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

(02) 988-7988
Telephone Number

March 31
Fiscal Year Ending
(month & day)

17-Q (1st Quarter)
Form Type

____
Amended Designation (if applicable)

March 31, 2015
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 **March 31, 2015**

2. Commission identification number **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 **Makati City, Philippines**

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

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

8. Issuer's telephone number, including area code **(02) 988-7988**

9. Former name, former address and former fiscal year, if changed since last report **Not applicable**

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

Title of Each Class	Number of Shares Outstanding and Amount of Debt Outstanding
Common Shares	**1,040,001,000 Shares**
Preferred Shares	**346,667,000 Shares**
Loans Payable	**₱8,978,325,805**

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

    Yes [**X**] No [ ]

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

    Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

PART I. FINANCIAL INFORMATION

Financial Statements

Basis of Preparation
The consolidated financial statements of Anchor Land Holdings, Inc. (Parent Company) 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 period 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 Group 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 develops policies to ensure that the financial statements provide relevant and reliable information.

The Group maintains and adopts accounting principles or practices, which affect relevance, reliability and comparability of the financial statements with those of prior periods.

The Group has made no significant changes in the accounting estimates of the amounts reported during the interim period of the financial year and in the comparative interim period or changes in estimates of amounts reported in prior financial years.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
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.

Results of Operations (January – March 31, 2015 vs. January – March 31, 2014)

The Group's net income for the three month period ended March 31, 2015 amounted to ₱182.80 million, 14% lower compared to the net income for the three-month period ended March 31, 2014.

The Group has completed Anchor Skysuites and Solemare Parksuites 2 in the second half of 2014. The launching and development of Admiral Grandsuites and Anchor Grandsuites, which were expected to augment the Group's revenue when Anchor Skysuites and Solemare Parksuites 2 are completed, were moved towards the second half of 2015. The postponement significantly caused the decrease in the Group's revenue in the first quarter of 2015 compared to the same period in 2014.

Also, sales attainment during the first quarter was generally weaker than expected, partly on account of increasing competition.

The general direction of the Group to increase the contribution of recurring income projects and/or assets to its overall revenue has also contributed to lower income of the Group in 2015. New project developments for commercial leasing (such as One Logistics and One Soler) and commercial units in its condominium projects were not sold as they are now designated as recurring income projects or assets. These recurring income projects and/or assets are presented as Investment properties in the Group's consolidated financial statements.

Financial Condition (March 31, 2015 vs. December 31, 2014)

The Group's total assets amounted to ₱18,821.84 million, a 6% growth from total assets of ₱17,767.73 million as of December 31, 2014. The continued growth in construction activities of real estate for development and sale and investment properties contributed to the increase in the total assets of the Group. Additions to investment properties in 2015 represent the acquisition of additional land for the development of Admiral Hotel and the continuing construction and development of One Soler and One Logistics, which will be held for rental upon completion. Total assets also increased due to property acquisitions relating to parcels of land for the Group's Anchor Land Corporate Center and Admiral Hotel.

The acquisition of properties and the Group's growth in construction activities increased Liabilities as follows:

- Accounts and other payables and retention payable - as a result of additional construction and supply contracts engaged in by the Group and the increase in retention payable. Further, the increase is also due to dividends declared, which are payable in the second half of 2015.
- Customers' advances and deposits - due to the increased collection of lease rights from One Shopping Center and Two Shopping Center and the advances and deposits of buyers of the Groups' existing condominium projects.
- Loans payable - brought by the increase in the proceeds from loan availments, net of loan settlements for funding construction activities and property acquisitions.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the period ended March 31, 2015 less cash dividend declaration.
- Non-controlling interests - decrease due to current year net loss attributable to the non-controlling interests.

Material Changes to the Statements of Income for the Three Months Ended March 31, 2015 compared with the Three Months Ended March 31, 2014 (Increase/Decrease of 5% or more)

Real estate sales decreased by 17% for the three-month period ended March 31, 2015 as compared to the same period last year. As discussed above, the launching and development of Admiral Grandsuites and Anchor Grandsuites, which were expected to augment the Group's revenue when Anchor Skysuites and Solemare Parksuites 2 are completed, were moved towards the second half of 2015. The postponement significantly caused the decrease in the Group's revenue in the first quarter of 2015 compared to the same period in 2014. Also, sales attainment during the first quarter was generally weaker than expected, partly on account of increasing competition.

The 26% decrease in cost of real estate is due to the lower revenue realized from real estate transactions during the first quarter of 2015 as compared to the same period in 2014.

The increase in selling and administrative expenses by 20% is brought by the higher sales and marketing expenses (including those related to the preparations for new project launches), depreciation and amortization, taxes and licenses and membership dues for newly completed projects.

Provision for income tax increased by 8% mainly due to the expiration of income tax holiday (ITH) granted to Solemare Parksuites Phase 2 and Admiral Baysuites East Wing.

Material Changes to the Balance Sheet as of March 31, 2015 compared to December 31, 2014 (Increase/Decrease of 5% or more)

The 32% increase in Cash and cash equivalents resulted from collection of receivables and proceeds of the Group's loan availments, net of loan settlements. The increase in cash was anticipated for the property acquisitions in April 2015.

The 7% increase in Real estate for development and sale is a result of the continuing construction and development of existing projects, which consist of Monarch Parksuites, Princeview Parksuites, Oxford Parksuites, Admiral Baysuites and Clairemont Hills Parksuites.

The 16% increase in Other current assets is mainly attributable to the increase in advances to contractors and suppliers and input value-added tax due to the continuing construction and development of the Group's existing projects. Increase in Other current assets is also due to the increase in deposits for real estate properties and creditable withholding tax.

Property and equipment decreased by 10% as a result of depreciation for the three-month period ended March 31, 2015.

The 7% increase in Investment properties is due to the acquisition of additional land for the development of Admiral Hotel and the continuing construction of One Soler and One Logistics buildings that are part of the Group's properties and will be held for rental upon completion.

The increase of 8% in Deferred tax assets mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions.

Other noncurrent assets increased by 6% due to payments for initial set-up services rendered by public utility providers necessary for the construction and development of real estate projects.

The 17% increase in Accounts and other payables and retention payable is attributable to the Group's construction activities on its existing projects which increased payable to contractors and suppliers and retention payable. The increase is partly due to the dividends payable, which is due to be settled in the second half of 2015.

The 6% increase in Loans payable (inclusive of noncurrent portion) is the net result of new loan availments and repayment of loans. These loans were obtained to finance property acquisitions and the construction of ongoing projects of the Group.

Customers' advances and deposits increased by 5% due to the advances and deposits paid by buyers of the Group's existing projects. Moreover, the increase is also due to the lease rights collected from the lessees of One Shopping Center and Two Shopping Center.

Deferred tax liabilities increased by 15% due to the recognition of the difference between the tax and book basis of accounting for real estate transactions.

Pension liabilities increased by 9% as a result of pension expense and interest costs for the three-month period ended March 31, 2015.

The decrease in Non-controlling interests by 51% is brought by the current period net loss attributable to the non-controlling interests.

KEY PERFORMANCE INDICATORS

The Group assessed its performance based on the following key performance indicators:

	As of March 31, 2015	As of December 31, 2014
Liquidity Ratio:		
(1) Current Ratio	**1.85:1**	1.94:1
(2) Debt to Equity Ratios	**2.35:1**	2.21:1
(3) Asset to Equity Ratio	**3.35:1**	3.21:1

	For the period ended March 31, 2015	For the period ended March 31, 2014
(4) Earnings before Interest and Taxes	**₱283.13 million**	₱305.78 Million
(5) Interest Coverage Ratio	**2.27**	2.51
(6) Return on Revenue	**18.18%**	18.14%
(7) Return on Equity	**3.27%**	4.14%
(8) Basic Earnings per Share	**₱0.17**	₱0.20

(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 / Revenue
(7) Net Income / Average Stockholders' Equity
(8) Net Income / Outstanding Shares

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

OTHER INTERIM DISCLOSURES

As of March 31, 2015, there were no material events or uncertainties known to management, in respect of the following:

- Any known trends, demands, commitments, events or uncertainties that are reasonably expected to have a material effect on liquidity. The Group does not anticipate having within the next 12 months any liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases or other indebtedness or financing agreement.

- Events that will trigger material financial obligation to the Group.

- Material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

- Known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales/revenue/income from continuing operations.

- Significant elements of income or loss that did not arise from the Group's continuing operations.

- Seasonal aspects that had material effect on the financial condition or result of operations.

AGING OF RECEIVABLES
As of March 31, 2015

	Total	Due within Six months	Due over Six months
Installment Contracts Receivable	**₱6,014,078,026**	**₱1,332,482,749**	**₱4,681,595,277**

PART II. OTHER INFORMATION

As of this date, the Group reported the following information on SEC Form 17-C:

Other Information	Date Filed
• Declaration of Cash Dividends	March 27, 2015
• Material Information/Transactions	March 27, 2015
• Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	March 30, 2015

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.**

STEVE LI	**NEIL Y. CHUA**
Vice-Chairman	Chief Finance Officer

Anchor Land Holdings, Inc. and Subsidiaries

Consolidated Financial Statements
March 31, 2015 and December 31, 2014
and Periods Ended March 31, 2015 and 2014 and Years Ended December 31, 2014 and 2013

COVER SHEET

SEC Registration Number

C	S	2	0	0	4	1	1	5	9	3

Company Name

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
17Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	(02) 844-3906	0932-8555056

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
96	June 25	March 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Christine P. Base	cpbase@legisforum.com	844-3906	0922-8952184

Contact Person's Address

11th Floor, LV Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱586,937,900**	₱443,792,653
Receivables (Note 6)	**2,820,607,364**	2,748,427,256
Real estate for development and sale (Notes 7 and 13)	**6,120,909,866**	5,695,310,035
Other current assets (Note 8)	**1,796,753,807**	1,545,904,138
	11,325,208,937	10,433,434,082
Noncurrent Assets		
Receivables - net of current portion (Note 6)	**3,338,940,715**	3,438,924,090
Property and equipment (Notes 9 and 13)	**37,976,029**	41,976,388
Investment properties (Notes 10 and 13)	**4,003,273,827**	3,744,180,465
Deferred tax assets - net (Note 21)	**46,690,474**	43,224,839
Other noncurrent assets (Note 11)	**69,753,774**	65,986,069
	7,496,634,819	7,334,291,851
	₱18,821,843,756	₱17,767,725,933
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 12)	**₱1,890,384,883**	₱1,561,117,838
Current portion of loans payable (Note 13)	**2,953,641,645**	2,608,432,754
Customers' advances and deposits (Note 15)	**1,279,605,365**	1,220,087,876
	6,123,631,893	5,389,638,468
Noncurrent Liabilities		
Retention payable (Note 12)	**622,601,947**	594,647,779
Loans payable - net of current portion (Note 13)	**6,024,684,160**	5,868,842,078
Deferred tax liabilities - net (Note 21)	**387,533,765**	336,631,126
Pension liabilities (Note 20)	**39,621,507**	36,463,324
	7,074,441,379	6,836,584,307
	13,198,073,272	12,226,222,775
Equity (Note 22)		
Equity attributable to equity holders of Anchor Land Holdings, Inc.		
Capital stock		
Common stock	**1,040,001,000**	1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Other comprehensive income	**2,641,358**	2,641,358
Retained earnings		
Appropriated	**1,917,250,000**	1,917,250,000
Unappropriated	**1,690,561,471**	1,606,256,624
	5,629,808,113	5,545,503,266
Non-controlling interests	**(6,037,629)**	(4,000,108)
	5,623,770,484	5,541,503,158
	₱18,821,843,756	₱17,767,725,933

See accompanying Notes to Consolidated Financial Statements.

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

	Three-Month Periods Ended March 31		Years Ended December 31	
	2015 (Unaudited)	2014 (Unaudited)	2014 (Audited)	2013 (Audited)
REVENUE				
Real estate sales (Note 24)	**₱852,153,685**	₱1,025,039,535	₱3,244,238,933	₱5,079,980,289
Rental income (Notes 10, 24 and 25)	**58,100,156**	56,901,371	225,745,044	198,376,603
Management fee (Note 24)	**8,542,215**	8,291,659	31,346,527	23,307,014
Interest and other income (Notes 17 and 24)	**86,501,039**	83,027,253	333,590,218	400,607,219
	1,005,297,095	1,173,259,818	3,834,920,722	5,702,271,125
COSTS AND EXPENSES				
Real estate (Notes 7, 18 and 24)	**520,567,106**	700,010,526	2,028,455,445	3,359,687,156
Selling and administrative (Notes 18 and 24)	**201,604,444**	167,464,596	848,735,425	802,873,315
Finance costs (Notes 13, 19 and 24)	**4,626,028**	4,788,865	22,240,119	17,368,337
	726,797,578	872,263,987	2,899,430,989	4,179,928,808
INCOME BEFORE INCOME TAX	**278,499,517**	300,995,831	935,489,733	1,522,342,317
PROVISION FOR INCOME TAX (Note 21)	**95,698,761**	88,216,820	282,672,338	415,086,103
NET INCOME	**182,800,756**	212,779,011	652,817,395	1,107,256,214
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss in subsequent years:				
Actuarial gain on pension liabilities (Note 20)	**–**	–	5,003,671	3,767,916
Income tax effect (Note 21)	**–**	–	(1,590,827)	(831,749)
	–	–	3,412,844	2,936,167
TOTAL COMPREHENSIVE INCOME	**₱182,800,756**	₱212,779,011	₱656,230,239	₱1,110,192,381
Net income (loss) attributable to:				
Equity holders of Anchor Land Holdings, Inc.	**₱184,838,277**	₱214,778,408	₱662,375,722	₱1,105,031,553
Non-controlling interests	**(2,037,521)**	(1,999,397)	(9,558,327)	2,224,661
	₱182,800,756	₱212,779,011	₱652,817,395	₱1,107,256,214
Total comprehensive income (loss) attributable to:				
Equity holders of Anchor Land Holdings, Inc.	**₱184,838,277**	₱214,778,408	₱666,134,044	₱1,107,967,720
Non-controlling interests	**(2,037,521)**	(1,999,397)	(9,903,805)	2,224,661
	₱182,800,756	₱212,779,011	₱656,230,239	₱1,110,192,381
BASIC/DILUTED EARNINGS PER SHARE (Note 26)	**₱0.17**	₱0.20	₱0.61	₱1.04

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Anchor Land Holdings, Inc.								
	Capital Stock (Note 22)		Additional	Other	Retained Earnings			Non-	
	Common Stock	Preferred Stock	Paid-in Capital	Comprehensive Income (Loss)	Appropriated	Unappropriated	Total	controlling Interests	Total Equity
					For The Three-Month Period Ended March 31, 2015				
As at December 31, 2014	**₱1,040,001,000**	**₱346,667,000**	**₱632,687,284**	**₱2,641,358**	**₱1,917,250,000**	**₱1,606,256,624**	**₱3,523,506,624**	**(₱4,000,108)**	**₱5,541,503,158**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**184,838,277**	**184,838,277**	**(2,037,521)**	**182,800,756**
Cash dividends declared (Note 22)	**–**	**–**	**–**	**–**	**–**	**(100,533,430)**	**(100,533,430)**	**–**	**(100,533,430)**
As at March 31, 2015	**₱1,040,001,000**	**₱346,667,000**	**₱632,687,284**	**₱2,641,358**	**₱1,917,250,000**	**₱1,690,561,471**	**₱3,607,811,471**	**(₱6,037,629)**	**₱5,623,770,484**
					For The Three-Month Period Ended March 31, 2014				
As at December 31, 2013	₱1,040,001,000	₱346,667,000	₱632,687,284	(₱1,116,964)	₱1,362,250,000	₱1,651,414,382	₱3,013,664,382	₱5,903,697	₱5,037,806,399
Total comprehensive income (loss)	–	–	–	–	–	214,778,408	214,778,408	(1,999,397)	212,779,011
As at March 31, 2014	₱1,040,001,000	₱346,667,000	₱632,687,284	(₱1,116,964)	₱1,362,250,000	₱1,866,192,790	₱3,228,442,790	₱3,904,300	₱5,250,585,410

See accompanying Notes to Consolidated Financial Statements.

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

	Three-Month Periods Ended March 31		Years Ended December 31	
	2015 (Unaudited)	2014 (Unaudited)	2014 (Audited)	2013 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱278,499,517**	₱300,995,831	₱935,489,733	₱1,522,342,317
Adjustments for:				
Interest income (Note 17)	**(69,206,403)**	(74,773,471)	(285,075,558)	(286,028,276)
Depreciation and amortization (Notes 9, 10, 11 and 18)	**26,059,286**	16,107,758	81,849,718	68,099,020
Pension costs (Note 20)	**3,158,183**	3,139,497	9,308,809	11,069,892
Finance costs (Notes 13 and 19)	**4,214,298**	4,275,942	20,188,426	15,849,623
Gain on sale of property and equipment (Note 9)	–	(138,333)	(138,333)	–
Operating income before working capital changes	**242,724,881**	249,607,224	761,622,795	1,331,332,576
Decrease (increase) in:				
Receivables	**27,803,267**	(157,770,118)	58,603,734	(2,145,333,067)
Real estate for development and sale	**(396,160,863)**	(149,017,500)	(1,254,024,427)	(565,112,998)
Other current assets	**(275,490,513)**	(183,692,831)	223,502,631	(446,302,761)
Other deposits	**(3,892,031)**	(5,441,367)	(10,551,176)	(28,351,701)
Increase (decrease) in:				
Accounts, retention and other payables	**185,150,252**	143,510,089	(443,192,747)	652,866,352
Customers' advances and deposits	**59,517,489**	(18,268,098)	212,824,192	414,116,188
Liabilities for purchased land	**–**	(21,743,280)	(21,743,280)	(260,919,360)
Net cash used in operations	**(160,347,518)**	(142,815,881)	(472,958,278)	(1,047,704,771)
Interest received	**69,206,403**	74,773,471	285,075,558	286,028,276
Interest paid	**(4,214,298)**	(4,275,942)	(19,879,374)	(15,849,623)
Income tax paid	**(39,147,350)**	(12,258,131)	(134,335,825)	(177,011,937)
Net cash used in operating activities	**(134,502,763)**	(84,576,483)	(342,097,919)	(954,538,055)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment (Note 9)	**(1,070,170)**	(7,428,076)	(20,620,999)	(25,313,997)
Investment properties (Note 10)	**(222,332,793)**	(6,675,004)	(396,997,478)	(178,226,276)
Software costs (Note 11)	**–**	–	(2,481,717)	(690,836)
Proceeds from sale of property and equipment (Note 9)	**–**	175,000	175,000	–
Net cash used in investing activities	**(223,402,963)**	(13,928,080)	(419,925,194)	(204,231,109)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from loan availments (Note 13)	**1,935,796,173**	1,301,395,071	6,305,720,393	5,936,269,727
Payments of:				
Dividends (Note 22)	**–**	–	(152,533,480)	(131,733,460)
Loans payable (Note 13)	**(1,434,745,200)**	(882,866,218)	(5,480,942,822)	(4,683,425,810)
Net cash provided by financing activities	**501,050,973**	418,528,853	672,244,091	1,121,110,457
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**143,145,247**	320,024,290	(89,779,022)	(37,658,707)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**443,792,653**	533,571,675	533,571,675	571,230,382
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱586,937,900**	₱853,595,965	₱443,792,653	₱533,571,675

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
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 leasing activities. The Parent Company was incorporated in the Philippines and registered with the Philippine 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.

Below are the Parent Company's subsidiaries with its respective percentage ownership as of March 31, 2015 and December 31, 2014:

Property Development	
Gotamco Realty Investment Corporation (GRIC)	100%
Anchor Properties Corporation or APC (formerly Manila Towers Development Corporation)	100%
Posh Properties Development Corporation (PPDC)	100%
Admiral Realty Company, Inc. (ARCI)	100%
Anchor Land Global Corporation (ALGC)	100%
Realty & Development Corporation of San Buenaventura (REDESAN)	100%
Pasay Metro Center, Inc. (PMCI)	100%
1080 Soler Corp. (1080 Soler)	100%
Nusantara Holdings, Inc. or NHI (Note 4)	100%
Globeway Property Ventures, Inc. (GPVI)	70%
Basiclink Equity Investment Corp. or BEIC (Note 4)	100%
Irenealmeda Realty, Inc. or IRI (Note 4)	100%
Property Management	
Momentum Properties Management Corporation (MPMC)	100%
Aluminum and Glass Doors and Windows Fabrication and Installation	
Eisenglas Aluminum and Glass, Inc. (EAGI)	60%

All of the Parent Company's subsidiaries were incorporated in the Philippines.

The Parent Company and its subsidiaries (collectively called "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. MPMC provides property management services to the Group's completed projects, commercial centers and buyers while EAGI is engaged in the fabrication and installation of aluminum and glass doors and windows.

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 Parent Company and its subsidiaries, entities over which the Parent Company has control.

Specifically, the Parent Company controls an investee if and only if the Parent Company has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- Any contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- 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
- Recognizes the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company has directly disposed of the related assets or liabilities.

Non-controlling Interests

Non-controlling interests (NCI) represent the portion of income and expense and net assets in subsidiaries that are not held by the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separate from the equity attributable to the equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years except for the adoption of the following amended standards and interpretations:

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*, require an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments also clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRS (2010-2012 cycle)

The Annual Improvements to PFRS (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and does not have a material impact on the Group.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. This improvement shall be applied prospectively.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39. The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, clarify that an entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The amendments also clarify that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendments are applied retrospectively. The amendments affected disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation,* clarifies in PAS 16 and PAS 38, *Intangible Assets,* that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment is applied retrospectively. The amendment has no significant impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*, clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The disclosure requirements were included in the financial statements and have no impact on the Group's financial position or performance.

<u>Annual Improvements to PFRS (2011-2013 cycle)</u>
The Annual Improvements to PFRS (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and does not have a material impact on the Group.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*, clarifies that joint arrangements, not just joint ventures, are outside the scope of PFRS 3 and this scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*, clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of PAS 39. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*, clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment has no significant impact on the consolidated financial statements of the Group.

<u>Standards Issued but not yet Effective</u>
The Group has not applied the following PFRS and Philippine Interpretations which are not yet effective as of reporting date. The list consists of standards and interpretations issued, which the Group reasonably expects to be effective at a future date.

- PFRS 9, *Financial Instruments - Classification and Measurement (2010 version)*, 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. 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 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.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, 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, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Philippine SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group will make an assessment when these have been completed.

Effective January 1, 2016

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. The amendment will have no significant impact on the Group's consolidated financial position or performance.

- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*, require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*, allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. The standard is an optional standard. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the consolidated statement of comprehensive income. This standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. This standard will not be applicable, since the Group is an existing PFRS preparer.

- Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*, clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not be expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

- Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*, change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost before maturity and using either the cost model or revaluation model after maturity. The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will have no significant impact to the Group's consolidated financial position or performance.

- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements,* will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

<u>Annual Improvements to PFRS (2012-2014 cycle)</u>
The Annual Improvements to PFRS (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*, clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment is applied prospectively.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*, requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Financial Instruments - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*, clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*, clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied retrospectively.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*, clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendment is applied retrospectively.

Effective January 1, 2018

- PFRS 9, *Financial Instruments - Hedge Accounting*, and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version), already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2014 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

- PFRS 9, *Financial Instruments (2014 or final version)*, reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities.

The following new International Financial Reporting Standard (IFRS) issued by the IASB has not yet been adopted by the FRSC:

- IFRS 15, *Revenue from Contracts with Customers*, establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group plans to adopt the new standard on the required effective date once adopted locally.

<u>Summary of Significant Accounting Policies</u>
The following accounting policies were applied in the preparation of the Group's consolidated financial statements:

<u>Property Acquisitions and Business Combinations</u>
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. Otherwise, corporate acquisitions are accounted for as business combinations.

Acquisitions of the Group in 2014 were accounted for as property acquisitions.

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.

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 changes in value.

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

Initial recognition 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 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 of 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 or loss.

'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 ('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 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 the consolidated statement of comprehensive income 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 or the Group does not have unconditional right to defer settlement of the liabilities for at least 12 months from the reporting date. Otherwise, these will be classified as noncurrent.

This accounting policy applies primarily to the Group's "Accounts, retention and other payables" (except "Income tax payable" and "Other taxes payable"), "Loans payable", "Liabilities for purchased land" and other liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liabilities 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' Advances and Deposits

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 profit or loss as the related obligations are fulfilled to the real estate buyers.

Deposits from lessee

Deposits from lessees consist of payments from tenants for leasehold rights. Leasehold rights pertain to the right to lease the commercial space over a certain number of years. These payments are subsequently recognized as income under "Rental income" on a straight-line basis over the lease term.

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;
- 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 credit risk characteristics such 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 Financial 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.

<u>Offsetting of Financial Instruments</u>
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. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

<u>Real Estate for Development and Sale</u>
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 costs 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.

<u>Land Held for Future Development</u>
Land held for future development, included under "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.

<u>Value-added Tax (VAT)</u>
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 whichever 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, rent, and real property taxes. These also include 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.

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 depreciations. 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 of properties which are held to earn rentals and properties under construction or redevelopment which will be held for rental upon completion.

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.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. CIP are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties are computed using the straight-line method over the EUL 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.

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.

Other Comprehensive Income
OCI are items of income and expense that are not recognized in profit or loss for the period in accordance with PFRS. The Group's OCI in 2014 and 2013 pertains to remeasurement gains and losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

Equity
Capital stock is measured at par value for all shares issued. When the Group issues more than one class of share, a separate account is maintained for each class of share and the number of 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 deductions 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.

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

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. Revenue from sales of uncompleted real estate project is accounted for using percentage-of-completion (POC) method. In accordance with Philippine Interpretations Committee Q&A No. 2006-01, the POC 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 POC 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 based on the terms of the lease or a certain percentage of the gross revenue of the tenants, as provided under the lease contract.

Management fee
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 includes service revenue and customer related fees such as penalties and surcharges and income from forfeited reservations and collections, which are recognized as they accrue, taking into account the provisions of the related contract.

Service revenue
Service revenue is recognized when the outcome of a transaction involving the rendering of services can be estimated reliably and by reference to the stage of completion of the transaction at the end of the reporting period.

Income from forfeited reservations and collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable, subject to provision of Republic Act (RA) No. 6552, *Realty Installment Buyer Protection Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

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 POC for revenue recognition purposes.

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.

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 POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

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 Liabilities
The Group has an unfunded, noncontributory defined benefit retirement plan covering all of its qualified employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation as of the reporting date.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Pension costs comprise the following:
- Service cost
- Interest on the pension liability
- Remeasurements of pension liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by independent qualified actuaries.

Interest on the pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the pension liability is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly within twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

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 deposits” in the consolidated statement of financial position. Upon commencement of the lease, these payments are recognized in the consolidated statement of comprehensive income 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 reporting date.

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 future 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 future 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 period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period 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 March 31, 2015 and 2014 and December 31, 2014 and 2013, the Group has no dilutive potential common shares.

Segment Reporting

The Group’s operating business is composed of condominium sales, leasing and property management. Financial information on the Group’s business segments are presented in Note 24.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 Date

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 consolidated financial statements in compliance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements. The judgments and estimates used in the 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:

Going concern

The management of the Group has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Group is not aware of any material uncertainties that may cast significant doubts upon the Group's ability to continue as going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

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 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 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 Group 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 only recognizes revenue from projects with at least 15% completion rate.

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

Transfers of financial assets with continuing involvement
The Group enters into various agreements with local banks for the sale of its installment contracts receivable in the form of a without recourse transactions. In the substance of the agreements, the Group has continuing involvement over the receivables sold. Accordingly, the receivables were not derecognized and the related cash considerations were recognized as loans payable. Contract receivables sold under these agreements amounted to ₱962.42 million and ₱1,076.69 million as of March 31, 2015 and December 31, 2014, respectively (see Notes 6 and 13).

Distinction between real estate for development and sale, property and equipment and investment properties
The Group determines whether a property qualifies as real estate for development and sale, property and equipment or investment properties, considering whether the property is occupied substantially for use by or in operations of the Group; for sale in the ordinary course of the business; or, held primarily to earn rental income and capital appreciation.

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 the business. Principally, these are properties that the Group develops and intends to sell before or upon completion of construction.

Properties intended to earn rental and capital appreciation are classified as investment properties while properties occupied by the Group are considered as property and equipment. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use 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.

Operating lease commitments - the Group as lessee
The Group has entered into various contracts of lease with terms of one to three months for its exhibit booths and model units for its ongoing projects and two 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 EUL of the related asset.

Rent expense amounted to ₱14.86 million, ₱13.32 million, ₱55.18 million and ₱59.46 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively (see Notes 18 and 25).

Operating lease commitments - the Group as lessor
The Group has entered into commercial property leases of its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Rental income amounted to ₱58.10 million, ₱56.90 million, ₱225.75 million and ₱198.38 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively (see Notes 10 and 25).

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 POC 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 ₱852.15 million, ₱1,025.04 million, ₱3,244.24 million and ₱5,079.98 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively. Cost of condominium units amounted to ₱520.57 million, ₱700.01 million, ₱2,028.46 million and ₱3,359.69 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively (see Note 24).

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 EIR. 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 March 31, 2015 and December 31, 2014, the Group has not provided any allowance for impairment losses on its receivables after consideration of credit enhancement (see Note 23). Receivables amounted to ₱6,159.55 million and ₱6,187.35 million as of March 31, 2015 and December 31, 2014, respectively (see Note 6).

Estimating NRV of real estate inventories
The Group reviews the NRV of real estate inventories, which are recorded under "Real estate for development and sale" in the consolidated statement of financial position, 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 in light of recent market transactions and having taken suitable external advice. 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 reporting date to the extent that such events confirm conditions existing at the reporting date. As of March 31, 2015 and December 31, 2014, the Group's real estate for development and sale which are carried at cost amounted to ₱6,120.91 million and ₱5,695.31 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 March 31, 2015 and December 31, 2014, carrying values follow:

	2015	2014
Property and equipment (Note 9)	**₱37,976,029**	₱41,976,388
Investment properties (Note 10)	**4,003,273,827**	3,744,180,465
Software costs (Note 11)	**2,208,960**	2,333,286

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 costs 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 these factors. A reduction in the EUL of property and equipment, investment properties and software costs would increase depreciation and amortization expense and decrease noncurrent assets.

As of March 31, 2015 and December 31, 2014, carrying values follow:

	2015	2014
Property and equipment (Note 9)	**₱37,976,029**	₱41,976,388
Investment properties (Note 10)	**4,003,273,827**	3,744,180,465
Software costs (Note 11)	**2,208,960**	2,333,286

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 future taxable profits 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 profit.

The Group's unrecognized deferred tax assets amounted to ₱5.21 million and ₱3.61 million as of March 31, 2015 and December 31, 2014, respectively (see Note 21).

Estimating pension cost and obligation
The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

As of March 31, 2015 and December 31, 2014, the present value of benefit obligation amounted to ₱39.62 million and ₱36.46 million, respectively. Net pension cost amounted to ₱3.16 million, ₱3.14 million, ₱9.31 million and ₱11.07 million for the three-months period ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, 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. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 23 for the related fair value disclosures.

Fair value of investment properties
The fair value of the investment properties, disclosed in the notes to the consolidated financial statements, is based on the valuation performed by independent firm of appraisers. The valuation was made on the basis of the fair value determined by referring to the character and utility of the properties, comparable property which have been sold recently, and the assets' highest and best use (see Notes 10 and 23).

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

The Group acquired 100% ownership interest in BEIC and IRI in 2014 which are landholding entities owning parcels of land in Metro Manila. The acquisitions of BEIC and IRI do not constitute acquisitions of business, hence, are not treated as business combination. The costs to acquire BEIC and IRI were allocated between their identifiable assets and liabilities based on their relative fair values at their respective acquisition dates.

Accordingly, no goodwill was recognized. These acquisitions were accounted for as property acquisitions.

5. Cash and Cash Equivalents

	2015	2014
Cash on hand	**₱363,500**	₱359,500
Cash in banks	**579,496,793**	435,929,778
Cash equivalents	**7,077,607**	7,503,375
	₱586,937,900	₱443,792,653

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 in 2015 and 2014 is 0.75% while investment rates for United States Dollar denominated securities are 1.25% in 2015 and 1.06% to 1.75% in 2014. 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 ₱0.23 million, ₱0.26 million, ₱1.20 million and ₱3.33 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively (see Note 17).

6. **Receivables**

	2015	2014
Installment contracts receivable - net of unamortized discount	**₱6,014,078,026**	₱6,009,037,920
Due from condominium association	**19,734,433**	19,374,337
Advances to employees	**2,598,630**	2,648,682
Others	**123,136,990**	156,290,407
	6,159,548,079	6,187,351,346
Less noncurrent portion of installment contracts receivable	**3,338,940,715**	3,438,924,090
	₱2,820,607,364	₱2,748,427,256

Installment contracts receivable consist of receivables from the sale of real estate properties. These are collectible in equal monthly principal installments over a period ranging from four to seven years depending on the agreement. Installment contracts receivable are generally noninterest-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 forfeited on cancelled contracts are included in other income under "Interest and other income" in the consolidated statements of comprehensive income (see Note 17).

Due from condominium association pertains to janitorial, security and maintenance expenses paid by the Group in behalf of the condominium association and are expected to be collected within one year.

Advances to employees of the Group represent advances for operational purposes and are expected to be collected 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.

As of March 31, 2015 and December 31, 2014, no impairment losses resulted from individual and collective impairment tests (see Note 23).

Unamortized discount on installment contracts receivable
In 2015 and 2014, noninterest-bearing installment contracts receivable with a nominal amount of ₱275.23 million and ₱2,248.88 million, respectively, were initially recorded at fair value amounting to ₱244.23 million and ₱2,109.34 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 2.30% to 5.08% in 2015 and 0.96% to 5.40% in 2014.

Movements in the unamortized discount on installment contracts receivable as of March 31, 2015 and December 31, 2014 follow:

	2015	2014
Balance at beginning of period	**₱310,018,981**	₱454,354,076
Additions	**30,996,887**	139,543,975
Accretion (Note 17)	**(68,977,848)**	(283,879,070)
Balance at end of period	**₱272,038,020**	₱310,018,981

Receivable financing
The Group enters into various agreements with banks whereby the Group sold its installment contracts receivable. 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 and the related loans payable accounts amounted to ₱1,494.77 million and ₱1,584.49 million as of March 31, 2015 and December 31, 2014, respectively. These receivables are used as collateral to secure the corresponding loans payables obtained.

7. Real Estate for Development and Sale

	2015	2014
Condominium units for sale	**₱5,085,385,768**	₱4,722,034,725
Land held for future development	**1,035,524,098**	973,275,310
	₱6,120,909,866	₱5,695,310,035

The rollforward of this account follows:

	2015	2014
At beginning of period	**₱5,695,310,035**	₱5,181,275,983
Property acquisitions and construction costs incurred	**858,720,465**	2,937,058,774
Capitalized borrowing costs (Note 19)	**87,446,472**	375,983,514
Disposals (recognized as cost of real estate sales)	**(520,567,106)**	(2,028,455,445)
Transfers to investment properties (Note 10)	**–**	(770,552,791)
At end of period	**₱6,120,909,866**	₱5,695,310,035

Borrowings were used to finance the Group's ongoing projects. The related borrowing costs were capitalized as part of real estate for development and sale. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 3.15% to 8.07% in 2015 and 3.00% to 8.07% in 2014. Borrowing costs on loans payable capitalized as part of "Real estate for development and sale" amounted to ₱87.45 million in 2015 and ₱375.98 million in 2014 (see Note 19).

Real estate inventories sold recognized as “Real estate” under Costs and expenses in the consolidated statements of comprehensive income amounted to ₱520.57 million in 2015 and ₱2,028.46 million in 2014. Such cost of sales represents land and development costs of condominium units that were realized as sales in the respective periods.

Parcels of land amounting to ₱1,035.52 million and ₱973.28 million were classified as land held for future development as of March 31, 2015 and December 31, 2014, respectively.

The Group recorded no provision for impairment and no reversal was recognized in 2015, 2014 and 2013.

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

As of March 31, 2015 and December 31, 2014, various land and condominium units for sale were used as collateral to secure the Group’s bank loans (see Note 13).

8. Other Current Assets

	2015	2014
Advances to contractors and suppliers	**₱642,599,476**	₱581,296,989
Value added input tax (Input VAT)	**528,626,293**	444,592,377
Creditable withholding tax	**233,388,316**	200,404,160
Deposits on real estate properties (Note 10)	**219,501,966**	150,451,966
Prepaid expenses	**136,513,021**	134,888,525
Deposits	**18,747,279**	20,350,579
Others	**17,377,456**	13,919,542
	₱1,796,753,807	₱1,545,904,138

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

Input VAT represents taxes imposed on the Group for the acquisition of goods from its suppliers and availment of services from its contractors, 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 within a year.

Creditable withholding tax pertains mainly to the amounts withheld from income derived from real estate sales and leasing activities. Creditable withholding tax will be applied against income tax due.

Deposits on real estate properties represent the Group’s advance payments to real estate property owners for the future acquisition of real estate properties.

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

Deposits consist principally of rental and guarantee deposits, and amounts paid to the utility providers for service application which will be settled within 12 months from the reporting date.

9. Property and Equipment

	2015				
	Leasehold Improvements	**Office Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Total**
Cost					
At January 1	**₱37,521,135**	**₱25,148,890**	**₱32,248,683**	**₱52,412,042**	**₱147,330,750**
Additions	**569,708**	**324,434**	**176,028**	**–**	**1,070,170**
At March 31	**38,090,843**	**25,473,324**	**32,424,711**	**52,412,042**	**148,400,920**
Accumulated Depreciation and Amortization					
At January 1	**25,656,285**	**19,287,285**	**21,874,113**	**38,536,679**	**105,354,362**
Depreciation and amortization (Note 18)	**925,168**	**994,636**	**1,364,520**	**1,786,205**	**5,070,529**
At March 31	**26,581,453**	**20,281,921**	**23,238,633**	**40,322,884**	**110,424,891**
Net Book Value	**₱11,509,390**	**₱5,191,403**	**₱9,186,078**	**₱12,089,158**	**₱37,976,029**

	2014				
	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Total
Cost					
At January 1	₱30,976,115	₱20,099,107	₱25,048,380	₱51,026,149	₱127,149,751
Additions	6,545,020	5,049,783	7,200,303	1,825,893	20,620,999
Disposal	–	–	–	(440,000)	(440,000)
At December 31	37,521,135	25,148,890	32,248,683	52,412,042	147,330,750
Accumulated Depreciation and Amortization					
At January 1	20,785,680	14,510,180	16,599,558	30,904,946	82,800,364
Depreciation and amortization (Note 18)	4,870,605	4,777,105	5,274,555	8,035,066	22,957,331
Disposal	–	–	–	(403,333)	(403,333)
At December 31	25,656,285	19,287,285	21,874,113	38,536,679	105,354,362
Net Book Value	₱11,864,850	₱5,861,605	₱10,374,570	₱13,875,363	₱41,976,388

The Group's transportation equipment with a carrying value of ₱10.51 million and ₱11.86 million as of March 31, 2015 and December 31, 2014, respectively, were constituted as collateral under chattel mortgage to secure the Group's vehicle financing arrangement with various financial institutions (see Note 13).

The cost of fully depreciated property and equipment which are still in use by the Group amounted to ₱58.08 million as of March 31, 2015 and December 31, 2014.

10. Investment Properties

	2015				
	Commercial Projects		**Construction in Progress**		
	Land	**Building**	**Land**	**Building**	**Total**
Cost					
At January 1	**₱747,227,798**	**₱2,452,659,566**	**₱377,938,408**	**₱320,509,216**	**₱3,898,334,988**
Additions	**–**	**2,590,708**	**170,166,816**	**49,575,269**	**222,332,793**
Transfer (Note 8)	**–**	**–**	**57,625,000**	**–**	**57,625,000**
At March 31	**747,227,798**	**2,455,250,274**	**605,730,224**	**370,084,485**	**4,178,292,781**
Accumulated Depreciation					
At January 1	**–**	**154,154,523**	**–**	**–**	**154,154,523**
Depreciation (Note 18)	**–**	**20,864,431**	**–**	**–**	**20,864,431**
At March 31	**–**	**175,018,954**	**–**	**–**	**175,018,954**
	₱747,227,798	**₱2,280,231,320**	**₱605,730,224**	**₱370,084,485**	**₱4,003,273,827**

	2014				
	Commercial Projects		Construction in Progress		
	Land	Building	Land	Building	Total
Cost					
At January 1	₱747,227,798	₱1,673,151,962	₱248,954,790	₱61,450,169	₱2,730,784,719
Additions	–	8,954,813	128,983,618	259,059,047	396,997,478
Transfers (Note 7)	–	770,552,791	–	–	770,552,791
At December 31	747,227,798	2,452,659,566	377,938,408	320,509,216	3,898,334,988
Accumulated Depreciation					
At January 1	–	96,381,893	–	–	96,381,893
Depreciation (Note 18)	–	57,772,630	–	–	57,772,630
At December 31	–	154,154,523	–	–	154,154,523
	₱747,227,798	₱2,298,505,043	₱377,938,408	₱320,509,216	₱3,744,180,465

Commercial projects pertain to the Group's completed commercial centers, namely One Shopping Center and Two Shopping Center, which were completed in 2010 and in 2012, respectively, and the commercial units of the Group's completed condominium projects. Construction in progress comprises ongoing commercial projects of GPVI, 1080 Soler and BEIC.

The transfer to investment properties in 2015 pertains to advance payment to real estate property owner for the acquisition of real estate properties (see Note 8). The transfers to investment properties in 2014 pertain to the cost of completed commercial units of condominium projects (see Note 7). These transfers constitute significant noncash transactions in the consolidated statements of cash flows in 2015 and in 2014.

Borrowings were used to finance the Group's ongoing construction of investment properties. The related borrowing costs were capitalized as part of investment properties. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 3.15% to 8.07% in 2015 and 3.00% to 8.07% in 2014. Total borrowing cost capitalized as part of investment properties amounted to ₱32.76 million in 2015 and ₱73.46 million in 2014 (see Note 19).

For the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, rental income from these investment properties amounted to ₱58.10 million, ₱56.90 million, ₱225.75 million and ₱198.38 million, respectively (see Note 25). Depreciation charged to operations for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013 amounted to ₱20.86 million, ₱9.99 million, ₱57.77 million and ₱44.76 million, respectively (see Note 18). Selling and administrative expenses, exclusive of depreciation, related to these investment properties amounted to ₱27.10 million, ₱21.33 million, ₱95.00 million and ₱91.88 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively.

The aggregate fair value of investment properties amounted to ₱4,464.95 million and ₱3,977.14 million as of March 31, 2015 and December 31, 2014, which were determined based on valuations performed by an independent qualified appraiser. The appraiser is an industry specialist in valuing these types of properties. The value was estimated by using the Sales Comparison Approach, an approach to value that considers similar or substitute properties and related market data.

The Group has no restrictions on the realizability of the investment properties.

As of March 31, 2015 and December 31, 2014, capital commitments for investment properties amounted to ₱1,195.35 million and ₱610.52 million, respectively.

As of March 31, 2015 and December 31, 2014, certain investment properties are used to secure the Group's bank loans (see Note 13).

11. **Other Noncurrent Assets**

	2015	2014
Utility and security deposits	**₱60,916,814**	₱57,024,783
Construction bond deposits	**5,528,000**	5,528,000
Software costs	**2,208,960**	2,333,286
Others	**1,100,000**	1,100,000
	₱69,753,774	₱65,986,069

Utility and security deposits pertain 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 deposits pertain to the bond with ASEANA Business Park for the ongoing project developments in the area.

The rollforward analysis of software costs follow:

	2015	2014
Cost		
At beginning of period	**₱6,719,563**	₱4,237,846
Additions	–	2,481,717
At end of period	**6,719,563**	6,719,563
Accumulated Amortization		
At beginning of period	**4,386,277**	3,266,520
Amortization (Note 18)	**124,326**	1,119,757
At end of period	**4,510,603**	4,386,277
Net Book Value	**₱2,208,960**	₱2,333,286

Others pertains to club membership of the Group.

12. **Accounts, Retention and Other Payables**

Accounts and Other Payables

	2015	2014
Payable to contractors and suppliers	**₱1,209,254,971**	₱1,048,453,824
Income tax payable	**143,346,617**	101,248,054
Other taxes payable	**135,747,171**	127,560,507
Accrued expenses	**118,316,827**	120,923,336
Dividends payable (Note 22)	**100,533,430**	–
Rental security deposit	**39,307,689**	39,349,429
Others	**143,878,178**	123,582,688
	₱1,890,384,883	₱1,561,117,838

Payable to contractors and suppliers are attributable to the construction costs incurred by the Group. These are noninterest-bearing and are normally settled within 30 to 120 days.

Income tax payable will be settled within one year.

Other taxes payable consist of output VAT and taxes withheld by the Group from employees and contractors, which are payable within one year.

Accrued expenses pertain to incurred but unpaid commission, interest, utilities, rental and salaries which are normally settled within one year.

Others consist of non-trade payables and premium payable to SSS, Philhealth and Pag-ibig. These are normally settled within one year.

Retention Payable
Retention payable pertains to the portion of contractors' progress billings which are withheld and will be released after the satisfactory completion of the contractors' work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract arrangements.

13. **Loans Payable**

	Terms	**2015**	2014
Short-term loans:			
Bank loans	Within 1 year	**₱1,365,000,000**	₱545,000,000
Long-term loans:			
Bank loans	3.5 to 10 years	**6,109,430,274**	6,337,151,112
Receivable financing	1 to 4 years	**1,494,772,235**	1,584,488,445
Notes payable	3 to 5 years	**9,123,296**	10,635,275
		8,978,325,805	8,477,274,832
Less current portion		**2,953,641,645**	2,608,432,754
		₱6,024,684,160	₱5,868,842,078

Short-term Loans
Short-term bank loans represent various secured promissory notes from local banks with annual interest rates ranging from 3.15% to 3.50% in 2015 and 3.20% to 3.75% in 2014. These loans are payable within one month to six months from date of issuance.

A land and building located in Pasay City are used as collateral to secure the Group's short-term loans availed in 2015 and 2014. The aggregate carrying amount of these properties used as collateral amounted to ₱260.84 million and ₱264.33 million as of March 31, 2015 and December 31, 2014, respectively.

Long-term Loans
Long-term bank loans
In December 2014, ARCI availed of a secured long-term loan from a local bank amounting to ₱500.00 million. This loan bears fixed interest rate of 4.60% per annum and will be paid on June 29, 2018, the maturity date. As of March 31, 2015 and December 31, 2014, outstanding balance of this loan amounted to ₱500.00 million.

In March 2014, PPDC obtained a secured seven-year loan facility from a local bank to be drawn in a staggered basis with scheduled annual principal payments commencing in 2015 until 2018 and the remaining balance to be paid in 2021. In the same month, PPDC drew ₱1,300.00 million bearing 4.50% annual interest. Additional ₱650.00 million was drawn in December 2014 with 5.56% annual interest. In February and March 2015, PPDC drew ₱350.00 million and

₱330.00 million, respectively, which bears annual interest of 5.78% and 5.46%, respectively. Outstanding balance of loans from this facility amounted to ₱2,430.00 million and ₱1,950.00 million as of March 31, 2015 and December 31, 2014, respectively.

PPDC has a secured 10-year fixed rate loan from a local bank with an outstanding balance of ₱1,144.13 million and ₱1,153.13 million as of March 31, 2015 and December 31, 2014, respectively. Quarterly repayments of 0.75% of the principal amount shall be made from the 1st to the 36th quarter while the remaining 73% will be paid on January 27, 2023, the maturity date. The loan bears an interest of 7.07% per annum for the first five years of the term and 7.89% per annum for the succeeding years until maturity.

In June 2013, PPDC obtained a secured seven-year loan facility from a local bank in multiple drawdown with annual amortization of 1.00% of principal amount payable at the end of the second year from initial drawdown date, and every year thereafter, with the balance to be paid on December 26, 2020. In December 2013, PPDC drew ₱200.00 million with 6.00% annual interest. In June 2014, PPDC drew the aggregate amount of ₱300.00 million with 6.00% annual interest. Outstanding balance of loans from this facility amounted to ₱500.00 million as of March 31, 2015 and December 31, 2014.

In July 2014, PPDC obtained another seven-year loan facility from a local bank in multiple drawdowns with annual amortization of 1.00% of principal amount payable at the end of the second year from initial drawdown date, and every year thereafter, with the balance to be paid on December 17, 2021. In December 2014 and February 2015, PPDC drew ₱200.00 million and ₱300.00 million, respectively. These loans are secured and bear fixed interest rate of 6.00% per annum. The outstanding balance of these loans as of March 31, 2015 and December 31, 2014 amounted to ₱500.00 million and ₱200.00 million, respectively.

ARCI has a long-term fixed rate loan from a local bank with an outstanding balance of ₱700.00 million and ₱1,700.00 million as of March 31, 2015 and December 31, 2014, respectively. Payments shall be made in five equal quarterly amortizations to commence in 2015 until June 26, 2016. The loan is secured and bears a fixed interest rate of 6.31% per annum.

GRIC had long-term loans from a local bank with fixed interest rates which ranged from 3.00% to 5.26% per annum. 21.05% of the principal was paid at the end of 2013 while the remaining balance was paid on August 28, 2014. The loans were secured by a suretyship between the Parent Company and GRIC. The loans were fully paid upon maturity. Outstanding balance of these loans amounted to nil as of March 31, 2015 and December 31, 2014.

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 loans are secured and bear fixed interest rates of 8.07% and 7.30% per annum, respectively. As of March 31, 2015 and December 31, 2014, the aggregate outstanding balance of these loans amounted to ₱350.00 million.

In March 2010, the Parent Company signed an omnibus notes facility and security agreement with local banks relating to the issuance of five-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%, and are secured by various land and buildings owned by the Group. Proceeds of the said loan facility were 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. Outstanding balance of these loans amounted to nil as of March 31, 2015 and December 31, 2014.

Unamortized debt discount and issuance costs deducted from the above-mentioned long-term bank loans as of March 31, 2015 and December 31, 2014 amounted to ₱14.69 million and ₱15.97 million, respectively.

The rollforward analyses of unamortized debt discount and issuance costs on long-term bank loans as of March 31, 2015 and December 31, 2014 follow:

	2015	2014
Balance at beginning of period	**₱15,973,888**	₱16,887,796
Additions	**–**	6,500,000
Amortization	**(1,279,162)**	(7,413,908)
Balance at end of period	**₱14,694,726**	₱15,973,888

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 four years. This loan was fully paid in January 2013.

These term loans were secured with various land and buildings owned by the Group which are located in Roxas Boulevard, Pasay City, Binondo, Manila, Parañaque City and San Juan City, recorded under condominium units held for sale and investment properties. As of March 31, 2015 and December 31, 2014, these properties have an aggregate carrying value amounting to ₱8,367.63 million and ₱9,224.99 million, respectively.

Receivable financing
The loans payable on receivable financing as discussed in Note 6 arises from installment contracts receivable sold by the Group to various local banks with a total carrying amount of ₱1,494.77 million and ₱1,584.49 million as of March 31, 2015 and December 31, 2014, respectively. These loans bear fixed interest rates ranging from 4.00% to 4.88% in 2015 and 2014, payable on equal monthly installments for a period of 1 to 4 years depending on the terms of the installment contracts receivable.

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 2015 and 2014, annual interest rates ranged from 3.83% to 8.96%. The Group's transportation equipment with a carrying value of ₱10.51 million and ₱11.86 million as of March 31, 2015 and December 31, 2014, respectively, are held as collateral to secure the Group's notes payable (see Note 9).

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. The Group was fully compliant with these requirements. The notes drawn from the note facility agreement were pre-terminated on June 14, 2013.

The Group is not in breach of any loan covenants as of March 31, 2015 and December 31, 2014.

Borrowing costs
Total borrowing costs arising from loans payable amounted to ₱124.42 million in 2015 and ₱469.63 million in 2014. Total borrowing costs capitalized under real estate for development and sale and investment properties amounted to ₱120.21 million in 2015 and ₱449.44 million in 2014 (see Note 19).

14. Liabilities for Purchased Land

On May 18, 2011, the Group acquired parcels of land from DM Wenceslao for the development of the Group's Monarch Parksuites Project. The total consideration (net of VAT) amounted to ₱869.73 million, of which ₱326.15 million was paid in 2011 and the remaining balance was paid in 25 monthly installments. This liability bears no interest and was fully paid as of December 31, 2014.

15. Customers' Advances and Deposits

	2015	2014
Deposits from real estate buyers	**₱672,968,687**	₱626,656,162
Deposits from lessees	**606,636,678**	593,431,714
	₱1,279,605,365	₱1,220,087,876

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, deposits from real estate buyers represent payment from buyers which have not reached the minimum required percentage. When the buyer has paid up 5% of the total contract price, a sale is recognized and these deposits and downpayments will be applied against the related installment contracts receivable. The excess of collections over the recognized receivables is applied against the POC in the succeeding years.

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 the consolidated 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 ₱17.83 million, ₱15.92 million, ₱68.01 million and ₱40.78 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, 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.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

Terms and conditions of transactions with related parties
Transactions entered by the Group with related parties are cash advances to officers and employees for operational purposes. Outstanding balances at year-end are unsecured, interest-free and settlement occurs by way of liquidation. For the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, 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.

Key management compensation
The key management personnel of the Group include all directors, executives, and senior management. Compensation and benefits of key management personnel for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013 amounted to ₱11.10 million, ₱11.92 million, ₱45.97 million and ₱38.60 million, respectively.

17. Interest and Other Income

	March 31		December 31	
	2015	2014	2014	2013
Interest income from:				
Accretion of unamortized discount (Note 6)	**₱68,977,848**	₱74,516,749	₱283,879,070	₱282,699,137
Cash and cash equivalents (Note 5)	**228,555**	256,722	1,196,488	3,329,139
Other income	**17,294,636**	8,253,782	48,514,660	114,578,943
	₱86,501,039	₱83,027,253	₱333,590,218	₱400,607,219

Other income include income from nonrefundable amounts forfeited on cancelled sales as well as penalties and other surcharges billed against defaulted installment contracts receivable. Income from nonrefundable amounts forfeited on cancelled 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. Cost and Expenses

Cost of real estate sales
Cost includes acquisition cost of land, construction cost and capitalized borrowing costs. Cost of real estate sales recognized for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013 amounted to ₱520.57 million, ₱700.01 million, ₱2,028.46 million and ₱3,359.69 million, respectively.

Selling and administrative expenses

	March 31		December 31	
	2015	2014	2014	2013
Salaries, wages and employee benefits (Notes 16 and 20)	**₱44,120,145**	₱44,153,878	₱199,162,406	₱179,377,411
Sales and marketing	**43,660,050**	31,097,708	273,502,425	264,837,788
Taxes and licenses	**26,417,045**	18,265,051	82,428,154	80,576,334
Depreciation and amortization (Notes 9, 10 and 11)	**25,668,396**	15,540,002	79,874,344	65,526,279
Utilities	**24,626,054**	23,418,850	88,120,765	82,703,173
Rental (Note 25)	**14,861,654**	13,324,679	55,177,240	59,456,596
Membership dues	**9,788,321**	5,317,744	16,119,827	10,741,694
Professional fees	**4,085,907**	3,685,502	12,930,326	8,322,227
Insurance	**2,430,537**	1,730,573	7,977,208	6,467,011
Representation and entertainment	**2,034,533**	2,143,476	8,366,055	3,618,889
Transportation and travel	**721,974**	1,547,206	4,492,278	3,720,978
Donations and contributions	**400,000**	61,500	5,135,500	21,391,326
Others	**2,789,828**	7,178,427	15,448,897	16,133,609
	₱201,604,444	₱167,464,596	₱848,735,425	₱802,873,315

Others mainly pertain to referral fees, office and pantry supplies and liquidation of expenses incurred for the daily operations of the Group.

Details of depreciation expense follow:

	March 31		December 31	
	2015	2014	2014	2013
Cost of real estate	**₱390,890**	₱567,756	₱1,975,374	₱2,572,741
Selling and administrative	**25,668,396**	15,540,002	79,874,344	65,526,279
	₱26,059,286	₱16,107,758	₱81,849,718	₱68,099,020

19. Finance Costs

	March 31		December 31	
	2015	2014	2014	2013
Interest expense on:				
Loans payable (Note 13)	**₱124,419,875**	₱121,394,949	₱469,631,801	₱381,868,910
Pension liabilities (Note 20)	**411,730**	512,923	2,051,693	1,518,714
	124,831,605	121,907,872	471,683,494	383,387,624
Less amounts capitalized on:				
Real estate for development and sale (Note 7)	**87,446,472**	116,833,813	375,983,514	347,678,894
Investment properties (Note 10)	**32,759,105**	285,194	73,459,861	18,340,393
	120,205,577	117,119,007	449,443,375	366,019,287
	₱4,626,028	₱4,788,865	₱22,240,119	₱17,368,337

Interest expense on short-term loans amounted to ₱5.28 million, ₱14.14 million, ₱38.36 million and ₱45.51 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively.

20. **Pension Plan**

The Group has an unfunded, noncontributory defined benefit plan covering 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 RA No. 7641, *Retirement Pay Law*. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the retirement benefit obligation.

The components of the Group's pension costs follow:

	March 31		December 31	
	2015	2014	2014	2013
Current service cost	**₱2,746,453**	₱2,626,574	₱10,985,811	₱9,551,178
Interest cost on benefit obligation (Note 19)	**411,730**	512,923	2,051,693	1,518,714
Past service cost	**–**	–	(3,728,695)	–
	₱3,158,183	₱3,139,497	₱9,308,809	₱11,069,892

Movements in the present value of defined benefit obligations as of March 31, 2015 and December 31, 2014 follow:

	2015	2014
Balance at beginning of period	**₱36,463,324**	₱32,158,186
Net benefit cost in profit or loss		
Current service cost	**2,746,453**	10,985,811
Interest cost	**411,730**	2,051,693
Past service cost	**–**	(3,728,695)
	3,158,183	9,308,809
Remeasurements in other comprehensive income		
Actuarial changes arising from changes in financial assumptions	**–**	11,317,521
Actuarial changes arising from experience adjustments	**–**	(16,321,192)
	–	(5,003,671)
Balance at end of period	**₱39,621,507**	₱36,463,324

The assumptions used to determine pension benefits of the Group for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 follow:

Discount rate	4.46% to 5.31%
Salary increase rate	10.00%

There were no changes from the previous year in the methods and assumptions used in preparing sensitivity analysis.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting date, assuming all other assumptions are held constant:

	Increase (decrease)	
Discount rates	+150 basis points	(₱9,757,400)
	-150 basis points	14,084,933
Future salary increases	+150 basis points	12,372,133
	-150 basis points	(9,084,197)

The average duration of the defined benefit obligation as of the reporting date is 17.5 to 24.6 years.

The maturity analysis of the undiscounted benefit payments follows:

Less than 1 year	₱71,373
More than 1 year to 2 years	121,951
More than 3 years to 4 years	761,987
More than 4 years	7,427,039

21. **Income Tax**

	March 31		December 31	
	2015	2014	2014	2013
Current:				
RCIT	**₱41,814,012**	₱63,916,356	₱222,631,162	₱299,682,740
Final	**5,441,346**	47,190	210,077	659,404
MCIT	**1,006,399**	102,747	1,374,710	2,740,496
	48,261,757	64,066,293	224,215,949	303,082,640
Deferred	**47,437,004**	24,150,527	58,456,389	112,003,463
	₱95,698,761	₱88,216,820	₱282,672,338	₱415,086,103

Details of the carryover NOLCO that can be claimed as deduction from future taxable profit and MCIT that can be claimed as tax credits against income tax liabilities follow:

NOLCO

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2012	₱36,101,418	₱24,308,574	₱11,792,844	2015
2013	11,977,915	6,700,094	5,277,821	2016
2014	42,854,753	16,618,769	26,235,984	2017
2015	10,043,167	–	10,043,167	2018
	₱100,977,253	₱47,627,437	₱53,349,816	

MCIT

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2012	₱2,210,912	₱–	₱2,210,912	2015
2013	2,740,496	44,662	2,695,834	2016
2014	1,374,710	–	1,374,710	2017
2015	1,006,399	–	1,006,399	2018
	₱7,332,517	₱44,662	₱7,287,855	

Net deferred tax assets of the Group as of March 31, 2015 and December 31, 2014 follow:

	2015	2014
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱20,972,105**	₱18,740,229
Pension liabilities recognized in:		
Profit or loss	**14,353,052**	13,434,094
Other comprehensive income	**370,155**	370,155
MCIT	**6,038,732**	5,465,836
NOLCO	**5,782,284**	4,539,184
Difference between tax and book basis of accounting for contracts revenue	**2,826,732**	2,826,732
Unamortized discount on installment contracts receivable	**2,227,243**	2,619,639
Commissions expense per books in excess of actual commissions paid	**166,938**	200,767
	52,737,241	48,196,636
Deferred tax liabilities on:		
Pension liabilities recognized in other comprehensive income	**2,865,252**	2,865,252
Actual commissions paid in excess of commissions expense per books	**2,182,214**	1,492,543
Unamortized discount on installment contracts receivable	**999,301**	614,002
	6,046,767	4,971,797
	₱46,690,474	₱43,224,839

Net deferred tax liabilities of the Group as of March 31, 2015 and December 31, 2014 follow:

	2015	2014
Deferred tax asset on:		
Unamortized discount on installment contracts receivable	**₱64,389,087**	₱68,975,376
Commissions expense per books in excess of actual commissions paid	**22,892,901**	22,555,615
NOLCO	**5,009,045**	9,994,676
Nondeductible expenses	**2,365,200**	928,800
MCIT	**1,249,123**	652,864
	95,905,356	103,107,331
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate transactions	**472,965,035**	426,481,030
Actual commissions paid in excess of commissions expense per books	**9,416,163**	12,087,679
Unamortized discount on loans payable	**1,057,923**	1,169,748
	483,439,121	439,738,457
	₱387,533,765	₱336,631,126

The Group has deductible temporary differences for which deferred tax assets have not been recognized since 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.

NOLCO for which no deferred tax assets were recognized amounted to ₱17.38 million and ₱12.02 million as of March 31, 2015 and December 31, 2014, respectively. The Group's unrecognized deferred tax assets on NOLCO amounted to ₱5.21 million and ₱3.61 million as of March 31, 2015 and December 31, 2014, respectively.

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

	March 31		December 31	
	2015	2014	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%	30.00%
Tax effect of:				
Changes in unrecognized deferred tax assets	**2.61**	0.13	0.06	0.09
Nondeductible expenses	–	0.01	0.21	0.07
Interest income subject to final tax	**(0.01)**	(0.01)	(0.02)	(0.02)
Applied MCIT	–	(0.01)	–	–
Others	**1.76**	(0.81)	(0.03)	(2.87)
Effective income tax rate	**34.36%**	29.31%	30.22%	27.27%

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 ARCI for Admiral Baysuites East Wing and as an Expanding Developer of Low-Cost Mass Housing Project to PPDC for Solemare Parksuites Phase 2 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 to four years.

22. Equity

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

Common shares
Details of the Parent Company's common shares as of March 31, 2015 and December 31, 2014 follow:

Authorized shares	3,500,000,000
Par value per share	₱1.00
Issued and outstanding shares	1,040,001,000

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 96 and 93 existing shareholders as of March 31, 2015 and December 31, 2014, respectively.

On November 8, 2013, the Philippine SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each to ₱3.50 billion divided into 3.50 billion shares with par value of ₱1.00 each.

Preferred shares
The preferred shares are voting, nonparticipating, nonredeemable and are entitled to 8% cumulative dividends. Details of the Parent Company's preferred shares as of March 31, 2015 and December 31, 2014 follow:

Authorized shares	1,300,000,000
Par value per share	₱1.00
Issued and outstanding shares	346,667,000

Cash dividends
On March 26, 2015, the Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends for the year 2014; and

2. For common shares - ₱0.07 per common share held for common shares issued and outstanding.

The record date is May 15, 2015 and the dividends are payable on June 10, 2015.

On June 3, 2014, the Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends for the year 2013; and

2. For common shares - ₱0.12 per common share held for common shares issued and outstanding.

The record date is June 18, 2014 and dividends amounting to ₱152.53 million are paid in July 14, 2014.

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

1. For preferred shares - 8% 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 amounting to ₱131.73 million are paid on July 16, 2013.

Retained earnings
The retained earnings available for dividend distribution amounted to ₱948.43 million and ₱1,062.12 million as of March 31, 2015 and December 31, 2014, respectively. The undistributed earnings from subsidiaries amounting to ₱693.42 million and ₱444.08 million as of March 31, 2015 and December 31, 2014, 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.

In 2014, the BOD approved the appropriation of earnings amounting to ₱250.00 million for the project development of Monarch Parksuites, ₱200.00 million for the project development of Oxford Parksuites, ₱200.00 million for the project development of Admiral Hotel and ₱5.00 million for MPMC's future capital investments. These appropriations are expected to be released gradually until completion of the related projects. Also, the BOD approved the release of the 2012 appropriation for the project development of Anchor Skysuites amounting to ₱100.00 million.

On November 25, 2013, the BOD approved the appropriation of earnings amounting to ₱500.00 million for the project development of GRIC's new condominium projects, ₱470.00 million for the project development of Monarch Parksuites, ₱30.00 million for the project development of Oxford Parksuites and ₱12.25 million for working capital of EAGI's future projects. These appropriations are expected to be released gradually up to 2017.

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 as of March 31, 2015 and December 31, 2014:

	2015	2014
Capital stock:		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Retained earnings	**3,607,811,471**	3,523,506,624
	₱5,627,166,755	₱5,542,861,908

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, accounts, retention and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent, excluding other comprehensive income or loss.

	2015	2014
Accounts, retention and other payables	**₱2,512,986,830**	₱2,155,765,617
Loans payable	**8,978,325,805**	8,477,274,832
Customers' advances and deposits	**1,279,605,365**	1,220,087,876
	12,770,918,000	11,853,128,325
Less cash and cash equivalents	**(586,937,900)**	(443,792,653)
Net debt	**12,183,980,100**	11,409,335,672
Capital (excluding other comprehensive income or loss)	**5,627,166,755**	5,542,861,908
Total capital and net debt	**₱17,811,146,855**	₱16,952,197,580
Gearing ratio	**68%**	67%

No changes were made in the objectives, policies or processes during the three-month period ended March 31, 2015 and year ended December 31, 2014.

23. Financial Instruments

Fair Value Information

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair values due to their short-term maturities except for the following financial asset and financial liability as of March 31, 2015 and December 31, 2014:

	2015		2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Asset				
Loans and receivables - installment contracts receivable	**₱6,014,078,026**	**₱5,783,167,549**	₱6,009,037,920	₱6,049,646,820
Financial Liability				
Other financial liabilities - loans payable	**₱8,978,325,805**	**₱9,025,856,655**	₱8,477,274,832	₱8,357,914,506

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

Financial asset

The fair value of installment contracts receivable 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 2.30% to 5.08% in 2015 and 0.96% to 5.40% in 2014.

Financial liability

The fair value of variable rate loans payable that reprice every three months approximates their carrying value due to recent and regular repricing based current market rates. The 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 2.73% to 4.63% in 2015 and 2.79% to 4.67% in 2014.

Fair Value Hierarchy
The Group has no financial instruments carried at fair value as of March 31, 2015 and December 31, 2014.

The following table shows the Group's assets and liability for which fair values are disclosed based on Level 3 valuation technique:

	2015	2014
Assets for which fair value is disclosed:		
Installment contracts receivable	**₱5,783,167,549**	₱6,049,646,820
Investment properties	**4,464,946,551**	3,997,135,964
	₱10,248,114,100	₱10,046,782,784
Liability for which fair value is disclosed:		
Loans payable	**₱9,025,856,655**	₱8,357,914,506

There were no assets or liabilities whose fair value is disclosed using Level 1 and Level 2 valuation techniques.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise cash and cash equivalents, receivables, accounts, retention 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, credit risk and interest rate 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 on policies for managing each of these risks.

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 March 31, 2015 and December 31, 2014, the Group has undrawn facilities amounting ₱4.61 billion and ₱5.54 billion, respectively.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the financial assets to manage liquidity as of March 31, 2015 and December 31, 2014:

	2015			
	On Demand	**Within 1 year**	**More than 1 year**	**Total**
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱579,860,293**	**₱7,077,607**	**₱–**	**₱586,937,900**
Receivables:				
Installment contracts receivable	–	**2,909,401,743**	**4,073,875,957**	**6,983,277,700**
Due from condominium association	–	**19,734,433**	–	**19,734,433**
Advances to employees	–	**144,643**	–	**144,643**
Others	–	**116,060,506**	–	**116,060,506**
Total Financial Assets	**₱579,860,293**	**₱3,052,418,932**	**₱4,073,875,957**	**₱7,706,155,182**
Financial Liabilities				
Other financial liabilities:				
Accounts, retention and other payables:				
Payable to contractors and suppliers	**₱–**	**₱1,209,254,971**	**₱–**	**₱1,209,254,971**
Retention payable	–	–	**622,601,947**	**622,601,947**
Accrued expenses	–	**118,316,827**	–	**118,316,827**
Dividends payable	–	**100,533,430**	–	**100,533,430**
Others	–	**143,878,178**	–	**143,878,178**
Loans payable	–	**3,379,715,719**	**8,490,734,528**	**11,870,450,247**
Total Financial Liabilities	**₱–**	**₱4,951,699,125**	**₱9,113,336,475**	**₱14,065,035,600**

	2014			
	On Demand	Within 1 year	More than 1 year	Total
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	₱436,289,278	₱7,503,375	₱–	₱443,792,653
Receivables:				
Installment contracts receivable	–	2,912,812,076	3,931,771,470	6,844,583,546
Due from condominium association	–	19,374,337	–	19,374,337
Advances to employees	–	144,643	–	144,643
Others	–	147,273,150	–	147,273,150
Total Financial Assets	₱436,289,278	₱3,087,107,581	₱3,931,771,470	₱7,455,168,329
Financial Liabilities				
Other financial liabilities:				
Accounts, retention and other payables:				
Payable to contractors and suppliers	₱–	₱1,048,453,824	₱–	₱1,048,453,824
Retention payable	–	–	594,647,779	594,647,779
Accrued expenses	–	120,923,336	–	120,923,336
Others	–	123,582,688	–	123,582,688
Loans payable	–	3,027,892,159	7,506,531,242	10,534,423,401
Total Financial Liabilities	₱–	₱4,320,852,007	₱8,101,179,021	₱12,422,031,028

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 condominium units in case of refusal by the buyer to pay the due installment contracts receivable on time. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

As of March 31, 2015 and December 31, 2014, the Group's maximum exposure to credit risk without considering the effects of collaterals and other credit enhancements follows:

	2015	2014
Cash in banks and cash equivalents	**₱586,574,400**	₱443,433,153
Receivables:		
Installment contracts receivable	**6,014,078,026**	6,009,037,920
Due from condominium association	**19,734,433**	19,374,337
Advances to employees	**144,643**	144,643
Others	**116,060,506**	147,273,150
	₱6,736,592,008	₱6,619,263,203

As for the cash in banks and cash equivalents, due from condominium association, advances to employees 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 for sale are held as collateral for all installment contracts receivable. The maximum exposure to credit risk, before considering credit exposure, from the Group's installment contracts receivable amounted to ₱6,014.08 million and ₱6,009.04 million as of March 31, 2015 and December 31, 2014, respectively. The fair value of the related collaterals amounted to ₱26,648.23 million and ₱26,002.40 million as of March 31, 2015 and December 31, 2014, respectively. The financial effect of the collateral amounted to ₱6,014.08 million and ₱6,009.04 million as of March 31, 2015 and December 31, 2014, respectively, resulting to zero net exposure amounts as of March 31, 2015 and December 31, 2014. The 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 March 31, 2015 and December 31, 2014, the credit quality per class of financial assets is as follows:

	2015				
	Neither Past Due nor Impaired		**Substandard**	**Past Due But**	
	Grade A	**Grade B**	**Grade**	**Not Impaired**	**Total**
Cash in banks and cash equivalents	**₱586,574,400**	**₱–**	**₱–**	**₱–**	**₱586,574,400**
Receivables:					
Installment contracts receivable	**6,003,414,474**	**–**	**–**	**10,663,552**	**6,014,078,026**
Due from condominium association	**19,734,433**	**–**	**–**	**–**	**19,734,433**
Advances to employees	**144,643**	**–**	**–**	**–**	**144,643**
Others	**116,060,506**	**–**	**–**	**–**	**116,060,506**
	₱6,725,928,456	**₱–**	**₱–**	**₱10,663,552**	**₱6,736,592,008**

	2014				
	Neither Past Due nor Impaired		Substandard	Past Due But	
	Grade A	Grade B	Grade	Not Impaired	Total
Cash in banks and cash equivalents	₱443,433,153	₱–	₱–	₱–	₱443,433,153
Receivables:					
Installment contracts receivable	5,995,283,049	–	–	13,754,871	6,009,037,920
Due from condominium association	19,374,337	–	–	–	19,374,337
Advances to employees	144,643	–	–	–	144,643
Others	147,273,150	–	–	–	147,273,150
	₱6,605,508,332	₱–	₱–	₱13,754,871	₱6,619,263,203

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

Cash in banks and cash equivalents are considered Grade A 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. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past five years.

Grade A installment contracts receivable 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. The Group assessed that there are no financial assets that will fall under this category as the Group transacts with recognized third parties.

Due from condominium association, advances to employees and other receivables are considered as 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 March 31, 2015 and December 31, 2014, the aging analysis of the Group's past due but not impaired installment contracts receivable follows:

	<30 days	30-60 days	60-90 days	>90 days	Total
2015	**₱2,215,874**	**₱1,800,883**	**₱1,350,410**	**₱5,296,385**	**₱10,663,552**
2014	5,964,326	2,181,298	1,463,755	4,145,492	13,754,871

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 has no significant exposure to cash flows and fair value interest rate risks.

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 March 31, 2015 and December 31, 2014 and 2013, the Group considers the following as its reportable segments:

- Condominium sales - 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 Chief Executive Officer (CEO) 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 segments 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 three-month period ended March 31, 2015 and for the years ended December 31, 2014 and 2013 follow:

	2015				
	Condominium Sales	**Leasing**	**Property Management**	**Intersegment Eliminating Adjustments**	**Total**
REVENUE					
Real estate sales	**₱852,153,685**	**₱–**	**₱–**	**₱–**	**₱852,153,685**
Rental income	–	**58,100,156**	–	–	**58,100,156**
Management fee	–	–	**9,853,499**	**(1,311,284)**	**8,542,215**
Interest and other income	**85,454,744**	**750,317**	**295,978**	–	**86,501,039**
	937,608,429	**58,850,473**	**10,149,477**	**(1,311,284)**	**1,005,297,095**

(Forward)

	2015				
	Condominium Sales	**Leasing**	**Property Management**	**Intersegment Eliminating Adjustments**	**Total**
COSTS AND EXPENSES					
Cost of condominium units	**₱512,240,391**	**₱–**	**₱–**	**₱8,326,715**	**₱520,567,106**
Selling and administrative	**143,933,281**	**47,960,991**	**8,398,888**	**1,311,284**	**201,604,444**
	656,173,672	**47,960,991**	**8,398,888**	**9,637,999**	**722,171,550**
Earnings before interest and taxes	**281,434,757**	**10,889,482**	**1,750,589**	**(10,949,283)**	**283,125,545**
Finance costs	**4,608,499**	**–**	**17,529**	**–**	**4,626,028**
Income before tax	**₱276,826,258**	**₱10,889,482**	**₱1,733,060**	**(₱10,949,283)**	**₱278,499,517**
ASSETS					
Cash and cash equivalents	**₱548,658,951**	**₱28,992,396**	**₱9,286,553**	**₱–**	**₱586,937,900**
Receivables	**6,003,272,728**	**143,062,675**	**13,212,676**	**–**	**6,159,548,079**
Real estate for development and sale	**5,796,496,066**	**–**	**–**	**324,413,800**	**6,120,909,866**
Other current assets	**1,525,675,394**	**270,011,120**	**1,067,293**	**–**	**1,796,753,807**
Investment properties	**–**	**3,284,896,115**	**–**	**718,377,712**	**4,003,273,827**
Other noncurrent assets	**63,367,416**	**6,386,358**	**–**	**–**	**69,753,774**
	₱13,937,470,555	**₱3,733,348,664**	**₱23,566,522**	**₱1,042,791,512**	**₱18,737,177,253**
LIABILITIES					
Accounts, retention and other payables	**₱2,012,868,837**	**₱220,078,370**	**₱945,835**	**₱–**	**₱2,233,893,042**
Customers' advances and deposits	**672,965,512**	**606,636,678**	**3,175**	**–**	**1,279,605,365**
Loans payable	**8,978,325,805**	**–**	**–**	**–**	**8,978,325,805**
	₱11,664,160,154	**₱826,715,048**	**₱949,010**	**₱–**	**₱12,491,824,212**

	2014				
	Condominium Sales	Leasing	Property Management	Intersegment Eliminating Adjustments	Total
REVENUE					
Real estate sales	₱3,244,238,933	₱–	₱–	₱–	₱3,244,238,933
Rental income	–	225,745,044	–	–	225,745,044
Management fee	–	–	37,976,182	(6,629,655)	31,346,527
Interest and other income	327,299,254	4,751,235	1,539,729	–	333,590,218
	3,571,538,187	230,496,279	39,515,911	(6,629,655)	3,834,920,722
COSTS AND EXPENSES					
Cost of condominium units	1,929,295,101	–	–	99,160,344	2,028,455,445
Selling and administrative	655,739,054	152,767,996	33,598,720	6,629,655	848,735,425
	2,585,034,155	152,767,996	33,598,720	105,789,999	2,877,190,870
Earnings before interest and taxes	986,504,032	77,728,283	5,917,191	(112,419,654)	957,729,852
Finance costs	71,078,459	–	217,643	(49,055,983)	22,240,119
Income before tax	₱915,425,573	₱77,728,283	₱5,699,548	(₱63,363,671)	₱935,489,733
ASSETS					
Cash and cash equivalents	₱414,876,309	₱21,749,778	₱7,166,566	₱–	₱443,792,653
Receivables	6,031,179,618	143,131,859	13,039,869	–	6,187,351,346
Real estate for development and sale	5,363,826,774	–	–	331,483,261	5,695,310,035
Other current assets	1,331,574,581	213,680,954	648,603	–	1,545,904,138
Investment properties	–	3,025,802,753	–	718,377,712	3,744,180,465
Other noncurrent assets	64,388,620	1,597,449	–	–	65,986,069
	₱13,205,845,902	₱3,405,962,793	₱20,855,038	₱1,049,860,973	₱17,682,524,706
LIABILITIES					
Accounts, retention and other payables	₱1,758,146,030	₱167,427,812	₱1,383,214	₱–	₱1,926,957,056
Customers' advances and deposits	626,616,387	593,431,714	39,775	–	1,220,087,876
Loans payable	8,477,274,832	–	–	–	8,477,274,832
	₱10,862,037,249	₱760,859,526	₱1,422,989	₱–	₱11,624,319,764

	2013				
	Condominium Sales	Leasing	Property Management	Intersegment Eliminating Adjustments	Total
REVENUE					
Real estate sales	₱5,079,980,289	₱–	₱–	₱–	₱5,079,980,289
Rental income	–	198,376,603	–	–	198,376,603
Management fee	–	–	29,224,969	(5,917,955)	23,307,014
Interest and other income	399,326,472	504,062	776,685	–	400,607,219
	5,479,306,761	198,880,665	30,001,654	(5,917,955)	5,702,271,125
COSTS AND EXPENSES					
Cost of condominium units	3,177,882,877	–	–	181,804,279	3,359,687,156
Selling and administrative	643,311,924	136,635,434	28,843,912	(5,917,955)	802,873,315
	3,821,194,801	136,635,434	28,843,912	175,886,324	4,162,560,471
Earnings before interest and taxes	1,658,111,960	62,245,231	1,157,742	(181,804,279)	1,539,710,654
Finance costs	64,254,339	–	148,612	(47,034,614)	17,368,337
Income before tax	₱1,593,857,621	₱62,245,231	₱1,009,130	(₱134,769,665)	₱1,522,342,317
ASSETS					
Cash and cash equivalents	₱516,608,348	₱13,606,459	₱3,356,868	₱–	₱533,571,675
Receivables	6,216,276,703	20,389,027	9,289,350	–	6,245,955,080
Real estate for development and sale	4,859,895,073	–	–	321,380,910	5,181,275,983
Other current assets	1,584,774,035	153,885,283	1,612,536	–	1,740,271,854
Investment properties	–	1,945,565,921	–	688,836,905	2,634,402,826
Other noncurrent assets	52,172,514	1,900,419	–	–	54,072,933
	₱13,229,726,673	₱2,135,347,109	₱14,258,754	₱1,010,217,815	₱16,389,550,351
LIABILITIES					
Accounts, retention and other payables	₱1,680,638,277	₱137,784,250	₱4,325,981	₱–	₱1,822,748,508
Customers' advances and deposits	765,007,725	543,042,571	38,759	–	1,308,089,055
Loans payable	7,652,497,261	–	–	–	7,652,497,261
Liabilities for purchased land	21,743,280	–	–	–	21,743,280
	₱10,119,886,543	₱680,826,821	₱4,364,740	₱–	₱10,805,078,104

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

The CEO separately monitors the operating results of the Group's business units 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 consolidated financial statements. Intercompany revenue and costs amounted to ₱1.31 million, ₱6.63 million and ₱5.92 million for the three-month period ended March 31, 2015 and for the years ended December 31, 2014 and 2013, respectively.

Capital expenditure with an aggregate amount of ₱0.91 billion, ₱3.50 billion and ₱4.56 billion for the three-month period ended March 31, 2015 and for the years ended December 31, 2014 and 2013, 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 the Group's warehouse and commercial units. Rent income amounted to ₱58.10 million, ₱56.90 million, ₱225.75 million and ₱198.38 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively.

Operating Leases - Group as Lessee

The Group has entered into cancellable lease agreements for the rental of its offices and showroom for a period of two to five years and exhibit booths for a period of one to three months. The lease is renewable upon mutual consent of the contracting parties. Rental expense charged to operations amounted to ₱14.86 million, ₱13.32 million, ₱55.18 million and ₱59.46 million for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, respectively.

26. Earnings Per Share

Basic/diluted EPS amounts attributable to equity holders of the Parent Company for the three-month periods ended March 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013 follow:

	March 31		December 31	
	2015	2014	2014	2013
Net income attributable to equity holders of Anchor Land Holdings, Inc.	**₱184,838,277**	₱214,778,408	₱662,375,722	₱1,105,031,553
Less dividends on preferred shares (Note 22)	**6,838,363**	6,838,363	27,733,360	27,733,360
Net income attributable to equity holders of Anchor Land Holdings, Inc. for basic and diluted EPS	**177,999,914**	207,940,045	634,642,362	1,077,298,193
Weighted average number of common shares for basic and diluted EPS	**1,040,001,000**	1,040,001,000	1,040,001,000	1,040,001,000
Basic/diluted EPS	**₱0.17**	₱0.20	₱0.61	₱1.04

27. Contingencies

The Parent Company has been involved in an arbitral dispute instituted by SKI Construction Group, Inc. (“Claimant”) with the Construction Industry Arbitration Commission (CIAC) for its allegedly unpaid monetary claims as the general contractor of a condominium building (“the Project”) owned by the Parent Company. The total claims amounted to ₱73.95 million.

The Parent Company 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 Parent Company’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 ₱28.37 million and the Parent Company the aggregate amount of ₱40.44 million. Both the Claimant and the Parent Company filed their respective appeals with the Court of Appeals (CA) on February 12, 2010. Both appeals were subsequently consolidated.

In the CA’s ruling dated August 2, 2013, it affirmed the Arbitral Tribunal’s ruling dated December 14, 2009 and dismissed both appeals.

In a resolution dated November 18, 2013, the CA also denied the Claimant's and the Parent Company's respective Motions for Reconsideration. The Parent Company ceased to appeal for the CA's decision and resolution denying the Motion for Reconsideration.

In January 2014, SKI filed its petition for review on certiorari to the Supreme Court to question the CA's ruling in favor of the Parent Company. In a resolution dated February 10, 2014, the Supreme Court resolved to deny the Claimant's petition, finding no reversible error in the challenged decision and resolution.

On May 20, 2014, the Supreme Court's resolution dated February 10, 2014 became final and executory and was entered into the Book of Judgments.

By virtue of the finality of the Supreme Court decision, the Parent Company filed a Motion for Execution of the Arbitral Tribunal's Decision on December 11, 2014 and a Writ of Execution was issued by the Arbitral Tribunal in relation therewith on February 12, 2015.

No provisions were made in 2015 and 2014.