



111122014001640

**SECURITIES AND EXCHANGE COMMISSION**

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**Company Information**

**SEC Registration No.** 0000145490

**Company Name** SHANG PROPERTIES, INC.

**Industry Classification**

**Company Type** Stock Corporation

**Document Information**

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**Remarks**

## COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

**Atty. Federico G. Noel, Jr.**  
(Contact Person)

(Contact Person)

3702700  
(Company Telephone Number)

(Company Telephone Number)

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Not Applicable

(Secondary License Type, If Applicable)

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Not applicable
Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q  
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE  
SECURITIES REGULATION CODE

1. For the quarterly period ended : 30 September 2014
2. Commission Identification Number : 145490
3. BIR Tax Identification Number : 000-144-386

**SHANG PROPERTIES, INC.**

4. Exact name of the Issuer as specified in this charter:
5. Province, country or other jurisdiction of incorporation or organization: Not Applicable
6. Industry Classification Code:  (SEC Use Only)
- Administration Offices, 5<sup>th</sup> Level, Shangri-La Plaza, EDSA corner Shaw Boulevard,  
Mandaluyong City 1550
7. Address of issuer's principal office Postal Code
- (632) 370-2700
8. Issuer's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report:
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA.

<u>Title of each Class</u>	<u>Number of shares of common stock outstanding and amount of debt outstanding</u>
Common Stock	4,764,056,287 common shares

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

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the SRC 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 ☒ No ☐

## PART 1 – FINANCIAL INFORMATION

**Item 1. Financial Statements**

Please see attached.

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

Please see attached.

## SIGNATURES

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

**SHANG PROPERTIES, INC.**

Issuer

By:

  
**KIN SUN ANDREW NG**  
Group Financial Comptroller

  
**FEDERICO G. NOEL, JR.**  
Corporate Secretary

Date of Signing: 12 November 2014

## **PART 1 – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

The Pro-Forma Consolidated Financial Statements (unaudited) of SHANG PROPERTIES INC. (the "Company") and its subsidiaries for the period ended 31 March 2014 are attached as Annex "A".

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

#### **Key Performance Indicators**

		March 31 2014	March 31 2013	Change
Turnover	(Php M)	1,577.0	1,326.2	18.9%
Profit attributable to shareholders	(Php M)	542.1	358.3	51.3%
Earnings per Share	(Php Ctv)	0.114	0.075	51.3%
Net Asset Value per share	(Php)	4.606	4.265	8.0%
Debt to Equity Ratio	(Ratio)	0.580:1	0.591:1	-1.8%

- Turnover consists of Condominium Sales, Rental Revenue, Interest Income and Other Income. For the three (3) months ended March 31, 2014, the Group's consolidated revenues amounted to P1,577.0M, higher by P250.7M or 18.9% from P1,326.2M of total revenues realized in the same period last year. The condominium sales posted an increase of P116.4M mainly due to higher sales from Shang Salcedo Place. Leasing operation posted a revenue growth of 28% or P140.5M to P642.3M in 2014 from P501.9M in 2013. Interest and Other income decrease by P6.2M.
- Profit attributable to equity holders of Parent Company amounted to P542.1M, higher by P183.8M or 51.31% compared with the same period last year.
- Earnings per share for the three months ended March 31, 2014 posted a positive variance of 51.3% to P0.114 from last year's P0.075.
- Net Asset value per share is calculated by dividing the total net asset of the Group (Total asset – Total liabilities and minority interest) by the number of shares outstanding. Net asset value per share increased by 8% mainly due to the income generated during the period.
- Debt to Equity measures the exposure of creditors to that of the stockholders. It gives an indication of how leveraged the group is. It is determined by dividing total debt by stockholder's equity. The Group's financial position remains solid with debt to equity ratio of 0.580:1 as of 31 March 2014 and 0.591:1 as of 31 March 2013.

### **Financial Condition**

Total assets of the Company amounted to P39.6B, an increase of P586.5M from total assets of P39B in December 31, 2013. The following are significant movements in the assets:

- Increase in cash and cash equivalents by P153.9M mainly due to sales collection from projects and proceeds from bank loans.
- Receivables increased by P673.2M mainly due to higher receivables from sales of condominium.
- Decrease in Construction in Progress by P263.3M mainly due to completed project.
- Prepayments and other current assets decreased by P74.2M due to utilization of prepayments during the period.
- Increase in refundable deposits by P6.1M mainly due to new deposits paid for utilities during the period.
- Current ratio is 2.06:1 as of March 31, 2014 from 2.09:1 as of December 31, 2013.

Total liabilities increased by P300.7M from P14.3B in 2013 to P14.6B in 2014 due to the following:

- Increase in accounts payable and other current liabilities by P214.9M mainly due to higher payables to suppliers for the construction of projects.
- Dividends payable increased by P2.6M mainly due to declaration of cash dividends amounting to P333,484,129 or P0.07 per share to all shareholders as of March 07, 2014.
- Income tax payable increased by P78.6M due to taxable income generated during the period.
- Decrease in accrued employee benefits by P2.6M mainly due to the payments made during the period.
- Increase in bank loans was primarily due to availments during the period.

- Decrease in deferred lease income by P5.6M was mainly due to recognition of lease income during the period.

### Results of Operation

Consolidated Net Income for the period ended March 31, 2014 amounted to P542.1M higher by 51.3% from last year's P358.3M due to the following:

#### A. Condominium Projects:

- Increase in condominium sales by P116.4M due to higher sales and completion level of the Projects.

#### B. Leasing Operations:

- Shangri-La Plaza's growth was mainly generated by the revenue of new mall at East Wing and rental escalation of the existing mall.
- Increase in rental revenue from The Enterprise Center mainly due to higher average occupancy of 97.84% this year from last year's 94.45%.

#### C. Interest and other income decrease by P6.1M mainly due to last year's gain on sale of subsidiary.

Total Expenses of the Group amounted to P802.2M, 4.9% higher compared with last year's P764.4M. This was mainly due to the following:

- Increase in taxes and licenses by P34.6M mainly due to timing difference in recording of real property taxes.
- Insurance increased by P930K due to the insurance cost of the East wing mall.
- Unrecovered reimbursable expenses increased by P3.2M mainly due to utilities, janitorial and security maintenance of the East wing mall.

Share in net profits of associates decreased by P1.6M mainly due to net loss recorded by an associate during the period.

Increase in net income attributable to minority interest was due to the higher level of income generated by KSA Realty Corporation during the period.

Provision for income tax is higher by P19.5M mainly due to higher taxable income generated during the period against the same period last year.

**Information required by Part III, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 12**

- There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely result in the registrant's liquidity increasing or decreasing in any material way.
- There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.
- There are no off material balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are no material commitments for capital expenditures.
- There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- There are no significant elements of income or loss that did not arise from the registrant's continuing operations.
- There are no material changes in periodical reports.
- There are no seasonal aspects that had a material effect on the financial statements.

**PART II – OTHER INFORMATION**

**Item 3. Other Required Disclosures**

- A.) The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2013.
- B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
- C.) There were no materials changes in estimates of amounts reported in prior period that have material effects in the current interim period.

- D.) Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no other issuances, repurchases and repayments of debt and equity securities.
- E.) There are no significant events happened subsequent to March 31, 2014 up to the date of this report that needs disclosure herein.
- F.) For the required disclosure as per SEC letter dated October 29, 2008 on the evaluation of the company's risk exposure and financial instruments profile please see Note 10 of the attached interim financial statement.

**SHANG PROPERTIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Amounts expressed in Php)

	Notes	Unaudited September 30 2014	Audited December 31 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,478,800,525	1,891,446,943
Financial assets at fair value through profit or loss		32,133,116	30,348,704
Receivables-net		3,172,182,194	3,534,271,525
Properties held for sale:			
Condominium units held for sale		122,415,104	119,518,437
Construction in progress		12,705,960,026	2,323,991,357
Prepayments and other current assets		1,418,788,751	497,659,233
<b>Total Current Assets</b>		<b>19,930,279,716</b>	<b>8,397,236,199</b>
Investment in associates		408,616,640	2,441,310,289
Investment properties	3	27,031,720,856	26,743,225,950
Real estate development projects		-	484,885,587
Available-for-sale financial assets		502,322,842	502,322,842
Property and equipment - net	4	69,409,649	67,095,623
Refundable deposits		69,895,399	37,286,169
Deferred income tax assets		408,984,438	371,956,483
<b>Total Noncurrent Assets</b>		<b>28,490,949,824</b>	<b>30,648,082,944</b>
<b>TOTAL ASSETS</b>		<b>48,421,229,540</b>	<b>39,045,319,144</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities		3,135,966,627	2,651,001,465
Current portion of:			
Bank loans	5	647,619,047	647,619,047
Deposit from tenants		616,747,724	616,747,724
Deferred lease income		28,628,512	28,628,512
Dividends payable		25,115,547	20,844,008
Income tax payable		137,594,288	49,379,717
<b>Total Current Liabilities</b>		<b>4,591,671,744</b>	<b>4,014,220,472</b>
<b>Non Current Liabilities</b>			
Accrued employee benefits		38,790,023	40,255,076
Bank loans- net of current portion	5	10,679,796,758	4,295,833,334
Deferred income tax liabilities		5,546,903,694	5,500,560,988
Deposit from tenants - net of current portion		369,658,469	338,066,025
Deferred lease income - net of current portion		84,260,166	65,591,879
<b>Total Noncurrent Liabilities</b>		<b>16,719,409,110</b>	<b>10,240,307,302</b>
<b>Total Liabilities</b>		<b>21,311,080,854</b>	<b>14,254,527,774</b>
<b>EQUITY</b>			
Equity attributable to equity holders of the Parent Company:			
Capital stock - Peso 1 par value		4,764,058,982	4,764,058,982
Additional paid-in capital		153,301,117	834,439,607
Treasury shares		(6,850,064)	(6,850,064)
Other components of equity		456,953	342,764
Retained earnings		17,053,293,365	16,142,418,632
		<b>21,964,260,352</b>	<b>21,734,409,921</b>
Equity attributable to minority interests		5,145,888,334	3,056,381,448
<b>Total Equity</b>		<b>27,110,148,687</b>	<b>24,790,791,370</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>48,421,229,540</b>	<b>39,045,319,144</b>

(See accompanying notes to consolidated financial statements)

## SHANG PROPERTIES INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(Amounts expressed in Php)

	UNAUDITED FOR THE THREE (3) MONTHS		UNAUDITED FOR THE NINE (9) MONTHS ENDED	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
<b>REVENUES</b>				
Condominium sales	717,196,876	1,087,304,704	2,429,109,025	2,707,518,863
Rental	649,835,218	642,923,612	1,938,494,887	1,715,656,237
Others	85,251,175	67,129,445	280,440,233	283,034,113
	<u>1,452,283,269</u>	<u>1,797,357,761</u>	<u>4,648,044,145</u>	<u>4,706,209,214</u>
<b>COST AND EXPENSES</b>				
Cost of condominium sales	474,063,644	670,100,405	1,627,214,447	1,915,912,720
General and administrative	109,761,302	91,590,176	320,941,910	282,424,516
Taxes, licenses and fees	29,958,700	29,449,343	165,328,355	112,365,305
Interest and bank charges	52,525,978	47,891,190	143,036,443	137,087,684
Depreciation	5,250,101	4,649,307	14,498,457	13,607,977
Insurance	5,363,650	4,953,451	13,288,376	11,537,458
Unrecoverable tenants reimbursements	13,702,401	43,932,534	51,159,655	65,399,328
	<u>690,625,776</u>	<u>892,566,407</u>	<u>2,335,467,642</u>	<u>2,538,334,987</u>
<b>INCOME BEFORE SHARE IN PROFIT OF ASSOCIATED COMPANIES</b>	761,657,493	904,791,355	2,312,576,503	2,167,874,227
<b>SHARE IN NET PROFITS (LOSSES) OF ASSOCIATES</b>	(1,080,184)	(2,192,158)	(6,969,342)	(5,634,184)
<b>INCOME BEFORE INCOME TAX AND MINORITY INTEREST</b>	760,577,309	902,599,197	2,305,607,162	2,162,240,043
<b>PROVISION FOR INCOME TAX</b>	(180,144,625)	(221,074,680)	(511,690,133)	(513,914,459)
<b>INCOME BEFORE MINORITY INTEREST</b>	580,432,684	681,524,516	1,793,917,028	1,648,325,584
<b>INCOME ATTRIBUTABLE TO MINORITY INTEREST</b>	(85,953,527)	(74,699,690)	(240,183,050)	(215,723,563)
<b>NET INCOME</b>	494,479,157	606,824,826	1,553,733,979	1,432,602,021
<b>RETAINED EARNINGS, beg.</b>	16,868,339,030	15,195,019,196	16,142,418,632	14,654,957,222
<b>LESS: CASH DIVIDENDS</b>	-	(238,096,017)	(642,859,246)	(523,811,237)
<b>RETAINED EARNINGS, end.</b>	<u>17,362,818,187</u>	<u>15,563,748,006</u>	<u>17,053,293,365</u>	<u>15,563,748,006</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<u>0.104</u>	<u>0.127</u>	<u>0.326</u>	<u>0.301</u>

(See accompanying notes to consolidated financial statements)

SHANG PROPERTIES INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE (9) MONTHS ENDED SEPTEMBER 30 2014 AND 2013

	Notes	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income before income tax		2,305,607,162	2,162,240,043
Adjustment for:			
Depreciation and amortization		14,498,457	13,607,977
Share in loss of associate companies		6,969,342	5,634,184
Cumulative translation adjustment		114,188	626,933
Adjustments of financial assets at fair value through profit o		(1,784,412)	3,198,732
Interest income		(191,709,624)	(186,537,791)
Interest expense		141,947,220	136,467,891
Operating income before working capital changes		2,275,642,332	2,135,237,969
(Increase) decrease in:			
Receivables		366,766,620	(1,465,738,558)
Construction in progress		(2,601,346,454)	1,003,256,967
Other current assets		(136,406,561)	68,187,433
Increase (decrease) in:			
Accounts payable and other current liabilities		847,843,675	215,023,661
Accrued employee benefits		(1,465,053)	(5,052,882)
Deposit from tenants		50,260,731	80,827,212
Net cash generated from (used in) from operations		801,295,290	2,031,741,802
Income taxes paid		(423,475,562)	(373,322,674)
Interest received		191,709,624	186,537,791
Net cash from (used in) from operating activities		569,529,352	1,844,956,919
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in investment in associates		-	75,598,019
Increase in investment properties		(288,494,905)	(1,477,739,999)
Dividends received		3,907,684	3,385,958
Acquisition of property and equipment		(20,884,156)	(11,447,227)
Decrease (increase) in other assets		(32,609,231)	11,456,650
Net cash (used in) from investing activities		(338,080,608)	(1,398,746,599)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loan availment		3,525,000,000	1,400,000,000
Payment of bank loans		(501,785,714)	(714,614,286)
Payment of interest		(141,947,220)	(135,769,510)
Acquisition of additional interest of a subsidiary		(1,700,000,000)	-
Cash dividends paid to:			
Stockholders	6	(638,587,706)	(520,657,836)
Non-controlling interests		(188,400,000)	(164,850,000)
Net cash used in financing activities		354,279,360	(135,891,632)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		1,625,478	2,338,916
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		587,353,582	312,657,604
<b>CASH AND CASH EQUIVALENTS</b>			
1 January		1,891,446,943	1,600,953,309
30 September		2,478,800,525	1,913,610,913

(See accompanying notes to consolidated financial statements)

**SHANG PROPERTIES INC. & SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Amounts expressed in Php)

(UNAUDITED)

	Notes	Capital stock Pesos	Additional paid-in capital Pesos	Retained earnings Pesos	Equity in translation adjustment	Treasury Stock Pesos	Minority Interest Pesos	Total Pesos
Balance as of 1 January 2013		4,764,058,982	834,439,607	14,634,957,222	1,885,237	(6,850,064)	2,929,404,157	23,177,895,141
Cumulative translation adjustment					626,933			626,933
Share in minority interest on preferred shares redemption								-
Cash dividends	6			(523,811,237)			(164,850,000)	(688,661,237)
Net income for the period				1,432,602,020			215,723,590	1,648,325,610
Balance as of 30 September 2013		4,764,058,982	834,439,607	15,563,748,005	2,512,170	(6,850,064)	2,980,277,747	24,138,186,447
Balance as of 1 January 2014		4,764,058,982	834,439,607	16,142,418,632	342,764	(6,850,064)	3,056,381,448	24,790,791,370
Cumulative translation adjustment					114,188			114,188
Share in minority interest on preferred shares redemption			(681,138,490)				2,034,991,801	1,353,853,311
Cash dividends	6			(642,859,246)			(188,400,000)	(831,259,246)
Net income for the period				1,553,733,979			242,915,085	1,796,649,063
Balance as of 30 September 2014		4,764,058,982	153,301,117	17,053,293,365	456,953	(6,850,064)	5,145,888,334	27,110,148,687

(See accompanying notes to consolidated financial statements)

SHANG PROPERTIES INC. AND SUBSIDIARIES  
AGING OF TRADE RECEIVABLES  
AS OF SEPTEMBER 30, 2014

TENANTS	TOTAL RECEIVABLES	P A S T   D U E					
		CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	OVER 120
MALL TENANTS	230,129,968	171,673,766	13,100,964	10,334,921	4,171,952	4,461,593	26,386,772
EDSA SHANGRI-LA HOTEL & RESORT	21,673,498	7,071,113	14,602,385				
TECC TENANTS	47,599,395	7,800,807	4,025,476	20,986,532	14,786,580		
INSTALLMENT CONTRACTS RECEIVABLES & OTHERS	2,872,797,333	2,872,797,333					
	<u>3,172,200,194</u>	<u>3,059,343,019</u>	<u>31,728,825</u>	<u>31,321,453</u>	<u>18,958,532</u>	<u>4,461,593</u>	<u>26,386,772</u>

Note: Installment Contracts Receivables includes current and long-term portion and are covered by post-dated checks from customers.

  
KINSUN ANDREW NG  
Group Financial Controller

## SHANG PROPERTIES, INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE (9) MONTHS ENDED 30 SEPTEMBER 2014 AND 2013

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#### 1. Summary of Significant Accounting and Financial Reporting Policies

##### Basis of Preparation

The interim consolidated financial statements have been prepared under the historical cost basis, except for investment properties, financial assets at fair value through profit or loss (FVPL) and available-for-sale (AFS) financial assets that have been measured at fair value. The interim consolidated financial statements of the Group are presented in Philippine Peso (Peso), which is the Parent Company's functional and presentation currency, with amounts rounded to the nearest Peso.

##### Statement of Compliance

The interim consolidated financial statements, have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) as issued by the Financial Reporting Standards Council (FRSC).

##### Changes in Accounting Policies

The Group applied, for the first time, certain standards and amendments that require restatement of the previous consolidated financial statements. These include Philippine Accounting Standard (PAS) 19, *Employee Benefits* (Revised 2011), and amendments to PAS 1, *Presentation of Financial Statements*. In addition, the application of PFRS 12, *Disclosure of Interests in Other Entities*, and PFRS 13, *Fair Value Measurement*, resulted in additional disclosures in the consolidated financial statements.

Several new and amended accounting standards and Philippine Interpretation of the International Financial Reporting Interpretation Committee's (IFRIC) interpretation apply for the first time in 2013. However, they do not impact the consolidated financial statements of the Group.

The nature and the impact of each new standard and amendment are described below:

- **PFRS 7, *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities* (Amendments)**

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a. The gross amounts of those recognized financial assets and recognized financial liabilities;
- b. The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the consolidated statement of financial position;
- c. The net amounts presented in the consolidated statement of financial position;
- d. The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
  - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32, and
  - ii. Amounts related to financial collateral (including cash collateral); and

- e. The net amount after deducting the amounts in (d) from the amounts in (c) above.

The Group has not offset any financial assets and financial liabilities.

- **PFRS 10, Consolidated Financial Statements**  
PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The standard has no impact on the consolidated financial statements of the Group as the entities to which the Parent Company has control and did not have any control did not change.
- **PFRS 11, Joint Arrangements**  
PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard has no impact on the consolidated financial statements.
- **PFRS 12, Disclosure of Interests in Other Entities**  
PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). The Group has a subsidiary with material NCI, but there are no unconsolidated structured entities.
- **PFRS 13, Fair Value Measurement**  
PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

As a result of the guidance in PFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Group has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- **PAS 1, Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income (Amendments)**  
The amendments to PAS 1 introduced a grouping of items presented in other comprehensive income (OCI). Items that will be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance.
- **PAS 19, Employee Benefits (Revised)**  
The Revised PAS 19 requires all actuarial gains and losses to be recognized in OCI and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the Revised PAS 19, the Group changed its accounting policy to recognize all actuarial gains and losses in OCI and all past service costs in profit or loss in the period they occur.

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

The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

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

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

	As of December 31 2013
Increase (decrease) in:	
<b>Consolidated Statements of Financial Position</b>	
Accrued employee benefits	(P1,650,586)
Deferred income tax assets	(495,176)
Other components of equity	23,248,589
Retained earnings	163,158
	As of December 31 2013
Increase (decrease) in:	
<b>Consolidated Statements of Comprehensive Income</b>	
Staff costs	(P233,083)
Income before income tax	233,083
Provision for income tax	69,925
Net income and total comprehensive income	P163,158
Net income and total comprehensive income attributable to equity holders of the Parent Company	P163,158

The adoption did not have an impact on consolidated statement of cash flows. Moreover, the adoption of this revised standard with retrospective application is assessed by management to have an immaterial impact to the January 1, 2012 balances, the beginning balances of the

earliest period presented, and as such, no third consolidated statement of financial position was presented.

There were no changes in the presentation of net benefit cost.

- *PAS 27, Separate Financial Statements* (as revised in 2011)  
As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 did not have a significant impact on the separate financial statements of the entities in the Group.
- *PAS 28, Investments in Associates and Joint Ventures* (as revised in 2011)  
As a consequence of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28, *Investments in Associates*, has been renamed PAS 28, *Investments in Associates and Joint Ventures*, which requires the application of the equity method to investments in joint ventures in addition to associates.
- *Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine*  
This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of a mine. The interpretation addresses the accounting for the benefit from the stripping activity. This new interpretation is not relevant to the Group.
- *PFRS 1, First-time Adoption of PFRS — Government Loans (Amendments)*  
The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Group.

#### Annual Improvements to PFRSs (2009-2011 cycle)

The *Annual Improvements to PFRS* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The Group adopted the amendments for the current year.

- *PFRS 1, First-time Adoption of PFRS — Borrowing Costs*  
The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening consolidated statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.
- *PAS 1, Presentation of Financial Statements — Clarification of the Requirements for Comparative Information*  
The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the consolidated financial statements. An entity must include comparative information in the related notes to the consolidated financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of consolidated financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the consolidated

financial statements) are not required. The amendments have no impact on the Group's financial position or performance.

- *PAS 16, Property, Plant and Equipment — Classification of Servicing Equipment*  
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment has no significant impact on the Group's financial position or performance.
- *PAS 32, Financial Instruments: Presentation — Tax Effects of Distributions to Holders of Equity Instruments*  
The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. This amendment has no impact on the Group's financial position or performance.
- *PAS 34, Interim Financial Reporting — Interim Financial Reporting and Segment Information for Total Assets and Liabilities*  
The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

#### Future Changes in Accounting Policies

New standards issued but not yet effective as at the date of issuance of the consolidated financial statements are listed below. This is a listing of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

- *PAS 36, Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets (Amendments)*  
These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.
- *Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)*  
These provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at FVPL. It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10. These amendments are effective for annual periods beginning on or after January 1, 2014.
- *Philippine Interpretation IFRIC 21, Levies*  
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Group does not expect that IFRIC 21 will have material financial impact in future consolidated financial statements.

- *PAS 19, Employee Benefits — Defined Benefit Plans: Employee Contributions (Amendments)*  
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The Group does not expect the adoption of these amendments to have significant impact in future consolidated financial statements.
  
- *PAS 39, Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*  
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Group does not expect that these amendments will be relevant as it did not engage in hedge transactions in the current year and in the past, and does not expect to do so in the future.
  
- *PAS 32, Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities (Amendments)*  
The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group’s financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.
  
- *PFRS 9, Financial Instruments*  
PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. PFRS 9 is effective for annual periods beginning on or after January 1, 2015.
  
- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*  
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11,

*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 SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The management is still assessing the impact of the interpretation to the consolidated financial statements of the Group.

#### Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- *PFRS 2, Share-based Payment — Definition of Vesting Condition*  
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payment.
- *PFRS 3, Business Combinations — Accounting for Contingent Consideration in a Business Combination*  
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as an equity in accordance with PAS 32. Contingent consideration that is not classified as an equity is subsequently measured at FVPL whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted) The amendment shall be prospectively applied to 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*  
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The Group has not aggregated any of its reportable segments, thus, this improvement has no impact on the Group's financial position or performance.
- *PFRS 13, Fair Value Measurement — Short-term Receivables and Payables*  
The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This amendment has no impact in the consolidated financial statements.
- *PAS 16, Property, Plant and Equipment — Revaluation Method — Proportionate Restatement of Accumulated Depreciation*  
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

- a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
- b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance as its property and equipment are carried using the cost model.

▪ *PAS 24, Related Party Disclosures — Key Management Personnel*

The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

▪ *PAS 38, Intangible Assets — Revaluation Method — Proportionate Restatement of Accumulated Amortization*

The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

- a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
- b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

▪ *PFRS 1, First-time Adoption of PFRS — Meaning of 'Effective PFRSs'*

The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first consolidated PFRS

financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- *PFRS 3, Business Combinations — Scope Exceptions for Joint Arrangements*  
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement 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 Group shall consider this improvement for future joint arrangements.
- *PFRS 13, Fair Value Measurement — Portfolio Exception*  
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. 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*  
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This 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.

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at September 30, 2014 and December 31, 2013.

Subsidiaries are entities over which the Parent Company has control. Control is achieved by the Parent Company when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Parent Company controls the subsidiary if and only if the Parent Company has:

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

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

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any NCI.
- 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.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The following are the subsidiaries for which the Parent Company acts as the principal decision maker:

	<u>Effective Percentages of Ownership</u> <u>As of 30.09.14</u>
Property Development:	
Shang Properties Realty Corp. (SPRC)	100.00%
Shang Property Developers, Inc. (SPDI)	100.00%
Leasing:	
SPI Parking Services, Inc. (SPSI)	100.00%
Shangri-la Plaza Corporation (SLPC)	100.00%
KSA Realty Corporation (KSA)	52.90%
Real Estate:	
Ivory Post Properties, Inc. (IPPI)	100.00%
KPPI Realty Corporation (KRC)	100.00%
Martin B. Properties, Inc. (MBPI)	100.00%
New Contour Realty, Inc. (NCRI)	100.00%
Perfect Sites, Inc. (PSI)	100.00%
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100.00%
Shang Global City Holdings, Inc. (SGCHI)	100.00%
Property Management:	
KPPI Management Services Corporation (KMSC)	100.00%
Shang Property Management Services, Inc. (SPMSI)	100.00%
Others:	
Gipsev (BVI Company)	100.00%
SHIL (BVI Company)*	100.00%
EPHI Logistics Holdings, Inc. (ELHI)	60.00%

\* On February 22, 2011, SHIL was incorporated in the British Virgin Islands (BVI) as a BVI Business Company. SHIL is a wholly owned subsidiary of the Parent Company through Gipsey, Ltd. (Gipsey), a subsidiary of the Parent Company.

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands, all the other subsidiaries were incorporated in the Philippines.

## 2. Segment Information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has operations only in the Philippines.

The Group derives revenues from two main segments as follows:

### *Property Development*

This business segment pertains to the sale of condominium units from the Projects.

### *Leasing*

This business segment pertains to the leasing operations of the Shangri-La Plaza Mall (Shangri-La), The Enterprise Center (TEC) and their related carpark operations. It also includes leasing of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. (ESHRI), an affiliate through interlocking directors.

### *Others*

Other business segments pertain to property management services and the results of operations of real estate entities and BVI companies.

Except for the rental revenue from ESHRI, revenues come from transactions with third parties. There is no transaction with a single external customer that amount to 10% or more of the Group's aggregate revenues.

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the nine (9) months ended September 30, 2014 are as follows:

	Property			Total Segments	Eliminations	Consolidated
	Development	Leasing	Others			
Revenues:						
Condominium sales	2,429,109,025	-	-	2,429,109,025		2,429,109,025
Rental	-	2,113,508,508	-	2,113,508,508	(175,013,620)	1,938,494,887
Cinema	-	46,210,696	-	46,210,696		46,210,696
Cost of sales	(1,627,214,447)	-	-	(1,627,214,447)		(1,627,214,447)
Gross profit or revenues	801,894,578	2,159,719,204	-	2,961,613,782	(175,013,620)	2,786,600,162
Other income	30,720,839	895,127,898	34,970,659	960,819,396	(920,687,867)	40,131,529
Staff costs	(67,049,020)	(201,570,173)	(21,180,351)	(289,799,545)	94,973,970	(194,825,575)
General and administrative expenses	(46,455,615)	(62,307,716)	(16,637,607)	(125,400,938)	(715,398)	(126,116,336)
Taxes and licenses	(54,481,024)	(110,393,007)	(454,325)	(165,328,355)		(165,328,355)
Depreciation and amortization	(2,107,565)	(12,264,701)	(126,190)	(14,498,457)		(14,498,457)
Insurance	(455,821)	(12,822,502)	(10,053)	(13,288,376)		(13,288,376)
Unreimbursed share in common expenses	-	(51,159,655)	-	(51,159,655)		(51,159,655)

Segment results	662,066,371	2,604,329,350	(3,437,867)	3,262,957,854	(1,001,442,916)	2,261,514,938
Interest income	177,631,976	14,736,739	103,814	192,472,529		192,472,529
Foreign exchange gains (losses) - net	1,125,514	499,964	-	1,625,478		1,625,478
Share in net losses of associates	-	-	(6,969,341)	(6,969,342)		(6,969,342)
Interest expense and bank charges	-	(141,947,220)	-	(141,947,220)		(141,947,220)
Provision for income tax	(254,792,453)	(254,091,756)	(2,805,924)	(511,690,133)		(511,690,133)
Net income for the year	586,031,408	2,223,527,078	(13,109,318)	2,796,449,167	(1,001,442,916)	1,795,006,251
Segment assets	21,964,132,979	31,427,418,024	3,251,521,150	56,643,072,153	(8,630,459,253)	48,012,612,900
Associate companies	-	387,147	408,229,493	408,616,640		408,616,640
Total assets	21,964,132,979	31,427,805,171	3,659,750,643	57,051,688,793	(8,630,459,253)	48,421,229,540
Segment liabilities	14,755,130,486	13,699,343,910	1,487,451,027	29,941,925,423	(8,630,844,570)	21,311,080,854
Capital expenditures for the year	11,291,983	8,658,670	933,504	20,884,156		20,884,156

The segment results as of and for the year ended December 31, 2013 follows:

	Property			Total Segments	Eliminations	Consolidated
	Development	Leasing	Others			
Revenues:						
Condominium sales	3,935,170,304	-	-	3,935,170,304	-	3,935,170,304
Rental	-	2,545,947,448	-	2,545,947,448	(206,957,297)	2,338,990,151
Cinema	-	56,448,809	-	56,448,809	-	56,448,809
Cost of sales	(2,991,014,104)	-	-	(2,991,014,104)	-	(2,991,014,104)
Gross profit or revenues	944,156,200	2,602,396,257	-	3,546,552,457	(206,957,297)	3,339,595,160
Gain on fair value adjustment of investment properties	-	(317,379,436)	-	(317,379,436)	317,379,436	-
Other income	17,082,931	825,200,121	226,158,282	1,068,441,334	(956,049,103)	112,392,231
Staff costs	(60,238,037)	(175,664,382)	(7,982,792)	(243,885,211)	2,549,103	(241,336,108)
General and administrative expenses	(46,703,519)	(310,203,499)	(6,983,607)	(363,890,625)	206,957,297	(156,933,328)
Taxes and licenses	(17,850,490)	(126,481,041)	(731,883)	(145,063,414)	-	(145,063,414)
Depreciation and amortization	(1,493,164)	(16,583,461)	(101,371)	(18,177,996)	-	(18,177,996)
Insurance	(150,055)	(15,514,061)	(17,332)	(15,681,448)	-	(15,681,448)
Unreimbursed share in common expenses	-	(96,092,860)	-	(96,092,860)	-	(96,092,860)
Segment results	834,803,866	2,369,677,638	210,341,297	3,414,822,801	(636,120,564)	2,778,702,237
Interest income	244,513,058	34,661,209	252,600	279,426,867	-	279,426,867
Gain on reversal of impairment loss on real estate development project	-	-	181,954,697	181,954,697	-	181,954,697
Foreign exchange gains (losses)-net	2,418,763	1,650,275	12,759	4,081,797	-	4,081,797
Share in net losses of associates	-	-	(4,674,079)	(4,674,079)	-	(4,674,079)
Interest expense and bank charges	(539,675)	(184,386,995)	(35,193)	(184,961,863)	-	(184,961,863)
Provision for income tax	(448,239,506)	(252,262,230)	(50,927,988)	(751,429,724)	-	(751,429,724)
Net income for the year	632,956,506	1,969,339,897	336,924,093	2,939,220,496	(636,120,564)	2,303,099,932
Segment assets	9,711,851,940	27,514,160,619	4,099,459,524	41,325,472,083	(4,721,463,228)	36,604,008,855

Associate companies	–	1,959,387,171	481,923,118	2,441,310,289	–	2,441,310,289
Total assets	9,711,851,940	29,473,547,790	4,581,382,642	43,766,782,372	(4,721,463,228)	39,045,319,144
Segment liabilities	6,496,411,518	9,144,810,490	3,334,768,995	18,975,991,003	(4,721,463,228)	14,254,527,775
Capital expenditures for the year	1,090,432,467	513,510,669	258,705	1,604,201,841	–	1,604,201,841

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

#### Secondary Reporting Format - Geographical Segments

It is not necessary to present geographical segmentation as all revenues are derived from one principal place of business which is Metro Manila.

### 3. Associate companies

The breakdown of investment in associates is as follows:

	Pesos
Associate acquired thru the merger:	
Sky Leisure Properties Inc.	408,229,493
Other investments	387,147
Carrying value of investment in associates as of 30 September 2014	<u>408,616,640</u>

### 4. Property and equipment

The movements of the account can be analyzed as follows:

	Building and building improvement	Transportation Equipment	Furniture, Fixtures and other Office Equipment	Total
Net book value as at 1 January 2014	Php38,138,350	Php10,141,516	Php18,815,754	Php67,095,620
Additions	938,749	3,741,741	16,203,667	20,884,157
Depreciation	(1,982,458)	(4,259,326)	(9,065,863)	(15,307,647)
Reclassification/disposal	(1,159,112)	(783,318)	(1,320,050)	(3,262,481)
Net book value as at 30 September 2014	Php35,935,528	Php8,840,612	Php24,633,509	Php69,409,649

### 5. Bank loan

Principal payments during the period amounted to ₱502 million, while proceeds from loan availment amounted to ₱3.5 billion used to finance the Group's various projects.

### 6. Dividends

On 19 February 2014 and 14 August 2014, the Board approved the declaration of ₱333,484,129 and ₱309,663,834 cash dividend to all stockholders of record as of March 07, 2014 and August 29, 2014 to be taken up from the unrestricted retained earnings of the Parent Company as of December 31, 2013 and June 30, 2014, respectively.

## **7. Related party transactions**

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 Group 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 the legal form.

The following are the transactions with related parties:

### **Related Party Transactions and Balances which were Not Eliminated During Consolidation**

The terms, conditions, balances and the volume of related party transactions which were not eliminated during consolidation are as follows:

#### *Transactions with companies with interlocking directors*

- a. A portion of the Parent Company's land is being leased by ESHRI, where the latter's EDSA Shangri-La Manila Hotel (the Hotel) is located. The lease is for a period of 25 years commencing on August 28, 1992, renewable for another 25 years at the option of ESHRI, computed based on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service revenue.
- b. SPMSI provides management services for TEC of The Enterprise Center Condominium Corporation (TECCC), for TSFSP of TSFSPCC, and for TSGT of The Shang Grand Tower Condominium Corporation (TSGTCC) for a minimum period of five years starting January 7, 2009, April 1, 2010 and January 7, 2007, respectively. As consideration, SPMSI shall receive from TSGTCC, TECCC and TSFSPCC management fees of ₱400,000, ₱100,000 and ₱100,000, respectively, per month, inclusive of VAT, with an escalation rate of 10% per annum. TECCC, TSFSPCC and TSGTCC are affiliates through interlocking directors.
- c. Reimbursement of expenses paid for by SLPC for ESHRI.
- d. Condominium dues charged by TSFPCC and TECCC.
- e. On January 1, 2001, the Parent Company entered into a cost sharing agreement with KSA and SLPC for the services rendered by the officers of the Parent Company to them.
- f. On February 17, 2012, the Board of the Parent Company passed and approved a resolution wherein it will act as a surety to the loan of Fort Bonifacio Shangri-la Hotel, Inc. (FBSHI). FBSHI has secured a ₱10,000,000,000 long-term loan facility with a local bank to finance the completion of its project. Under the continuing suretyship agreement executed between the Parent Company and the local bank on May 23, 2012, the Parent Company agreed to be solidarily liable to the extent of 50% of any and all amounts due under the loan agreement between FBSHI and the local bank. The local bank is entitled under current jurisprudence to demand directly from the Parent Company any and all amounts due. Should demand be made, the Parent Company will recognize a liability in its consolidated financial statements.
- g. Unsecured, noninterest-bearing receivables and payables between related parties.

## **8. Subsequent events**

There are no significant subsequent events that happened as of September 30, 2014 that needs disclosure herein.

## 9. Commitments and contingencies

A contingent liability with respect to the pending litigations of the Company described in Note 31 of the 2013 consolidated financial statements still exist as of date of interim consolidated financial statements.

## 10. Financial Instruments and Financial Risk Management

### Financial Instruments

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and financial liabilities that are carried in the consolidated financial statements.

	September 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Financial assets at FVPL	<b>₱ 32,133,116</b>	<b>₱ 32,133,116</b>	<b>₱30,348,704</b>	<b>₱ 30,348,704</b>
Loans and receivables:				
Cash and cash equivalents	2,478,800,525	2,478,800,525	1,891,968,291	1,891,968,291
Receivables:				
Installment contracts receivable	1,879,738,626	1,879,738,626	2,229,966,071	2,229,966,071
Rent	337,925,224	337,925,224	139,562,396	139,562,396
Related parties	43,701,469	43,701,469	23,761,686	23,761,686
Advances to officers and employees	7,161,446	7,161,446	1,373,381	1,373,381
Interest	1,030,140	1,030,140	1,164,094	1,164,094
Others	30,775,540	30,775,540	5,294,722	5,294,722
Refundable deposits	69,895,399	69,895,399	37,286,169	37,286,169
	<b>4,849,028,370</b>	<b>4,849,028,370</b>	<b>4,329,855,462</b>	<b>4,329,855,462</b>
AFS financial assets	<b>502,322,842</b>	<b>502,322,842</b>	<b>502,322,842</b>	<b>502,322,842</b>
	<b>₱5,383,484,328</b>	<b>₱5,383,484,328</b>	<b>₱4,862,527,008</b>	<b>₱4,862,527,008</b>
<b>Other Financial Liabilities</b>				
Accounts payable and other current liabilities*	<b>₱2,476,376,371</b>	<b>₱2,476,376,371</b>	<b>₱2,077,287,434</b>	<b>₱2,077,287,434</b>
Bank loans	<b>11,327,415,804</b>	<b>11,327,415,804</b>	<b>4,943,452,381</b>	<b>4,943,452,381</b>
Deposits from tenants	<b>986,406,193</b>	<b>986,406,193</b>	<b>954,813,749</b>	<b>954,813,749</b>
Accrued employee benefits**	<b>12,429,061</b>	<b>12,429,061</b>	<b>10,652,145</b>	<b>10,652,145</b>
	<b>₱14,802,627,430</b>	<b>₱14,802,627,430</b>	<b>₱7,986,205,709</b>	<b>₱7,986,205,709</b>

\* Excluding customers' deposits, output VAT, deferred output VAT and withholding taxes.

\*\* Excluding accrued retirement benefits of ₱26,360,962 in 2014 and ₱29,602,931 in 2013.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

#### *Financial Assets at FVPL*

The fair value of financial assets at FVPL is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid prices.

#### *Cash and Cash Equivalents, Receivables other than Installment*

#### *Contracts Receivable, and Accounts Payable and Other Current Liabilities and Dividends Payable*

Due to the short-term nature of cash and cash equivalents, receivables other than installment contracts receivable, and accounts payable and other current liabilities, the carrying values of these accounts were assessed to approximate their fair values.

#### *Installment Contracts Receivable*

The fair value of installment contract receivables approximates the carrying value as the interest rates they carry approximate the interest rate on comparable instruments in the market.

#### *Refundable Deposits and Deposits from Tenants*

The fair values of deposits from tenants were based on the present value of estimated future cash flows using interest rates that approximate the interest rates prevailing at the reporting date.

#### *Bank Loans*

The carrying value of the bank loans with variable interest rates approximates fair value because of recent and quarterly repricing based on market conditions.

#### *Fair Value Hierarchy*

The Group's financial instruments that are carried at fair value are financial assets at FVPL and AFS financial assets. As of September 30, 2014 and December 31, 2013, the fair values of financial assets at FVPL and AFS financial assets are determined and disclosed using Level 1 inputs, which are quoted prices in active markets for identical assets.

#### Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, financial assets at FVPL classified as held for trading, loans and receivables and other financial liabilities which are held primarily to finance the Group's operations and capital expenditures. The Group's financial instruments such as cash and cash equivalents, trade receivables and payables arise directly from the conduct of its operations.

The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk.

Risk management is carried out by the Group's management under policies approved by the Board. The Group's management identifies and evaluates financial risks in close cooperation with the Group's operating units.

The main objective of the Group's financial management risk is to minimize the potential adverse effects of the unpredictability of financial markets on the Group's financial performance. The Board provides principles for overall risk management, as follows:

#### *Interest Rate Risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table sets out the cash flows, by maturity, of the Group's financial instruments that are exposed to interest rate risk as of September 30, 2014:

	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
Asset:							
Cash and cash equivalents	P 2,478,800,525	P –	P –	P –	P –	P –	P 2,478,800,525
Liabilities:							
Bank Loans	145,833,333	583,333,333	716,666,667	1,154,166,667	729,166,667	7,998,249,138	11,327,415,805

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

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the table above

are non-interest bearing and are therefore not subject to interest rate risk. Group invests excess funds in short-term placements in order to mitigate any increase in interest rate on borrowings.

The following table represents the impact on the Group's income before income tax and equity brought about by a reasonably possible change in interest rates, with all other variables held constant as of September 30, 2014 until its next financial reporting date:

Change in Interest Rate	Effect on Income before Income Tax
Increase by .50%	₱ 39,645,955
Decrease by .50%	(₱39,645,955)

There is no other effect on the Group's equity other than those already affecting the profit or loss.

#### *Foreign Exchange Risk*

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group's foreign exchange exposure arises from holding foreign currency denominated cash and cash equivalents and purchases of some materials used in the construction of the Projects billed in foreign currencies. In order to balance this exposure, the Group maintains foreign currency denominated accounts in a reputable commercial bank. The Group does not enter into derivatives to hedge the exposure.

The Group has cash and cash equivalents denominated in US\$ and HK\$. However, the Group's management has assessed that the effect of the reasonable possible change in the foreign exchange rate in HK\$ is insignificant to the consolidated financial statements.

#### *Equity Price Risk*

Price risk is the risk that the fair values of equity securities will fluctuate because of changes in the level of indices and the value of individual stocks. The Group is exposed to equity security price risk because of its investments, which are classified in the consolidated statements of financial position as financial assets at FVPL and AFS financial assets. The Group's management has assessed that the effect of the reasonably possible change in the fair value of its financial assets at FVPL and AFS financial assets are insignificant to the consolidated financial statements.

#### *Credit Risk*

Credit risk is the risk that the Group will incur a loss because its counterparties failed to discharge their contractual obligations. The Group has no significant concentrations on credit risk. Sales of residential condominium units that are on installment basis are supported by post-dated checks from buyers. Titles to properties sold are not released unless full payment is received. In the case of leasing operations, tenants are subject to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary.

The table below shows the maximum exposure to credit risk for each component of the financial assets in the statement of financial position:

	September 30, 2014	December 31, 2013
Financial assets at FVPL	₱ 32,133,116	₱ 30,348,704
Loans and receivables:		
Cash and cash equivalents *	2,435,088,333	1,862,306,550
Receivables:		
Installment contracts receivable	1,879,738,626	2,229,966,071
Rent	337,925,224	139,562,396
Related parties	43,701,469	23,761,686
Advances to officers and employees	7,161,446	1,373,381
Interest	1,030,140	1,164,094
Others	30,775,540	5,294,722

	September 30, 2014	December 31, 2013
Refundable deposits	69,895,399	37,286,169
	4,805,316,178	4,300,715,069
AFS financial assets	502,322,842	502,322,842
	<b>P5,339,772,136</b>	<b>P 4,833,386,615</b>

\* Excludes cash on hand of P43,712,192 in 2014 and P21,640,393 in 2013.

The following table provides information regarding the credit risk exposure of the Group by classifying its financial assets according to the credit ratings of debtors as of September 30, 2014:

	2014				
	Neither Past Due nor Impaired		Past Due and Impaired		Total
	Non-Investment Grade: Satisfactory	Non-Investment Grade: Unsatisfactory			
Financial assets at FVPL	P 32,133,116	P-	P-	P	P 32,133,116
Loans and receivables:					
Cash and cash equivalents*	2,435,088,333	-	-	-	2,435,088,333
Receivables:		-	-	-	
Installment contracts receivable	1,879,738,626	-	-	-	1,912,436,387
Rent	337,925,224	-	-	-	337,925,224
Related parties	43,701,469	-	-	-	43,701,469
Advances to officers and employees	7,161,446	-	-	-	7,161,446
Interest	1,030,140	-	-	-	1,030,140
Others	37,211,617	-	6,436,077	-	30,775,540
Refundable deposits	69,895,399	-	-	-	69,895,399
	4,805,316,178	-	6,436,077	-	4,811,752,255
AFS financial assets	502,322,842	-	-	-	502,322,842
	<b>P5,339,772,136</b>	<b>P-</b>	<b>P 6,436,077</b>	<b>P5,346,208,213</b>	

\* Excludes cash on hand of P43,712,192

The credit quality of financial assets was determined as follows:

Cash and cash equivalents, financial assets at FVPL and AFS financial assets – based on the nature of the counterparty and the Group's internal rating system.

Receivables – satisfactory pertains to receivables from existing and active tenants, customers, contractors, suppliers, related parties, counter parties, officers and employees while unsatisfactory pertains to receivables from tenants, customers, contractors, suppliers, related parties and counter parties that have already ceased their respective operations and officers and employees that are no longer employed by the Group.

Financial instruments classified under “neither past due nor impaired” include high grade credit quality instruments because there was few or no history of default on the agreed terms of the contract. “Past due and impaired” pertains to those financial instruments that are long outstanding and has been provided with allowance for impairment loss.

#### *Liquidity Risk*

Liquidity risk is defined as risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. The Group maintains sufficient cash and marketable securities in order to fund its operations. The Group monitors its cash flows and carefully matches the cash receipts from its condominium sales and leasing operations against cash requirements for its construction activities. The Group utilizes its borrowing capacity if necessary to further bolster its cash reserves.

The table below summarizes the maturity profile of the Group's financial assets compared with the contractual undiscounted payments of financial liabilities in order to provide a complete view of the Group's liquidity as of September 30, 2014:

	2014				Total
	Within 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	
<b>Financial Assets</b>					
Financial assets at FVPL	P 32,133,116	P-	P-	P-	P 32,133,116
Loans and receivables:					
Cash and cash equivalents	2,478,800,525	-	-	-	2,478,800,525
Receivables:					
Installment contracts receivable	1,879,738,626	-	-	-	1,879,738,626
Rent	337,925,224	-	-	-	337,925,224
Related parties	43,701,469	-	-	-	43,701,469
Advances to officers and employees	7,161,446	-	-	-	7,161,446
Interest	1,030,140	-	-	-	1,030,140
Others	30,775,540	-	-	-	30,775,540
Refundable deposits		69,895,399	-	-	69,895,399
	4,779,132,970	69,895,399	-	-	4,849,028,370
AFS financial assets	502,322,842	-	-	-	502,322,842
	<b>P5,313,588,929</b>	<b>P 69,895,399</b>	<b>P-</b>	<b>P-</b>	<b>P5,383,484,328</b>
<b>Other Financial Liabilities</b>					
Accounts payable and other current liabilities*	P 2,476,376,371	P-	P-	P-	P2,476,376,371
Bank loans	145,833,333	1,300,000,000	1,883,333,333	7,998,249,138	11,327,415,805
Deposits from tenants	616,747,724	369,658,469	-	-	986,406,193
Dividends payable	25,115,547	-	-	-	25,115,547
Accrued employees benefits**	12,429,061	-	-	-	12,429,061
	<b>P3,276,502,036</b>	<b>P1,669,658,469</b>	<b>P1,883,333,333</b>	<b>P7,998,249,138</b>	<b>P14,827,742,977</b>

\* Excluding customers' deposits, output VAT, deferred output VAT and withholding taxes.

\*\* Excluding accrued retirement benefits of P26,360,962