REPUBLIC GLASS HOLDINGS CORPORATION

November 14, 2013

Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange
3F Phil. Stock Exchange Plaza
Ayala Triangle, ayala Avenue
Makati City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Gentlemen:

We submit the attached report of Republic Glass Holdings Corporation for the quarter ending September 30, 2013 (SEC Form 17-Q), in compliance with Section 17 of the Revenue Regulation Code and SRC Rule 17(2) (b).

Very truly yours,

Florence Wong
Corporate Information Officer

6th Floor, Republic Glass Building, 196 Salcedo Street, Legaspi Village, Makati City 1200
Tel. Nos. 817-5011 to 13 • Fax No. 818-9733

COVER SHEET

SEC Registration Number

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

(Company's Full Name)

6th Floor, Republic Glass BUilding, 196 Salcedo Street, LegaSpi Village, Makati City

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

Ms. Florence Wong	817-5011
(Contact Person)	(Company Telephone Number)

12	31	17-Q	04	30
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

–

(Secondary License Type, If Applicable)

–	–
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

1,258	–	–
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

ANNUAL REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE AND
SRC RULE 17(2)(b) THEREUNDER

1 **September 30, 2013**
For Fiscal Year ended

2 **11603**
SEC Identification Number

3 **000-141-079-000**
BIR Identification Number

4 **REPUBLIC GLASS HOLDINGS CORPORATION**
Exact name of registrant as specified in its charter

5 **Manila, Philippines**
Incorporated in

6
Industry Classification Code

7 **6th Floor Republic Glass Bldg, 196 Salcedo St.,**
Legaspi Village, Makati City,1229
Address of principal office

8 **(632)817-5011 to 13**
Registrant's Telephone number, including area code

9 **N.A.**
Former name or former address, if changed since last report

10 **Securities registered pursuant to Section 4 and 8 of RSA**

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares Par P1.00 par value	**682,065,632**

11 **Are any or all of the securities listed on the Philippine Stock Exchange**
Yes { } No { }
If yes, state the name of such Stock Exchange and the class/es of securities listed therein.
Philippine Stock Exchange **Common Stock**

12 Indicate by check mark whether the registrant:

(a)Has filed all reports required to be filed by Section 17 of the Revised Securities Act (RSA) and RSA Rule 17(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (of for such shorter period the registrant was required to filed such reports).

Yes { ✔ } *No { }*

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

Yes { ✔ } *No { }*

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements. **Please see attachments**

Item II. Management's Discussion and Analysis of Financial Condition and Results of Operations. **Please see attachments**

PART II- OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclose of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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.

Issuer

GERONIMO F. VELASCO, JR.

Signature and Title Chief Executive Officer

Date 14 November 2013

Issuer

FLORENCE WONG

Signature and Title Chief Financial Officer

Date 14 November 2013

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

UNAUDITED

(Amounts in Thousands)

	September 30 **2013**	December 31 2012
ASSETS		
Current Assets		
Cash and cash equivalents	**₱457,164**	₱443,147
Short-term investments	**10,039**	7,397
Financial assets at fair value through profit or loss	**486,949**	574,822
Receivables	**16,686**	12,467
Other current assets	**2,201**	2,252
Total Current Assets	**973,039**	1,040,085
Noncurrent Assets		
Investment subject to a repurchase agreement	**219,175**	219,175
Available-for-sale financial assets	**300,390**	22,302
Investment properties	**15,226**	57,479
Property and equipment	**18,117**	17,374
Deferred tax assets	**6,129**	6,129
Total Noncurrent Assets	**559,037**	322,459
	₱1,532,076	₱1,362,544
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**₱953**	₱2,771
Overdraft facility	**40,322**	-
Dividends payable	**25,699**	27,372
Miscellaneous deposits	**2,045**	60,463
Income tax payable	**63**	1,164
Total Current Liabilities	**69,082**	91,770
Noncurrent Liability		
Accrued retirement costs	**7,303**	7,303
Equity		
Capital stock	**738,314**	738,314
Additional paid-in capital	**9,103**	9,103
Cumulative translation adjustments of a foreign subsidiary	**(4,504)**	(34,289)
Cumulative unrealized gain on valuation of available-for-sale financial assets	**806**	806
Retained earnings		
Appropriated	**100,000**	100,000
Unappropriated	**705,882**	543,447
Treasury stocks	**(93,910)**	(93,910)
Equity	**1,455,691**	1,263,471
	₱1,532,076	₱1,362,544

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

UNAUDITED

(Amounts in Thousands, Except Earnings Per Share)

	January to September		July to September	
	2013	2012	**2013**	2012
REVENUE				
Investment income	**₱55,232**	₱40,054	**₱10,986**	₱13,268
Rental income	**258**	7,892	**-**	4,208
Dividend income	**2,546**	1,812	**1,903**	825
	58,036	49,758	**12,889**	18,301
GAIN ON SALE OF INVESTMENT PROPERTIES AND TRANSPORTATION EQUIPMENT	**199,237**	109,943	**31,671**	29,398
MARK-TO-MARKET GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**(32,389)**	35,642	**6,114**	8,314
FOREIGN EXCHANGE GAIN (LOSS) - Net	**7,424**	(11,156)	**863**	(4,145)
GENERAL AND ADMINISTRATIVE EXPENSES	**(31,103)**	(22,037)	**(6,313)**	(6,308)
OTHER INCOME	**58**	40	**18**	-
INCOME (LOSS) BEFORE INCOME TAX	**201,263**	162,190	**45,242**	45,560
PROVISION FOR INCOME TAX	**38,830**	18,399	**6,835**	4,861
NET INCOME (LOSS)	**162,433**	143,791	**38,407**	40,699
Basic/Diluted Earnings (Loss) Per Share	**₱0.24**	₱0.21	**₱0.06**	₱0.06

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share)

	January to September		July to September	
	2013	2012	**2013**	2012
NET INCOME (LOSS)	**162,433**	143,791	**38,407**	40,699
OTHER COMPREHENSIVE INCOME (LOSS)				
Change in cumulative translation adjustments of a foreign subsidiary	**29,785**	(16,989)	**8,589**	(3,263)
	29,785	(16,989)	**8,589**	(3,263)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱192,218**	₱126,802	**₱46,996**	₱37,436

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands, Except Cash Dividends Per Share)

	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustments of a Foreign Subsidiary	Cumulative Unrealized Gain on Valuation of Available-for-Sale Financial Assets	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Treasury Stocks	Total Equity
Balance at December 31, 2012	**₱738,314**	**₱9,103**	**(₱34,289)**	**₱806**	**₱100,000**	**₱543,447**	**(₱93,910)**	**₱1,263,471**
Total comprehensive income for the period	–	–	**29,785**	-	–	**162,433**	–	**192,218**
Balance at September 30, 2013	**₱738,314**	**₱9,103**	**₱(4,504)**	**₱806**	**₱100,000**	**₱705,882**	**(₱93,910)**	**₱1,455,691**
Balance at December 31, 2011	**₱738,314**	**₱9,103**	**(₱10,714)**	**₱533**	**₱100,000**	**₱524,652**	**(₱93,910)**	**₱1,267,978**
Total comprehensive income for the period	–	–	**(16,989)**	-	–	**143,791**	–	**126,802**
Balance at September 30, 2012	**₱738,314**	**₱9,103**	**₱(27,703)**	**₱533**	**₱100,000**	**₱668,443**	**(₱93,910)**	**₱1,394,780**
Balance at December 31, 2011	**₱738,314**	**₱9,103**	**(₱10,714)**	**₱533**	**₱100,000**	**₱524,652**	**(₱93,910)**	**₱1,267,978**
Total comprehensive income for the year	–	–	**(23,575)**	**273**	–	**223,317**	–	**200,015**
Cash dividends - ₱0.30 per share	–	–	–	–	–	**(204,522)**	–	**(204,522)**
Balance at December 31, 2012	**₱738,314**	**₱9,103**	**(₱34,289)**	**₱806**	**₱100,000**	**₱543,447**	**(₱93,910)**	**₱1,263,471**

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

(Amounts in Thousands)

	Period Ended	September 30
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱201,263**	₱162,190
Adjustments for:		
Gain on sale of:		
Investment properties	**(197,905)**	(109,943)
Property and equipment	**(1,332)**	ï
Investment income	**(55,232)**	(40,054)
Mark-to-market loss (gain) on financial assets at fair value through profit or loss	**32,389**	(35,642)
Depreciation	**2,432**	2,115
Unrealized foreign exchange loss - net	**(7,424)**	11,156
Dividend income	**(2,546)**	(1,812)
Interest and bank charges	**1,932**	1,204
Loss before working capital changes	**(26,423)**	(10,786)
Decrease (increase) in:		
Financial assets at fair value through profit or loss	**92,453**	(61,061)
Receivables and other current assets	**(2,605)**	13
Increase (decrease) in:		
Accounts payable and other current liabilities	**(1,817)**	(1,485)
Customersĉ deposits and accrued retirement costs	**(58,418)**	1,600
Net cash generated from (used in) operations	**3,190**	(71,719)
Income taxes paid	**(39,930)**	(18,862)
Receipt of:		
Income from investment	**53,672**	37,708
Dividend income	**2,546**	1,812
Net cash provided by (used in) operating activities	**19,478**	(51,061)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Short-term investments	**(2,565)**	1,923
Available-for-sale financial assets	**(278,088)**	(10,470)
Property and equipment	**(4,075)**	ï
Proceeds from sale of:		
Investment properties	**240,158**	210,045
Property and equipment	**2,232**	ï
Net cash provided by (used in) investing activities	**(42,338)**	201,498

(Forward)

	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Dividends	**(1,672)**	(₱1,087)
Interest and bank charges	**(1,932)**	(1,204)
Increase (decrease) in overdraft facility	**40,322**	(8,354)
Cash used in financing activities	**36,718**	(10,645)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**159**	(255)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**14,017**	139,537
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	443,147	344,591
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱457,164**	₱484,128

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

(Amounts in Thousands, Except Par Value and Earnings Per Share)

1. **General Information**

Corporate Information

Republic Glass Holdings Corporation (the Parent Company), publicly-listed entity involved in purchasing, leasing, and selling securities of every kind, business and properties. On October 29, 2004, the Philippine Securities and Exchange Commission (SEC) approved the Parent Companyҫs application for the extension of its corporate term, which expired on August 23, 2006, for another 50 years.

The registered office address of the Parent Company and its subsidiaries is 6th Floor, Republic Glass Building, 196 Salcedo Street, Legaspi Village, Makati City.

The consolidated subsidiaries (collectively referred to as ñSubsidiariesò) include the following:

Subsidiaries	Principal Activities	Place of Incorporation	Percentage of Ownership
RGC Investment Corporation (RIC)	Investing	Philippines	100
HML	Investing	British Virgin Island	100
RGC Marine Transport Corporation (RMTC)*	Shipping	Philippines	100

** Ceased commercial operations in 1999.*

As at December 31, 2012, the Company is 67.11%-owned (66.88 % in 2010) by Gervel, Inc., the ultimate parent company also incorporated in the Philippines.

2. **Basis of Preparation**

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS includes standards named PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) issued by the Financial Reporting Standards Council (FRSC).

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and financial instruments at fair value through profit or loss (FVPL) which have been measured at fair value. The parent company financial statements are presented in Philippine Peso, which is the Companyҫs functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

The functional currency of HML is the United States (US) Dollar. As of the reporting date, monetary assets and liabilities of this subsidiary are restated into the functional and presentation currency of the Company (the Philippine Peso) using the closing exchange rate at the reporting date and items in the statement of comprehensive income are translated at weighted average exchange rates for each month of the year. The exchange rate differences arising on the translation are reported as other comprehensive income in the consolidated statement of comprehensive income and taken directly as a separate component of equity as ñCumulative translation adjustments of a foreign subsidiary.ò On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign entity is recognized in the consolidated statement of income.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiaries as at September 30, 2013 and December 31, 2012 and the period ended September 30, 2013 and 2012.

The 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 that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies. All intercompany balances, transactions, income and expense and profits and losses from intercompany transactions are eliminated in full.

3. **Summary of Significant Accounting Policies**

Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous financial, which were adopted as of January 1, 2013. The adoption of these standards or interpretations did not have an impact on the consolidated financial statements.

- PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets* (Amendments)

- 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 - Offsetting Financial Assets and Financial Liabilities*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or ñsimilar agreementò, irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

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

  The amendments affect disclosures only and have no impact on the Companyôs financial position or performance. This standard is applicable to the Company and the Company is currently evaluating the impact based on the audited figures as of December 31, 2012

- 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. This standard is applicable to the Company and the Company is currently evaluating the impact based on the audited figures as of December 31, 2012

- 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 is not applicable to the Company.

- PFRS 12, *Disclosure of Interests in Other Entities* — PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entityǿs interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard is applicable to the Company and the Company is currently evaluating the impact based on the audited figures as of December 31, 2012

- PFRS 13, *Fair Value Measurement* — PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. This standard is applicable to the Company and the Company is currently evaluating the impact based on the audited figures as of December 31, 2012.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (Amendments) — The amendments to PAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that can be reclassified (or ñrecycledò) 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.

- PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (Amendments)

- PAS 19, *Employee Benefits* (Revised) — Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments become effective for annual periods beginning on or after January 1, 2013. Once effective, the Company has to apply the amendments retroactively to the earliest period presented.

The Company reviewed its existing employee benefits and obtained the services of an external actuary to compute the impact to the consolidated financial statements upon adoption of the standard.

- 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. This standard is applicable to the Company and the Company is currently evaluating the impact based on the audited figures as of December 31, 2012.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011) — As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013. This standard is not applicable to the Company.

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

<u>Standards issued but not yet effective</u>
Standards issued but not yet effective up to the date of issuance of the Companyφs financial statements are listed below. The Company intends to adopt those standards when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have significant impact on the consolidated financial statements

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments) — The amendments clarify the meaning of ñcurrently has a legally enforceable right to set-offò 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 Companyφs 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 is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liabilityôs 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 fair value option. 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 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.

Annual Improvements to PFRS (2009-2011 cycle)

The *Annual Improvements to PFRS* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted. The Company expects that the amendments will not have any impact on its financial position or performance.

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

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information* — The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required.

- 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.

- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments* — The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*.

- 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 entityǿs previous annual financial statements for that reportable segment.

Financial Assets

Initial Recognition and Measurement. Financial assets within the scope of PAS 39 are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Companyǿs financial assets include cash and cash equivalents, short-term investments, financial assets at FVPL, receivables, miscellaneous deposits (presented as part of ñOther current assetsò account) investment subject to repurchase agreement and AFS financial assets

Subsequent Measurement. The subsequent measurement of financial assets depends on their classification as described below:

- Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

  Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under PAS 39 are satisfied. The Company has not designated any financial assets at fair value through profit or loss. The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and managementǿs intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

This category includes the Companyøs investment in corporate and government bonds, treasury notes and other equity securities, which are being held for trading by the Company.

- Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance income in profit or loss. Losses arising from impairment are recognized in profit or loss.

  This category includes the Companyøs cash and cash equivalents, short-term investments, receivables, investment subject to repurchase agreement and miscellaneous deposit (presented as part of ñOther current assetsò account).

- AFS financial assets. AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated as at FVPL.

  AFS equity investments whose fair value cannot be reliably measured are measured at cost less any impairment. If a reliable measure of fair value subsequently becomes available, the asset is remeasured at the fair value, and the gain or loss recognized in other comprehensive income (provided it is not impaired). If a reliable measure ceases to be available, the AFS equity investment is thereafter measured at cost, which is deemed to be the fair value carrying amount on that date. Any gain or loss previously recognized in other comprehensive income shall remain in equity until the asset has been sold, otherwise disposed of or impaired, at which time it is reclassified to profit or loss.

  This category includes the Companyøs investments in quoted and unquoted equity and club shares.

Impairment of Financial Assets. The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a 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 eventø) and that loss event 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 debtors or a group of debtors 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 when 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.

- Financial assets carried at amortized cost. For financial assets carried at amortized cost, the Company 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 the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assess for impairment and for which an impairment loss is, or continues to be, recognized are included in a collective assessment of impairment.

  If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assetös carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assetös original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

  The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in profit or loss.

- Loans and receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the parent company statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

- AFS financial assets. AFS financial assets are those non-derivative financial assets that are designated as AFS financial assets or are not classified in any of the other categories. The Company designates financial instruments as AFS if they are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized as a separate component of other comprehensive income in the parent company statement of comprehensive income until the investment is derecognized or determined to be impaired, at which time, the cumulative gain or loss previously recorded in equity is recognized as part of income for the year in profit or loss.

Where the Company holds more than one investment in the same security, these are deemed to be disposed of on a moving average basis. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in profit or loss when the right of payment has been established. The losses arising from impairment of such financial assets are recognized in the parent company statement of income. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within twelve months from the reporting date.

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

- The Companyôs rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ñpass-throughò arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Companyôs continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Financial liabilities

Initial Recognition and Measurement. Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Subsequent Measurement. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization is included in finance costs in profit or loss.

Loans and borrowings. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and other current liabilities) or borrowings (e.g., loans payable and long-term debt).

Loans and borrowings are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains or losses are recognized in the profit or loss when the liabilities are derecognized as well as through the amortization process. Other financial liabilities are included in current liabilities if maturity is within twelve months from the reporting date or the Company does not have an unconditional right to defer payment for at least twelve months from the reporting date. Otherwise, these are classified as noncurrent liabilities.

This category includes the Companyøs accounts payable and other current liabilities, overdraft facility, dividends payable and rental and miscellaneous deposits.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

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

- deliver cash or another financial asset to another entity; or
- exchange financial assets or liabilities with another entity under conditions that are potentially unfavorable to the Company; 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 Company 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.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a ñDay 1ò difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data which is not observable is used, 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 Company determines the appropriate method of recognizing the ñDay 1ò difference amount.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the 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 assets and settle the liabilities simultaneously.

Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent armôs length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

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 from acquisition date and that are subject to an insignificant risk of change in value.

Short-term Investments
Short-term investments include highly liquid investments that are readily convertible to known amounts of cash with original maturities of more than three months but not more than one year from dates of acquisition and are subject to an insignificant risk of change in value.

Investment Properties
Investment properties consist of parcels of land and other real estate properties which are being held by the Company for capital appreciation and for rental. The carrying amount includes the cost of replacing part of an existing investment property when that cost incurred meets the recognition criteria and excludes the costs of day-to-day servicing of an investment property. Depreciation is computed on a straight-line method over the investment propertiesô useful lives. Land is carried at cost less any impairment in value. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	5ï 10 years
Buildings and improvements	10 years
Furniture and fixtures	3ï 5 years

The useful lives and method of depreciation are reviewed periodically to ensure that periods and method of depreciation are consistent with the expected pattern of economic benefits from items of the investment.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is change in use evidenced by ending of owner-occupation, or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its carrying value at the date of change in use. If the properties occupied by the Company as owner-occupied properties become investment properties, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

For a transfer from inventories to investment properties, any difference between the fair value of the properties at that date and its previous carrying amount is recognized in profit or loss.

<u>Property and Equipment</u>
Property and equipment are carried at cost less accumulated depreciation and impairment loss, if any. The initial cost of an item of property and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Such cost includes the cost of replacing the part of such property and equipment when the cost incurred meets the recognition criteria.

Subsequent costs are capitalized as part of property and equipment account only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and improvements	5ï 40 years
Transportation equipment	4ï 10 years
Furniture, fixtures and equipment	2ï 10 years

The property and equipmentøs residual values, useful lives and depreciation method are reviewed and adjusted prospectively, if appropriate, at each financial year-end.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

<u>Impairment of Nonfinancial Assets</u>
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assetøs recoverable amount. An assetøs recoverable amount is the higher of an assetøs or cash-generating units (CGU) 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or the fair value indicators. Impairment

losses are recognized in the profit or loss in the expense category 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 assetôs recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss, unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the assetôs revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stocks are measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax effects. Proceeds and fair value considerations received in excess of par value are recognized as additional paid-in capital.

Retained Earnings. Retained earnings represent the accumulated earnings, net of dividends declared.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense, including reclassification adjustments that are not recognized in the profit or loss as required or permitted by other PFRS.

Treasury Stock. Treasury stocks are the Parent Companyôs own equity instruments that are reacquired or held by a subsidiary which are carried at cost and are deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issuance or cancellation of the Companyôs own equity instruments. Any difference between the carrying amount and the consideration are recognized in other capital reserve.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates and value-added tax (VAT) or duty. The Company assesses its revenue against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Investment Income. Revenue from dollar and peso-denominated bonds and placements and from investment subject to a repurchase agreement, are recognized as the income accrues, taking into account the effective yield on assets.

Rental Income. Revenue from investment properties is accounted for on a straight-line basis over the lease term.

Dividend Income. Revenue is recognized when the Companyôs right to receive the payment is established.

Cost and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. General and administrative expenses, interest and bank charges and other expenses are recognized in the profit or loss in the period these are incurred.

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

Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Operating lease receipts from lessees are recognized as income in the profit or loss on a straight-line basis over the lease term.

Company as a Lessee. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the profit or loss on a straight line basis over the lease term.

Retirement Costs
The Company has a funded noncontributory defined benefit retirement plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employeesô projected salaries. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting year exceeded 10% of the higher of the present value of retirement obligation (PVRO) and the fair value of plan assets (FVPA) at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

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

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains not recognized reduced by past service cost not yet recognized and the FVPA out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company nor can they be paid directly to the Company. Fair value is used on market price information and in the case of quoted securities it is the published bid price.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

<u>Taxes</u>
Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates. With respect to investments in other subsidiaries and associates, deferred tax liabilities are recognized, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable 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 assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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.

Income tax relating to items recognized directly in equity is recognized as other comprehensive income in the consolidated statement of comprehensive income.

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

Value Added Tax. Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Foreign Currency-denominated Transactions and Translations
The consolidated financial statements are presented in Philippine Peso, which is the Company's functional currency. Transactions in foreign currencies are recorded by the entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at the reporting date. Exchange rate differences arising on the settlement and restatement of monetary items at rates different from those at which they were initially recorded are recognized in the profit or loss in the year such difference arises. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and, a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in the profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense.

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

Events after the Reporting Date
Post year-end events that provide additional information about the Company's financial 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 notes to consolidated financial statements when material.

Earnings per Share (EPS) - Basic/Diluted
Basic earnings per share is computed by dividing net income for the year by the weighted average number of issued and outstanding shares of stock during the year (adjusted for any stock dividends). Diluted earnings per share is computed by dividing net income for the year by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on earnings per share. Where the Company does not have any potential common shares or other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS. The Company has no outstanding potential dilutive common shares.

Segment Reporting
The Companyøs operating businesses are organized and managed separately based on the sources of revenues, with each segment representing a strategic business unit that offers different products.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of cash equivalents, investments in financial instruments, investment properties, net of allowances and provision for decline in value. Segment liabilities include all operating liabilities and consist principally of accounts payable and other current liabilities.

Inter-segment Transactions. Segment revenue, segment expenses and segment performance may include transfers among business segments. The transfers, if any, are accounted for at agreed prices, normally at cost-plus basis. Such transfers, if any, are eliminated.

4. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect certain reported amounts and disclosures. In preparing the consolidated financial statements, management has made its best judgments, estimates and assumptions of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the consolidated financial statements are based upon managementøs evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from those estimates, and such estimates will be adjusted accordingly.

Judgments, estimates and assumptions 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.

The Company believes that the following represent a summary of these significant judgments, estimates and assumptions and the related impact and associated risks in the consolidated financial statements:

Judgments
In the process of applying the Companyøs 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:

Determination of Functional Currency. The Company has determined that its functional currency is the Philippine Peso. It is the currency of the primary economic environment in which the Company operates.

Assessment of Impairment of AFS Financial Assets - Determination of Significant and Prolonged Decline in Fair Value. The Company determines that an AFS financial asset is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant and prolonged requires judgment. The Company determines that a decline in a fair value of greater than 20% of cost is considered to be a significant decline and a decline for a period of more than twelve months is considered to be a prolonged decline. In making this judgment, the Company evaluates, among other factors, the normal volatility in price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

There was no impairment loss on AFS financial assets recognized in the consolidated financial statements for the years ended December 31, 2012.

Valuation of Unquoted Equity Securities. The Company's investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost, net of impairment, if any.

Evaluation of Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease, when fulfillment of the arrangement depends on specific asset or assets and the arrangement conveys a right to use the asset.

The Company, as a lessor, has entered into commercial property leases on its investment properties. The Company has determined that it retains all the significant risks and rewards of ownership of these properties because of the following factors: (a) the lessee will not acquire ownership of the leased property upon termination of the lease; (b) at the inception of the lease, the present value of the minimum lease payments by the lessee is substantially lower than the fair value of the leased asset; and (c) the lessee has not given an option to purchase the asset at a price that is sufficiently lower than the fair value at the date the option becomes exercisable. Accordingly, the Company accounts these as operating leases.

The Company, as a lessee, has entered into a lease contract covering its office space. The Company has determined that the lessor retains all the significant risks and rewards of ownership of the property and so accounts for the lease as operating lease.

Estimates and Assumptions

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:

Determination of Fair Value of Financial Instruments. Certain financial instruments are required to be carried at fair value, which requires the use of accounting judgments and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates and volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair values of these financial assets and liabilities, except AFS financial assets, would directly affect the consolidated statement of income.

Estimation of Allowance for Doubtful Accounts. The Company maintains an allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of allowance is evaluated by the Company on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers, average age of accounts and collection experience. The Company performs a regular review of the age and status of these accounts, designed to identify accounts with objective evidence of impairment and provide the appropriate allowance for impairment losses. The review is accomplished using a combination of specific and collective assessment approaches. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in allowance for doubtful accounts would increase the recorded general and administrative expenses and decrease current assets.

Management believes that the ultimate outcome of the legal proceedings related to the Companyǿs investment subject to a repurchase agreement will not affect the recoverability of its carrying value. Management is of the opinion that the principal amount of such investment is fully recoverable upon maturity; hence, no provision for impairment was recognized (see Note 10). The related income arising from the investment was not accrued since it is not probable that the economic benefits associated with the transaction will flow to the Company.

Assessment of Impairment of AFS Financial Assets - Calculation of Impairment Losses. The Company expands its analysis to consider changes in the investeeǿs industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Companyǿs investments.

Estimation of Useful Lives of Investment Properties and Property and Equipment. The useful life of each of the Companyǿs item of investment properties and property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of investment properties and property and equipment would increase the recorded operating expenses and decrease the carrying values of investment properties and property and equipment.

There was no change in the estimated useful lives of investment properties and property and equipment during the year.

Assessment of Impairment of Nonfinancial Assets. Impairment review is performed when certain impairment indicators are present. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. The preparation of the estimated future cash flows involves judgment and estimations. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the Companyǿs financial performance.

Determination of Retirement Costs. The determination of the obligation and retirement benefits is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions are include among others, discount rate, rate of increase in compensation and expected rate of return on plan assets. Actual results that differ from the Companyǿs assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While it is believed that the Companyǿs assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Companyǿs retirement obligations.

Accrued retirement costs amounted to ₱7.3 million as of September 30, 2013 and December 31, 2012.

Assessment of Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable 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 assets to be recovered.

Estimation of Claims Under Legal Contingencies. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Companyҩs defense in these matters and is based upon an analysis of potential results. The Company is a party to a lawsuit or claim arising from the ordinary course of business. However, the Companyҩs management and legal counsel believe that the eventual liabilities under this lawsuit or claim, if any, will not have a material effect on the consolidated financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the consolidated financial statements for the year ended December 31, 2012.

5. Cash and Cash Equivalents

	2013	2012
Cash on hand and in banks	**₱69,263**	₱62,784
Cash equivalents	**387,901**	380,363
	₱457,164	₱443,147

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the prevailing temporary placement rates.

The Companyҩs cash equivalents represent short-term placements and special deposit accounts in reputable banks as of September 30, 2013 and December 31, 2012. These cash equivalents earn interest at market rates ranging from 0.75% to 14% in 2013 and 3.5% to 3.6% in 2012.

Interest income earned is presented as part of ўInvestment incomeҠin the consolidated statements of income

6. Short-term Investments

Short-term investments are made for varying periods of more than three months but not more than one year depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term investments rates.

Interest income earned is presented as part of ўInvestment incomeҠin the consolidated statements of income.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of quoted investments in corporate bonds, government bonds and treasury notes and other equity securities.

Interest income earned is presented as part of ñInvestment incomeò in the consolidated statements of income .

8. Receivables

	2013	2012
Accrued income from dollar and peso-denominated bonds and placements	**₱9,144**	₱7,583
Due from RGC Mining and Mineral Corporation	**1,101**	1,059
Accounts receivable	**6,496**	3,996
Advances to suppliers	**194**	256
Receivable from officers and employees	**177**	242
Other receivables	**633**	390
	17,745	13,526
Less allowance for doubtful accounts	**1,059**	1,059
	₱16,686	₱12,467

9. Other Current Assets

This account consist of miscellaneous deposits, input VAT, prepayment and other assets Input VAT will be utilized through application against the Companyôs output VAT. Input VAT has no expiration period.

Prepayments consist of prepaid rent and insurance.

Miscellaneous deposits and others mainly consist of a bond with the Department of Agrarian Reform in compliance with the Companyôs application for extension of time to develop a parcel of land it owns, rental, subscriptions and annual association dues.

10. Investment Subject to a Repurchase Agreement

On February 26, 2008, under a Deed of Sale of Shares of Stock with Repurchase, the Company acquired unquoted corporate shares of stock of Stradcom Corporation (SC) from Stradcom International Holdings, Inc. (SIHI), a company incorporated in the Philippines for a consideration amounting to ₱219.2 million for an ownership interest of 8%. The transaction includes a repurchase agreement wherein the shares acquired will be repurchased by SIHI in 2013 at a price that will provide the Company with an effective annual yield of 20% per annum inclusive of cash dividends. It was also agreed that a sinking fund that can only be withdrawn in 2013, be established by SIHI for the purpose of complying with SIHIôs obligation to repurchase the shares of stock from the Company.

The current information technology (IT) service provider of the Land Transportation Office (LTO), which is SC, was a subject of legal proceedings between parties claiming for its ownership. Due to such legal proceedings, LTO has deferred its payment for the IT services received until ownership of SC has been established. The Supreme Court Resolution dated March 18, 2013 denied the petition of the other parties claiming ownership of of Stradcom Corporation (SC).

11. **Available-for-Sale Financial Assets**

Investments in unquoted shares of stock represent unlisted corporate shares. In 2013, a total of 57,337,716 shares were acquired from Science Park of the Philippines (SPPI). These are carried at cost less any accumulated impairment losses, as their fair values cannot be reliably measured. The Company does not intend to dispose any of these in the near future.

12. **Investment Properties**

Investment properties consist mainly of parcels of land and other real estate properties, which are being held by the Company for capital appreciation and rental.

13. **Accounts Payable and Other Current Liabilities**

	2013	2012
Accounts payable and accrued expenses	**657**	₱1,436
Statutory liabilities	**296**	1,335
	₱953	₱2,771

Accounts payables are noninterest-bearing and are currently demandable.

Accrued expenses comprise of expenses incurred in the current year, which will not be paid off until after reporting date. Accrued expenses consist of accruals for utilities, salaries, wages and allowances, and various employee benefits.

14. **Overdraft Facility**

This pertains to a foreign-currency overdraft/revolving short-term advance facility (the Facility) with a bank. Interest rate charged per annum is at 1% plus charges for bankôs cost of fund. Interest period ranges from 1 to 12 months.

Overdraft facility is secured by certain financial assets at FVPL. As stated in the Memorandum of Charge between the Company and the bank, all the Companyôs rights, title and interest in and to the securities and all dividends, distributions and interest thereon whether capital or income shall stand charged as a continuing security for the due payment by the Company to the bank of all sums and the satisfaction by the Company of all liabilities, present or future, actual or contingent, including liabilities as surety or guarantor, for which the Company is now or may hereafter be indebted or liable to the bank in any manner whatsoever and whether alone or jointly with any other person.

The Company executed a memorandum of charge in favor of the bank, in respect of securities financed wholly or partly with the Facility and/or such other securities as the bank may acquire and all accrual thereto and/or of all cash deposits placed with the bank.

15. **Equity**

Capital and Treasury Stock
The details of the Companyôs capital and treasury stock follows:

	Number of Shares Authorized	Number of Shares Issued and Outstanding	Cost
Capital stock - ₱1 par value	1,500,000	738,314	₱738,314
Less treasury stock:			
Parent Companyôs reacquired shares	ï	54,629	85,333
Parent Company shares held by a subsidiary	ï	1,620	8,577
	1,500,000	682,065	₱644,404

Parent Company Shares Held by a Subsidiary
RIC, a wholly owned subsidiary, holds 1,620 common shares (including 325 stock dividends) of the Parent Company issued shares as at September 30, 2013 and December 31, 2012. This is presented as part of ñTreasury stocksò in the consolidated statements of financial position and consolidated statements of changes in equity.

Retained Earnings
Retained earnings are restricted from being and ₱100 million as of September 30, 2013 and December 31, 2012. Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury.

The dates of declaration, record and payment of cash dividend totaling ₱0.20 per share in 2013, ₱ 0.30 per share in 2012, and ₱0.225 per share in 2011, payable to all stockholders are as follows:

Year	Date of Declaration	Date of Record	Date of Payment
2013	October 30	November 14	December 6
2012	September 21	October 25	November 22
2011	September 26	October 28	November 22

The Companyôs issuance of stock happened only upon its initial public offering last July 17, 1959 with authorized number of shares equal to 80,000,000 shares being offered at Php0.1 per share.

16. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This include (a) enterprises that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form. The following transactions have been entered into with related parties:

Category	Year	Amount/ Volume of Transactions	Outstanding Balance	Terms	Conditions
		(Amounts in Thousands)			

Category	Year	Amount/ Volume of Transactions	Outstanding Balance	Terms	Conditions
Affiliate					
MMC					
Lease payment	**2013** (Nine months)	**₱686**	**₱–**	Not applicable	Not applicable
	2012 Full year	₱932	₱ï	Not applicable	Not applicable

17. Financial Instruments

Financial Risk Management Objectives and Policies
The Companyǿs principal financial assets comprise cash and cash equivalents, short-term investments, financial assets at FVPL, investment subject to a repurchase agreement, and AFS financial assets. The main purpose of these financial assets is to earn income for the Companyǿs funds and finance the Companyǿs operations. The Companyǿs other financial instruments are receivables, accounts payable and other current liabilities and overdraft facility, which arise directly from its operations.

The main risks arising from the Companyǿs financial instruments are market risk (interest rate risk, equity price risk and foreign currency risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Market Risk
Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices.

Interest Rate Risk. Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Companyǿs exposure to risk for changes in interest rates relates primarily to the Companyǿs investments in debt securities at FVPL. These financial assets are fixed rate financial instruments. Accordingly, the Company is not subject to cash flow interest rate risk but is only subject to fair value interest rate risk. Interest on these financial instruments is fixed until maturity of the instruments. The Company adopts a policy of managing its interest rate exposure by maintaining an investment portfolio mix of diverse terms.

Equity Price Risk. Equity price risk is the risk that the fair values of investments in equity securities decrease as the result of changes in the levels of equity indices and the value of individual shares.

The Company manages equity price risk through diversification and placing limits on individual and total equity investments. The Companyǿs BOD reviews and approves all equity investment decisions.

The effect on income before income tax (as a result of a change in fair value of equity instruments classified as financial assets at FVPL) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Foreign Currency Risk. Foreign currency risk arises from the possibility that future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

The Companyǿs exposure to foreign currency risk relates primarily to certain foreign currency-denominated cash and cash equivalents, financial assets at FVPL, and overdraft facility. To manage future currency risk, the Company considers the trend in the movement of foreign currencies in acquiring foreign currency-denominated investments and enters into derivative contracts.

Credit Risk. Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Company to incur a financial loss.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that the BOD approves on major transactions with third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, short-term investments, financial assets at FVPL, miscellaneous deposits, investment subject to a repurchase agreement and AFS financial assets, the Company's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Company manages these financial assets by transacting only with recognized third parties.

Since the Company transacts only with recognized third parties, there is no requirement for collateral.

The aging analyses of the Companyõs financial assets are as follows:

	2013								
	Neither Past Due	Past Due but not Impaired						Individually	
September 30, 2013	nor Impaired	<30 Days	30ï 60 Days	60ï 90 Days	90ï 120 Days	>120 Days	Subtotal	Impaired	Total
Financial assets at FVPL	₱489,164	₱ï	₱ï	₱ï	₱ï	₱ï	₱ï	₱ï	₱489,164
Loans and receivables:									
Cash and cash equivalents	457,164	ï	ï	ï	ï	ï	ï	ï	457,164
Short-term investments	10,039	ï	ï	ï	ï	ï	ï	ï	10,039
Receivables:									
Accrued income from investments	9,144	ï	ï	ï	ï	ï	ï	ï	9,144
Accounts receivable	ï	ï	ï	ï	2,984	3,512	6,496	ï	6,496
Receivable from officers and employees	125	52	ï	ï	ï	ï	52	ï	177
Other receivables	ï	ï	42	243	390	ï	675	1,059	1,734
Miscellaneous deposits	1,522	ï	ï	ï	ï	ï	ï	ï	1,522
Investment subject to a repurchase agreement	219,175	ï	ï	ï	ï	ï	ï	ï	219,175
AFS financial assets	300,390	ï	ï	ï	ï	ï	ï	ï	300,390
	₱1,486,723	₱52	₱42	₱243	₱3,374	₱3,512	₱7,223	₱1,059	₱1,495,005

	2012								
	Neither Past Due	**Past Due but not Impaired**						**Individually**	
December 31, 2012	**nor Impaired**	**<30 Days**	**30–60 Days**	**60–90 Days**	**90–120 Days**	**>120 Days**	**Subtotal**	**Impaired**	**Total**
Financial assets at FVPL	₱574,822	₱ï	₱ï	₱ï	₱ï	₱ï	₱ï	₱ï	₱574,822
Loans and receivables:									
Cash and cash equivalents	443,134	ï	ï	ï	ï	ï	ï	ï	443,134
Short-term investments	7,397	ï	ï	ï	ï	ï	ï	ï	7,397
Receivables:									
Accrued income from investments	7,583	ï	ï	ï	ï	ï	ï	ï	7,583
Rent receivable	484	ï	ï	ï	ï	3,512	3,512	ï	3,996
Receivable from officers and employees	-	242	ï	ï	ï	ï	242	ï	242
Other receivables	390	ï	ï	ï	ï	ï	ï	1,059	1,449
Miscellaneous deposits	1,522	ï	ï	ï	ï	ï	ï	ï	1,522
Investment subject to a repurchase					ï				
agreement	219,175	ï	ï	ï	ï		ï	ï	219,175
AFS financial assets	22,302	ï	ï	ï	ï	ï	ï	ï	22,302
	₱1,276,809	₱242	₱--	₱ï	₱ï	₱3,512	₱3,754	₱1,059	₱1,281,622

Item 2 ï Managementôs discussion and analysis of financial condition and Results of Operations:

The Companyôs total assets as of September 30, 2013 amounted to P1.53 billion, of which P0.95 billion or about 62% of total current assets were mostly in bonds, government securities, and cash reserves. ñCash and Cash Equivalents, short -term investments and FAFVPLò declined slightly by about 7% from P1.03 billion as of December 31, 2012. Receivables, Deposits, Prepayments and other current assets totaled P18.89 million, of which 48% or P9.14 million representing interest receivables. The Company acquired about 57 million shares of stock of Science Park of the Philippines in the first quarter of this year, and this account for the P278 Million in increase in ñAvailable for Sale account. Total liabilities decreased by 23% to P76.38 million due to substantially to application of deposits on proceeds from sale of investment properties. Stockholdersô Equity stood at P1.46 billion or a slight expansion relative to December 31, 2012ôs P1.26 billion.

The Company is not aware of any event that may trigger direct or contingent material financial obligations, default or acceleration of any obligations. Also, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), relationships of the company with unconsolidated entities or other persons created during the reporting period that has not been reflected in September 30, 2013 Financial Statements.

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Results of Operations

The Company registered a net income of P162.43 million, substantially higher compared to 2012ôs same period performance of P143.79 million. The improvement in net income was due considerably from the gain on sale of investment properties of P197.91 million and from dividend income received from Stradcom in the amount of P20.64 million. Investment /Interest income improved from P40.05 million registered in the same period last year to P55.23 million. General and administrative expenses totaled P31.10 Million.

The following are the key performance indicators considered by the Company:

Indicator	Calculation	September 30, 2013	September 30, 2012	December 31, 2012
Liquidity				
Current ratio	Current Assets / Current Liabilities	14.09	23.51	11.31
Solvency				
Debt to equity	Total Debt / Stockholdersô Equity	5.25%	3.77%	7.84%
Leverage				
Debt to total assets	Total Debt /Total Assets	4.99%	3.63%	7.27%
Interest Rate Coverage	EBIT/ Interest expense			
Profitability				
Net profit ratio	Net Income / Revenue	63.14%	90.04%	97.79%
Return on total assets	Net Income /Total Assets	10.60%	9.94%	16.39%
Return on equity	Net Income / Stockholdersô Equity	11.16%	10.31%	17.67%
Earnings per share	Net Income / Weighted Average No. of Shares Issued and Outstanding	0.24	0.21	0.33

Other Matters:

A	Any Changes in accounting policies and methods of computation in interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description or the nature and effect of the change	None
B	Explanatory comments about the season ability or cyclicality of the interim operations	None
C	The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature size or incident	None

D	Segment revenue and segment result for business segments or geographical segments, whichever is the issuers primarily basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements);	Revenue generated by the company is primarily in the nature of interest and dividend earnings.
E	Declaration of dividends	None
F	Other information, material events or happenings that may affect market price of security	None
G	Material events subsequent to the end of the interim period that have not been reflected in the financial statements for interim period	The registrant is not aware of any material event subsequent to end of interim period that has not been reflected in September 30, 2013 Financial Statements.
H	Contracts of merger, consolidation or joint venture or similar agreements	None
I	Unusual changes in liabilities or contingent assets since the last annual balance sheet date	None
J	Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None
K	Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.	None
L	New financing through loans, issuances, repayments of debt and equity securities	None
M	Known trends, demands, commitments, events and uncertainties that will have a material impact on the issuersô liquidity	None, except for the movement of interest rates, Local and foreign currency exchange rates, and Philippine Government / Corporate bond prices.
N	Material commitments for capital expenditures, general purpose and expected sources of funds	None
O	Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/ revenues/income from continuing operations	There are no known trends, events or uncertainties that are reasonably expected to have material favorable or unfavorable impact on net income from continuing operations, other than the movement of interest rates, local and foreign currency exchange rates, and Philippine Government / Corporate bond prices.
P	Significant elements of income or loss that did not arise from continuing operations	None
Q	The causes of any material change/s from period to period in one or more line items of the financial statements	None
R	Seasonal aspects that had a material effect on the financial condition or result of operations	None
S	Disclosures not made under SEC Form 17-C	None
T	Aging of receivables, deposits and prepayments:	See notes to Financial Statements