilities				
Other financial liabilities:				
Accounts and other payables				
Payable to contractors and suppliers	**₱1,488,539,490**	**₱1,488,539,490**	₱988,672,122	₱988,672,122
Retention payable	**442,613,081**	**442,613,081**	384,515,209	384,515,209
Accrued expenses	**144,470,987**	**144,470,987**	103,074,637	103,074,637
Others	**134,717,799**	**134,717,799**	57,503,371	57,503,371
Loans payable	**7,022,162,432**	**7,289,565,570**	6,416,346,575	6,559,581,668
Liabilities for purchased land	**86,973,120**	**86,973,120**	282,662,640	278,817,645
Total Financial Liabilities	**₱9,319,476,909**	**₱9,586,880,047**	₱8,232,774,554	₱8,372,164,652

The methods and assumptions used by the Group in estimating the fair values of the financial instruments are as follows:

Financial assets

Cash and cash equivalents, advances to employees, due from condominium association and other receivable- Carrying amounts approximate their fair values due to the short-term maturities of these instruments.

Installment contract receivables - Fair value is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date based on the remaining terms to maturity. The discount rates used ranged from 0.16% to 5.16% in 2013 and from 2.00% to 5.43% in 2012.

Financial liabilities

Accounts and other payables - carrying amounts approximate their fair values due to the short-term nature of these instruments.

Liabilities for purchased land - Estimated fair value of liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 2.03% to 2.67% in 2012.

Loans payable - For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. Fair value of fixed-rate loans are estimated using the discounted cash flow methodology using the

Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 2.28% to 3.95% and 2.71% to 4.09% in 2013 and 2012, respectively.

Fair Value Hierarchy

The Group uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of September 30, 2013 and December 31, 2012, the Group has no financial instruments measured at fair value.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, deposits, accounts and other payables and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The exposures to these risks and how they arise, as well as the Group's objectives, policies and processes for managing the risks and the methods used to measure the risks did not change from prior years. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The BOD reviews and agrees policies for managing each of these risks which are summarized below:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either: the inability to sell financial assets quickly at their fair values; the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Group's objective is to maintain balance between continuity of funding and flexibility through the use of bank loans. The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows. Capital expenditures, operating expenses and working capital requirements are sufficiently funded through cash collections and bank loans. Accordingly, its financial liabilities, obligations and bank loans maturity profile are regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. As of December 31, 2012, the Group has undrawn facilities amounting to ₱3.73 billion.

The tables below summarize the maturity profile of the Group's financial assets and liabilities as of September 30, 2013 and December 31, 2012, respectively, based on undiscounted cash flows:

2013

	On Demand	Within 1 year	More than 1 year	Total
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱521,143,658**	**₱7,660,198**	**₱–**	**₱528,803,856**
Receivables:				
Installment contracts receivable	–	**2,606,520,168**	**5,017,614,524**	**7,624,134,692**
Advances to employees	–	**1,082,143**	–	**1,082,143**
Due from condominium association	–	**14,524,106**	–	**14,524,106**
Others	–	**217,517,295**	–	**217,517,295**
Total Financial Assets	**₱521,143,658**	**₱2,847,303,910**	**₱5,017,614,524**	**₱8,386,062,092**
Financial Liabilities				
Other financial liabilities:				
Accounts and other payables:				
Payable to contractors and suppliers	**₱–**	**₱1,488,539,490**	**₱–**	**₱1,488,539,490**
Retention payable	–	–	**442,613,081**	**442,613,081**
Accrued expenses	–	**144,470,987**	–	**144,470,987**
Others	–	**134,717,799**	–	**134,717,799**
Loans payable	–	**4,190,748,707**	**3,810,092,132**	**8,000,840,839**
Liabilities for purchased land	–	**86,973,120**	–	**86,973,120**
Total Financial Liabilities	**₱–**	**₱6,045,450,103**	**₱4,252,705,213**	**₱10,298,155,316**

2012

	On Demand	Within 1 year	More than 1 year	Total
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	₱263,570,184	₱307,660,198	₱–	₱571,230,382
Receivables:				
Installment contracts receivable	–	2,427,403,080	5,282,124,096	7,709,527,176
Advances to employees	–	1,230,230	–	1,230,230
Due from condominium association	–	17,759,561	–	17,759,561
Others	–	81,916,769	–	81,916,769
Total Financial Assets	₱263,570,184	₱2,835,969,838	₱5,282,124,096	₱8,381,664,118
Financial Liabilities				
Other financial liabilities:				
Accounts and other payables:				
Payable to contractors and suppliers	₱–	₱988,672,122	₱–	₱988,672,122
Retention payable	–	–	384,515,209	384,515,209
Accrued expenses	–	103,074,637	–	103,074,637
Others	–	57,503,371	–	57,503,371
Loans payable	–	2,809,053,059	4,232,030,113	7,041,083,172
Liabilities for purchased land	–	260,919,360	21,743,280	282,662,640
Total Financial Liabilities	₱–	₱4,219,222,549	₱4,638,288,602	₱8,857,511,151

Market Risk

Interest rate risk

The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group's policy is to manage its interest cost by entering into a mix of fixed short-term and long-term borrowings depending on the projected funding requirements of the Group. The Group regularly enters into short-term loans as it relates to its sold installment contracts receivable in order to cushion the impact of potential increase in loan interest rates. The Group has no significant exposure to cash flows and fair value interest rate risks.

The tables below show the financial assets and liabilities that are interest-bearing:

	2013		2012	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Loans and Receivables				
Fixed rate:				
Cash in banks	**0.50%**	**₱520,973,658**	0.50%	₱263,419,184
Cash equivalents	**1.13% to 1.25%**	**7,660,198**	1.25% to 3.44%	307,660,198
		₱528,633,856		₱571,079,382
Other Financial Liabilities				
Fixed rate:				
Bank loans	**3.00% to 8.07%**	**₱6,272,639,272**	5.19% to 9.03%	₱5,095,213,658
Notes payable	**4.40% to 8.96%**	**14,188,972**	4.38% to 6.08%	14,201,686
Receivable purchase agreement	**4.50% to 4.90%**	**735,334,188**	4.10% to 5.25%	1,306,931,231
		₱7,022,162,432		₱6,416,346,575

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to a manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management unit conducts a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for real estate receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The table below shows the Group's maximum exposure to credit risk without considering the effects of collaterals and other credit enhancements:

	2013	2012
Cash in bank and cash equivalents	**₱528,633,856**	₱571,079,382
Receivables:		
Installment contracts receivable	**5,685,963,506**	3,989,721,221
Due from condominium association	**14,524,106**	17,759,561
Advances to employees	**1,082,143**	1,230,230
Others	**217,517,295**	81,916,769
	₱6,447,720,906	₱4,661,707,163

As for the cash in banks and cash equivalents, advances to employees, due from condominium association and other receivables, the maximum exposure to credit risk from these financial assets arise from the default of the counterparty with a maximum exposure equal to their carrying amounts.

The subjected condominium units sold are held as collateral for all installment contracts receivables. The maximum exposure to credit risk, before considering credit exposure, from the Group's installment contracts receivable amounted to ₱5,685.96 million and ₱3,989.72 million as of September 30, 2013 and December 31, 2012, respectively. The fair value of the related collaterals amounted to ₱12,007.72 million and ₱8,339.34 million as of September 30, 2013 and December 31, 2012, respectively. The financial effect of the collateral amounted to ₱5,685.96 million and ₱3,989.72 million as of September 30, 2013 and December 31, 2012, respectively resulting to net exposure amounts of nil as of September 30, 2013 and December 31, 2012, respectively. Basis for the fair value of the collaterals is the current selling price of the condominium units.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk. As of September 30, 2013 and December 31, 2012, the credit quality per class of financial assets is as follows:

2013

	Neither Past Due nor Impaired		**Substandard**		
	Grade A	**Grade B**	**Grade**	**Past Due**	**Total**
Cash and cash equivalents	**₱528,633,856**	**₱–**	**₱–**	**₱–**	**₱528,633,856**
Receivables:					
Installment contracts receivable	**5,665,383,241**			**20,580,265**	**5,685,963,506**
Advances to employees	**1,082,143**	–	–	–	**1,082,143**
Due from condominium association	**14,524,106**	–	–	–	**14,524,106**
Others	**217,517,295**	–	–	–	**217,517,295**
	₱6,427,140,641	**₱–**	**₱–**	**₱20,580,265**	**₱6,447,720,906**

2012

	Neither Past Due nor Impaired		Substandard		
	Grade A	Grade B	Grade	Past Due	Total
Cash and cash equivalents	₱571,079,382	₱–	₱–	₱–	₱571,079,382
Receivables:					
Installment contracts receivable	3,974,836,138	–	–	14,885,083	3,989,721,221
Advances to employees	1,230,230	–	–	–	1,230,230
Due from condominium association	17,759,561	–	–	–	17,759,561
Others	81,916,769	–	–	–	81,916,769
	₱4,646,822,080	₱–	₱–	₱14,885,083	₱4,661,707,163

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents - based on the nature of the counterparty and the Group's internal rating system. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

Receivables - Grade A installment contract receivables are considered to be of high value where the counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.
Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms. In the Group's assessment, there are no financial assets that will fall under this category as the Group transacts with recognized third parties.

Advances to employees and due from condominium association are Grade A. The credit quality rating of Grade A pertains to receivables with no defaults in payment. The Group determines financial assets as impaired when the probability of recoverability is remote and in consideration of the lapse in the period which the asset is expected to be recovered.

As of September 30, 2013 and December 31, 2012, the aging analysis of the Group's receivables presented per class is as follows:

2013

	Neither Past Due Nor Impaired	**Past Due But Not Impaired**				**Total**
		<30 days	**30-60 days**	**60-90 days**	**>90 days**	
Installment contracts receivable	**₱5,665,383,241**	**₱5,325,974**	**₱2,228,043**	**₱1,416,226**	**₱11,610,022**	**₱5,685,963,506**
Advances to employees	**1,082,143**	**–**	**–**	**–**	**–**	**1,082,143**
Due from condominium association	**14,524,106**	**–**	**–**	**–**	**–**	**14,524,106**
Others	**217,517,295**	**–**	**–**	**–**	**–**	**217,517,295**
	₱5,898,506,785	**₱5,325,974**	**₱2,228,043**	**₱1,416,226**	**₱11,610,022**	**₱5,919,087,050**

2012

	Neither Past Due Nor Impaired	Past Due But Not Impaired				Total
		<30 days	30-60 days	60-90 days	>90 days	
Installment contracts receivable	₱3,974,836,138	₱2,965,215	₱3,515,289	₱2,163,942	₱6,240,637	₱3,989,721,221
Advances to employees	1,230,230	–	–	–	–	1,230,230
Due from condominium association	17,759,561	–	–	–	–	17,759,561
Others	81,916,769	–	–	–	–	81,916,769
	₱4,075,742,698	₱2,965,215	₱3,515,289	₱2,163,942	₱6,240,637	₱4,090,627,781

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

The Group transacts only with institutions or banks which have demonstrated financial soundness for the past five years. The Group has no significant credit risk concentration.

Foreign currency risk
Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials and construction costs, are mainly denominated in Philippine Peso. There are only minimal placements in foreign currencies and the Group does not have any foreign currency-denominated debt. As such, the Group's foreign currency risk is minimal and has no significant impact on the Group's statement of comprehensive income.

There is no other impact on the Group's total comprehensive income other than those already affecting profit or loss.

24. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

As of September 30, 2013 and December 31, 2012 and 2011, the Group considers the following as its reportable segments:

- Condominium development - development of high-end condominium units for sale to third parties
- Leasing - development of commercial units and shopping centers for lease to third parties
- Property management - facilities management and consultancy services covering condominium and building administration

The Chairman has been identified as the chief operating decision-maker (CODM). The CODM reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segment based on these reports. The Group does not report results based on geographical segments because the Group operates only in the Philippines.

The financial information about the operations of the reportable segments for the period ended September 30, 2013 and for the years ended December 31, 2012 and 2011 follow:

2013

	Condominium Sales	Leasing	Property Management	Total
REVENUE				
Real estate sales	₱3,668,384,755	₱–	₱–	₱3,668,384,755
Rental income	–	158,713,328	–	158,713,328
Management fee	–	–	17,550,813	17,550,813
Interest and other	262,560,493	357,544	296,683	263,214,720
	3,930,945,248	159,070,872	17,847,496	4,107,863,616
COSTS AND EXPENSES				
Cost of condominium units	₱2,322,917,404	₱–	₱–	₱2,322,917,404
Selling and administrative	649,323,813	99,163,560	19,636,023	768,123,396
Finance costs	8,872,456	–	–	8,872,456
	2,981,113,673	99,163,560	19,636,023	3,099,913,256
Income before tax	₱949,831,575	₱59,907,312	(₱1,788,527)	₱1,007,950,360
ASSETS				
Cash and cash equivalents	₱443,257,661	₱82,062,685	₱3,483,510	₱528,803,856
Receivables	5,908,283,406	15,824,792	11,612,975	5,935,721,173
Real estate for development and sale	5,156,492,723	–	–	5,156,492,723
Other current assets	1,462,481,376	166,112,813	1,318,712	1,629,912,901
Investment properties	–	2,534,273,893	–	2,534,273,893
Other noncurrent assets	46,015,583	1,580,921	125,499	47,722,003
	₱13,016,530,749	₱2,799,855,104	₱16,540,696	₱15,832,926,549
LIABILITIES				
Accounts and other payables	₱2,093,361,824	₱139,343,392	₱7,636,141	₱2,240,341,357
Customers deposit and advances	870,721,606	525,074,093	–	1,395,795,699
Loans payable	7,022,162,432	–	–	7,022,162,432
Liabilities for purchased land	86,973,120	–	–	86,973,120
	₱10,073,218,982	₱664,417,485	₱7,636,141	₱10,745,272,608

2012

	Condominium Sales	Leasing	Property Management	Total
REVENUE				
Real estate sales	₱3,597,270,307	₱–	₱–	₱3,597,270,307
Rental income	–	171,474,926	–	171,474,926
Management fee	–	–	16,232,010	16,232,010
Interest and other	356,619,299	2,727,132	314,422	359,660,853
	3,953,889,606	174,202,058	16,546,432	4,144,638,096
COSTS AND EXPENSES				
Cost of condominium units	₱2,040,067,347	₱–	₱–	₱2,040,067,347
Selling and administrative	593,452,733	121,903,458	21,419,940	736,776,131
Finance costs	13,859,831	–	–	13,859,831
	2,647,379,911	121,903,458	21,419,940	2,790,703,309
Income before tax	₱1,306,509,695	₱52,298,600	(₱4,873,508)	₱1,353,934,787
ASSETS				
Cash and cash equivalents	₱559,918,504	₱9,174,473	₱2,137,405	₱571,230,382
Receivables	4,079,242,122	15,253,765	6,126,126	4,100,622,013
Real estate for development and sale	4,632,856,217	–	–	4,632,856,217
Other current assets	1,210,016,278	177,616,302	1,138,862	1,388,771,442
Investment properties	–	2,500,938,074	–	2,500,938,074
Other noncurrent assets	23,320,831	2,327,470	195,555	25,843,856
	₱10,505,353,952	₱2,705,310,084	₱9,597,948	₱13,220,261,984
LIABILITIES				
Accounts and other payables	₱1,399,651,737	₱163,220,290	₱893,312	₱1,563,765,339
Customers deposit and advances	181,575,940	434,361,651	20,000	615,957,591
Loans payable	6,416,346,575	–	–	6,416,346,575
Liabilities for purchased land	282,662,640	–	–	282,662,640
	₱8,280,236,892	₱597,581,941	₱913,312	₱8,878,732,145

2011

	Condominium Sales	Leasing	Property Management	Total
REVENUE				
Real estate sales	₱2,639,892,435	₱–	₱–	₱2,639,892,435
Rental income	1,816,336	41,730,505	–	43,546,841
Management fee	–	–	12,393,871	12,393,871
Interest and other	322,163,087	384,518	3,046	322,550,651
	2,963,871,858	42,115,023	12,396,917	3,018,383,798
COSTS AND EXPENSES				
Cost of condominium units	1,528,087,851	–	–	1,528,087,851
Selling and administrative	436,831,755	27,554,692	14,298,724	478,685,171
Finance costs	2,261,702	–	–	2,261,702
	1,967,181,308	27,554,692	14,298,724	2,009,034,724
Income before tax	₱996,690,550	₱14,560,331	(₱1,901,807)	₱1,009,349,074
ASSETS				
Cash and cash equivalents	₱498,015,349	₱2,665,754	₱557,080	₱501,238,183
Receivables	2,859,775,174	9,781,139	4,149,630	2,873,705,943
Real estate for development and sale	3,512,869,121	–	–	3,512,869,121
Other current assets	1,283,134,157	116,471,139	841,537	1,400,446,833
Investment properties	–	2,345,034,834	–	2,345,034,834
Other noncurrent assets	16,359,219	5,146,670	288,963	21,794,852
	₱8,170,153,020	₱2,479,099,536	₱5,837,210	₱10,655,089,766
LIABILITIES				
Accounts and other payables	₱1,294,323,567	₱61,085,670	₱2,491,874	₱1,357,901,111
Customers deposit and advances	150,723,055	365,115,540	–	515,838,595
Liabilities for purchased land	543,582,001	–	–	543,582,001
	₱1,988,628,623	₱426,201,210	₱2,491,874	₱2,417,321,707

1. Segment assets exclude other assets, deferred tax asset and property and equipment
2. Segment liabilities exclude taxes payable, pension obligations and deferred tax liabilities

Real estate sales and cost of condominium units does not include revenue from sale of real property booked under the disposed land held for future development. The Chairman monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

Capital expenditure with an aggregate amount of ₱2.91 billion and ₱3.03 billion in 2013 and 2012, respectively, consists of condominium project costs, construction and acquisition cost of investment properties and land acquisitions costs.

The Group has no revenue from transactions with a single external customer amounting to 5.0% or more of the Group's revenue.

25. Operating Lease Commitments

Operating Leases - Group as Lessor

The Group entered into cancellable lease agreements with third parties covering its investment property portfolio. These leases generally provide for a fixed monthly rental on its warehouse and commercial units. Rent income amounted to ₱158.71 million and ₱171.47 million for the periods ended September 30, 2013 and December 31, 2012, respectively.

Operating Leases - Group as Lessee

The Group has entered into a lease agreement for the rental of its offices and showroom for a period of 2 to 5 years and exhibit booth, for a period of 1 to 3 months. The lease is renewable upon mutual consent of the contracting parties. Rent expense charged to operations amounted to ₱62.07 million and ₱74.23 million for the periods ended September 30, 2013 and December 31, 2012, respectively.

Future minimum rentals payable under this operating lease is as follows:

	2013	2012
Less than one year	**₱10,668,906**	₱3,998,589
After one year but not more than 5 years	**3,600,000**	–
	₱14,268,906	₱3,998,589

26. **Earnings Per Share**

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company for the three months ended September 30, 2013 and 2012 and for the years ended December 31, 2012 and 2011 are as follows:

	September 30,		December 31,	
	2013	2012	2012	2011
Net income attributable to equity holders of Anchor Land Holdings, Inc.	**₱739,437,225**	**₱711,614,185**	₱1,022,896,385	₱842,132,232
Less dividends on preferred shares (Note 22)	**20,743,034**	**20,819,015**	27,733,360	5,926,581
Net income attributable to equity holders of Anchor Land Holdings, Inc. for basic and diluted earnings per share	**718,694,191**	**690,795,170**	995,163,025	836,205,651
Weighted average number of common shares for basic and diluted earnings per share*	**693,334,000**	**693,334,000**	693,334,000	693,334,000
Basic/diluted EPS	**₱1.04**	**₱1.00**	₱1.44	₱1.21

**The weighted average number of common shares take into account the effect of declaration of stock dividends during 2012 (See Note 22).*

As discussed in Note 22, the Parent Company distributed the 100% stock dividends (or 346,667,000 shares) to the stockholders on July 19, 2012. For purposes of calculating the EPS, the stock dividend is treated retroactively as if the stock dividends occurred at the beginning of the earliest period presented.

27. **Contingencies**

The Group has an ongoing arbitration dispute instituted by SKI Construction Group, (“Claimant”) Inc. for its allegedly unpaid monetary claims as the general contractor of a condominium building (“the Project”) owned by the Group. The total claims amounted to ₱73.95 million.

The Group has responded to the claims and also made counterclaims amounting to ₱73.27 million for liquidated damages, costs of rectification works, costs to complete the Project, and other damages incident to the Group’s take over and completion of the Project after Claimant incurred prolonged unreasonable delay and eventually failed to complete the Project within the agreed timetable and granted extension.

In its decision dated December 14, 2009, the Arbitral Tribunal awarded the Claimant the aggregate amount of ₱28.62 million and the Group the aggregate amount of ₱40.44 million. Both the Claimant and the group filed their respective appeals with the Court of Appeals on February 12, 2010.

Management believes that the Group has a strong case and prays that the Court of Appeals will deny the claims against the Group and, order the Claimant to pay the counter-claims.

As of the September 30, 2013, no decision has yet been made by the Court of Appeals. No provisions were made in 2013 and 2012 for this lawsuit.

28. **Notes to Statement of Cash Flow**

The Group's noncash investing and financing activities for periods ended September 30, 2013 and December 31, 2012 and 2011 follow:

a) On May 18, 2011, PPDC acquired DM Wenceslao Lots 3A-3B for the future development of Solemare Phase III. Total consideration amounted to ₱869.73 million, net of VAT, of which, ₱326.15 million was paid as of December 31, 2011 and the remaining balance to be paid in installment amounts of ₱23.13 million every 12th of the following months.

b) In 2011, the Group acquired parcels of land amounting to ₱1,062.54 million. During the year, the Group reclassified the whole amount of land held for future development to real estate for development and sale since it is the Group's plan to develop them in the next 12 months.