COVER SHEET

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S.E.C. Registration Number

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I	N	C	.																					

(FORMERLY EAST ASIA POWER RESOURCES CORPORATION)

(Company's Full Name)

21st FLOOR, PACIFIC STAR BUILDING, SEN. GIL PUYAT CORNER MAKATI AVE., MAKATI CITY

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

Ramon S. Villanueva III

Contact Person

(632) 7935520

Company Telephone Number

SEC Form 17-A
With Consolidated Audited F/S

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Month Day
Fiscal Year

FORM TYPE

0 6 2 7

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
ANNUAL REPORT PURSUANT TO SECTION 17

SEC FORM 17-A

OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2013**

2. SEC Identification Number: **60566**

3. BIR Tax Identification No.: **004-504-281-000**

4. Exact name of issuer as specified in its charter:

CENTURY PROPERTIES GROUP INC.

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification C (SEC Use Only)

7. Address of principal office/Postal Code: **21ST Floor, Pacific Star Building, Sen Gil Puyat Avenue corner Makati Avenue, Makati City**

8. Issuer's telephone number, including area code: **(632) 7935500**

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

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

Each Class	No of Shares of Common Stock Outstanding as Issued of December 31, 2013
COMMON (12/31/2013)	**9,685,287,027 shares of stock outstanding** **14,437,000 treasury shares**

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

Yes [**X**] 3,554,720,004 common shares No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc. **Common Shares**

12. Check whether the issuer:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

₱5,257,274,851.85 billion as of December 2013;

₱4,773,476,552,60 billion as of 31 March 2014

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [x] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

Consolidated Financial Statements as of and for year ended December 31, 2013
(incorporated as reference for Item 7 to 12 of SEC Form 17-A)

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INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

PART I. BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

1.1 OVERVIEW

Century Properties Group, Incorporated, formerly East Asia Power Resources Corporation ("EAPRC"), ("CPGI" or the "Company" or "Century") was originally incorporated on March 23, 1975 as Northwest Holdings and Resources Corporation. In September 26, 2011, the Board of Directors of CPGI approved the change in the Company's corporate name to its present name, as well as the change in its primary business purpose from power generation to that of a holding company and real estate business. Between May and November 2011, Century Properties Inc ("CPI" or "Parent Company") entered into a series of transactions with EAPRC, a corporation organized under the laws of the Philippines and listed on the Philippine Stock Exchange, whereby, among other things, CPI acquired 96.99% of EAPRC's Common Shares and EAPRC acquired all of the subsidiaries of CPI.

Century is one of the leading real estate companies in the Philippines with 28 years of experience. Currently, the Company has four subsidiaries namely Century City Development Corporation, Century Limitless Corporation, Century Communities Corporation, and Century Properties Management (collectively known as the "Subsidiaries"). Through its Subsidiaries, Century develops, markets and sells residential, office, medical and retail properties in the Philippines, as well as manages residential and commercial properties in the Philippines.

As of December 31, 2013, the Company completed 24 condominium and commercial buildings (8,197 units) with a total GFA of 836,867 sq.m. The roster of noteworthy developments include the award-winning Essensa East Forbes ("Essensa") in Fort Bonifacio, South of Market ("SOMA") in Fort Bonifacio, SOHO Central in the Greenfield District of Mandaluyong City, Pacific Place in Ortigas, collection of French-inspired condominiums in Makati City called Le Triomphe, Le Domaine and Le Metropole and the Gramercy Residences in Century City, Makati City. . The Company also completed the Century City Mall in 2013, its initial foray into retail development

Currently, the Company is developing five master-planned communities that is expected to have 33 condominiums and commercial buildings with approximately 18,937 condominium and commercial units and 944 single detached homes, with a total expected GFA of 1,644,568 sq.m.

The Company's land bank for future development consists of properties in Pampanga, Quezon City and Batangas that cover a site area of 2,000,899sqm.

The Company, through Century Properties Management, Inc. ("CPMI") also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through CPMI, the Company endeavors to ensure the properties it manages maintain and improve their asset value, and are safe and secure. CPMI currently manages 48 projects with 2.6 million square meters of managed properties and 73% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, BPI Buendia Center in Makati City, Philippine National Bank Financial Center in Pasay City, Pacific Star Building in Makati City, Makati Medical Center in Makati City and three Globe Telecom buildings in Cebu, Mandaluyong and Makati City, respectively.

Century's aim is to enhance the overall quality of life for Filipinos and foreign nationals by providing distinctive, high-quality and affordable properties. Century focuses on differentiation to drive demand, increase our margins and grow market share. In particular, Century identifies what the Company believes are the best global residential standards and adopts them to the Filipino market. CPGI believes that it has earned a reputation for pioneering new housing concepts in the Philippines. One of Century's significant contributions is the Fully-Fitted and Fully-Furnished ("FF/FF") concept, which is now an industry standard in the Philippines. We also employ a branding strategy that focuses on strategic arrangements with key global franchises to help capture and sustain consumers' awareness. To date, CPGI has entered into agreements with Gianni Versace S.P.A., The Trump Organization), Paris Hilton, Missoni Homes, Yoo by Philippe Starck, Forbes Media Group LLC, Giorgio Armani S.P.A, among others.

Century has marketed and sold to clients in more than 50 countries and, as a result, a significant portion of its residential properties are sold to Filipinos living abroad. International pre-sales accounted for approximately two-thirds of the total pre-sales, in terms of value, for each of the last three years. CPGI conduct its sales and marketing through the Company's extensive domestic and international network of 3,506 agents and brokers as of December 31, 2013.

For 2011, 2012 and 2013, our revenue was P4,702.5 million, P9,611.2 million and P10,809.1 million respectively, and our net income was P866.2 million, P1,849.8 million and P1,844.7 million, respectively. As of December 31, 2013, we had total assets of P26,166.0 million, and total equity of P11,435.0 million.

1.2 RECENT TRANSACTIONS

On October 31, 2013, the Company signed a Memorandum of Agreement with Eagle I Landholdings, Inc. to develop 5 hectares of land within the 44 hectare site named "Manila Bay Resorts". The 5 hectare site will potentially include luxury residential and retail properties that will total over 300,000 sq m of gross floor area upon completion.

In addition, CPGI entered into an investment agreement with Eagle I whereby Century will be issued with 432,000,000 preferred shares representing 36% of Eagle I's pro forma capital stock subject to terms and conditions from both parties.

On March 26, 2014, the Company disclosed to the Honorable Exchange and the Commission recent developments on the aforementioned transactions wherein CPGI received a Notice of Termination of the Investment Agreement from Mr. Jose Lis Leagogo of Eagle I Landholdings, Inc., Eagle II Holdco, Inc. and Brontia Limited and in view of the foregoing CPG passed resolutions appointing Puno and Puno Law Offices (PPLO) as the Company's legal counsel to be the Company's true and lawful attorney-in-fact to appear and represent on its behalf any action/s before any court, tribunal, or agency within or outside the Philippines it may deem necessary, appropriate and convenient in order to protect and enforce its legal rights and interests in the Agreements.

1.3 SUBSIDIARIES

Below is the Company's percentage of ownership in its Subsidiaries as of the filing of this report.

	Percentage of Ownership as of the Filing of the Report	
	Direct	Indirect
Century Communities Corporation (CCC)	100	–
Century City Development Corporation (CCDC)	100	-
Century Limitless Corporation (CLC)	100	-
Century Properties Management Inc. (CPMI)	100	–
A2Global Inc.	49	-

CPGI conducts its operations through four Subsidiaries, Century Communities Corporation ("CCC"), Century Properties Management, Inc. ("CPMI"), Century City Development Corporation ("CCDC") and Century Limitless Corporation ("CLC").

Century Communities Corporation

CCC, incorporated in 1994, is focused on horizontal house and lot developments. From the conceptualization to the sellout of a project, CCC provides experienced specialists who develop and execute the right strategy to successfully market a project. CCC is currently developing Canyon Ranch, a 25-hectare house and lot development located in Carmona, Cavite.

Century City Development Corporation

CCDC, incorporated in 2006, is focused on developing mixed-use communities that contain residences, office and retail properties. CCDC is currently developing Century City, a 3.4-hectare mixed-use development along Kalayaan Avenue in Makati City.

Century Limitless Corporation

CLC, incorporated in 2008, is Century's newest brand category that focuses on developing high-quality, affordable residential projects. Projects under CLC will cater to first-time home buyers, startup families and investors seeking safe, secure and convenient homes.

Century Properties Management, Inc.

CPMI, incorporated in 1989, is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI currently has 48 projects in its portfolio, covering a total gross floor area of 2.6 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

A2Global Inc.

A2Global Inc., incorporated in 2013, is a newly formed company wherein CPGI has a 49% shareholdings stake. A2Global shall act as a sub-lessee for the project initiatives of Asian Carmakers Corporation (ACC) and Century Properties Group Inc. in the development and construction commercial office in Fort Bonifacio.

1.4 OPERATIONS

Employees

CPGI and its Subsidiaries have 2,077 employees as of December 31, 2012 and 2,865 employees as of December 31, 2013. Our employees are primarily engaged in development operations, construction, property management, as well as sales and marketing. CPGI and its Subsidiaries' local and international marketing and distribution network consists of 3,506 agents as of December 31, 2013. CPGI and its Subsidiaries have entered into an Expense Allocation Agreement to pay the costs of such services and record such costs in general, administrative and selling expenses.

The following table shows the distribution of the Company and its Subsidiaries' employees across our core function areas.

	As of December 31,	
	2012	2013
Development operations	319	396
Sales and marketing	11	10
Construction	1,537	2,225
Property management	210	234
Total	**2,077**	**2,865**
Agents		
In - house	948	689
Brokers	2,239	2,817
Total	**3,187**	**3,506**

In order to fulfill the manpower requirements, the Company subscribes to local and international job portals, job fairs, executive search and advertise job postings in leading newspapers and internet sites. The Company practices equal opportunity employment to all qualified talents in terms of hiring, salary job offers and promotion to hired employees.

CPGI employees are being empowered to take proactive roles with active learning and development plans, regular training opportunities and real career progression to ensure the continuity of the Company's vision.

Managers and staff are also routinely given feedback on their job performance and CPGI takes other steps to ensure the continuous development of its employees.

The total employee remuneration program provided by the Company has been designed to help compete in the marketplace for quality employees and the Company believe that these packages are in line with the industry standard in the Philippines. CPGI shall provide and enhance long term incentive programs such as housing program, employees stock option plan and retirement program. The Company conducts annual performance reviews and reward employees with annual salary increases if merited. The Company's goal is to position itself as an employer of choice in the Philippines.

The employees are not covered by a collective bargaining agreement and no employee belongs to a labor union. There has been no loss of work due to any labor disputes.

Land Acquisition

The Company sources land for development through joint venture agreements with land owners, or through direct purchases. Direct purchases can either be paid for in cash or on installment basis. The land acquisition process consists of three main steps: identifying, assessing and executing.

First, the Company identifies land with a focus on Metro Manila. During this time, the Company checks the title of the property to ensure there are no encumbrances that will prevent development. Zoning and floor to area considerations are also examined at this stage. The sources of land in the Philippines include privately owned undeveloped property, government owned property, foreclosed bank assets and redevelopment of existing properties as certain industries migrate outside of Metro Manila.

Second, the Company assesses the physical and financial suitability of the land. The land must be topographically amenable to condominium or house and lot developments. The Company also analyzes the macro demand and competing developments to develop a marketing plan for the project, as well as run pro forma cash flows and profit and loss statements for the project.

Third, the Executive Committee of CPGI approves the project internally and commences with the acquisition of the land.

The Company has historically entered into joint venture agreements with land owners, including commercial banks, for several of our development projects. By entering into these types of joint venture agreements, the Company foregoes spending a large sum of capital on land acquisition and can therefore increase its return on equity. Historically, Century has not experienced material difficulties in finding joint venture partners to supply land and currently does not expect to experience difficulties in the future. The Company believes in its track record as an innovative and reputable property developer giving its joint venture partners confidence that their project will be handled successfully. Further, the Company believes there is an abundant supply of land owners in the Philippines who wish to develop their land but who may not have the resources, both financial and expertise, to do so.

The Company’s joint venture arrangements typically require the joint venture partner to contribute the land to the project, while Century bears all costs relating to land development and the construction of the planned property. The joint venture agreement also stipulates the allocation of interest in the property sales in accordance with our respective joint venture interests.

The joint venture agreements specify the allocation of sales and marketing expenses between the Company and the joint venture partner. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

CPGI requires its joint venture partners to warrant their title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land.

Project Design

The project design process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of property and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, project planning begins after land acquisition and takes at least nine months, during which time CPGI prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase.

The Company utilizes its in-house design capabilities and market research data to plan developments as often as possible. Aside from determining the feasibility of a project, the objective of the study is to determine the property type to develop (i.e., residential, office, retail, medical, etc.). The Company believes that its expertise in, and innovative approach to, residential real estate development allows it to reduce costs, maintain competitive prices, create distinctive properties and increase sales. From time to time, the Company hires highly-regarded third-parties to design and plan projects. The work performed by these third-parties must comply with specifications that

Century provides and, in all cases, their work is subject to Century's final review and approval. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

Congruent with Century's overall strategy of creating distinctive developments, the Company also develops and implements specific design parameters for its projects. This helps Century market each project based on a particular design aesthetic and its own unique characteristic and personality.

Project Development And Construction

Project development and construction involves obtaining the required Government regulatory approvals and executing the Company's plans. Typically, once the Company has completed the project planning phase, it obtains the necessary Government approvals and permits to conduct pre-marketing activities. For residential projects, once the project has received a development permit from the relevant local government unit or the Housing and Land Use Regulatory Board ("HLURB"), as the case may be, and a permit to sell from the latter, pre-sales of the residential unit can, and initial development work on the project site may commence. Before the site development process can begin, the Company must also obtain clearances from various Government departments, principally the Department of Environment and Natural Resources ("DENR") and the Department of Agrarian Reform ("DAR"), as well as the local government.

The Company finances the development of projects through a combination of pre-sales (primarily for residential projects) and internally-generated funds. Century also routinely obtains project financing loans from financial institutions. CPGI expects this financing model to continue going forward.

Project development and construction work for the vertical projects is primarily conducted by Century Project Management & Construction Corporation ("CPMCC"), which is owned and managed by Mr. Ricardo P. Cuerva, who is one of Century's Directors and, together with members of his family, a beneficial shareholder of the Parent Company, CPI. CPMCC enters into a construction management agreement with the relevant CPGI subsidiary for each project, and Mr. Cuerva functions as a construction manager by subcontracting specialty services to third parties to ensure that prices are competitive, managing construction laborers, and procuring raw and finishing materials for the project directly from suppliers to minimize costs.

Marketing And Sales

The Company utilizes the group's local and international marketing network and believes it is one of the most active industry players when it comes to sales and marketing. The local and international marketing and distribution network consists of 689 exclusive agents who receive monthly allowances and commissions, 2,817 commission-based agents and brokers as of December 31, 2013.

The Company believes that the members of the sales and marketing team receive a very competitive remuneration package and commission incentives. CPGI maintains an office in Singapore and the Parent maintains an office in Italy and has collaborations with various selling partners in the United States, Canada, the United Kingdom, France, Germany, Ireland, Italy, the United Arab Emirates, Bahrain, China, Brunei, Australia, Malaysia and Singapore in response to the ever-growing demand of its international clients. In recent periods, a significant percentage of CPGI's revenue has been attributable to Overseas Filipino Workers (OFWs), expatriate Filipinos and other overseas buyers.

The Company's advertising and promotional campaigns include the use of show rooms, print and outdoor advertising, fliers, leaflets and brochures designed specifically for the particular target market. The advertising and promotional campaigns are carefully conceptualized and managed by Century's Corporate Communications Department. The Company uses strategic partnerships with prominent international brands and local and international celebrities to attract interest in our properties. In addition, CPGI also uses non-traditional marketing efforts such as sponsorship of conventions and other events and corporate presentations. Furthermore, the Company partners with local TV stations and local artists to further increase brand awareness.

Sales And Customer Financing

CPGI normally conduct pre-selling of its property units prior to both construction and project completion. Customers generally start with the payment of non-refundable, non-transferable pre-sale fee that is valid for 30 calendar days from the date of payment. Within this period, the customer is required submit the complete post-dated checks covering the monthly amortizations and the final turnover balance.

Notwithstanding certain buyers who opt to pay the purchase price in full and in cash, CPGI requires 20% to 50% of the total purchase price to be paid during the construction stage, which is between three to five years. On the turnover date, the buyers would have fully paid the required 20% to 50% of the total purchase price, and would be required to either pay the balance in cash or apply for a bank-financed loan. CPGI assist qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders and from commercial banks.

Sales Cancellations

Default and cancellations are subject to a variety of circumstances beyond the Company's control, such as adverse economic and market conditions as well as increase in interest rates. The Company has not encountered material losses resulting from breaches of buyers' purchase agreements.

After Sales Services

CPGI provides maintenance services through its subsidiary CPMI on projects that are fully turned over to the owners. The Company believes that CPMI's management of the completed projects increases their asset value.

The Company obtains feedback from the unit owners in order to provide quality home dwelling units in the future and to enhance long-term relationships with them. Finally, the Company has an in-house leasing department to handle the leasing and re-sale needs of its clients.

Insurance

The Company believes that it has sufficient insurance coverage that is required by Philippine regulations for real and personal property. Subject to customary deductibles and exclusions, CPGI's insurance policies include coverage for, among other things, building and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. CPGI is not covered by business interruption insurance.

Competition

The Philippine real estate development industry is highly competitive. CPGI's primary competitors are real estate companies that also focus on developing residential and commercial buildings in the Philippines. Century believes that customers choose among competing real estate companies based on design, amenities, price, location, developer reputation, quality of finishes, after-sales support services, unit sizes, monthly amortization and financing terms. Century's competitors vary depending on the target market. The main competitors are Ayala Land, Inc., DMCI Homes, Filinvest Land Inc., Megaworld Corp., Robinson Land Corp., Rockwell Land Corporation, and Vista Land & Lifescapes, Inc.

CPGI believes that it can effectively compete with other companies in its industry through innovative branding strategies to effectively enhance brand visibility and product appeal while attempting to reinforce credibility as a leading developer in the Philippines. The Company is also developing properties in partnership with global brand names and set up various marketing offices abroad to cater to foreign customers, Filipinos based abroad and OFW's.

Supplier
The Company has a broad base of suppliers both local and international. The Company is not dependent on one or limited number of suppliers.

Customers
The Company has a broad market base including local and foreign individual and institutional clients.

Intellectual Property
The Company through its subsidiaries has several trademarks/trade name and logos registered with the Intellectual Property Office of the Philippines. These trademarks have registration licenses and Management has continuously maintained its renewal after such registration anniversary for exclusive use of trademarks, names and logos.

The following are significant trademarks and logos of the Copmany's subsidiaries registered which Management protects and secure licenses in updating its rights to use exclusively for its operations:

Century City Development Corporation

Trademark Title	Registration No.	Registration Date	Status
The Knightsbridge Residences at Century	4-2008-002251	07/07/2009	Active
The Chelsea Residences at Century	4-2008-002252	07/07/2009	Active
The Knightsbridge and Chelsea Residences	4-2008-002256	07-07-2008	Active
Quatropod and Device	4-2008-006270	01/05/2009	Active
Treopod and Device	4-2008-006271	01/05/2009	Active
Duopod and Device	4-2008-006272	01/05/2009	Active
Podular	4-2008-006273	01/05/2009	Active
Condovision	4-2008-006274	01/05/2009	Active
The Gramercy Residences	4-2007-003346	08/13/2007	Active
Century City Development Corporation	4-2007-003034	08/13/2007	Active
The Gramercy Residences at Century City	4-2007-003343	08/13/2007	Active
Trilogy	4-2007-003345	08/13/2007	Active
Moderno	4-2007-003352	03/31/2008	Active
The Vertical Village	4-2007-003351	10/01/2007	Active
Century City	4-2007-003035	08/13/2007	Active
Century City Mall	4-2013-001793	02/18/2013	New
Century City Mall	4-2013-001794	07/25/2013	New

Century Limitless Corporation

Trademark Title	Registration No.	Registration Date	Status
The Sanctuary Cove	4-2009-006601	05/20/2010	Active
Sanctuary Cove (Stylized)	4-2009-006622	05/20/2010	Active
Acqua Private Residences	4-2010-009211	09/15/2011	Active
Acqua Private Residences and Design	4-2010-009212	09/15/2011	Active
The Pebble	4-2011-003766	09/15/2011	Active
Niagara Tower	4-2011-003771	09/15/2011	Active
Sutherland Tower	4-2011-003772	09/15/2011	Active
Detifoss Tower	4-2011-003770	09/15/2011	Active
Yosemite Tower	4-2011-003767	09/15/2011	Active
Acqua Victoria Tower	4-2011-003768	09/15/2011	Active
Iguazu Tower	4-2011-003769	09/15/2011	Active
The Atlantis Residences	4-2009-004741	11/19/2009	Active
The Atlantis	4-2009-004742	11/19/2009	Active
Azure Urban Resorts Residences	4-2009-010680	05/20/2010	Active
Azure Urban Resort Residences with a Rectangle	4-2009-010681	05/20/2010	Active
Acqua Livingstone Interior Desifned by Missoni Home	4-2011-014337	05/03/2012	Active
Acqua Iguazu Yoo Inspired by Starck	1-2011-014335	12/01/2011	Active
The Residences at Commonwealth by Century and Logo	4-2012-009282	07/27/2012	Active
Nova by Century	4-2013-00009720	08/14/2013	New
Novacity by Century	4-2013-00009718	08/14/2013	New

Century Communities Corporation

Trademark Title	Registration No.	Registration Date	Status
Century Communities and Device	4-2007-003036	08/13/2007	Active

Government Approvals/Regulations

The Company secures various government approvals such as the ECC, development permits, license to sell, etc. as part of the normal course of its business.

The Company has no principal product that has pending government approval as of December 31, 2013.

As of December 31, 2013, the Company is not aware of any existing or probable governmental regulations that will have an impact on the Company's operations.

As a percentage of total revenues, the Company spends (for capital expenditures) 84.0% in 2013, 75.6% in 2012 and 76.7% in 2011.

The Group is undertaking to increase expenditures in order to help in the preservation of the environment as part of its social corporate responsibility.

1.5 REGULATIONS

Housing And Land Projects

PD 957 and BP 220 are the principal statutes that regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which, together with local government units, enforces these statutes and has jurisdiction to regulate the real estate trade and business.

Real Estate Sales On Installments

The Maceda Law applies to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial lots, commercial buildings and sales under the agrarian reform laws). Under the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments: (a) To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any (b) if the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments), or (c) buyers who have paid less than two years of installments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund. If a buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act from the seller.

Zoning And Land Use

Under the Philippines' agrarian reform law and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 10, 1988, cannot be converted to non-agricultural use without the prior approval of the DAR and the DENR.

Land use may also be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Land may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Special Economic Zone

The Philippine Economic Zone Authority ("PEZA") is a Government agency that operates, administers and manages designated special economic zones ("Ecozones") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructure and support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board and the DENR.

Certain of our investment properties are located in Ecozones. Tenants in those properties may register with PEZA to avail themselves of significant benefits under RA 7916 and its Implementing Rules and Regulations. They can, for example, take advantage of income tax incentives such as income tax holidays or 5% gross income taxation, thereby making tenancy in our buildings located in Ecozones potentially more attractive.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (“EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, the proponent of an environmentally critical project is required to submit an Environmental Impact Statement (“EIS”) to the EMB while the proponent of a project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“IEE”) to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandatory.

The EIS refers to both the document and the study of a project’s environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, at a minimum, it must contain all relevant information regarding the project’s environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund (“EGF”) when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to cover damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund (“EMF”) when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Current regulations provide that residential condominiums and mixed-use buildings with a total or gross floor area (including parking and other areas) of at least 25,000 sq.m. generally fall under Category B, i.e., projects that are not categorized as environmentally critical but which may cause negative environmental impact because they are located in an environmentally critical area and are required to obtain an ECC. Residential condominiums and mixed-use buildings with a total or gross floor area (including parking and other areas) of less than 25,000 sq.m. but at least 10,000 sq.m. also generally fall under Category B and are required to obtain an ECC. Residential condominium projects with a total or gross floor area of less than 10,000 sq.m. generally fall under Category D, i.e., projects unlikely to cause adverse environmental effects, and the project's proponent may obtain a certificate of non-coverage from the EMB.

Aside from the EIS and IEE, engineering geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

Building Permits

Under the Building Code, in order for a person or corporation to erect, construct, alter, repair, move, convert, or demolish any building or structure, a building permit must first be secured from the Building Official assigned at the place where the building work is to be done. A building permit is a written authorization granted by the Building Official to an applicant allowing him to proceed with the construction of a building after plans, specifications, and other pertinent documents required for the construction of the structure have been found to be in conformity with the Building Code.

To obtain a building permit, the applicant must submit the architectural and structural plans (for example, plumbing or sanitary installation plans, mechanical plans, electrical plans, etc.) of the building for the approval of the Building Official.

Business Permits

Before any company may commence operations in the territory of a local government, it must secure the permits, clearances and licenses from such local government. Usually, it is assumed that a corporation has complied with all of the permitting requirements of the local government if it is issued a business permit (also referred to as a mayor's permit in certain jurisdictions). These permits, clearances and licenses must be renewed on an annual basis.

Without these permits, clearances or licenses, the local government may shut down the operations of a business establishment until these are obtained and the corresponding fees and penalties are settled.

1.6 RISKS

RISKS RELATING TO OUR BUSINESS

The Company derives a significant portion of its revenue from OFWs, expatriate Filipinos, former Filipino citizens who have returned to the Philippines ("Balikbayans") and other overseas buyers, which exposes the Company to risks relating to the performance of the economies where they are located.

The Company generates a significant portion of its revenues, particularly sales of its affordable and middle-income projects, from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers. A number of factors could reduce the number of OFWs, remittances from OFWs or the purchasing power of expatriate Filipinos, Balikbayans and other overseas buyers. These include:

- a downturn in the economic performance of the countries and regions where a significant number of these potential customers are located, such as the United States, France, Italy, the United Kingdom, Hong Kong, Japan, Korea, Taiwan, Singapore, the United Arab Emirates, Qatar and Bahrain;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;

- the imposition of Government restrictions on the deployment of OFWs to particular countries or regions, such as the Middle East; and
- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers, which could materially and adversely affect the Company's business, financial condition or results of operations.

Substantially all of the Company's properties are in the Philippines and, as a result, the Company is exposed to risks associated with the Philippines, including the performance of the Philippine economy.

Substantially all of the Company's properties are in the Philippines. Accordingly, CPGI is significantly influenced by the general state of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls. For companies in the real estate sector, demand for, and prevailing prices of, commercial and residential properties are affected by the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs. Demand for commercial and residential developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The Philippine residential housing industry is cyclical and sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing. When the Philippines underwent financial and political crises in the past, demand for real estate dropped and consequently led to an oversupply in the market and reduced demand for new residential projects.

The recent global financial crisis which resulted in a general slowdown of the global economy in 2008 and 2009 led to a decline in property sales in the Philippines. Although the Philippine economy continues to recover from the recent financial crisis, this recovery might not continue and there could be a recurrence of the conditions experienced during past financial or political crises. In particular, there is significant uncertainty as to the potential for a continued downturn in the United States, European and other foreign economies, which would be likely to cause economic conditions in the Philippines to deteriorate. This uncertainty could have adverse effects on the growth of the real estate sector in the Philippines. If changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the sale of properties, significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced and therefore could materially and adversely affect the business, financial condition and results of operations of the Company.

The portfolio of real estate property development projects exposes the Company to sector-specific risks.

Because the Company business is concentrated in the Philippine residential and commercial property market, reduced levels of economic growth, adverse changes in the country's political or security situation or weak performance of the country's property development market generally could materially and adversely affect the profitability of the Company. The results of operations are dependent on the continued success of the development projects of the Company.

Additionally, the Philippine real estate industry is highly competitive. CPGI's projects are largely dependent on the popularity of its development when compared to similar types of developments in similar geographic areas, as well as on its ability to gauge correctly the market for its developments. Important factors that could affect the ability to effectively compete include a development's relative location versus that of its competitors, particularly with regards to proximity to transportation facilities and commercial centers, as well as the quality of the developments and related facilities that the Company offers, pricing and the overall attractiveness of the development. The Company's inability to develop attractive projects could materially and adversely affect its business, financial conditions and results of operations.

The Company may not be able to successfully manage its growth.

CPGI intends to continue to pursue an aggressive growth strategy by increasing the amount of properties it develops and manages and by expanding into new market segments. However, the Company might experience capital constraints, construction delays, operational difficulties at new locations or difficulties operating existing businesses and training personnel to manage and operate its business. Any inability to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated or at all. These problems could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company might not be able to generate sufficient funds internally or through external financing to operate and grow our business as planned.

The real estate business is capital intensive and requires significant capital expenditures to develop and implement new projects and complete existing projects.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from the pre-sales of its developments, CPGI periodically utilizes external sources of financing. However, the Company might not be able to continue funding its capital expenditure requirements internally or obtain sufficient funds externally on acceptable terms or at all. The ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. The Company's access to debt financing is subject to many factors, many of which are outside its control. For example, political instability, an economic downturn, social unrest or changes in the Philippine regulatory environment could increase the costs of borrowing or restrict the ability to obtain debt financing. In addition, the disruptions in the capital and credit markets may continue indefinitely, which could adversely affect the access to financing. The inability to obtain financing on acceptable terms would adversely affect the Company's ability to operate and execute its growth strategies.

The cancellation of sales of housing or condominium units could adversely affect its business, financial condition and results of operations.

As a developer and seller of residential real estate, the business, financial condition and results of operations of the Company could be adversely affected if a material number of housing or condominium unit sales are cancelled. Under Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. During the grace period, the buyer may pay the unpaid installments due, without additional interest. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who have defaulted on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without any right of refund.

CPGI could experience a material number of cancellations, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. If it experiences a material number of cancellations, the Company may not have enough funds on hand to pay the necessary cash refunds to buyers, in which case the Company may have to incur indebtedness to pay such cash refunds, but it might not be able to obtain debt financing on reasonable terms or at all. In addition, particularly during an economic slowdown or downturn, the Company might not be able to able to resell the same property at an acceptable price or at all. Any of these events could have a material adverse effect on the business, financial condition and results of operations.

If the Company experiences a material number of sales cancellations, the historical revenue from its real estate sales would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Once a customer has paid 15% of the purchase price, the revenue is recognized as follows: (a) for completed projects, the revenue is accounted for using the accrual method and (b) for projects where it has material obligations under the sales contract to complete the project after the property is sold, the percentage of completion method is used. If a sale is cancelled in the same calendar year in which it was recorded, either because a buyer defaults on its payment obligations or otherwise cancels a sale, the Company reverses the corresponding entries made in both “real estate sales” and “cost of real estate sales” in the statement of comprehensive income. If a sale is cancelled after the end of the calendar year in which it was recorded, the Company recognizes the real estate inventory and derecognize the corresponding outstanding contracts receivable and reimbursable costs (which are transaction costs the Company initially bear but are reimbursable under the sales contract with the buyer) and any difference is recognized as a gain or loss under “interest and other income” in our statement of comprehensive income. As a result, to the extent CPGI experience cancellations of sales, our revenues for previous years, where revenue related to cancelled accounts were recognized, may be overstated.

The Company is controlled by the Antonio family and their interests may differ significantly from the interests of other shareholders.

The Antonio family beneficially owns a majority of CPGI’s issued and outstanding shares. Accordingly, the Antonio family will be able to elect a majority of the Board and determine the outcome of many significant matters voted on by shareholders. Members of the Antonio family also serve as directors and executive officers. The Antonio family could also take advantage of business opportunities that may otherwise be attractive to the Company. The interests of the Antonio family may differ significantly from or compete with the Company’s interests or the interests of other shareholders, and the Antonio family may vote their shares in a manner that is contrary to the Company’s interests or the interests of our other shareholders.

The Company is highly dependent on certain directors and members of senior management.

The Company’s directors and members of senior management have been an integral part of its success and the experience, knowledge, business relationships and expertise that would be lost if any such persons depart or take on reduced responsibilities could be difficult to replace and may adversely affect CPGI’s operating efficiency and financial performance. In particular, members of the Antonio family fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members if they depart or take on reduced responsibilities. Such executives include: Jose E.B. Antonio, Chairman, President and CEO; John Victor R. Antonio, Co-Chief Operating Officer and Managing Director; Jose Marco R. Antonio, Co-Chief Operating Officer and Managing Director; Jose Roberto R. Antonio, Managing Director; Jose Carlo R. Antonio, Chief Financial Officer; Rafael G. Yaptinchay, Treasurer; and Ricardo P. Cuerva, President of Century Project Management and Construction Corporation (“CPMCC”), the company exclusively charged with managing the construction projects for CPGI’s vertical developments. The Company does not carry insurance for the loss of the services of any of the members of the management. If CPGI looses the services of any such person and are unable to fill any vacant key executive or management positions with qualified candidates, it could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company may be unable to attract and retain skilled professionals, such as architects and engineers.

The Company believes there is significant demand for skilled professionals from its competitors. The ability to retain and attract highly skilled personnel, particularly architects, engineers and sales and marketing professionals, affects the Company's ability to plan, design, execute, market and sell projects. In particular, any inability on the part of CPGI to hire and retain qualified personnel could impair its ability to undertake project design, planning, execution and sales and marketing activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

Construction defects and building-related claims may be asserted against the Company, and CPGI may be involved in litigation, which could result in financial losses or harm to our business.

Under Philippine law, the engineer or architect who drew up the plans and specifications for a building is liable for damages if within 15 years from the completion of the structure, it collapses by reason of a defect in those plans and specifications or due to the defects in the ground. The action must commence within 10 years following the collapse of the building. Thus, if the architect or engineer is one of the Company's employees, the Company may be held liable for damages if any of our buildings collapses. CPGI may also be held responsible for hidden (that is, latent or non-observable) defects in the housing and condominium units if such hidden defects render a unit unfit for the use for which it was intended or if its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that the Company must comply with. CPGI may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

The Company could be held liable for the damages mentioned above, the cost of repairs and the expense of litigation surrounding such claims. Claims could also arise out of uninsurable events or circumstances not covered by insurance. Significant claims arising from structural or construction defects could have a material adverse effect on the reputation and the business, financial condition and results of operations of the Company. CPGI as a group may also be implicated in lawsuits on an ongoing basis. Litigation could result in substantial costs to, and a diversion of effort by, us and subject us to significant liabilities, including potential defaults under our present debt covenants. Legal proceedings could materially harm its business and reputation, and the Company may be unable to recover any losses incurred from third parties, regardless of whether or not CPGI is at fault. Losses relating to litigation could have a material adverse effect on the business, financial condition and results of operation, and provisions made for litigation related losses might not be sufficient to cover the losses of the Company.

Third parties may contest our titles to our properties.

While the Philippines has adopted the Torrens System, a system of land registration which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered in favor of another. In particular, Quezon City, Metro Manila and the province of Cavite, have been known to experience problems with syndicates of squatters and forged or false title holders. There have been cases where third parties have produced false or forged title certificates over land and there are difficulties in obtaining title guarantees with respect to property in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non-execution or non-registration of conveyance deeds, and may be subject to liens, encumbrances or claims of which we may be unaware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, our title and development rights over land may be subject to various defects of which the Company is unaware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss of our title over land.

From time to time, the Company may be required to defend itself against third parties who claim to be the rightful owners of land that the Company acquires. If third-party claims for title are brought against the Company, or if any such claim involves land that is material to its projects, CPGI may have to devote significant time and incur significant costs in defending itself against such claims. Such claims could also affect the company's ability to develop land for particular projects by causing the relevant governmental authority to delay or prevent continued business operations on the property or withhold required permits or clearances until such claim is definitively resolved. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material for its projects. In addition, title claims made by third-parties against CPGI or our joint venture partners may have an adverse effect on the Company's reputation. Any of the foregoing circumstances could have a material adverse effect on on the business, financial condition and results of operation, as well as on the reputation of the Company. Any successful claim against CPGI or our joint venture partners may affect the Company's ability to deliver its developments on time and free and clear of any liens or encumbrances.

CPGI faces risks relating to its property development, including risks relating to project cost, completion time frame and development rights.

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that CPGI may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget.

In addition, the time and costs involved in completing the development and construction of real estate projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, disputes with contractors and subcontractors, accidents, changes in laws, land zoning, use and classification, or in Government priorities and other unforeseen problems or circumstances, and each of these could have an adverse affect on our revenues. Where land to be used for a project is occupied by tenants or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the margins and delay when the Company recognizes revenue. Further, the failure to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. In addition, orders of the Philippine Department of Agrarian Reform allowing conversion of agricultural land for development may require a project to begin by a prescribed deadline. These events could materially and adversely affect the business, financial condition or results of operations.

CPGI operates in a highly-regulated environment and must obtain and maintain various permits, licenses and other governmental approvals.

The Philippines' property development industry is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Department of Agrarian Reform so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at our expense.

Presidential Decree No. 957, as amended, ("PD 957"), Republic Act No. 4726 ("RA 4726") and *Batas Pambansa Blg*. 220 ("BP 220") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957, RA 4726 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the Government which enforces these statutes.

All subdivision and condominium development plans are required to be filed with and approved by the local government unit ("LGU") with jurisdiction over the area where the project is located and by the HLURB. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of (1) the relevant government unit; (2) the HLURB; (3) for subdivisions, the duly organized homeowners association, or if none, the majority of the lot buyers; and (4) for condominiums, a majority of the registered owners. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. The HLURB can suspend, cancel or revoke project permits and licenses to sell based on its own findings or upon complaint from an interested party. CPGI may not be able to obtain these licenses and permits within the time period expected or at all.

Any of the foregoing circumstances or events could impair the Company's ability to complete projects on time, within budget or at all, or sell units in these projects, which in turn could materially and adversely affect the business, financial condition and results of operations.

Environmental laws applicable to the Company's projects could have a material adverse effect on our business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-critical projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. Current or future environmental laws and regulations applicable to us could increase the costs of conducting our business above currently projected levels or require future capital expenditures. In addition, if a first violation of an ECC occurs or if environmental hazards on land where our projects are located cause damage or injury to buyers or any third party, we may be required to pay a fine, to incur costs in order to cure the violation and to compensate our buyers and any affected third parties, however, on subsequent violations, an ECC may be revoked and operations may be stopped. We cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to our business could materially and adversely affect the business, financial condition or results of operations.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the operations, affect the ability to complete projects and result in losses not covered by the Company's insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions and earthquakes. Natural catastrophes may disrupt our business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors could have significant adverse effects on the Company's development projects, which may be susceptible to damage. Damages resulting from natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the business, financial condition and results of operations of the Company. Furthermore, CPGI cannot obtain insurance at a reasonable cost or at all for certain types of losses from natural and other catastrophes. Neither does the company carry any business interruption insurance. If an uninsured loss or a loss in excess of insured limits occurs, the Company could lose all or portion of the capital invested in a property, as well as the anticipated revenue from such property, and incur liabilities for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the business, financial condition and results of operations.

The use third-party non-exclusive brokers to market and sell some of our projects

Although CPI's network of exclusive sales agents are responsible for a significant portion of the Company sales, CPGI also use third-party non-exclusive brokers to market and sell some of its residential housing developments to potential customers inside and outside the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operate, and they may favor the interests of their other clients over our interests in sale opportunities, or otherwise fail to act in our best interests. There is competition for the services of third-party brokers in the Philippines, and many of our competitors either use the same brokers as we do or attempt to recruit brokers away from us. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, we would need to seek other third-party brokers and we may not be able to do so quickly or in sufficient numbers. This could disrupt the business and negatively affect the business, financial condition or results of operation of the Company.

The loss of certain tax exemptions and incentives will increase our tax liability and decrease any profits we might have in the future.

The Company benefits from certain tax incentives and tax exemptions. In particular, the Board of Investments ("BOI") has granted the first three buildings in Azure Urban Residences an Income Tax Holiday ("ITH") for three to four years, depending on the building, from the start of commercial operations or selling. The ITH is limited only to the revenue generated from the three registered buildings, and only for revenues from units with selling prices below P3.0 million. In order to take advantage of the ITH, the Company, through CLC, must increase its equity to at least 25% of the total building costs and invest at least 20% of the building cost in socialized housing programs.

Once the tax incentives related to the BOI-registered buildings expire, the income from those buildings will be subject to the corporate income tax rate, which is currently 30% of net taxable income, and the tax expenses will increase, reducing the profitability and adversely affecting the net income. There have also been reports that the Government may discontinue its policy of granting tax incentives for similar projects in the future. Therefore, the Company might not be able to obtain similar tax incentives for future projects.

Further, sales of residential lots with a gross selling price of P1,915,500 or less and sales of residential houses and lots with a gross selling price of P3,199,200 or less are currently not subject to value-added tax ("VAT") of 12%. If these sales become subject to VAT, the purchase prices for our residential lots and housing units will increase, which could adversely affect the Company sales. Because VAT affects general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Increases in interest rates and changes to Government borrowing patterns and Government policies could adversely affect our and our customers' ability to obtain financing.

Increases in interest rates, and factors that otherwise impair the availability of credit, such as the Government's fiscal policy, could have a material adverse effect on the business and demand for property developments. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance current projects or to obtain financing for new projects.

- The access to capital and the cost of financing are also affected by restrictions, such as the single borrower limit imposed by the BSP on bank lending. The total amount of loans, credit accommodations and guarantees that may be extended by a bank to any person, partnership, association, corporation or other entity shall at no time exceed 25% of the net worth of such bank. This may be increased by an additional 10% of the net worth of the bank provided that the additional liabilities are secured by trust receipts, shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable goods which must be fully covered by insurance. If the Company reaches the single borrower limit with respect to any bank, it may have difficulty obtaining financing with reasonable interest rates from other banks.

• Because a substantial portion of the Company's customers procure financing to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for CPGI's residential developments.

• Increases in Government borrowing in the domestic currency market could increase the interest rates banks and other financial institutions charge and reduce the amount of financing available to the Company and prospective property purchasers of its property.

• Increased inflation in the Philippines could result in an increase in the costs of raw materials, which the Company may not be able to pass on to its customers through increased prices.

• Increases in the Government's budget deficit could increase interest rates and inflation, which could in turn have a material adverse effect on the Company and the customers' ability to obtain financing on attractive terms.

The occurrence of any of the foregoing events could have a material adverse effect on the business, financial condition and results of operations.

Any restriction or prohibition on the Company's subsidiaries' ability to distribute dividends would have a negative effect on our financial condition and results of operations.

As a holding company, CPGI conducts its operations through its subsidiaries. As a result, it derives most of its revenues from dividends from its subsidiaries. CPGI rely on these funds for compliance with its own obligations and for financing its subsidiaries. Further, the ability of the company's subsidiaries to upstream dividends is subject to applicable law and may be subject to restrictions contained in loan agreements and other debt instruments they are party to.

Any restriction or prohibition on the ability of any of the Company's subsidiaries to distribute dividends or make other distributions to CPGI, either due to regulatory restrictions, debt covenants, operating difficulties or other limitations, could have a negative effect on the cash flow and therefore may adversely impact the financial condition and results of operations.

reign credit ratings of the Government directly and adversely affect companies resident in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. Credit rating agencies could downgrade the credit ratings of the Government and, therefore, of Philippine companies, including CPGI and its subsidiaires. Any such downgrade could adversely impact liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

The Company is exposed to Interest Rate, Liquidity, Credit and Commodity Risks

The Company's principal financial instruments consist of cash on hand and in banks, cash equivalents, receivables from installment sales and due from and to affiliated companies and credit facilities from commercial banks. CPGI use these financial instruments to fund its business operations. The Company does not enter into hedging transactions or engage in speculation with respect to financial instruments.

The Company believes that the principal risks arising from its financial instruments are interest rate risk, liquidity risk, credit risk and commodity risk. Because the assets, liabilities, revenue and costs are mostly peso-denominated, the Company believes that it does not have significant exposure to foreign exchange risk.

Interest Rate

Fluctuations in interest rates could negatively affect the potential margins in respect of the Company sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms or at all. The company does not engage in interest rate derivative or swap activities to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of our customers obtain some form of financing for their real estate purchases, increases in interest rate levels could adversely affect the affordability and desirability of te company's subdivision lots and housing and condominium units.

Liquidity
CPGI face the risk that it will not have sufficient cash flows to meet its operating requirements and financing obligations when they come due. The Company manages its liquidity profile by pre-selling housing and land development projects. In addition, the Company's receivables backed credit facilities with banks and other financial institutions under the terms of which CPGI, from time to time, assign installment contract receivables on a "with recourse" basis. The Company is typically required to replace receivables assigned on a "with recourse" basis if the property buyer fails to pay three consecutive installments or when the sale is otherwise cancelled.

If CPGI is unable to maintain its credit lines with banks and other financial institutions, it may not have sufficient funds to meet its operational requirements.

The Company intends primarily to use internally generated funds and proceeds from pre-sales, assignment of receivables, borrowings, debt issuances and additional equity offerings to meet its financing requirements.

Credit Risk
CPGI and its subsidiaries are exposed to credit risk from defaults by purchasers on their mortgages during the pre-sale periods for its properties. In 2007, the Company began to guarantee the mortgages of purchasers of uncompleted projects. Accordingly, if a purchaser who has a mortgage on an uncompleted project defaults on the mortgage, and the Company is not able to find a replacement purchaser, or if CPGI or its subsidiaries fails in an undertaking with the bank, including delivering the property and title to such property within the mutually agreed period, the Company is obligated to pay the mortgage.

Commodity Risk
The Company is exposed to the risk that prices for construction materials used to build its properties (including timber, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company and its subsidiaries are exposed to the risk that it may not be able to pass increased commodities costs to customers, which would lower the company's margins. CPGI and its subsidiaries does not engage in commodity hedging, but the Company attempts to manage commodity risk by requiring its internal procurement group to supply raw materials for the relevant construction and development projects

1.7 CORPORATE SOCIAL RESPONSIBILITY

As part of its corporate social responsibility undertakings, CPGI has played an important role in communities where it seeks to leave a positive impact through its developments and key initiatives.

In Mandaluyong, Makati and Quezon City, CPGI has partnered with the local government units, the barangay, community parish and schools to provide assistance various community improvement projects. These include beautification projects, street lighting, church enhancement initiatives, construction of residential structure for informal settlers, public school improvements, and so on.

CPGI has also been supporting short and long term disaster response initiatives.

In its effort to extend assistance to local communities that were affected by Tropical Storm Maring, Century held relief operations on August 22 and 23, 2013 in key cities within Metro Manila.

Close to 2,000 bags of relief food items were prepared and packed by Century employees and were distributed to more than a thousand families in Paranaque, Makati and Mandaluyong cities.

In November, shortly after Typhoon Yolanda, Century employees rushed to the aid of Art Relief Mobile Kitchen in Camp Aguinaldo, to cook and serve thousands of freshly prepared meals to typhoon survivors who were flown from the Visayas to Manila.

Century's sales and non-sales employees decided to forego its annual Christmas party to raise the funds that will go to the company's rebuilding project for the typhoon victims.

As a long term initiative, CPGI is closely working with MyShelter Foundation to develop the Philippine Disaster Resistance and Reconstruction Center, which strives to be the regional hub for knowledge and skills building in preparing and rebuilding for climate challenges due to climate change.

With the same spirit of innovation that it exudes through its projects, CPGI aims to promote the development of "alternative infrastructure" in the Philippines, developing the discipline of designing structures without the use of cement, glass and steel, and instead focusing on indigenous materials such as bamboo, earth or even recyclable waste materials.

This program will also progress into a community rebuilding program, which will be the center's proof of concept for the effectiveness of the alternative infrastructure.

CPGI also continues to support Operation Smile, a private, not-for-profit volunteer medical services organization and worldwide children's medical charity headquartered in Norfolk, Virginia, U.S.A. that provides reconstructive surgery and related health care to indigent children and young adults. Operation Smile's medical volunteers repair cleft lip, cleft palate and other childhood facial deformities while building public and private partnerships to provide training to health care professionals and improve local capacity in partner countries. CPGI is assisting Operation Smile in raising funds to cover the cost of surgeries for Filipino children with cleft lip and cleft palate.

ITEM 2. PROPERTIES

2.1 OVERVIEW

As of December 31, 2013, the Company, through its Subsidiaries and affiliated companies Meridien Land Holdings, Inc., Meridien East Realty and Development Corporation, Meridien Far East Development Corporation and other related entities ("Meridien"), has completed 24 condominiums and commercial buildings (8,197 units) with a total GFA of 836,867 sq. m. The Company is currently developing the five master-planned communities and is expected to have 33 condominiums and commercial buildings with approximately 18,937 condominium and commercial units and 944 single detached homes, with a total expected GFA of 1,644,568 sq.m.

The five current master-planned communities are:

- ***Century City*** – A 3.4-hectare mixed-use project in Makati City with eight buildings covering a total planned GFA of 584,709 sq.m. We have completed The Gramercy Residences, The Knightsbridge Residences and the Century City Mall. There are five additional ongoing projects including The Milano Residences (interior design by Versace Home); Centuria Medical Makati, Trump Tower Manila, Century Spire designed by world renowned architect Daniel Liebeskind and interior designed by Giorgio Armani S.P.A., and an office building in partnership with Forbes Media LLC.

- ***Acqua Private Residences*** – Located in Mandaluyong City, this development comprises six towers with views of the Makati City skyline and will feature a country club with fitness, retail, dining and entertainment facilities, as well as what we expect to be the first riverwalk promenade in the Philippines.

- ***Azure Urban Resort Residences*** – Century's first property in the affordable market segment, Azure Urban Resort Residences is a nine building residential property set on six-hectares in Parañaque City. The development features what we expect to be the first man-made beach in an urban residence in Manila and a beach club designed by Paris Hilton.

- ***Commonwealth*** – It is a 4.4-hectare project of Century Properties Group Inc. and its first masterplanned residential community development in Quezon City. The eight-tower project will rise in Commonwealth Avenue within the vicinity of a shopping center, top schools, techno hubs, churches and major thoroughfares. The Commonwealth by Century residential package includes livable unit layouts with extended balconies, distinctive amenities that encourage outdoor and holistic social interaction, a community with open spaces, greenery and waterscapes; and round the clock safety and security systems for the peace of mind of all residents. The project's unique architectural design, spacious unit layouts and pioneering amenities aim to redefine the standards of living in Quezon City.

- ***Canyon Ranch*** – A 25-hectare house and lot community that is part of the 77-hectare San Lazaro Leisure Park in Cavite City targeted for middle-income buyers. The community features a clubhouse with sports and leisure facilities and offers residents views of the Leisure Park which includes one of only two operating horse racing tracks in the Philippines.

The Company's land bank for future development consists of properties in Quezon City and Batangas that cover a site area of 2,000,899 sq.m. The Company also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through the property management services, the Company endeavor to ensure that the buildings it develops maintain and improve their asset value and are safe and secure. The Company further believes that the ability to develop a reputation as one of the premier property management companies in the Philippines has enabled it to attract a steady clientele of third-party property owners. CPMI, the property management group of the Company currently manage 48 Projects with total GFA of 2.6million sq.m., and 73% of the projects we manage were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, BPI Buendia Center in Makati City, Philippine National Bank Financial Center in Pasay City, Pacific Star Building in Makati City, Makati Medical Center in Makati City and three Globe Telecom buildings in Cebu, Mandaluyong and Makati City, respectively.

CPGI aims to enhance the overall quality of life for Filipinos and foreign nationals by providing distinctive, high-quality and affordable properties. The Company's focus on differentiation to drive demand, increase its margins and grow market share. In particular, CPGI identifies what it believes are the best global residential standards and adopt them to the Filipino market. The Company also believes that it has earned a reputation for pioneering new housing concepts in the Philippines. One of the Company's significant contributions is the FF/FF concept, which Colliers believes is now an industry standard in the Philippines. CPGI also employs a branding strategy that focuses on strategic arrangements with key global franchises to help capture and sustain consumers' awareness. To date, the Company through its subsidiaries has entered into agreements with Gianni Versace S.P.A., Donald Trump (through the Trump Organization), Paris Hilton, and Missoni Home among others.

The Company has marketed and sold to clients in more than 50 countries and, as a result, a significant portion of its residential properties are sold to Filipinos living abroad. CPGI and its subsidiaries have successfully expanded its market reach to Filipino overseas employees and expatriates, as well as other overseas buyers, through its international office,

2.2 COMPLETED / TURNED OVER PROJECTS AS OF DECEMBER 31, 2013

Residential Projects	Developer	Location	Type	GFA (Sqm)	Units	Year Completed
Le Grand	Meridien	Makati City	Residential	15,423	46	1989
Vine Villas	Meridien	Pasig City	Townhouse	N/A(1)	37	1991
Le Triomphe	Meridien	Makati City	Residential	20,239	85	1991
La Maison Rada	Meridien	Makati City	Residential	6,467	67	1992
Le Metropole	Meridien	Makati City	Residential	17,833	70	1992
Pacific Place	Meridien	Pasig City	Residential	33,515	204	1993
Le Domaine	Meridien	Makati City	Residential	16,503	106	1994
One Magnificent Mile	Meridien	Pasig City	Office	23,105	130	1996
Medical Plaza Makati	Meridien	Makati City	Medical Office	24,218	189	1996
Medical Plaza Ortigas	Meridien	Makati City	Medical Office	34,642	264	1998
Essensa (2 Buildings)	Meridien	Taguig City	Residential	115,000	236	2000
Oxford Suites	Meridien	Makati City	Serviced Apartment	17,407	242	2001
West of Ayala	Meridien	Makati City	Residential	57,752	365	2002
Bel – Air Soho	Meridien	Makati City	Residential	9,468	207	2005
South of Market (2 Buildings)	Meridien	Taguig City	Residential	62,426	709	2007
SOHO Central (2 Buildings)	Meridien	Mandaluyong	Residential	64,816	811	2009
Grand SOHO Makati	CPI	Makati City	Residential	29,628	360	2010
Gramercy Residences	CCDC	Makati City	Residential	121,595	1,432	2012
Knightsbridge Residences	CCDC	Makati City	Residential	87,717	1,328	2013
Rio Tower [Azure Residences]	CLC	Parañaque	Residential	42,898	756	2013
Santorini Tower [Azure Residences]	CLC	Parañaque	Residential	36,215	553	2013
Total				**836,867**	**8,197**	

Commercial Projects	Developer	Location	Type	GFA (Sqm)	Units	Year Completed
Century City Mall	CCDC	Makati	Commercial	49,143	N/A	2013

2.3 PROPERTIES UNDER MANAGEMENT AS OF DECEMBER 31, 2013

The Company manages both residential and commercial properties. The following table sets forth information regarding residential properties under our management.

RESIDENTIAL PROPERTIES

Project	Location	Developer	GFA (sq.m.)
Astoria Plaza Condominium	Pasig	Millennium Properties & Brokerage	53,767
Azure Urban Residences	Paranaque	Century Limitless Corporation	79,196
BSA Suites Condominium	Makati City	ASB Development Corp.	22,925
Canyon Ranch Estate	Carmona, Cavite	Century Communities Corporation	83,889
Essensa East Forbes	Taguig	Meridien East Realty & Development Corp.	115,000
Golden Empire Tower	Manila	Moldex Land Holdings	129,514
Goldland Plaza Condominium	San Juan	Goldland Development & Realty Group	54,524
Grand Soho Makati Condominium	Makati City	Century Properties, Inc.	29,628
Knightsbridge Condominium	Makati City	Century City Development Corporation	43,414
Le Gran Condominium	San Juan	Arpen Real Estate Development, Inc.	15,423
Le Triomphe Condominium	Makati City	Meridien East Realty & Development Corp.	20,239
Paragon Plaza	Mandaluyong	Fil Estate Properties, Inc.	71,631
Pioneer Highlands North	Mandaluyong	Universal Rightfield Property Holdings, Inc.	89,990
Skyway Twin Towers	Pasig	Amberland Corporation	95,417
Soho Central Condominium	Mandaluyong	Meridien East Realty & Development Corp.	64,816
South of Market Condominium	Taguig	Meridien East Realty & Development Corp.	62,246
The Gramercy Residences	Makati City	Century City Development Corporation	121,595
Tiffany Place Condominium	Makati City	River Oaks Realty Corporation	24,702
Two Lafayette Square	Makati City	Megaworld Properties & Holdings, Inc.	17,189
West of Ayala Condominium	Makati City	Meridien East Realty & Development Corp.	57,752
Total			**1,252,857**

COMMERCIAL PROPERTIES

Project	Location	Developer	GFA (sq.m.)
139 Corporate Center	Makati City	Antel Realty & Development Corporation	24,426
88 Corporate Condominium	Makati City	Belgen Realty Development, Inc.	37,677
Antel Global Condominium	Pasig	World Class Properties, Inc.	60,238
Asian Development Bank – Clark	Pampanga	Asian Development Bank	2,000
Asian Development Bank – Headquarters	Mandaluyong	Asian Development Bank	204,092
AvecShares Asia, Inc.	Taguig	Avecshares Asia, Inc.	12,232
BPI Buendia Center	Makati City	Bank of the Philippine Islands	61,262
Century City Lifestyle Mall	Makati City	Century City Development Corporation	52,233
Fisher-Rosemount Systems, Inc.	Pasig	Amberland Corporation	7,378
Glaxo Smith Klein	Makati City	GlaxoSmithKline Philippines, Inc.	9,471
Globe IT Plaza Cebu	Cebu	Globe Telecom, Inc.	12,678
Globe Telecom Pioneer	Mandaluyong	Globe Telecom, Inc.	34,918
Globe Telecom Valero	Makati City	Globe Telecom, Inc.	29,340
Innove Plaza Condominium	Cebu	Prosperity Properties & Management Corporation	12,031
Globe Data Center	Makati City	Globe Telecom, Inc.	7,964
Globe Headquarters	Taguig	Globe Telecom, Inc.	25,000
Makati Cinema Square	Makati City	MCS Condominium Corporation	20,000
Makati Medical Center	Makati City	Medical Doctors, Inc.	90,467
Medical Plaza Ortigas	Pasig	Meridien Property Ventures, Inc.	34,642
One Corporate Center Ortigas	Pasig	Amberland Corporation	117,799
One Corporate Plaza	Makati City	Inchport Realty Corporation	12,034
One Magnificent Mile Condominium	Pasig	Meridien Far East Properties	23,105
One San Miguel Avenue Condominium	Pasig	Amberland Corporation	64,577
Pacific Star Building	Makati City	Penta Pacific Realty Corporation	95,302
PNB Financial Center	Pasay	Philippine National Bank	151,435
Prestige Tower Condominium	Pasig	Amberland Corporation	58,698
Solar Century Tower	Makati City	Solar Entertainment Corporation	5,265
Times Plaza Condominium	Makati City	RHL Properties & Development	35,820
Total			**1,302,084**

2.4 PROJECT UPDATES AS OF DECEMBER 31, 2013

Project	Company	Type	Target Market	Location	Total GFA (sq.m.)	Percentage Sold [1]	Total Units	Turnover
Gramercy Residences	CCDC	Residential	Middle-Income	Kalayaan Avenue, Makati City	121,595	100%	1,429	2012
Knightsbridge Residences	CCDC	Residential	Middle-Income	Kalayaan Avenue, Makati City	87,717	98%	1,328	2013
The Milano Residences	CCDC	Residential	Luxury	Kalayaan Avenue, Makati City	64,304	97%	474	2015
Centuria Medical Makat[i] [(2)]	CCDC	Office	Middle Income	Kalayaan Avenue, Makati City	74,103	92%	594	2014
Trump Tower Manila	CCDC	Residential	Luxury	Kalayaan Avenue, Makati City	54,660	90%	264	2016
Century Spire	CCDC	Residential	Luxury	Kalayaan Avenue, Makati City	98,594	62%	505	2018
Century City Mall	CCDC	Retail	N/A	Kalayaan Avenue, Makati City	49,143	Rent Only	—	2013
Acqua Private Residences	CLC	Residential	Middle-Income	Banrangay Hulo, Mandaluyong City	222,818	79%	3,305	2015 onwards
Azure Urban Resort Residences	CLC	Residential	Affordable	Barangay Marcelo, Bicutan, Parañaque City	328,925	86%	5,308	2013 onwards
The Residences at Commonwealth	CLC	Residential	Affordable	Commonwealth, Quezon City	186,426	82%	3,191	2015 onwards
Canyon Ranch[)]	CCC	Residential	Middle-Income	Carmona, Cavite	280,300	94%	944	Ongoing per house
Expected Projects in Century City	CCDC	Residential and/or Office	N/A	Kalayaan Avenue, Makati City	75,984	0%	2,539	N/A
Total					**1,644,568**		**19,881**	

(1) Percentages are based on total number of units sold in the property.
(2) Excludes units that Century plans to keep for lease

2.5 COMPANY OWNED

The Company does not have any property other than its equity participation in its subsidiaries. The Company's subsidiaries, on the other hand, owns assets mainly land and buildings in property development.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2013, the directors and key officers of the Company have no material pending civil or criminal cases filed by or against them.

From time to time, the Company and its Subsidiaries, its Board of Directors and Key Officers are subject to various civil, criminal and administrative lawsuits and other legal actions arising in the ordinary course of our business. Typical cases include adverse claims over title to land, claims for recovery of money and damages and claims for cancellations of sales agreements and refund of deposits.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Other than those stated herein, there are no other matters submitted to a vote of security holders during the fiscal year covered by this report.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

5.1 MARKET INFORMATION

The shares of the Company consist solely of common shares, which are presently being traded in the Philippine Stock Exchange, Inc. The high and low sales prices for the shares of the Company for each quarter within the last three (3) fiscal years are as follows:

2013	High	Low
First quarter	P2.44	P2.12
Second quarter	2.33	1.36
Third quarter	1.68	1.54
Fourth quarter	2.00	1.32

2012	High	Low
First quarter	P2.47	P1.55
Second quarter	1.77	1.40
Third quarter	1.57	1.35
Fourth quarter	1.52	1.38
2011	High	Low
First quarter	P0.43	P0.27
Second quarter	0.95	0.26
Third quarter	5.66	0.77
Fourth quarter	2.70	1.67

As of December 27, 2013, the last trading day of the Company's shares for the fourth (4th) quarter of the year 2013, the Company's closing share price is ₱1.32 per share. The closing price as of December 27, 2013, the last trading price for the month is ₱1.32 per share.

5.2 STOCKHOLDERS

The number of shareholders of the Company of record as of December 31, 2013 was Four Hundred Eighty Nine (489). The number of issued and outstanding common shares of the Company as of December 31, 2013 is Nine Billion Six Hundred Eighty Five Million Two Hundred Eighty Seven Thousand and Twenty Seven (9,685,287,027) . All shares of the Company are common stock.

The top 20 stockholders as of December 31, 2013 are as follows:

Name	Number of Shares Held	% to Total
1.CENTURY PROPERTIES, INC	6,194,723,057	63.865
2.PCD NOMINEE CORPORATION (NON-FILIPINO)	2,316,991,531	23.887
3.PCD NOMINEE CORPORATION (FILIPINO)	1,169,697,366	12.059
4.ERNESTO B. LIM	10,500,000	0.108
5.VICTOR S. CHIONGBIAN	3,333,332	0.034
6.ANTONIO ANDRES CHUA	1,200,000	0.012

ANTONIO A. INDUCTIVO	599,990	0.006
VICENTE GOQUIOLAY & CO., INC.	327,600	0.003
MAGDALENO B. DELMAR, JR.	299,563	0.003
QUALITY INVESTMENTS & SECURITIES CORPORATION	250,000	0.003
ROMAN T. YAP	120,000	0.001
ANTONIO C. CUYOS	115,383	0.001
B. L. TAN SECURITIES, INC.	100,000	0.001
ALFREDO B. CHIA	100,000	0.001
MILAGROS ILETO	100,000	0.001
ORIFIEL Y. BARREDO	65,698	0.001
EASTERN SECURITIES DEV T. CORP.	60,000	0.001
TEE LING KIAT &/OR LEE LIN HO	60,000	0.001
PACIFICO B. TACUB	50,000	0.001
ROBERTO MELO	43,200	0.000

5.3 DIVIDENDS

The Company declares dividends to shareholders of record, which are paid from the Company's unrestricted retained earnings.

Below is the summary of CPGI's dividend declaration for fiscal year 2011, 2012 and 2013

Fiscal Year	Total Amount of Dividends	Amount of dividends per share
2011	Php86,449,496	0.0097 per share
2012	PHP184,436,193	0.019024 per share
2013	PHP184,471,576	0.0190 per share

CPGI intends to maintain an annual cash dividend payment ratio for the issued and outstanding common shares of the Company of approximately 10% of its consolidated net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations, availability of unrestricted retained earnings and the absence of circumstances which may restrict the payment of such dividends.

5.4 RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OFSECURITIES CONSTITUTING AN EXEMPT TRANSACTION

On March 05, 2013, the Company entered into a Placement and Subscription transaction with its Parent Company, wherein CPI sold 800,000,000 million shares of stock in CPGI to investors ("Placing Transaction") and subscribe for an additional 800,000,000 CPGI shares ("Subscription Transaction") of stock at closing date on March 11, 2013.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS OF OPERATIONS

Real Estate

The Group account for real estate revenue from completed housing and condominium units and lots using the full accrual method. The Group uses the percentage of completion method, on a unit by unit basis, to recognize income from sales where the Group has material obligations under the sales contract to complete after the property is sold. Under this method, revenue is recognize as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs. The Group typically requires payment of 20% to 50% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment.

For the year ended December 31, 2013, the Group recorded revenue from real estate sales amounting to P9,304.2 million and posted an increase of 8.4% from P8,582.0 million in 2012. The increase in revenue is attributable to increased sales among its projects, and during the year, the Group completed buildings both in Century City such as Knightsbridge Residences and turned over buildings in Azure Residences, including the Rio,and Santorini towers . Increased construction accomplishments of other Century City Towers such as Milano Residences, Centuria Medical Tower, Trump Tower Manila, Positano and Miami Buildings of Azure Project; Niagara, Sutherland, Dettifoss and Livingstone Buildings of Aqua Project also contributed to the growth in revenues. The Group also started recognizing real estate revenue from its Commonwealth buildings particularly Osmeña West, Quezon North and Osmeña East Towers.

Interest and Other Income

Interest and other income increased by 55.0% to P1,250.5 million in the year ended December 31, 2013 from P807.0 million in the year ended December 31, 2012. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales, and forfeited collections, during the year.

Property management fee and other services

Property management fee and other services increased by 14.5% to P254.4 million in the year ended December 31, 2013 from P222.2 million in the year ended December 31, 2012. This increase was primarily due to additional buildings under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2013 is 55 from 51 as of December 31, 2012.

Costs and Expenses

Cost and expenses increased by 13.6% to P8,091.9 million during 2013 from P7,121.1 million for the year ended December 31, 2012.

- Cost of real estate sales increased by 16.7% from P4,940.7 million in the year ended December 31, 2012 to P5,766.9 million in the year ended December 31, 2013. This was primarily due to the corresponding growth in revenue from real estate sales as well as increased cost of real estate sales.

- Cost of services increased by 17.8% to P185.6 million for the year ended December 31, 2013 from P157.6 million in the year ended December 31, 2012. This was primarily due to corresponding growth in property management and other service fees.

- General, administrative and selling expenses increased by 4.2% to P2,041.8 million in the year ended December 31, 2013 from P1,960.3 million in the year ended December 31, 2012. The increase was primarily due to increased amortization of deferred marketing expenses given more projects are undergoing construction and development.

- Interest and other financing charges increased by 55.9% to P97.5 million for the year ended December 31, 2013 from P62.5 million for 2012. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year.

Provision for Income Tax

Provision for income tax increased by 36.3% to P872.5 million in the year ended December 31, 2013 from P640.2 million in the year ended December 31, 2012. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year The Group also excluded certain expenses for income tax deductibility purposes, pending compliance with withholding tax requirements as mandated by BIR.

Net Income

As a result of the foregoing, net income slightly decreased by 0.3% to P1,844.7 million for the year ended December 31, 2013 from P1,849.8 million in the year ended December 31, 2012.

FINANCIAL CONDITION

As of December 31, 2013 vs. December 31, 2012

Total assets as of December 31, 2013 were P26,166.0 million compared to P18,556.5 million as of December 31, 2012, or a 41.0% increase. This was due to the following:

- Cash and cash equivalents increased by P537.0 million from P901.8 million as of December 31, 2012 to P1,438.9 million as of December 31, 2013 primarily due to receipt of proceeds from the Placing and Subscription Transaction and availment of credit facilities. The Group's cash flow from operations also improved given the collection of turnover balances from completed projects.

- Receivables increased by 34.1% from P6,779.7 million as of December 31, 2012 to P9,093.8 as of December 31, 2013 million due to the revenue recognized during for the period.

- During the year ended December 31, 2013, Real estate inventories increased by 77.8% from P3,951.8 million to P7,026.9 million due to project development and transfer of cost of land for one Acqua building previously classified as land held for future development.

- Land held for future development decreased by 61.0% or P730.1 million during 2013 due to transfer of the cost land previously classified as land held for future development into real estate inventories and investment properties.

- Investment properties posted an increase of 112.5% to P4,080.8 million as of December 31, 2013 as compared to P1,920.1 million as of December 31, 2012 primarily due to completion of Century City Lifestyle Center.

Total liabilities as of December 31, 2013 were P14,731.0 million compared to P10,315.5 million as of December 31, 2012, or a P42.8% increase. This was due to the following:

- Accounts and other payables increased by 61.4% from P2,869.0 million as of December 31, 2012 to P4,629.1 million as of December 31, 2013 due to accruals made at the end of the year.

  - Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans, and bi-lateral term loans, increased by 65.0% from P3,661.0 million as of December 31, 2012 to P6,039.1 million as of December 31, 2013 due to draw down or availments made during the year.

  - Pension liabilities increased by 54.5% from P92.4 million as of December 31, 2012 to P142.7 million as of December 31, 2013 as a result of actuarial valuation at the end of the year.

  - Income tax payable decreased by 94.1% from P98.1 million as of December 31, 2012 to P5.8 million as of December 31, 2013 primarily due to payment of income tax dues during the first three quarters of the year.

Total stockholder's equity net increased by 38.8% to P11,435.0 million as of December 31, 2013 from P8,241.0 million as of December 31, 2012 due to issuance of new shares and the net income recorded for the year ended December 31, 2013.

	As of December 31		
	2013	**2012**	**2011**
Current Ratio	**2.0x**	**2.5x**	**1.8x**
Debt to Equity Ratio	**0.5x**	**0.4x**	**0.2x**
Asset to Equity Ratio	**2.3x**	**2.3x**	**2.3x**
	For the year ended December 31		
	2013	**2012**	**2011**
Return on Assets	**10.2%**	**12.9%**	**9.9%**
Return on Equity	**23.4%**	**29.4%**	**23.8%**
EBIT	**2,746.5**	**2,539.2**	**1,307.2**
EBITDA	**2,810.0**	**2,602.6**	**1,353.2**
Total Debt	**6,039.1**	**3,661.0**	**882.6**
Net Debt	**4,600.3**	**2,759.2**	**516.0**
Gross Profit from Real Estate Sales Margin	**42.1%**	**44.5%**	**41.7%**
Net Income Margin	**17.1%**	**19.2%**	**18.4%**
Net debt-to-equity ratio	**0.4x**	**0.3x**	**0.1x**
Debt-to-EBITDA ratio	**2.1x**	**1.4x**	**0.7x**
Net debt-to-EBITDA ratio	**1.6x**	**1.1x**	**0.4x**

Notes:

(1) Return on assets is calculated by dividing net income for the period by average total assets (beginning plus end of the period divided by two).

(2) Return on equity is calculated by dividing net income for the period by average total equity (beginning plus end of the period divided by two).

(3) EBIT is calculated as net income after adding back interest expense and provision for income tax. EBITDA is calculated as net income after adding back interest expense, depreciation and amortization and provision for income tax.

(4) Net debt is calculated as total debt less cash and cash equivalents as of the end of the period.

(5) Gross profit from real estate sales margin is calculated as the sum of real estate sales and accretion of unamortized discount (which we record under interest and other income), less the cost of real estate sales, as a percentage of the sum of real estate sales and accretion of unamortized discount, for the period. We believe that including accretion of unamortized discount in this calculation is a useful measure of the profitability of our

real estate operations because such unamortized discount forms part of the original contract price of the sales contracts.

(6) Net margin is calculated as net income as a percentage of revenue for the period.
(7) Net debt-to-equity ratio is calculated as net debt divided by total equity as of the end of the period.
(8) Debt-to-EBITDA ratio is calculated as total debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.
(9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.
(10) This ratio is obtained by dividing the Current Assets of the Group by its Current liabilities. This ratio is used as a test of the Group's liquidity**.**

Material Changes to the Company's Balance Sheet as of December 31, 2013 compared to December 31, 2012 (increase/decrease of 5% or more)

Cash and cash equivalents increased by 59.6% or P537.0 million from P901.8 million as of December 31, 2012 to P1,438.9 million as of December 31, 2013 primarily due to receipt of proceeds from the Placing and Subscription Transaction and availment of credit facilities. The Group's cash flow from operations also improved given the collection of turnover balances from completed projects.

Receivables increased by 34.1% from P6,779.7 million as of December 31, 2012 to P9,093.8 as of December 31, 2013 million due to the revenue recognized during for the period.

During the year ended December 31, 2013, Real estate inventories increased by 77.8% from P3,951.8 million to P7,026.9 million due to project development and transfer of cost of land for one Acqua building previously classified as land held for future development.

Land held for future development decreased by 61.0% or P730.1 million during 2013 due to the net effect of acquisitions made during the year and the transfer of the cost land previously classified as land held for future development into real estate inventories and investment properties.

Investment properties posted an increase of 112.5% to P4,080.8 million as of December 31, 2013 as compared to P1,920.1 million as of December 31, 2012 primarily due to completion of Century City Lifestyle Center.

Advances to suppliers and contractors increased by 42.1% to P1,314.9 million as of December 31, 2013 from P925.3 million as of December 31, 2012 primarily due to down payment subject to recoupment through progress billings.

Prepayments and other current assets decreased by 32.2% from P1,867.3 million to P1,265.9 million due to application of advance payments made to land owners to purchase price of the acquired properties and application of input taxes against output VAT during the year ended December 31, 2013.

During the year, the Company invested P48.8 million in A2 Global, Inc. and made deposits of P154.5 million for land acquisitions. Both accounts increased by 100.0% for there were no payments made in 2012.

Available-for-sale financial assets increased by 19.5% from P7.9 million as of December 31, 2012 to P9.5 million as of December 31, 2013.

As of December 31, 2013, intangible assets account increased by 549.1% to P18.0 million from P2.8 million as of December 31, 2012 due to acquisition of certain software and trademarks.

Other non-current assets increased by 39.2% from P544.7 million as of December 31, 2012 to P758.1 million as of December 31, 2013 due to rentals and other security deposits made during the year as well non-current portion of deferred marketing expenses for newly launched projects with no percentage-of-completion as of December 31, 2013.

Accounts and other payables increased by 61.4% from P2,869.0 million as of December 31, 2012 to P4,629.1 million as of December 31, 2013 due to accruals made at the end of the year.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans, and bi-lateral term loans, increased by 65.0% from P3,661.0 million as of December 31, 2012 to P6,039.1 million as of December 31, 2013 due to draw down or availments made during the year.

Pension liabilities increased by 54.5% from P92.4 million as of December 31, 2012 to P142.7 million as of December 31, 2013 as a result of actuarial valuation at the end of the year.

Income tax payable decreased by 94.1% from P98.1 million as of December 31, 2012 to P5.8 million as of December 31, 2013 primarily due to payment of income tax dues during the first three quarters of the year.

Deferred tax liabilities (net of deferred tax assets) increased by 38.8% from P1.062.2 million as of December 31, 2012 to P1,504.1 million as of December 31, 2013 due to additional future taxable items during the year.

Total stockholder's equity net increased by 38.8% to P11,435.0 million as of December 31, 2013 from P8,241.0 million as of December 31, 2012 due to issuance of new shares and the net income recorded for the year ended December 31, 2013.

Material Changes to the Company's Statement of income for the year ended December 31, 2013 compared to the year ended December 31, 2012 (increase/decrease of 5% or more)

Revenue from real estate sales increased by 8.4% from P8,582.0 million in 2012 to P9,304.2 million in 2013. The increase in revenue is attributable to increased sales among its projects, During the year, the Group completed buildings both in Century City such as Knightsbridge Residences and turned over buildings in Azure Residences, including the Rio,and Santorini towers . Increased construction accomplishments of other Century City Towers such as Milano Residences, Centuria Medical Tower, Trump Tower Manila, Positano and Miami Buildings of Azure Project; Niagara, Sutherland, Dettifoss and Livingstone Buildings of Aqua Project also established the growth in revenues. The Group also started recognizing real estate revenue from Commonwealth buildings particularly Osmeña West, Quezon North and Osmeña East Towers.

Property management fee and other services increased by 14.5% to P254.4 million in the year ended December 31, 2013 from P222.2 million in the year ended December 31, 2012. This increase was primarily due to additional buildings under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2013 is 55 from 51 as of December 31, 2012.

Interest and other income increased by 55.0% to P1,250.5 million in the year ended December 31, 2013 from P807.0 million in the year ended December 31, 2012. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales, and forfeited collections, during the year

Cost of real estate sales increased by 16.7% from P4,940.7 million in the year ended December 31, 2012 to P5,766.9 million in the year ended December 31, 2013. This was primarily due to the corresponding growth in revenue from real estate sales and increased in cost of real estate sales.

Cost of services increased by 17.8% to P185.6 million for the year ended December 31, 2013 from P P157.6 million in the year ended December 31, 2012. This was primarily due to corresponding growth in property management and other service fees.

Interest and other financing charges increased by 55.9% to P97.5 million for the year ended December 31, 2013 from P62.5 million for 2012. This was primarily due to bank fees and other charges paid other than capitalized borrowing costs during the year.

Provision for income tax increased by 36.3% to P872.5 million in the year ended December 31, 2013 from P640.2 million in the year ended December 31, 2012. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year.

REVIEW OF YEAR END 2012 VS YEAR END 2011

RESULTS OF OPERATIONS

Real Estate

The Group account for real estate revenue from completed housing and condominium units and lots using the full accrual method. The Group uses the percentage of completion method, on a unit by unit basis, to recognize income from sales where the Group has material obligations under the sales contract to complete after the property is sold. Under this method, revenue is recognize as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs. The Group requires payment of 20% to 50% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment.

The Group recorded revenue from real estate sales amounting to P8,582.0 million in the year ended December 31, 2012, an increase of 128.2% from P3,760.5 million in same period last year. The increase was due primarily to increased sales, and the completion of The Gramercy Residences and increased construction accomplishments of The Knightsbridge Residences, The Trump Tower Manila, The Milano Residences, Centuria Medial Building, and the Rio, Santorini and St. Tropez Buildings in Azure Urban Resort Residences, the Niagara and Sutherland Buildings of Acqua Private Residences, and Canyon Ranch.

Interest and Other Income

Interest and other income increased by 7.5% to P807.0 million in the year ended December 31, 2012 from P750.3 million in the year ended December 31, 2011. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales during the year and the increase in earnings from excess funds.

Property management fee and other services

Property management fee and other services increased by 16.0% to P222.2 million in the year ended December 31, 2012 from P191.6 million in the year ended December 31, 2011. This increase was primarily due to management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2012 is 51.

Costs and Expenses

Cost and expenses increased by 106.1% to P7,121.1 million during 2012 from P3,455.2 million for the year ended December 31, 2011.

- Cost of real estate sales increased by 102.1% from P2,444.3 million in the year ended December 31, 2011 to P4,940.7 million in the year ended December 31, 2012. This was primarily due to the corresponding growth in revenue from real estate sales.

- Cost of services increased by 11.2% to P157.6 million for the year ended December 31, 2012 from P141.7 million in the year ended December 31, 2011. This was primarily due to corresponding growth in property management and other service fees.

- General, administrative and selling expenses increased by 146.8% to P1,960.3 million in the year ended December 31, 2012 from P794.3 million in the year ended December 31, 2011. The increase was primarily due to amortization of deferred marketing expenses of launched projects with no percentage-of-completion as of December 31, 2011 and those incurred by the projects during 2012.

- Interest and other financing charges decreased by 16.4% to P62.5 million for the year ended December 31, 2012 from P74.8 million for 2011. This was primarily due to capitalization of borrowing costs during the year.

Provision for Income Tax
Provision for income tax increased by 68.0% to P640.2 million in the year ended December 31, 2012 from P381.1 million in the year ended December 31, 2011. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year.

Net Income
As a result of the foregoing, net income increased by 113.5% to P1,849.8 million for the year ended December 31, 2012 from P866.2 million in the year ended December 31, 2011.

FINANCIAL CONDITION

As of December 31, 2012 vs. December 31, 2011

Total assets as of December 31, 2012 were P18,556.5 million compared to P10,033.0 million as of December 31, 2011, or a 85.0% increase. This was due to the following:

- Cash and cash equivalents increased by P535.2 million from P366.6 million as of December 31, 2011 to P901.8 million as of December 31, 2012 primarily due to receipt of proceeds from the Placing and Subscription Transaction and customers' advances and deposits and increase in availment of credit facilities.

- Receivables increased by 243.3% from P1,974.6 million as of December 31, 2011 to P6,779.3as of December 31, 2012 million due to the revenue recognized during for the period.

- During the year ended December 31, 2012, Real estate inventories increased by 154.5% from P1,552.9 million to P3,951.8 million due to project development and transfer of cost of land for four Acqua buildings previously classified as land held for future development.

Total liabilities as of December 31, 2012 were P10,315.2 million compared to P5,710.2 million as of December 31, 2011, or a P80.6% increase. This was due to the following:

- Accounts and other payables increased by 196.2% from P968.4 million as of December 31, 2011 to P2,869.0 million as of December 31, 2012 due to accruals made at the end of the year.

- Customers' advances and deposits decreased by 16.2% from P2,730.6 million to P2,288.4 million representing collections from customers which met the revenue recognition criteria as of end of the year.

- Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, increased by 314.8% from P882.5 million as of December 31, 2011 to P3,661.0 million as of December 31, 2012 due to draw down or availments made during the year.

- Liabilities for purchased land decreased by 63.9% from P85.2 million as of December 31, 2011 to P30.7 million as of December 31, 2012 due to payments made during the period.

- Income tax payable decreased by 34.2% from P149.0 million as of December 31, 2011 to P98.1 million as of December 31, 2012 primarily due to higher taxable income during the full year 2011 as compared to the year ended December 31, 2012.

Total stockholder's equity net increased by 90.6% to P8,241.0 million as of December 31, 2012 from P4,322.8 million as of December 31, 2011 due to issuance of new shares and the net income recorded for the year ended December 31, 2012.

	As of December 31		
	2012	2011	2010
Current Ratio	**2.5x**	**1.8x**	**1.3x**
Debt to Equity Ratio	**0.4x**	**0.2x**	**0.4x**
Asset to Equity Ratio	**2.3x**	**2.3x**	**2.6x**
	For the year ended December 31		
	2012	**2011**	**2010**
Return on Assets	**12.9%**	**9.9%**	**2.7%**
Return on Equity	**29.4%**	**23.8%**	**6.6%**
EBIT	**2,539.2**	**1,307.2**	**344.0**
EBITDA	**2,602.6**	**1,353.2**	**369.8**
Total Debt	**3,661.0**	**882.6**	**1,226.1**
Net Debt	**2,759.2**	**516.0**	**943.3**
Gross Profit from Real Estate Sales Margin	**44.5%**	**41.7%**	**37.1%**
Net Income Margin	**19.2%**	**18.4%**	**5.8%**
Net debt-to-equity ratio	**0.3x**	**0.1x**	**0.3x**
Debt-to-EBITDA ratio	**1.4x**	**0.7x**	**3.3x**
Net debt-to-EBITDA ratio	**1.1x**	**0.4x**	**2.6x**

Notes:

(1) Return on assets is calculated by dividing net income for the period by average total assets (beginning plus end of the period divided by two).

(2) Return on equity is calculated by dividing net income for the period by average total equity (beginning plus end of the period divided by two).

(3) EBIT is calculated as net income after adding back interest expense and provision for income tax. EBITDA is calculated as net income after adding back interest expense, depreciation and amortization and provision for income tax.

(4) Net debt is calculated as total debt less cash and cash equivalents as of the end of the period.

(5) Gross profit from real estate sales margin is calculated as the sum of real estate sales and accretion of unamortized discount (which we record under interest and other income), less the cost of real estate sales, as a percentage of the sum of real estate sales and accretion of unamortized discount, for the period. We believe that including accretion of unamortized discount in this calculation is a useful measure of the profitability of our real estate operations because such unamortized discount forms part of the original contract price of the sales contracts.

(6) Net margin is calculated as net income as a percentage of revenue for the period.

(7) Net debt-to-equity ratio is calculated as net debt divided by total equity as of the end of the period.

(8) Debt-to-EBITDA ratio is calculated as total debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.

(9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.

(10) This ratio is obtained by dividing the Current Assets of the Group by its Current liabilities. This ratio is used as a test of the Group's liquidity**.**

Material Changes to the Company's Balance Sheet as of December 31, 2012 compared to December 31, 2011 (increase/decrease of 5% or more)

Cash and cash equivalents increased by 146.0% or P535.2 million from P366.6 million as of December 31, 2011 to P901.8 million as of December 31, 2012 primarily due to receipt of proceeds from the Placing and Subscription Transaction and customers' advances and deposits and increase in availment of credit facilities.

Receivables increased by 243.3% from P1,974.6 million as of December 31, 2011 to P6,779.7.3as of December 31, 2012 million due to the revenue recognized during for the period.

During the year ended December 31, 2012, Real estate inventories increased by 154.5% from P1,552.9 million to P3,951.8 million due to project development and transfer of cost of land for four Acqua buildings previously classified as land held for future development. As a result, land held for future development decreased by 8.4% or P109.7 million.

Advances to suppliers and contractors decreased by 59.8% to P925.3 million as of December 31, 2012 from P2,300.1 million as of December 31, 2011 primarily due to recoupment of down payment based on percentage of completion through progress billings.

Prepayments and other current assets increased by 193.0% from P637.3 million to P1,867.3 million due to advance payments made to land owners and deferral of certain marketing expenses of newly launched projects with no percentage-of-completion as of December 31, 2012.

Available-for-sale financial assets decreased by 20.7% from P10.0 million as of December 31, 2011 to P7.9 million as of December 31, 2012 after the Group disposed certain marketable securities.

Deferred tax liabilities (net of Deferred tax assets) increased by 92.1% from P553.0 million as of December 31, 2011 to P1,062.2 million as of December 31, 2012 due to additional future taxable items during the year.

Other non-current assets increased by 147.7% from P219.9 million as of December 31, 2011 to P544.7 million as of December 31, 2012 due to rentals and other security deposits made during the year.

Accounts and other payables increased by 196.2% from P968.4 million as of December 31, 2011 to P2,869.0 million as of December 31, 2012 due to accruals made at the end of the year.

Customers' advances and deposits decreased by 16.2% from P2,730.6 million to P2,288.4 million representing collections from customers which met the revenue recognition criteria as of end of the year.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, increased by 314.8% from P882.5 million as of December 31, 2011 to P3,661.0 million as of December 31, 2012 due to draw down or availments made during the year.

Liabilities for purchased land decreased by 63.9% from P85.2 million as of December 31, 2011 to P30.7 million as of December 31, 2012 due to payments made during the period.

Income tax payable decreased by 34.2% from P149.0 million as of December 31, 2011 to P98.1 million as of December 31, 2012 primarily due to higher taxable income during the full year 2011 as compared to the year ended December 31, 2012.

As of December 31, 2012, the Group's pension liabilities increased by 199.9% or P61.6 million to P92.4 million from P30.8 million as of December 31, 2012. This was primarily to remeasurement of retirement obligation.

Total stockholder's equity net increased by 90.6% to P8,241.0 million as of December 31, 2012 from P4,322.8 million as of December 31, 2011 due to issuance of new shares and the net income recorded for the year ended December 31, 2012.

Material Changes to the Company's Statement of income for the year ended December 31, 2012 compared to the year ended December 31, 2011 (increase/decrease of 5% or more)

Real estate sales, posted an increase of 128.2% from P3,760.5 million in 2011. This increase was due primarily to completion of Gramercy Residences and significant construction accomplishments of The Knightsbridge Residences,The Trump Tower Manila, The Milano Residences, Centuria Medial Building, and the Rio, Santorini, St. Tropez and Positano Buildings in Azure Urban Resort Residences, as well as Niagara and Sutherland Buildings of Acqua Private Residences.

Interest and other income increased by 7.5% to P807.0 million in the year ended December 31, 2012 from P750.3 million in the year ended December 31, 2011. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales during the year and the increase in earnings from excess funds.

Property management fee and other services increased by 16.0% to P222.2 million in the year ended December 31, 2012 from P191.6 million in the year ended December 31, 2011. This increase was primarily due to management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2012 is 51.

Cost of real estate sales increased by 102.1% from P2,444.3 million in the year ended December 31, 2011 to P4,940.7 million in the year ended December 31, 2012. This was primarily due to the corresponding growth in revenue from real estate sales.

Cost of services increased by 11.2% to P157.6 million for the year ended December 31, 2012 from P141.7 million in the year ended December 31, 2011. This was primarily due to corresponding growth in property management and other service fees.

General, administrative and selling expenses increased by 146.8% to P1,960.3 million in the year ended December 31, 2012 from P794.4 million in the year ended December 31, 2011. The increase was primarily due to amortization of deferred marketing expenses of launched projects with no percentage-of-completion as of December 31, 2011 and those incurred by the projects during 2012.

Interest and other financing charges decreased by 16.4% to P62.5 million for the year ended December 31, 2012 from P74.8 million for 2011. This was primarily due to capitalization of borrowing costs during the year.

Provision for income tax increased by 68.0% to P640.2 million in the year ended December 31, 2012 from P381.1 million in the year ended December 31, 2011. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year.

As a result of the foregoing, net income increased by 113.5% to P1,849.8 million for the year ended December 31, 2012 from P866.2 million in the year ended December 31, 2011.

There are no other material changes in the Group's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Group. The Subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for all its real estate projects.

The Group is contingently liable with respect to certain lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group sourced its capital requirements through a mix of internally generated cash and pre-selling. The Group does not expect any material cash requirements beyond the normal course of the business. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation except for those items disclosed in the 2011 Consolidated Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Group with unconsolidated entities or other persons created during the reporting period except those disclosed in the 2011 Consolidated Financial Statements.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There are no explanatory comments on the seasonality of the operations. There are no material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in a prior period of the current financial year.

Factors which may have material impact in Company's operations

Economic factors

The economic situation in the Philippines significantly affects the performance of the Company's business. For the residential products, the Group is sensitive to changes in domestic interest and inflation rates. Higher interest rates tend to discourage potential buyers of residential units as mortgages become unaffordable to them. An inflationary environment will adversely affect the Group, as well as the real estate industry, by increases in costs such as land acquisition, labor and material. Although the Group may pass on the additional costs to buyers, there is no assurance that this will not significantly affect the Group's sales.

Competition

Please refer to the discussion on Competition found in Item 1.4 of this report.

Capital Expenditures

The table below sets out our capital expenditures in 2009, 2010 and 2011 together with our budgeted capital expenditures for 2012.

		Expenditure (in millions)
2009 (actual)	P	963.5
2010 (actual)		2,105.3
2011 (actual)		3,608.4
2012 (actual)		7,267.7
2013 (actual)		9,074.5

The Group has historically sourced funding for capital expenditures through internally-generated funds and credit facilities from commercial banks.

Components of our capital expenditures for the periods indicated are summarized below:

	For the years ended December 31					
		2011		2012		2013
Advances and payments to joint venture partners	P	1.455.6	P	547.9	P	621.6
Acquisition of property and equipment and investment property		227.2		863.7		905.5
Construction		1,925.5		5,852.2		7,547.4
Total	**P**	**3,608.4**	**P**	**7,267.7**	**P**	**9,074.5**

The Company expects to fund budgeted capital expenditures principally through the existing cash and cash from operations, through borrowings and through Offering. The Company's capital expenditure plans are based on management's estimates, and are subject to a number of variables, including: possible cost overruns; construction and development delays; the receipt of Government approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as the Philippines' economic performance and interest rates. Accordingly, we might not execute our capital expenditure plans as contemplated or at or below estimated cost.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries are filed as part of this Form 17-A.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANTS

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

On July 01, 2013 the Company held its Annual Stockholders Meeting wherein SGV and Co. was appointed as the external auditors of the Company for the years 2013 and 2014, and to serve as such until their successor shall have been appointed and qualified. SGV and Company was also the external auditors of the Company and its subsidiaries for 2011 and 2012. There have been no disagreements with the current and previous accountants on accounting and financial disclosures.

External Audit Fees

For the audits of the financial statements of CPGI and all its subsidiaries, the aggregate fees for the audit services of SGV and Co. for 2013 inclusive of VAT amounted to P2.9 million. Fees for the years 2012 and 2011, inclusive of VAT, amounted to ₱2.8 million and ₱17.7 million respectively.

The Audit Committee recommends to the Board of Directors the discharge or nomination of the external auditor to be proposed for shareholder approval at CPGI's annual shareholders meeting, approve all audit engagement fees and terms of the external auditor, and review its performance. It also reviews and discuss with management and the external auditors the results of the audit, including any difficulties encountered. This review includes any restrictions on the scope of the external auditor's activities or on access to requested information, and any significant disagreements with Management.

The Audit Committee also evaluates, determines and pre-approves any non-audit service provided to the Company and its subsidiaries by the external auditors and keep under review the non-audit fees paid to the external auditors both in relation to their significance to the auditor and in relation to the total expenditure on consultancy.

During the year, CPGI also engaged SGV's tax advisory group for UK Tax Advice. However, no engagement for other services from SGV and Co. either for professional services, tax accounting compliance, advise, planning and any other form of tax services nor any services rendered for products and services other than the aforementioned audit services reported in 2012.

PART III. CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Directors and Executive Officers

The directors of the Company are elected at the regular annual stockholders' meeting. They hold office for a term of one (1) year until the next succeeding annual meeting and until their respective successors have been elected and qualified. The executive officers hold office until their respective successors have been elected and qualified.

The directors and executive officers of the Company as of December 31, 2013 are as follows:

Name of Director	Position	Age
Jose E.B. Antonio	Chairman of the Board, President and CEO	67
John Victor R. Antonio	Director and Co. COO	41
Jose Marco R. Antonio	Director and Co. COO	39
Jose Roberto R. Antonio	Director and Co. COO	37
Jose Carlo R. Antonio	Director and Chief Financial Officer	30
Ricardo Cuerva	Director	69
Rafael G. Yaptinchay	Director and Treasurer	63
Washington Z. Sycip	Independent Director	92
Monico V. Jacob	Independent Director	68
Irene O. David	Corporate Secretary	37
Domie S. Eduvane	Senior Vice President for Legal and Corporate Affairs	49
Carlos Benedict K. Rivilla, IV	Assistant Vice President for Corporate Affairs and Assistant Corporate Secretary	42
Ramon S. Villanueva, III	Vice President for Accouting / Comptroller	33
Gerry Joseph Albert Ilagan	Vice President for Human Resources and Sales Management	34
Maria Theresa Fucanan – Yu	Vice President for Corporate Communications	34
Neko Lyree Uson – Cruz	Compliance Officer and Corporate Information Officer	43
Kristina I. Garcia	Director for Investor Relations	40
Erickson Y. Manzano	Senior Vice President / Development Director	42
Tim Hallett	Chief Operating Officer for Hospitality	54
Rhoel Alberto Nolido	Business Unit Head	41

Mr. Jose E.B. Antonio, 67 years old, Filipino, is one of the founders and Chairman of the Company and its subsidiaries. He graduated cum laude from San Beda College, Manila in 1966 with a Bachelor's Degree in Commercial Science (major in Marketing) and received a Masters Degree in Business Management in 1968 from Ateneo de Manila's Graduate School of Business. Chairman Antonio also graduated from Harvard University's Owner/President Management Program in 2003. Chairman Antonio served as the Philippines Special Envoy for Trade and Economics to the People's Republic of China in 2005 and is currently the Chairman of Century Asia Corporation, Prestige Cars, Inc. and Philtranco Service Enterprises. He is also the founder and Chairman of the Philippine-China Business Council Inc. In addition, he serves as the Vice Chairman of Penta Pacific Realty Corporation and Subic Air Charter, Inc.

Mr. John Victor R. Antonio, 41 years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. He has been with the Company for 17 years and is involved in managing projects in the Company's middle income and affordable product lines, including Gramercy Residences and Azure Urban Residences. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Marketing) from the University of Pennsylvania's Wharton School in 1993 and received his Masters Degree in Business Administration from the Wharton School in 2003.

Mr. Jose Marco R. Antonio, 39 years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. Prior to joining us, he worked at Blackstone Real Estate Partners as a financial analyst. He has been with the Company for 16 years and is involved in managing projects in the Company's middle income and affordable product lines, including Canyon Ranch, Knightsbridge Residences and Acqua Private Residences. He graduated summa cum laude with a Bachelor's Degree in Economics (dual major in Finance and Entrepreneurial Management) from the University of Pennsylvania's Wharton School in 1995 and received his Masters Degree in Business Administration from the Wharton School in 2004.

Mr. Jose Roberto R. Antonio, 37 years old, Filipino, is a Managing Director of the Company. He is involved in managing projects in the Company's luxury product line, including Milano Residences and Trump Tower Manila. He graduated with a Bachelor's Degree in Economics from Northwestern University and obtained his Masters Degree in Business Administration from Stanford University. He joined the Company in 2009 after spearheading Antonio Development in New York City, which developed the luxury condominium Centurion, located on 56th Street between 5th and 6th Avenue, steps from Central Park.

Mr. Jose Carlo R. Antonio, 30 years old, Filipino, is the CFO of the Company and a member of our Board. Prior to joining the Company in 2007, he worked in the investment banking groups of Citigroup and Goldman Sachs. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Finance) from the University of Pennsylvania's Wharton School in 2005.

Mr. Ricardo Cuerva, 69 years old, Filipino, is a member of our Board. Mr. Cuerva was a co-founder of Meridien and served as Meridien's president from 1988 to 1996. He also currently serves as a member of the Rotary Club of Makati City. Mr. Cuerva graduated from San Beda College in 1961 with a Bachelor of Science Degree in Business Administration and obtained his Masters Degree in Business Administration from Ateneo De Manila in 1971. Mr. Cuerva is the President and owner of Century Project Management and Construction Corporation, which oversees the construction of our vertical developments.

Mr. Rafael G. Yaptinchay, 63 years old, Filipino, is the Treasurer of the Company and a member of our Board. Mr. Yaptinchay was a co-founder of Meridien and served as Meridien's president from 1996 to 2009. He has previously served as the Assistant Treasurer and Head of Business Development/Corporate Planning of Philippine National Construction Corporation. Mr. Yaptinchay is a member of the Rotary Club of Ortigas and the Association of Asian Manager, Inc. Mr. Yaptinchay graduated from Ateneo de Manila University in 1971 with a Bachelor's Degree (major Economics) and received his Masters Degree in Business Administration from Asian Institute of Management in 1974.

Mr. Washington Z. Sycip, 92 years old, American and a resident of the Philippines, is the founder of the Asian Institute of Management and the founder of Sycip Gorres Velayo and Company, a leading accounting firm in the Philippines. Mr. Sycip has received numerous awards in the field of accountancy and consultancy and is the recipient of the 1992 Ramon Magsaysay Award for International Understanding. He currently holds numerous advisory and consultancy commitments domestically and abroad and is also involved in many philanthropic projects. Mr. Sycip graduated summa cum laude from the University of Santo Tomas, Philippines with a Bachelor of Science Degree in Commerce and a Master of Science Degree in Commerce. Mr. Sycip also received a Master of Science Degree in Commerce from Columbia University.

Mr. Monico V. Jacob, 68 years old, Filipino, holds a Law Degree from the Ateneo de Manila University and a Bachelor of Arts Degree from Ateneo de Naga. He is currently the President and CEO of STI Education Services Group, PhilPlans First Inc. and Philhealth Care Inc. He is a member of the Board of Directors of Total Consolidated Asset Management, Inc., Jollibee Foods, Inc., Mindanao Energy and Phoenix Petroleum Philippines. Prior to his current appointments, Mr. Jacob was the General Manager of the National Housing Authority and CEO of the Pag-IBIG Fund. He was also Chairman and CEO of Petron Corporation, where he presided over its privatization. Mr. Jacob was also the Chairman and CEO of the Philippine National Oil Company ("PNOC") and all of its subsidiaries. As CEO of the PNOC, he presided over the privatization of the PNOC Dockyard and Engineering Corporation. He has been heavily involved in corporate recovery work including rehabilitation receiverships and restructuring advisory in the following firms: The Uniwide Group of Companies; ASB Holdings, Inc.; RAMCAR Group of Companies; Atlantic Gulf and Pacific Company of Manila, Inc.; Petrochemicals Corporation of Asia-Pacific; and All Asia Capital and Trust Corporation, now known as Advent Capital and Finance Corporation. Mr. Jacob was also a member of the Permanent Rehabilitation Receiver Committee of Philippine Airlines where he was active in policy formulation for corporate recovery.

Atty. Irene O. David, 37 years of age, Filipino, is one of the Associates of Divina Law Offices. Ms. David obtained her law degree with honors and graduated Cum Laude with a Bachelors degree in Legal Management from the University of Sto. Tomas. She has an extensive work experience in the field of banking, finance and corporate legal affairs. Ms. Irene was the Head of the Trust Legal section of the Metropolitan Bank and Trust Co prior to joining Divina Law.

Mr. Domie S. Eduvane, 49 years old, Filipino, is the Senior Vice-President for Legal and Corporate Affairs of the Company. He graduated magna cum laude from Far Eastern University, Manila with a Bachelor of Arts Degree in Economics and obtained his law degree from San Beda College of Law, Manila in 1994. Prior to joining the Company, he served as the Vice-President for Legal and Corporate Affairs and Human Resources for Empire East Properties, Inc., an affiliate of Megaworld Corporation. He also worked as Court Attorney with the Court of Appeals, Manila and was an Associate with Bengzon Zarraga Cudala Liwanag & Jimenez Law Offices as well as a Partner of Yrreverre Rondario & Associates Law Office.

Mr. Carlos Benedict K. Rivilla IV, 42 years old, Filipino, is the Assistant Vice-President for Corporate Affairs of the Company. As part of his experience in the business sector, he served as Corporate Compliance Officer and Vice-President for Finance in a corporation engaged in mass media for four years in Cebu City and also previously handled Corporate Affairs for the Company and served as Director and Corporate Secretary of various businesses in Makati City. He joined the Company in 2007. Mr. Rivilla is a graduate of University of San Jose Recoletos. Mr. Rivilla was appointed Assistant Corporate Secretary on August 17, 2011.

Ms. Neko Lyree U. Cruz, 43 years old, Filipino, is the Company's Compliance Officer. She also serves as the Corporate Information Officer of the Company. Prior to joining us, she was formerly a Marketing Assistant for Values Media Inc. and the United Coconut Planters Bank. She graduated from Assumption College with a Bachelor of Arts degree in Public Relations. Ms. Cruz was appointed Compliance Officer and Corporate Information Officer on November 27, 2008.

Mr. Ramon S. Villanueva, III, 33 years old, Filipino, is the Vice-President for Accounting and Comptroller of Century Properties Group Inc (CPGI). He is a member of the Philippine Institute of Certified Public Accountant since 2005 and placed 10th at the Licensure Examination for CPAs by the Philippine Board of Accountancy. Prior to joining CPGI in 2008, Mr. Villanueva was an Accounting Professor at Puerto Princesa. He has gained solid experience in the audit of local companies in a wide range of industries including manufacturing, real estate and retail at Punongbayan & Araullo, a member firm of Grant Thorton International as a Senior Auditor. Mr. Villanueva obtained his degree in Accountancy from the Palawan State University.

Mr. Gerry Joseph Albert L. Ilagan, 34 years old, Filipino, is the Vice-President for Human Resources and Sales Management of the Company. He graduated with academic distinction from San Beda College with a Bachelor's Degree in Human Resources Development and Philosophy. He also attended De La Salle College of St. Benilde's School of Professional and Continuing Education where he received a diploma in Organizational Development and a diploma in Human Resources. He is a licensed Real Estate Broker with more than 10 years of human resources and sales management experience gained from several multinational and Philippine companies. Mr. Ilagan also worked with Sun Microsystems Philippines Inc. and Crown Asia Properties Inc. prior to joining the Company.

Ms. Teresita Fucanan Yu, 34 years old, Filipino, is the Vice-President for Corporate Communications of the Company. As part of her corporate background, she served as Assistant Vice-President and Public Relations Manager of the Company. Prior to joining the Company in 2007, she served as an editor and reporter for various sections of The Manila Times. Ms. Fucanan graduated cum laude with a Bachelor's Degree in Journalism from the University of Santo Tomas in 2001.

Kristina I. Garcia, 40 years old, Filipino, is Director For Investor Relations of Century Properties Group, Inc. (CPGI). Before joining the Company, she subsequently headed the Investor Relations divisions at Alliance Global Group, Inc. and Megaworld Corporation. Prior to that, Ms. Garcia was with the tax services department Isla Lipana & Co./PricewaterhouseCoopers where she assisted multinational companies set-up operations in the Philippines and avail of tax incentives.

Erickson Y. Manzano, 42 years old, serves as Senior Vice President / Development Director of Century Properties Group Inc. (CPGI). Prior to joining CPGI in 2012, Mr. Manzano has worked for 20 years in the real estate industry in the fields of project development, corporate planning, construction management, and property management in the Country's biggest conglomerates. He graduated from the University of the Philippines with a BS in Civil Engineering degree. He later took his Masters of Science in Civil Engineering at De La Salle University, and his MBA, Major in Finance at the Asian Institute of Management, and spent his last semester as an exchange student to the Ivey Business School, University of Western Ontario.

Tim Hallett, 54 years old, serves as the Company's COO for Hospitality. Mr. Hallett is an experienced Hospitality and Hospitality Real Estate professional at MD and COO level, working at the leading edge of hospitality development, innovation and value value creation with specific expertise Asian Pacific and emerging markets. Tim was the MD of The Sinar Mas Group Hospitality Business based in Singapore, before joining the privately held Cinnovation Group or Companies as CEO to build out a multiple asset/brand Hospitality business that included Alila Hotels & Reports, Taj Asia Ltd, Taj Safaris and Zinc Hospitality. Prior to joint Century Properties, Tim was one of the founding members of Silverneedle Hospitality a division of the Nadathur Group Family Investment Office, heading the Acquisition and Development business unit, instrumental in acquiring assets and hospitality missed use developments in Australia, Sri Lanka and Thailand. Tim is a Hotel Management Graduate and gained is Master in Hospitality Real Estate from Cornell in 2004.

Rhoel Alberto Nolido, 41 years old, is the Business Unit Head of CPGI. He has been in the real estate industry for the past 18 years. Mr. Nolido first started at Ayala Land, Inc. where he worked for 10 years handling project development. He eventually moved on as General Manager of Northpine Land for 5 years before he transferred to Eton Properties as a Senior Vice President for Business Management. He graduated from Ateneo de Manila University with a Bachelor of Science in Management degree and later took his MBA in Asian Institute of Management, Major in Finance.

All the directors and members of the senior management of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and members of senior management, respectively.

Family Relationships

Except for Messrs. Jose E.B. Antonio, John Victor R Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio, none of the above indicated Directors and Senior Officers are bound by any familial relationships with one another up to the fourth civil degree, either by consanguinity or affinity.

Messrs. John Victor R Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio are brothers while Mr. Jose E.B. Antonio is their father.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence of any of the following events during the five (5) years immediately preceding the filing of this Annual Report for the year 2012: (a) any bankruptcy petition filed by or against any business of which any director or executive officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment, of any director or executive officer in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (c) of any director or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining, barring, suspending or otherwise limiting such director's or executive officer's involvement in any type of business, securities, commodities or banking activities; and (d) any director or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

ITEM 10. EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the executive officers and senior management follows:

Name and Principal Position	Year	Salary (Php)	Bonus (Php)	Other Annual Compensation
Jose E.B. Antonio (President and CEO) John Victor R. Antonio (Director and Co. COO) Jose Marco R. Antonio (Director and Co. COO) Jose Roberto R. Antonio (Director) Jose Carlo R. Antonio (Director and CFO) Rafael G. Yaptinchay (Director and Treasurer)				
Aggregate executive compensation for CEO and Top 5 Most Highly Compensated Officers/Directors	Actual 2012 Actual 2013 Projected 2014	P 45.6 Million P 46.6 Million P 50.3 Million	None None None	None None None
Aggregate executive compensation all other officers unnamed	Actual 2012 Actual 2013 Projected 2014	P 16.9 Million P 33.1 Million P 49.6 Million	None P 4.5 Million P 6.4 Million	None None None

The Company does not have any standard arrangement or other arrangements with its directors and, as previously mentioned, the directors of the Company do not receive any compensation for acting in such capacity, except for the independent director who receives an honorarium at the end of the year, computed at the rate of Fifty Thousand Pesos (₱50,000.00) for every meeting actually attended. As regards the employment contracts between the Company and the executive officers, the Company employs the same standard employment contract applicable to all its officers and employees. The Company has not issued and/or granted stock warrants or options in favor of its officers and employees.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

11.1 Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2013, the Company knows of no one who owns in excess of 5% of the Company's common stock other than those set forth in the table below.

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Century Properties Inc. (21st Floor, Pacific Star Building, Sen Gil Puyat corner Makati Avenue Makati City)	-CPI-[1] Jose Carlo R. Antonio Dulyauthorized representative	Filipino	6,469,965,032	66.7%

11. 2 Security Ownership of Management

The amount and nature of the ownership of the Company's shares by the Company's directors and officers, as of December 31, 2013, is set forth in the table below.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Jose E.B. Antonio	1 – "r"	Filipino	0.00
Common	John Victor R. Antonio	1 – "r"	Filipino	0.00
Common	Jose Marco R. Antonio	1 – "r"	Filipino	0.00
Common	Jose Roberto R. Antonio	1 – "r"	Filipino	0.00
Common	Jose Carlo R. Antonio	1 – "r"	Filipino	0.00
Common	Rafael G. Yaptinchay	1 – "r"	Filipino	0.00
Common	Ricardo Cuerva	1 – "r"	Filipino	0.00
Common	Washington Z. Sycip	1 – "r"	American	0.00
Common	Monico V. Jacob	1 – "r"	Filipino	0.00
-	Domie S. Eduvane	-	Filipino	-
-	Neko Lyree Uson-Cruz	-	Filipino	-
-	Irene O. David	-	Filipino	-
-	Carlos Benedict K. Rivilla, IV	-	Filipino	-
-	Gerry Joseph Ilagan	-	Filipino	-
-	Maria Theresa Fucanan –Yu	-	Filipino	-
-	Kristina I. Garcia	-	Filipino	-
-	Erickson Y. Manzano	-	Filipino	-
-	Tim Hallett	-	Filipino	-
-	Rhoel Alberto Nolido	-	Filipino	-
Common	Aggregate Amount of Ownership of all Directors and Officers as a Group Unnamed	9 – "r"		0.00

[1] CPI votes during the stockholders' meeting of the Company. CPI has designated Mr. Jose Carlo R. Antonio (Treasurer of CPI), or in his absence, Mr. Jose Marco R. Antonio (EVP of CPI), or in the latter's absence, Mr. Jose Roberto R. Antonio (Director of CPI), as its proxy to vote during the stockholders' meeting of the Company.

11.3 Voting Trust Holders of 5% or More

As of December 31, 2013, the Company does not know of any person who holds more than 5% of its common shares of stock under a voting trust or similar agreement.

11.4 Changes in Control

On May 31, 2011, the Company has been made aware that El Paso Philippines Energy Company, Inc.'s ("EPPECI") entered into an agreement with Century Properties, Inc. ("CPI"), providing for the terms and conditions for the purchase by CPI of EPPECI's 284,250,000 issued and outstanding fully-paid and preferred shares of stocks of EPHE and 67,096,092 issued and outstanding fully-paid common shares of stock in the Company, which will thereby effect a change in the ownership and control of the Company.

On July 11, 2011, the Company further disclosed that CPI has commenced a negotiated purchase thru a Deed of Assignment of Shares of Stock dated May 31, 2011 with EPPECI for the following acquisitions: (1) 67,096,092 common shares ("Public Sale Shares") of the Company equivalent to 1.888% of the Company and (2) 284,250,000 common and preferred shares ("Private Sale Shares") of EPHE resulting to an indirect acquisition of equivalent to 91.695% of the total issued and outstanding capital stock of the Company. The purchase price for the Public and Private Sale Shares amounts to a total consideration of Php127,406,794.31 (the "Private Sale Consideration") allocated as follows: Php2,569,732.51 for the Public Sale Shares and Php124,837,061.80 for the Private Sale Shares.

On the same date, CPI and the Company executed and signed two (2) Deeds of Assignment of Shares of Stock effectively superseding the May 31, 2011 Deed of Assignment to finally close the above-mentioned acquisitions (1) Public Sale Shares and (2) Private Sale Shares. The July 11, 2011 Deeds of Assignment contained the same terms and conditions as stated in the May 31, 2011 Deed of Assignment thereby effecting a change in the ownership and control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than the above and those disclosed in this annual report and in the consolidated financial statements, there are no other transaction entered into by the Company on one hand, with any of its directors, officers or stockholders on the other.

A complete description and the balances of the related party transactions are outlined in notes of the accompanying consolidated financial statements.

PART IV. CORPORATE GOVERNANCE

Evaluation system to measure or determine level of compliance with the Manual of Corporate Governance

The Company has undertaken constant self-rating assessment (SRA) and performance evaluation exercises in relations to its Corporate Governance policies both for the purpose of monitoring compliance and instill deeper awareness and observance.

Measures undertaken to comply with leading practices

The Compliance Officer has been tasked to keep abreast of such developments and to constantly disseminate relevant information in this regard.

Deviations from the Manual on Corporate Governance

No deviation has been noted to date.

Plans to improve

Possible improvement in the Company's corporate governance policies and practices are being constantly studied and reviewed. The company undertakes to comply with all SEC and PSE mandated CG revisions and memorandums.

For 2013, the Company's submitted to the Honorable Commission the certification of compliance on corporate governance and the Annual Corporate Governance Report (ACGR). CPG has also complied with the memorandum circular of the Philippine Stock Exchange on the submission of the CG Guidelines for listed corporations. Changes were implemented on the company's website to improve the monitoring of updates, disclosures and its corporate governance section.

PART V. EXHIBITS AND SCHEDULES

Item 14.**EXHIBITS AND REPORTS ON SEC FORM 17-C**

Exhibits

EXHIBIT
Statement of Management's Responsibility
Consolidated Financial Statements
Supplementary Schedules

REPORTS ON SEC FORM 17-C FOR PERIOD FY 2013

DATE	DESCRIPTION OF DISCLOSURE REPORT
January 07, 2013	Special Board of Directors Meeting approval of resolutions on (1) Appointment of the Company's Risk Management Officer (2) Creation of Risk Management Committee (3) Approval of Treasury Buy-back Program
January 10, 2013	Treasury Buy-back disclosure amounting to 1,500,000 shares of stock at Php1.73 per share
January 14, 2013	Treasury Buy-back disclosure amounting to 2,701,000 shares of stock at 1.7277 per share
January 23, 2013	Treasury Buy-back disclosure amounting to 236,000 shares of stock at 1.75 per share
Feb. 21, 2013	Disclosure on the Memorandum of Agreement between CPGI and I-Remit for the accreditation of I-Remit as collection and remittance agent of the Corporation
March 06, 2013	Special Board of Directors Meeting approval of resolutions on (1) Top Up Placement and Subscription Transaction of up to 800,000 million shares of stock (2) Approval of subsequent listing of shares of stock
April 04, 2013	Special Board of Directors Meeting approval of resolutions on (1) Authority of the SVP for Legal and Corporate Affairs to sign and transact with PSE on the corporation's listing application (2) Approval of the Escrow Agreement with PDTC in connection with the listing application of CPGI with PSE
April 11, 2013	Special Board of Directors Meeting approving the endorsement of the Audit Committee on the Company's consolidated audited financial statements
April 15, 2013	Declaration of Cash Dividends amounting to Php184,436,193 to all shareholders as of record date April 29, 2013 and distribution date May 16, 2013
May 16, 2013	Special Board of Directors Meeting approval of resolutions on (1) Amendment of the Articles and By-laws of the corporation for the increase in capital stock (2) Approval of the listing of shares pursuant to the declaration of stock dividends (3) Establishment of the Employee Stock Grant Plan (4) Postponement of the Annual Stockholders Meeting from June 26, 2013 to July 01, 2013
May 21, 2013	Endorsement of the Nomination and Compensation Committee on (1) Employee Stock Grant Plan (2) Qualification and nomination of Independent directors and Regular Directors for 2013-2014 (3) Qualification and nomination of Corporate Secretary
May 21, 2013	Notice of Postponement of Annual Meeting and Affidavit of Publication
June 10, 2013	Disclosure on the Dual currency term loan facility transaction for Php4.2Billion with standard Chartered as Lead arranger and bookrunner
June 26, 2013	Treasury Buy-back disclosure amounting to 2,000,000 shares of stock at 1.48 per share
July 03, 2013	Disclosure on Results of Annual Stockholder Meeting and Organizational Meeting of the Board
August 01, 2013	Treasury Buy-back disclosure amounting to 5,000,000 shares of stock at 1.32 per share
August 07, 2013	Company Disclosure on Century Limitless Corporation contract to sell agreement with the House of David Realty and Development Corporation for the purchase and development of close to 8 hectares of prime land property in San Fernando Pampanga for future development
Sept. 20, 2013	Special Board of Directors Meeting approving the appointment of Atty. Irene O. David as Corporate Secretary
Nov. 05, 2013	Company Disclosure on the Investment Agreement with Eagle 1 Landholdings Inc.

CENTURY PROPERTIES GROUP INC.

By:

JOSE E.B. ANTONIO
Chairman, President and CEO

JOSE CARLO R. ANTONIO
Chief Financial Officer

RAMON S. VILLANUEVA III
Comptroller/VP for Accounting

CARLOS BENEDICT K. RIVILLA, IV
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 30 2014 day of ________ 20__ affiants exhibiting to me his/their Residence Certificates, as follows:

DOMIE S. EDUVANE
Notary Public for Makati City
Appointment No. M-202
Until December 31, 2015
PTR No. 4233439 / 01.08.14 / Makati City
IBP No. 952792 / 01.07.14 / Zambales

Doc. No. 288;
Page No. 59;
Book No. V;
Series of 2014.

CENTURY
PROPERTIES GROUP, INC.

21ST FLOOR PACIFIC STAR BLDG., SEN. GIL PUYAT AVENUE CORNER MAKATI AVENUE,
MAKATI CITY, PHILIPPINES 1200
TELEPHONE: (632) 793-5500 TO 04 FAX: (632) 811-5588

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of **CENTURY PROPERTIES GROUP, INC. AND ITS SUBSIDIARIES (the Group)** is responsible for the preparation and fair presentation of the financial statements for the years ended **December 31, 2013 and 2012**, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Jose E.B. Antonio
President and CEO / Chairman

Jose Carlo R. Antonio
Chief Finance Officer

Ramon S. Villanueva III
VP Comptroller

Signed this 4th day of April, 2014

CENTURY
PROPERTIES GROUP, INC.
21ST FLOOR PACIFIC STAR BLDG., SEN. GIL PUYAT AVENUE CORNER MAKATI AVENUE,
MAKATI CITY, PHILIPPINES 1200
TELEPHONE: (632) 793-5500 TO 04 FAX: (632) 811-5588

SUBSCRIBED AND SWORN to before me this _____ day of APR 2 2 2014 20__ affiants exhibiting to me his/their Residence Certificates / PP Numbers, as follows:

Jose E.B. Antonio	PP No.EB124489	Valid 10.25.2015	DFA Manila
Jose Carlo R. Antonio	PP No. XX2246432	Valid 10.08.2013	DFA Manila
Ramon S. Villanueva III	PP No. EB0472673	Valid 05.25.2015	DFA Manila

DOMIE S. EDUVANE
Notary Public for Makati City
Appointment No. M-202
Until December 31, 2015
PTR No. 4233439 / 01.08.14 / Makati City
IBP No. 952792 / 01.07.14 / Zambales

Doc. No. 094;
Page No. 20;
Book No. V;
Series of 2014.

COVER SHEET

1 1 5 7 3 5

SEC Registration Number

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

(Company's Full Name)

21st Floor Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City

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

Ramon S. Villanueva III

(Contact Person)

(02) 793-5520

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Calendar Year)

A A F S

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

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Building a better working world

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Century Properties Group Inc.
21st Floor Pacific Star Building
Sen. Gil Puyat corner Makati Avenue,
Makati City

We have audited the accompanying consolidated financial statements of Century Properties Group Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud and error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Century Properties Group Inc. and its subsidiaries as at December 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-3 (Group A),
February 14, 2013, valid until February 13, 2016
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225155, January 2, 2014, Makati City

April 4, 2014

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		January 1
	2013	2012 (As restated - Notes 2 and 9)	2012 (As restated - Notes 2 and 9)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 4 and 31)	**₱1,438,887,780**	₱901,825,739	₱366,594,660
Receivables (Notes 5 and 31)	**5,876,832,431**	6,190,933,381	1,603,568,468
Real estate inventories (Note 6)	**7,026,881,612**	3,951,847,226	1,552,874,951
Land held for future development (Note 7)	**86,313,185**	1,196,450,810	1,306,154,808
Due from related parties (Notes 28 and 31)	**177,322,678**	166,225,777	155,766,632
Advances to suppliers and contractors (Note 8)	**1,314,881,003**	925,301,466	2,300,110,559
Prepayments and other current assets (Note 9)	**1,265,883,423**	1,867,312,998	637,300,429
Derivative asset (Note 31)	**29,925,021**	–	–
Total Current Assets	**17,216,927,133**	15,199,897,397	7,922,370,507
Noncurrent Assets			
Real estate receivables - net of current portion (Notes 5 and 31)	**3,216,988,358**	588,723,142	371,034,287
Land held for future development - net of current portion (Note 7)	**380,000,000**	–	–
Deposits for purchased land (Note 10)	**154,542,087**	–	–
Available-for-sale financial assets (Notes 11 and 31)	**9,481,017**	7,936,028	10,001,819
Investment in and advances to joint venture (Note 12)	**48,775,736**	–	–
Investment properties (Note 13)	**4,080,821,186**	1,920,129,185	1,119,186,858
Property and equipment (Note 14)	**157,760,697**	191,644,519	192,265,233
Intangible assets (Note 15)	**17,971,655**	2,768,801	2,730,433
Deferred tax assets - net (Note 27)	**124,696,676**	100,681,407	195,581,528
Other noncurrent assets (Note 16)	**758,056,543**	544,708,616	219,922,410
Total Noncurrent Assets	**8,949,093,955**	3,356,591,698	2,110,722,568
	₱26,166,021,088	₱18,556,489,095	₱10,033,093,075

LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables (Notes 17 and 31)	**₱4,629,139,461**	₱2,868,973,874	₱968,467,615
Customers' advances and deposits (Note 18)	**2,222,749,481**	2,288,361,643	2,730,578,449
Short-term debt (Notes 19 and 31)	**579,743,773**	351,399,397	16,465,771
Current portion of:			
Long-term debt (Notes 19 and 31)	**1,178,233,690**	387,432,732	369,337,615
Liability from purchased land (Notes 7 and 31)	**2,400,000**	2,400,000	19,618,922
Due to related parties (Notes 28 and 31)	**31,909,492**	113,025,766	115,147,630
Income tax payable	**5,833,893**	98,084,171	148,960,670
Total Current Liabilities	**8,650,009,790**	6,109,677,583	4,368,576,672

(Forward)

	2013	2012 (As restated - Notes 2 and 9)	2012 (As restated - Notes 2 and 9)
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 19 and 31)	**₱4,281,167,759**	₱2,922,165,461	₱496,747,922
Liability from purchased land - net of current portion (Notes 7 and 31)	**28,341,162**	28,341,162	65,570,529
Pension liabilities (Note 29)	**142,710,475**	92,361,520	30,800,716
Deferred tax liabilities - net (Note 27)	**1,628,751,695**	1,162,911,585	748,537,504
Total Noncurrent Liabilities	**6,080,971,091**	4,205,779,728	1,341,656,671
Total Liabilities	**14,730,980,881**	10,315,457,311	5,710,233,343
Equity (Note 20)			
Equity attributable to owners of the Parent Company:			
Capital stock	**5,140,853,731**	4,716,853,731	4,010,187,241
Additional paid-in capital	**2,639,742,141**	1,483,184,722	3,235,454
Treasury shares	**(22,521,542)**	–	–
Equity reserves	**(6,970,678)**	(6,970,678)	–
Retained earnings	**3,743,557,967**	2,083,278,407	321,001,641
Unrealized loss on available-for-sale financial assets (Note 11)	**(3,192,061)**	(4,737,050)	(4,671,259)
Remeasurement loss on defined benefit plan (Note 29)	**(56,429,351)**	(30,577,348)	(8,811,448)
	11,435,040,207	8,241,031,784	4,320,941,629
Noncontrolling interests	**–**	–	1,918,103
Total Equity	**11,435,040,207**	8,241,031,784	4,322,859,732
	₱26,166,021,088	₱18,556,489,095	₱10,033,093,075

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
REVENUE			
Real estate sales	**₱9,304,192,652**	₱8,582,005,281	₱3,760,533,565
Property management fee and other services (Note 22)	**254,410,468**	222,206,358	191,613,572
Interest and other income (Note 23)	**1,220,578,939**	806,954,267	750,339,399
Gain from change in fair value of derivatives	**29,925,021**	–	–
	10,809,107,080	9,611,165,906	4,702,486,536
COSTS AND EXPENSES			
Cost of real estate sales (Note 6)	**5,766,890,843**	4,940,677,693	2,444,311,048
Cost of services (Note 24)	**185,645,271**	157,589,524	141,692,989
General, administrative and selling expenses (Note 25)	**2,041,863,818**	1,960,327,355	794,372,406
Interest and other financing charges (Note 26)	**97,452,966**	62,514,157	74,775,546
	8,091,852,898	7,121,108,729	3,455,151,989
INCOME BEFORE INCOME TAX	**2,717,254,182**	2,490,057,177	1,247,334,547
PROVISION FOR INCOME TAX (Note 27)	**872,538,428**	640,246,326	381,085,383
NET INCOME	**1,844,715,754**	1,849,810,851	866,249,164
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified into profit or loss:			
Unrealized gain (loss) on available-for-sale financial assets (Note 11)	**1,544,988**	(65,791)	(266,301)
Item that will not be reclassified into profit or loss:			
Remeasurement loss on defined benefit plan (Note 29)	**(25,852,002)**	(21,765,901)	(8,811,448)
	(24,307,014)	(21,831,692)	(9,077,749)
TOTAL COMPREHENSIVE INCOME	**₱1,820,408,740**	₱1,827,979,159	₱857,171,415
Net income attributable to:			
Equity holders of the Parent Company	**₱1,844,715,754**	₱1,848,699,632	₱864,494,959
Noncontrolling interests	**–**	1,111,219	1,754,205
	₱1,844,715,754	₱1,849,810,851	₱866,249,164
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,820,408,740**	₱1,826,867,940	₱855,417,210
Noncontrolling interests	**–**	1,111,219	1,754,205
	₱1,820,408,740	₱1,827,979,159	₱857,171,415
Basic/diluted earnings per share (Note 21)	**₱0.193**	₱0.212	₱0.102

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to Parent Company									
	Capital Stock (Note 20)	Additional paid-in capital (Note 20)	Treasury Shares (Note 20)	Retained Earnings (Note 20)	Equity Reserve (Note 20)	Unrealized Loss on AFS Financial Assets (Note 11)	Remeasurement Loss on Defined Benefit Plan (Note 29)	Total	Noncontrolling Interests	Total
At January 1, 2013, before restatement	**₱4,716,853,731**	**₱1,483,184,722**	**₱–**	**₱2,077,829,487**	**(₱6,970,678)**	**(₱4,737,050)**	**₱–**	**₱8,266,160,212**	**₱–**	**₱8,266,160,212**
Restatement (Note 2)	**–**	**–**	**–**	**5,448,920**	**–**	**–**	**(30,577,349)**	**(25,128,429)**	**–**	**(25,128,429)**
At January 1, 2013, restated	**4,716,853,731**	**1,483,184,722**	**–**	**2,083,278,407**	**(6,970,678)**	**(4,737,050)**	**(30,577,349)**	**8,241,031,783**	**–**	**8,241,031,783**
Net income	**–**	**–**	**–**	**1,844,715,754**	**–**	**–**	**–**	**1,844,715,754**	**–**	**1,844,715,754**
Dividends declared (Note 20)	**–**	**–**	**–**	**(184,436,194)**	**–**	**–**	**–**	**(184,436,194)**	**–**	**(184,436,194)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**1,544,989**	**(25,852,002)**	**(24,307,013)**	**–**	**(24,307,013)**
Issuance of shares (Notes 1 and 20)	**424,000,000**	**1,156,557,419**	**–**	**–**	**–**	**–**	**–**	**1,580,557,419**	**–**	**1,580,557,419**
Acquisition of treasury shares (Note 20)	**–**	**–**	**(22,521,542)**	**–**	**–**	**–**	**–**	**(22,521,542)**	**–**	**(22,521,542)**
At December 31, 2013	**₱5,140,853,731**	**₱2,639,742,141**	**(₱22,521,542)**	**₱3,743,557,967**	**(₱6,970,678)**	**(₱3,192,061)**	**(₱56,429,351)**	**₱11,435,040,207**	**₱–**	**₱11,435,040,207**
At January 1, 2012, before restatement	₱4,010,187,241	₱3,235,454	₱–	₱321,001,641	₱–	(₱4,671,259)	₱–	₱4,329,753,077	₱1,918,103	₱4,331,671,180
Restatement (Note 2)	–	–	–		–	–	(8,811,448)	(8,811,448)	–	(8,811,448)
At January 1, 2012, restated	4,010,187,241	3,235,454	₱–	321,001,641	–	(4,671,259)	(8,811,448)	4,320,941,629	1,918,103	4,322,859,732
Net income	–	–	–	1,848,699,632	–	–		1,848,699,632	1,111,219	1,849,810,851
Dividends declared (Note 20)	–	–	–	(86,422,866)	–	–		(86,422,866)	–	(86,422,866)
Other comprehensive loss	–	–	–	–	–	(65,791)	(21,765,901)	(21,831,692)	–	(21,831,692)
Issuance of shares (Notes 1 and 20)	706,666,490	1,479,949,268	–	–	–	–		2,186,615,758	–	2,186,615,758
Increase in ownership interest in a subsidiary (Note 20)	–	–	–	–	(6,970,678)	–		(6,970,678)	(3,029,322)	(10,000,000)
At December 31, 2012	₱4,716,853,731	₱1,483,184,722	₱–	₱2,083,278,407	(₱6,970,678)	(₱4,737,050)	(₱30,577,349)	₱8,241,031,783	₱–	₱8,241,031,783

	Equity attributable to Parent Company								
	Capital Stock (Note 20)	Additional paid-in capital (Note 20)	Retained Earnings (Note 20)	Equity Reserve (Note 20)	Unrealized Loss on AFS Financial Assets (Note 11)	Remeasurement Loss on Defined Benefit Pla (Note 29)	Total	Noncontrolling Interests	Total
At January 1, 2011	₱3,554,720,004	₱2,770,172,070	₱1,304,468,457	(₱4,622,854,809)	(₱4,404,958)	₱–	₱3,002,100,764	(₱52,244,112)	₱2,949,856,652
Net income	–	–	864,494,959	–	–	–	864,494,959	1,754,205	866,249,164
Other comprehensive loss	–	–	–	–	(266,301)	(8,811,448)	(9,077,749)	–	(9,077,749)
Dividends declared (Note 20)	–	–	(6,400,000)	–	–	–	(6,400,000)	(1,600,000)	(8,000,000)
Issuance of shares by the subsidiaries (Note 1)	–	–	–	522,079,997	–	–	522,079,997	–	522,079,997
Debt condonation (Note 1)	–	105,591,554	–	(105,591,554)	–	–	–	–	–
Increase in ownership interest in a subsidiary (Note 1)	–	–	–	(54,008,010)	–		(54,008,010)	54,008,010	–
Share swap (Notes 1 and 20)	4,011,671,023	–	(8,270,293,731)	4,260,374,376	–	–	1,751,668	–	1,751,668
Quasi-reorganization (Note 20)	(3,556,203,786)	(2,872,528,170)	6,428,731,956	–	–	–	–	–	–
At December 31, 2011	₱4,010,187,241	₱3,235,454	₱321,001,641	₱–	(₱4,671,259)	(₱8,811,448)	₱4,320,941,629	₱1,918,103	₱4,322,859,732

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,717,254,182**	₱2,482,273,006	₱1,247,334,547
Adjustments for:			
Interest expense (Note 26)	**29,215,760**	49,133,167	59,863,638
Depreciation and amortization (Notes 14, 15 and 25)	**39,377,153**	51,664,739	19,027,246
Pension expense	**24,496,953**	71,901,651	(529,874)
Provision for impairment losses on receivables (Note 5)	**830,245**	478,808	8,052,187
Interest income (Note 23)	**(698,616,432)**	(501,141,339)	(486,334,526)
Gain on sale of AFS financial assets (Note 11)	**–**	(7,418,511)	–
Gain from change in fair value of derivatives	**(29,925,021)**	–	–
Operating income before working capital changes	**2,082,632,840**	2,146,891,521	847,413,218
Decrease (increase) in:			
Receivables	**(1,660,230,501)**	(4,441,535,617)	(884,237,159)
Real estate inventories	**(2,220,726,790)**	(2,071,118,231)	664,313,723
Advances from suppliers and contractors	**(389,579,537)**	1,374,809,093	(1,455,632,219)
Prepayments and other current assets	**418,459,397**	(1,544,703,605)	(488,216,153)
Increase (decrease) in:			
Accounts and other payables	**1,172,587,388**	1,900,506,259	367,699,661
Customers' advances and deposits	**(65,612,162)**	(442,216,806)	919,714,090
Cash used in operations	**(662,469,365)**	(3,077,367,386)	(28,944,839)
Interest received	**43,852,421**	103,493,561	52,018,220
Interest paid	**(444,203,654)**	(267,283,213)	(221,362,189)
Income tax paid	**(522,963,866)**	(172,520,381)	(53,507,636)
Net cash used in operating activities	**(1,585,784,464)**	(3,413,677,419)	(251,796,444)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in:			
Noncurrent assets	**(30,377,749)**	(10,095,169)	(5,513,813)
Due from related parties	**(11,096,901)**	(1,040,634)	558,066,714
Additions to:			
Land held for future development	**(380,000,000)**	–	–
Deposits for purchased land	**(154,542,087)**	–	–
Investment in and advances to joint venture	**(48,775,736)**	–	–
Investment properties	**(875,835,909)**	(800,942,327)	(58,364,724)
Property and equipment (Notes 14 and 33)	**(29,669,803)**	(50,858,346)	(168,874,169)
Intangible assets (Note 15)	**(17,486,351)**	(224,047)	(357,836)
Net cash provided by (used in) investing activities	**(1,547,784,536)**	(863,160,523)	324,956,172

(Forward)

	Years Ended December 31		
	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments (repayments) of:			
Short-term and long-term debt	**₱2,378,147,631**	₱2,778,446,283	(₱343,506,916)
Liability from purchased land	**–**	(54,448,290)	(60,035,863)
Additional (repayments of) financing from related parties	**(81,116,274)**	(2,121,864)	421,239,643
Payment of cash dividends (Note 20)	**(184,436,193)**	(86,422,866)	(7,000,000)
Acquisition of noncontrolling interest (Note 1)	**–**	(10,000,000)	–
Acquisition of treasury shares (Note 20)	**(22,521,542)**	–	–
Issuance of shares (Notes 1 and 20)	**1,580,557,419**	2,186,615,758	–
Net cash provided by financing activities	**3,670,631,041**	4,812,069,021	10,696,864
NET INCREASE IN CASH AND CASH EQUIVALENTS	**537,062,041**	535,231,079	83,856,592
CASH FROM CONSOLIDATION OF THE PARENT COMPANY	**–**	–	22,589
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**901,825,739**	366,594,660	282,715,479
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,438,887,780**	₱901,825,739	₱366,594,660

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Century Properties Group Inc. (the Parent Company), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 66.7%-owned subsidiary of Century Properties Inc. (CPI) and the rest by the public. The Parent Company and its subsidiaries are primarily engaged in the development and construction of residential and commercial real estate projects.

The registered office address of the Parent Company is located at 21st Floor Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City.

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on April 4, 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (the Group).

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale (AFS) financial assets that are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Group's functional currency. All values are rounded to the nearest peso except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements. An additional statement of financial position as at January 1, 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policies.

Certain amounts shown in the face of the consolidated financial statements do not correspond to the audited December 31, 2012 and 2011 consolidated financial statements and reflect adjustments made. Refer to subsequent paragraphs for the nature and impact of the new and amended accounting standards adopted by the Group effective January 1, 2013.

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the following wholly owned subsidiaries as at December 31, 2013 and 2012 and January 1, 2012.

	Percentage Ownership		
	2013	2012	2011
Century Limitless Corporation (CLC)	**100%**	100%	100%
Century Properties Management, Inc. (CPMI)	**100%**	100%	80%
Century Communities Corporation (CCC)	**100%**	100%	100%
Century City Development Corporation (CCDC)	**100%**	100%	100%
Century City Development Corporation II	**100%**	100%	100%
Century Medical Development Corporation	**100%**	100%	100%
Knightsbridge Residences Development Corporation	**100%**	100%	100%
Milano Development Corporation	**100%**	100%	100%
Century City Development Corporation VII	**100%**	100%	100%
Century City Development Corporation VIII	**100%**	100%	100%
Century City Development Corporation X	**100%**	100%	100%
Century City Development Corporation XI	**100%**	100%	100%
Century City Development Corporation XII	**100%**	100%	100%
Century City Development Corporation XIV	**100%**	100%	100%
Century City Development Corporation XV	**100%**	100%	100%
Century City Development Corporation XVI	**100%**	100%	100%
Century City Development Corporation XVII	**100%**	100%	100%
Century City Development Corporation XVIII	**100%**	100%	100%

Control is achieved when the Groups is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if an only if the Group has:

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

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

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

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Noncontrolling interests (NCI) represent the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from total equity attributable to owners of the Parent Company.

Losses within a subsidiary are attributed to the NCI even if that results in a deficit balance.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the following amended standards, which were adopted as of January 1, 2013. The nature and the impact of each new standard and amendment are described below:

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

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

  The amendments affect the disclosures only and have no impact on the Group's financial position or performance. The additional disclosures required by the amendments are presented in Note 31 to the financial statements.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaced the portion of PAS 27, *Consolidated and Separate Financial Statements,* that addressed the accounting for consolidated financial statements. It also included the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 established a single control model that applied to all entities including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The Standard has no impact on the Group's disclosures and financial position or performance.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaced PAS 31, *Interests in Joint Ventures*, PFRS 11 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 Group has conducted an assessment of the impact of PFRS 11 on its jointly controlled entities. It was concluded that its jointly controlled entity, A2 Global Inc. should be treated as a joint venture. The Standard has no impact in the Group's financial statements as this new entity was incorporated only in 2013.

- PFRS 12, *Disclosure of Interests in Other Entities*
  PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). The Group has no subsidiaries with material noncontrolling interests and has no unconsolidated structured entities.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

  As a result of the guidance in PFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Group has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 31.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)
  These amendments introduce a grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance.

- PAS 19, *Employee Benefits* (Revised)
  On January 1, 2013, the Group adopted the Revised PAS 19 Employee Benefits. The Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

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

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

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

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

  Upon adoption of the Revised PAS 19, the presentation of the income statement was updated to reflect these changes. Net interest is now shown under the interest and other financing charges line item (previously under salaries, wages and employee benefits under general, administrative and selling expenses). This presentation better reflects the nature of net interest since it corresponds to the compounding effect of the long-term net defined benefit liability (net defined benefit asset). In the past, the expected return on plan assets reflected the individual performance of the plan assets, which were regarded as part of the operating activities.

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

	December 31, 2012	January 1, 2012 (As restated)
Increase (decrease) in:		
Consolidated Statements of Financial Position		
Pension liability – net	₱35,897,755	₱12,587,783
Deferred tax assets	10,769,327	3,776,335
Other comprehensive losses	(30,577,348)	(8,811,448)
Retained earnings	5,448,920	–

	December 31, 2012
Consolidated Statements of Comprehensive Income	
Net benefit cost	(₱7,784,171)
Income tax expense	2,335,251
Other comprehensive income	
Remeasurement loss on defined benefit plan	(21,765,901)

The adoption did not have an impact on consolidated statement of cash flows.

- 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*, PAS 27 has been amended. What remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 did not have an impact on the Group's financial position and performance.

- 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 amended PAS 28 has been applied to the new joint venture of the Group.

- 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. This new interpretation is not relevant to the Group.

- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)
  These amendments require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Group.

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

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs, Stripping Costs in the Production Phase of a Surface Mine*
  The amendment clarifies that upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing

costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Company as it is not a first time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
  These amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. As a result, the Group has included comparative information in respect of the opening statement of financial position as at January 1, 2012 since there is a retrospective application of an accounting policy. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

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

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

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

<u>Future Changes in Accounting Policies</u>
The Group will adopt the following relevant standards and interpretations when these become effective.

Effective 2014

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms

that are not simultaneous. The amendments affect presentation only on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively with earlier application permitted, provided PFRS 13 is also applied. The amendments are not expected to have an impact on the Group's financial position or performance.

- *Investment Entities* (Amendments to PFRS 10, PFRS 12 and PAS 27)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that these amendments will have an impact to the Group.

- Philippine Interpretation IFRIC 21, *Levies*
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group does not expect this amendment to have an impact on the Group's financial position and performance.

Effective 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

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

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the

grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

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

- PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services

from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

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

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

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

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

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

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

No Mandatory Effective Date

- PFRS 9, *Financial Instruments*,
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

  The Group has not conducted its full impact evaluation on the possible financial implications of the adoption of PFRS 9 hence the Group has opted not to early adopt PFRS 9 for its 2013 financial reporting.

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this Interpretation until the final Revenue standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The adoption of this Philippine Interpretation may significantly affect the determination of the revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this Interpretation.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Financial Instruments

Date of recognition

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

Initial recognition of financial instruments

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

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

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As of December 31, 2013 and 2012, the Group's financial instruments are of the nature of loans and receivables, AFS financial assets and other financial liabilities.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has been no significant change in economic circumstances since the time of the transaction.

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

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

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL. This accounting policy relates to the consolidated statements of financial position captions "Cash and cash equivalents", "Receivables" and "Due from related parties, except for "Receivable from employees."

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

The losses arising from impairment of loans and receivables are recognized in profit or loss under "Miscellaneous expenses" in "General, administrative and selling expenses" account.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified as designated as at FVPL, HTM, or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. The Group's AFS financial assets include equity investments.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are recognized in other comprehensive income and are reported as "Unrealized gain or loss on AFS financial assets" in the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized under "Unrealized gain or loss on AFS financial assets" is recognized in profit or loss under "Other income" account or "Miscellaneous expenses" account. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. The losses arising from impairment of such investments are recognized in profit or loss under the "Miscellaneous expenses" account.

Other financial liabilities
Other financial liabilities pertain to issued financial instruments that are not classified or designated as financial liabilities at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial

measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the Group's "Accounts and other payables", "Due to related parties", "Short-term debt", "Long-term debt", "Liability from purchased land" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and pension liabilities).

Derivative Instruments
The Group enters into short-term nondeliverable currency forwards contracts and interest and currency swap to manage its currency exchange exposure related to short-term foreign currency-denominated monetary liabilities.

Derivative financial instruments are initially recognized at fair value on the dateon which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment. The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in profit or loss. To qualify for hedge accounting, the hedging relationship must comply with strict requirements such as the designation of the derivative as a hedge of an identified risk exposure, hedge documentation, probability of occurrence of the forecasted transaction in a cash flow hedge, assessment (both prospective and retrospective bases) and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments. The Group did not use hedge accounting for its derivatives.

<u>Impairment of Financial Assets</u>
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after

the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

If the Group determines that no objective evidence of impairment exists for 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 for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment for impairment.

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

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

AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity investments classified as AFS, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss in the "Miscellaneous expense" account. Impairment losses on equity investments are not reversed through the consolidated statement of income.

Derecognition of Financial Assets and Liabilities
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

a. the right to receive cash flows from the asset has expired;
b. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
c. the Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset; or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible to by the Group.

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

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

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

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

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

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

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

Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Land improvement cost
- Borrowing cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

The cost of inventory recognized in the consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property and allocated to saleable area based on relative size.

Land Held for Future Development
Land held for future development consists of properties for future development that are carried at the lower of cost or NRV. Cost includes those costs incurred for development and improvement of the properties while NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Upon commencement of development, the subject land is transferred to “Real estate inventories”.

Deposits for purchased land
This represents deposits made to land owners for the purchase of certain parcels of land that are intended for future development. The Group normally makes deposits before a Contract to Sell (CTS) or Deed of Absolute Sale (DOAS) is executed between the Group and the land owner. These are recognized at cost.

Borrowing costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Investments in Associates and Jointly Controlled Entities
Investments in associates and jointly controlled entities (investee companies) are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Interest in Joint Venture
The Parent Company has a joint venture, whereby the venturers have a contractual arrangement that establishes joint control. The Parent Company recognizes its interest in the joint venture using the equity method. CCC has a jointly controlled operations entered into with various landowners for the development of the relevant real estate properties. A jointly controlled operation involves the use of assets and other resources of the Group and such landowners rather than the establishment of a corporation, partnership or other entity. The Group and such third parties recognize in their financial statements the assets that it controls and the liabilities that it incurs, the expenses it incurs and the share of income that it earns from the sale of goods or services by the joint venture. Accordingly, the Group recognized in the consolidated financial statements the relevant assets and liabilities to the extent of its contribution to the joint venture.

Investment Properties
Initially, investment properties are measured at cost including certain transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts based on recent real estate transactions with similar characteristics and location to those of the Group’s investment properties. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group 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 investment property to inventories, the change in use is evidenced by commencement of development with a view to sale. When the Group decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized and does not treat it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

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

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

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

	Years
Office equipment	3 – 5
Computer equipment	3 – 5
Furniture and fixtures	3 – 5
Transportation equipment	5
Construction equipment	5

Leasehold improvements are amortized on a straight-line basis over the term of the lease or the asset's EUL of five (5) years, whichever is shorter.

The useful lives and depreciation and amortization method are reviewed at financial year end to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

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

Intangible Assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the expense category of profit or loss consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

As of December 31, 2013 and 2012, the Group's intangible assets consist of software costs and trademarks.

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

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software. System development costs, recognized as assets, are amortized using the straight-line method over their useful lives, but not exceeding a period of 5 years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Trademarks
Licenses for use of intellectual property have been granted for a period of ten (10) years by the relevant government agency. The trademarks provide the option of renewal at little or no cost to the Group. Accordingly, these licenses are assessed as having indefinite useful life.

Impairment of Nonfinancial Assets
The Group assesses as at reporting date whether there is an indication that its nonfinancial assets (e.g., property and equipment and intangible assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital stock and additional paid-in capital

The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings represent accumulated earnings of the Group less any dividends declared, if any.

Treasury shares

Treasury shares are own equity instruments which are reacquired and are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Equity reserves

Equity reserves represent any difference between (1) acquisition cost and (2) the adjusted carrying value of the noncontrolling interest at acquisition date.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group 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:

Real estate sales

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

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

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

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' advances and deposits" account in the "Liabilities" section of the consolidated statement of financial position.

Property management fee and other services
Revenue from property management and other services is recognized when the related services are rendered. Property management fee and other services consist of revenue arising from management contracts, auction services and technical services.

Interest income
Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Commission income
Commission income is recognized by reference to the percentage of collection of the agreed sales price or depending on the term of the sale as provided under the marketing agreement.

Income from forfeited collection
Income from forfeited collection is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Other income
Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

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

Commission and other selling expenses
Selling expenses such as commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. These are recorded as "Deferred selling expenses" under "Prepayments and other current assets" account. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

General and administrative expenses
General and administrative expenses constitute costs of administering the business and are expensed as incurred.

Pension Cost

Retirement cost is computed using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with an option to accelerate when significant changes to underlying assumptions occur. Pension cost includes current service cost, interest cost, actuarial gains and losses, past service cost and the effect of any curtailment or settlement.

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

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

Operating Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

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

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred tax
Deferred tax is provided using the liability method on temporary differences, with certain exceptions, 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, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

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

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

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

Foreign Currency Transactions
Transactions denominated in foreign currencies are initially recorded using the exchange rates prevailing at transaction dates. Foreign currency-denominated monetary assets and liabilities are retranslated using the closing exchange rates at reporting date. Exchange gains or losses arising from foreign currency transactions are credited or charged against current operations.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 32 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on earnings per share.

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

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

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

3. Significant Accounting Judgments and Estimates

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

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

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

Collectibility of the sales price
In determining whether the sales price is collectible, the Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

Operating lease commitments - Group as lessee
The Group has entered into contracts of lease with La Costa Development Corporation (formerly Penta Pacific Realty Corporation) and other unit owners of the Pacific Star Building for its administrative office location and model units for ongoing projects. The Group has determined that these are operating leases since it does not bear substantially all the significant risks and rewards of ownership of these properties. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset.

Distinction between investment properties and land held for future development
The Group determines a property as investment property if such is not intended for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Land held for future development comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

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

Distinction between real estate inventories and land held for future development
The Group determines whether a land qualifies as land held for future development once the Group has a concrete plan on how the land shall be developed the succeeding years. The Group shall then classify the land as part of the real estate inventories upon the commencement of the actual development of the land.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's

financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Management's Use of 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.

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and cost of real estate sales and receivables. Carrying value of the real estate receivables amounted to ₱8,091.81 million, ₱5,468.14 million and ₱1,762.32 as of December 31, 2013, 2012 and January 1, 2012, respectively (see Note 5).

Fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data available for such properties. Gain on changes in fair value of investment properties amounted to nil as of December 31, 2013 and 2012. Carrying value of the investment properties amounted to ₱4,080.82 million, ₱1,920.13 million and ₱1,119.19 million as of December 31, 2013, 2012 and January 1, 2012, respectively (see Note 13).

Impairment losses on receivables and due from related parties
The Group reviews its loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statement of financial position and any changes thereto in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors. Actual results may also differ, resulting in future changes to the allowance.

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

Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

As of December 31, 2013, 2012 and January 1, 2012, the allowance for impairment losses on receivables of the Group amounted to ₱12.41 million, ₱11.58 million and ₱11.10 million, respectively (see Note 5).

The carrying values of these assets are as follows:

	December 31		January 1,
	2013	2012	2012
Receivables (Note 5)	**₱9,093,820,789**	₱6,779,656,523	₱1,947,602,755
Due from related parties (Note 28)	**177,322,678**	166,225,777	155,766,632

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

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

NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction less an estimate of the time value of money to the date of completion. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of these assets are as follows:

	December 31		January 1,
	2013	2012	2012
Real estate inventories (Note 6)	**₱7,026,881,612**	₱3,951,847,226	₱1,552,874,951
Land held for future development (Note 7)	**466,313,185**	1,196,450,810	1,306,154,808

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets (e.g., property and equipment and intangible assets) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and
- Significant negative industry or economic trends.

The Group's intangible assets with indefinite life are tested for impairment annually.
If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the nonfinancial assets follow:

	December 31		January 1,
	2013	2012	2012
Property and equipment (Note 14)	**₱157,760,697**	₱191,644,519	₱192,265,233
Intangible assets (Note 15)	**17,971,655**	2,768,801	2,730,433

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2013, 2012 and January 1, 2012.

Estimating EUL of property and equipment and intangible assets
The Group estimates the useful lives of its property and equipment and intangible assets other than those with indefinite lives based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase depreciation and amortization expense and decrease noncurrent assets. Property and equipment amounted to ₱157.76 million, ₱191.64 million and ₱192.27 million as of December 31, 2013, 2012 and January 1, 2012, respectively (see Note 14).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of the future taxable income. As of December 31, 2013 and 2012, carrying values of these assets are ₱326.50 million and ₱430.50 million, respectively (see Note 27).

The Group has an unrecognized deferred tax asset amounting to ₱109.08 million and ₱421.59 million in 2013 and 2012, respectively (see Note 27).

Estimating pension obligation
The determination of the Group's pension obligations and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 27 to the consolidated financial statements and include among others, discount rates, rate of expected return on plan assets, and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the

actual experience or significant changes in the assumptions may materially affect the pension obligations.

The Group's net pension liabilities amounted to ₱142.71 million, ₱92.36 million and ₱30.80 million as of December 31, 2013, 2012 and January 1, 2012, respectively (see Note 29).

Capitalization of borrowing costs
The Group capitalizes the interest incurred on their borrowings that are directly attributable to the construction of its projects. These capitalized borrowing costs form part of the real estate inventories and are expensed out to cost of real estate sales.

The amount of borrowing costs capitalized amounted to ₱414.99 million, ₱159.55 million and ₱161.50 million in 2013, 2012 and 2011, respectively.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. See Note 31 for the related fair value disclosures.

4. Cash and Cash Equivalents

This account consists of:

	December 31		January 1,
	2013	2012	2012
Cash on hand	**₱89,553**	₱93,553	₱83,552
Cash in banks	**752,888,375**	607,901,968	164,129,283
Cash equivalents	**685,909,852**	293,830,218	202,381,825
	₱1,438,887,780	₱901,825,739	₱366,594,660

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term rates ranging from 0.5% to 3.5% and 1.5% to 4.5% in 2013 and 2012, respectively.

Interest income on cash and cash equivalents amounted to ₱43.85 million, ₱103.49 million and ₱52.02 million in 2013, 2012 and 2011, respectively (see Note 23).

5. Receivables

This account consists of:

	December 31		January 1,
	2013	2012	2012
Trade receivables			
Real estate	**₱8,091,813,331**	₱5,468,143,386	₱1,762,324,519
Related parties	**299,746,751**	650,615,465	18,930,541
Management fee	**59,788,449**	51,574,027	35,032,337
Auction fee and commissions	**2,394,043**	2,394,043	2,458,658
Receivable from employees	**167,820,480**	132,293,189	84,537,375
Advances to customers	**54,260,184**	36,120,490	7,796,391
Other receivables	**430,411,490**	450,099,617	74,627,820
	9,106,234,728	6,791,240,217	1,985,707,641
Allowance for impairment losses	**(12,413,939)**	(11,583,694)	(11,104,886)
	9,093,820,789	6,779,656,523	1,974,602,755
Noncurrent portion of real estate receivables	**(3,216,988,358)**	(588,723,142)	(371,034,287)
	₱5,876,832,431	₱6,190,933,381	₱1,603,568,468

Real estate receivables pertain to receivables from the sale of real estate properties including residential condominium units and subdivision house and lots. These are collectible in monthly installments over a period of one to five years and bear no interest. Titles to real estate properties are not transferred to the buyer until full payment has been made.

Management fees are revenues arising from property management contracts. These are collectible on a 15- to 30-day basis depending on the terms of the service agreement.

Auction fees and commissions are revenues earned by the Group in facilitating auction of properties and in marketing real estate properties developed by third parties and affiliates. Receivable from auction fees and commissions are due within 30 days upon billing.

Receivable from employees pertain to cash advances for retitling costs, taxes and other operational and corporate-related expenses. This also includes salary and other loans granted to the employees and are recoverable through salary deductions.

Advances to customers pertain to expenses paid by the Group in behalf of the customers for the taxes and other costs incurred in securing the title in the name of the customers. These receivables are billed separately to the respective buyers and are expected to be collected within one (1) year.

Other receivables pertain to the amount collectible from customers related to accruals made by the Group for VAT on real estate sales. These will be collected along with the monthly installments from customers over a period of one to five years. Other receivables are due and demandable and bear no interest.

Movements in the Group's allowance for impairment losses follow:

	December 31, 2013			
	Management fee	**Auction fee and commissions**	**Receivable from employees**	**Total**
At January 1	**₱2,715,187**	**₱981,058**	**₱7,887,449**	**₱11,583,694**
Provision	**830,245**	**–**	**–**	**830,245**
At December 31	**₱3,545,432**	**₱981,058**	**₱7,887,449**	**₱12,413,939**
Individually impaired	**₱3,545,432**	**₱–**	**₱–**	**₱3,545,432**
Collectively impaired	**–**	**981,058**	**7,887,449**	**8,868,507**
Total	**₱3,545,432**	**₱981,058**	**₱7,887,449**	**₱12,413,939**

	December 31, 2012			
	Management fee	Auction fee and commissions	Receivable from employees	Total
At January 1	₱2,715,187	₱502,250	₱7,887,449	₱11,104,886
Provision	–	478,808	–	478,808
At December 31	₱2,715,187	₱981,058	₱7,887,449	₱11,583,694
Individually impaired	₱2,715,187	₱–	₱–	₱2,715,187
Collectively impaired	–	981,058	7,887,449	8,868,507
Total	₱2,715,187	₱981,058	₱7,887,449	₱11,583,694

	December 31, 2011			
	Management fee	Auction fee and commissions	Receivable from employees	Total
At January 1	₱2,550,449	₱502,250	₱–	₱3,052,699
Provision	164,738	–	7,887,449	8,052,187
At December 31	₱2,715,187	₱502,250	₱7,887,449	₱11,104,886
Individually impaired	₱2,715,187	₱–	₱–	₱2,715,187
Collectively impaired	–	502,250	7,887,449	8,389,699
Total	₱2,715,187	₱502,250	₱7,887,449	₱11,104,886

Unamortized discount

As of December 31, 2013, 2012 and January 1, 2012, installment contracts receivable with a nominal amount of ₱8,239.42 million, ₱5,896.50 million and ₱1,977.93 million were recorded at amortized cost of ₱8,091.81 million, ₱5,468.14 million and ₱1,762.32 million, respectively. These receivables are noninterest-bearing and are due to be collected within one to five-year time. The fair value upon initial recognition is derived using the discounted cash flow model using discount rates ranging from 0.25% to 5.79%, 1.66% to 6.58% and 3.79% to 8.07% in 2013, 2012 and January 1, 2012, respectively.

Movements in the unamortized discount on installment contracts receivables follow:

	2013	2012	2011
At January 1	**₱428,348,898**	₱215,612,797	₱47,488,861
Additions	**374,027,460**	610,383,878	602,440,242
Accretion for the year (Note 23)	**(654,764,011)**	(397,647,777)	(434,316,306)
At December 31	**₱147,612,347**	₱428,348,898	₱215,612,797

Receivable financing
In 2013 and 2012, the Group entered into various agreements with a local bank whereby the Group sold its real estate receivables at average interest rates of 5.94% to 10.00%. The purchase agreements provide that the Group will substitute defaulted contracts to sell with other contracts to sell of equivalent value.

The Group still retains the sold receivables in the receivables account and records the proceeds from these sales as long-term debt (see Note 19). The gross amount of real estate receivables used as collateral amounted to ₱1,973.21 million, ₱1,284.77 million and ₱1,085.75 million as of December 31, 2013, 2012 and January 1, 2012, respectively.

6. Real Estate Inventories

This account represents the real estate projects for which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. Details of this account follow:

	December 31		January 1,
	2013	2012	2012
Condominium units	**₱6,758,571,290**	₱3,883,827,686	₱1,482,443,165
Residential house and lots	**268,310,322**	68,019,540	70,431,786
	₱7,026,881,612	₱3,951,847,226	₱1,552,874,951

The rollforward of this account follows:

	2013	2012	2011
At January 1	**₱3,951,847,226**	₱1,552,874,951	₱1,615,449,019
Construction costs incurred	**8,376,075,033**	7,070,391,350	1,763,990,315
Borrowing costs capitalized	**414,987,894**	159,554,620	161,498,551
Transfers from land held for future development (Notes 7 and 13)	**69,859,940**	109,703,998	117,190,250
Transfers to investment properties (Note 13)	**(568,101,023)**	–	
Transfers from investment properties (Note 13)	**549,103,385**	–	339,057,864
Cost of real estate sales	**(5,766,890,843)**	(4,940,677,693)	(2,444,311,048)
At December 31	**₱7,026,881,612**	₱3,951,847,226	₱1,552,874,951

General borrowings were used to finance the Group's ongoing real estate projects. The related borrowing costs were capitalized as part of real estate inventories. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 7.00% to 10.00% in 2013 and 2012.

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱5,766.89 million, ₱4,940.68 million and ₱2,444.31 million in 2013, 2012 and January 1, 2012, respectively. Such cost of sales is derived based on the standard cost for the current reporting period.

7. Land Held for Future Development

Land held for future development consists of parcels of lot acquired by the Group for future real estate development.

This account consists of:

	December 31		January 1,
	2013	2012	2012
Current:			
Land held by CLC	**₱86,313,185**	₱131,105,758	₱240,809,756
Land held by CCDC	**–**	1,065,345,052	1,065,345,052
	86,313,185	1,196,450,810	1,306,154,808
Noncurrent:			
Land held by CCC	**380,000,000**	–	–
	₱466,313,185	₱1,196,450,810	₱1,306,154,808

<u>Land held by CLC</u>
On October 29, 2008, CLC entered into a contact to sell (CTS) with the United Coconut Planters Bank (UCPB) to purchase 24,837 square meters (sqm) of industrial lot situated in Mandaluyong City. Also, on April 5, 2011, CLC acquired adjacent lot with an area of 14,271 sqm under the registered name of Noah's Ark Sugar Refinery. The Group plans to subdivide the properties into three lots in accordance with the subdivision plans, each with separate land titles, and shall have a fair value based on the valuation as determined by the seller.

In 2013, land held for future development of CLC amounting to ₱44.79 million which started the design and development phase was transferred to real estate inventories (see Note 6). Outstanding balance of the liability from purchased land as presented in the consolidated statements of financial position amounted to ₱30.74 million as of December 31, 2013 and 2012, respectively.

<u>Land held by CCDC and its subsidiaries</u>
This pertains to parcels of land with an area of 30,718 sqm, collectively referred as International School of Manila, Inc. (ISMI) properties,which were transferred by CPI to CCDC on May 11, 2007 (see Note 28).

In 2013, land held for future development of CCDC amounting to ₱1,065.35 million, were transferred to investment properties and inventories (Note 13).

<u>Land held by CCC</u>
This pertains to a property with an area of 200,000 sqm located in Novaliches, Quezon City which was acquired by the Company intended for development into a mixed development housing project.

8. Advances to Suppliers and Contractors

Advances to suppliers and contractors amounting to ₱1,314.88 million, ₱925.30 million and ₱2,300.11 million as of December 31, 2013, 2012 and January 1, 2012, respectively, are recouped upon every progress billing payment depending on the percentage of accomplishment.

9. Prepayments and Other Current Assets

This account consists of:

	December 31		January 1,
	2013	2012	2012
Deferred selling expenses	**₱612,724,820**	₱491,607,029	₱198,406,257
Input taxes	**308,272,743**	667,349,721	268,645,901
Creditable withholding taxes	**235,925,863**	–	29,967
Advances to land owners	**19,730,341**	706,420,176	158,563,765
Prepaid expenses	**11,530,405**	874,145	662,348
Tax credit certificates	**983,391**	1,017,442	10,278,508
Others	**76,715,860**	44,485	713,683
	₱1,265,883,423	₱1,867,312,998	₱637,300,429

Deferred selling expenses pertain to costs incurred in selling real estate projects prior to its development. These capitalized costs shall be charged to expense in the period in which the construction begins and the related revenue is recognized. See Note 16 for non-current portion.

During the current year, the Group reclassified part of deferred selling expenses from "Prepayments and other current assets" to "Other noncurrent assets". The comparative statements of financial position have been restated to reflect the reclassification amounting to ₱519.64 million and ₱204.95 million as of December 31, 2012 and January 1, 2011, respectively. Management believes that this presentation is preferable as it best reflects the timing of recognition of these prepayments as expenses.

Input taxes are fully realizable and will be applied against output VAT.

Creditable withholding taxes are attributable to taxes withheld by third parties arising from property management fees.

Deposits for purchased land pertain to down payments made by the Group for the purchase of land.

Prepaid expenses mostly pertain to prepayments of insurance premiums which will be applied throughout the remaining term of the related contracts.

Advances to land owners represent the minimum share of the lot property owners in relation to the joint venture projects of the Group. In accordance with the respective joint venture agreements, CCC advanced these shares in significant installments throughout the term of the project. The advances shall be deducted from the proceeds of the sales and collection of the land owners' units. Management has assessed that the settlement of these advances is within one year based on the pre-selling and development activities that are currently in progress.

Tax credit certificates pertain to the Group's claims granted by the Bureau of Internal Revenue in relation to income and value added tax refunds. Tax credit certificates and creditable withholding taxes will be applied against income tax payable.

10. **Deposits for purchased land**

This account pertains to payments made to property owners for the acquisition of parcels of land in Quezon City, Metro Manila and San Fernando, Pampanga in the amount of ₱104.54 million and ₱50.00 million, respectively. Total purchase price of the property in Pampanga consist of fixed and variable components. Fixed component of the purchase price amounts to ₱540.00 million while the variable component is a percentage of the total sales revenue collected by CLC from the sales of the saleable area of the Project.

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

The Group's AFS financial assets consist of quoted equity securities which the Group intends to hold for cash management purposes. The cost of the AFS financial assets totaled ₱12.67 million as of December 31, 2013 and 2012, respectively. Net unrealized loss on AFS financial assets amounted to ₱3.19 million and ₱4.74 million as of December 31, 2013 and 2012, respectively. Movements in the net unrealized loss on AFS financial assets follow:

	2013	2012	2011
At January 1	**₱4,737,050**	₱4,671,259	₱4,404,958
Fair value changes during the year	**(1,544,989)**	565,791	266,301
Disposal of AFS	**–**	(500,000)	–
At December 31	**₱3,192,061**	₱4,737,050	₱4,671,259

12. **Investment in and Advances to Joint Venture**

In 2013, the Parent Company entered into an agreement with Asian Carmakers Corp. and other individuals which aim to create an entity with the primary purpose to develop, own and manage properties of all kinds and nature and to develop them into economic and tourism zones, golf course, theme parks and all other forms of leisure estates.

On February 26, 2013, the Parent Company purchased 122,200 shares in A2Global Inc. with a purchase price of ₱3.06 million, resulting to a 48.88% ownership. A2Global has six directors, three from the Parent Company and three from Asian Carmakers Corp.

According to its by-laws, most of the major business decisions of A2Global Inc. shall require the majority decision of the board. Because the board is equally represented, the arrangement is considered a joint venture and be measured using the equity method.

Total investment in and advances made by the Parent Company to A2Global Inc. for working capital and other expenses amounted to ₱48.78 million as of December 31, 2013.

13. **Investment Properties**

Movements in this account follow:

	2013	2012	2011
At January 1	**₱1,920,129,185**	₱1,119,186,858	₱2,419,665,214
Construction in progress	**1,101,416,678**	800,942,327	58,364,724
Transfers from land held for future development (Note 7)	**1,040,277,685**	–	–
Transfers to land held for future development (Note 7)	**–**	–	(1,019,785,216)
Transfers to real estate inventories (Note 6)	**(549,103,385)**	–	(339,057,864)
Transfers from real estate inventories (Note 6)	**568,101,023**	–	–
At December 31	**₱4,080,821,186**	₱1,920,129,185	₱1,119,186,858

Investment properties with an original cost of ₱170.83 million represent the portions of the ISMI property that are intended to be developed for commercial and retail purposes and to be subsequently leased out to third parties (see Note 7).

Investment properties are stated at fair value, which has been determined based on valuations performed by Cuervo Appraisers, Inc., an accredited independent valuer, as of December 31, 2013 and 2012. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties. The value of the land was estimated by using the Sales Comparison Approach, an approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

There is no gain on change in fair value in 2013, 2012 and January 1, 2012.

The Group did not earn any revenue from the use of the said real properties or incurred any direct operating expenses in relation to these investment properties in 2013, 2012 and January 1, 2012.

14. **Property and Equipment**

The composition and movements of this account are as follows:

	2013						
	Office Equipment	**Computer Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Leasehold Improvements**	**Construction Equipment**	**Total**
Cost							
At January 1	**₱12,045,873**	**₱14,442,419**	**₱14,432,250**	**₱35,429,434**	**₱38,387,587**	**₱251,475,480**	**₱366,213,043**
Additions	**2,392,161**	**4,665,230**	**4,489,473**	**15,198,580**	**2,924,359**	**–**	**29,669,803**
At December 31	**14,438,034**	**19,107,649**	**18,921,723**	**50,628,014**	**41,311,946**	**251,475,480**	**395,882,846**
Accumulated Depreciation and Amortization							
At January 1	**8,594,306**	**9,684,458**	**9,814,629**	**24,012,663**	**13,339,621**	**109,122,847**	**174,568,524**
Depreciation and amortization (Note 25)	**1,341,436**	**2,101,518**	**2,943,100**	**4,335,067**	**6,628,686**	**46,203,818**	**63,553,625**
At December 31	**9,935,742**	**11,785,976**	**12,757,729**	**28,347,730**	**19,968,307**	**155,326,665**	**238,122,149**
Net Book Value at December 31	**₱4,502,292**	**₱7,321,673**	**₱6,163,994**	**₱22,280,284**	**₱21,343,639**	**₱96,148,815**	**₱157,760,697**

	2012						
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Total
Cost							
At January 1	₱9,002,410	₱10,427,790	₱9,114,155	₱33,332,666	₱14,877,098	₱226,697,910	₱303,452,029
Additions	3,043,463	4,014,629	5,318,095	2,096,768	23,510,489	24,777,570	62,761,014
At December 31	12,045,873	14,442,419	14,432,250	35,429,434	38,387,587	251,475,480	366,213,043
Accumulated Depreciation and Amortization							
At January 1	4,978,288	8,159,661	8,988,623	19,908,874	8,840,930	60,310,420	111,186,796
Depreciation and amortization (Note 25)	3,616,018	1,524,797	826,006	4,103,789	4,498,691	48,812,427	63,381,728
At December 31	8,594,306	9,684,458	9,814,629	24,012,663	13,339,621	109,122,847	174,568,524
Net Book Value at December 31	₱3,451,567	₱4,757,961	₱4,617,621	₱11,416,771	₱25,047,966	₱142,352,633	₱191,644,519

	2011						
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Total
Cost							
At January 1	₱8,360,084	₱9,076,968	₱8,175,576	₱25,268,551	₱14,392,098	₱70,110,466	₱135,383,743
Additions	642,326	1,350,822	942,214	8,866,363	485,000	156,587,444	168,874,169
Disposals	–	–	(3,635)	(802,248)	–	–	(805,883)
At December 31	9,002,410	10,427,790	9,114,155	33,332,666	14,877,098	226,697,910	303,452,029
Accumulated Depreciation and Amortization							
At January 1	4,228,428	6,748,770	7,486,000	16,082,768	5,946,121	26,077,822	66,569,909
Depreciation and amortization (Note 23)	749,860	1,410,891	1,506,258	4,628,354	2,894,809	34,232,598	45,422,770
Disposals	–	–	(3,635)	(802,248)	–	–	(805,883)
At December 31	4,978,288	8,159,661	8,988,623	19,908,874	8,840,930	60,310,420	111,186,796
Net Book Value at December 31	₱4,024,122	₱2,268,129	₱125,532	₱13,423,792	₱6,036,168	₱166,387,490	₱192,265,233

The depreciation and amortization from property and equipment are recognized as:

	2013	2012	2011
Real estate inventories (Note 6)	**₱26,459,969**	₱12,104,984	₱26,992,990
General, administrative and selling expenses (Note 25)	**37,093,656**	51,276,744	18,429,780
	₱63,553,625	₱63,381,728	₱45,422,770

15. **Intangible Assets**

The composition and movements of this account are as follows:

2013

	Software Cost	**Trademarks**	**Total**
Cost			
At January 1	**₱3,894,592**	**₱1,902,047**	**₱5,796,639**
Additions	**17,350,232**	**136,119**	**17,486,351**
At December 31	**21,244,824**	**2,038,166**	**23,282,990**
Accumulated Amortization			
At January 1	**3,027,838**	**–**	**3,027,838**
Amortization (Note 25)	**2,283,497**	**–**	**2,283,497**
At December 31	**5,311,335**	**–**	**5,311,335**
Net Book Value at December 31	**₱15,933,489**	**₱2,038,166**	**₱17,971,655**

2012

	Software Cost	Trademarks	Total
Cost			
At January 1	₱3,894,592	₱1,678,000	₱5,572,592
Additions	–	224,047	224,047
At December 31	3,894,592	1,902,047	5,796,639
Accumulated Amortization			
At January 1	2,842,159	–	2,842,159
Amortization (Note 25)	185,679	–	185,679
At December 31	3,027,838	–	3,027,838
Net Book Value at December 31	₱866,754	₱1,902,047	₱2,768,801

2011

	Software Cost	Trademarks	Total
Cost			
At January 1	₱3,699,985	₱1,514,771	₱5,214,756
Additions	194,607	163,229	357,836
At December 31	3,894,592	1,678,000	5,572,592
Accumulated Amortization			
At January 1	2,244,693	–	2,244,693
Amortization (Note 23)	597,466	–	597,466
At December 31	2,842,159	–	2,842,159
Net Book Value at December 31	₱1,052,433	₱1,678,000	₱2,730,433

Software cost includes application software and intellectual property licenses owned by the Group.

Trademarks are licenses acquired separately by the Group. These licenses arising from the Group's marketing activities have been granted for a minimum of 10 years by the relevant government agency with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and enabled the Group to determine that these assets have an indefinite useful life. As of December 31, 2013 and 2012, no impairment has been assessed on these assets.

16. Other Noncurrent Assets

This account consists of:

	December 31		January 1,
	2013	2012	2012
Deferred selling expenses	**₱702,609,792**	₱519,639,614	₱204,948,578
Rental deposits	**46,023,100**	12,686,907	5,888,700
Miscellaneous deposits	**8,285,781**	11,216,749	7,947,262
Others	**1,137,870**	1,165,346	1,137,870
	₱758,056,543	₱544,708,616	₱219,922,410

Deferred selling expenses pertain to costs incurred in selling real estate projects prior to its development. These capitalized costs shall be charged to expense in the period in which the construction begins and the related revenue is recognized. See Note 9 for current portion.

Rental deposits mostly pertain to security deposits held and applied in relation to the Group's lease contracts for their administrative and sales offices. The deposits are noninterest-bearing and are recoverable through application of rentals at the end of the lease term.

Miscellaneous deposits pertain primarily to utility deposits related to the construction activities of the Group.

Others include the Group's deposit to San Miguel Village Association (SMVA), a homeowners' organization of San Miguel Village located near Century City. Such bond will be applied to any contingent damages that may occur in relation to the Group's project development.

17. Accounts and Other Payables

This account consists of:

	December 31		January 1,
	2013	2012	2012
Accounts payable	**₱4,217,164,529**	₱2,099,200,073	₱629,240,235
Accrued expenses	**142,775,830**	428,589,274	112,328,476
Payable to related parties	**151,495,380**	248,137,310	160,904,229
Retentions payable	**75,778,739**	42,211,083	28,945,118
Payable to Manila Jockey Club, Inc. (MJCI)	–	10,922,220	22,824,595
Other payables	**41,924,983**	39,913,914	14,224,962
	₱4,629,139,461	₱2,868,973,874	₱968,467,615

Accounts payable are attributable to the construction costs incurred by the Group. These are noninterest-bearing and are normally settled on 15-to 60-day terms.

Accrued expenses consist mainly of utilities, marketing costs, professional fees, communication, transportation and travel, security, insurance, representation and taxes payable.

Retentions payable are noninterest-bearing and are normally settled on a 30-day term upon completion of the relevant contracts.

Payable to MJCI pertains to the unremitted share of MJCI on the sales of a joint venture project with CCC. The respective payables on MJCI's share over the sold units were settled upon turn-over of the units to the buyers in 2013.

Other payables consist mainly of payments received by the Group in behalf of Penta Pacific Realty Corporation (Penta Pacific) for the sales management transaction between CPMI and Penta Pacific. As of December 31, 2013, 2012 and January 1, 2012, this amounted to ₱41.92 million, ₱35.22 million and ₱7.44 million, respectively.

18. Customers' Advances and Deposits

The Group requires buyers of residential units to pay a minimum percentage of the total selling price as deposit before a sale transaction is recognized. In relation to this, the customers' advances and deposits represent payments from buyers which have not reached the minimum required percentage. When the level of required payment is reached by the buyer, a sale is recognized and these deposits and down payments will be applied against the related installment contracts receivable.

The account also includes the excess of collections over the recognized receivables based on percentage of completion. As of December 31, 2013, 2012 and January 1, 2012, customers' advances and deposits amounted to ₱2,222.75 million, ₱2,288.36 million and ₱2,730.58 million, respectively.

19. Short-term and Long-term Debt

Short-term Debt

Short-term debt consists of:

	December 31		January 1,
	2013	2012	2012
Trust receipts	**₱572,844,302**	₱346,399,397	₱6,300,691
Bank loans - Philippine Peso	**6,899,471**	5,000,000	10,165,080
	₱579,743,773	₱351,399,397	₱16,465,771

Trust receipts (TRs) are obtained for the purchase of construction materials for CCDC's projects with fixed interest rate of 5.0% to 8.5% per annum payable monthly in arrears and full payment of principal balance is at maturity of one year with option to prepay.

Bank loans, pertain to short-term promissory note (PN) amounting to ₱6.90 million which was obtained in 2009 from a local bank for CPMI's additional working capital requirements. This was renewed by CPMI each year for the same terms and rates of interest. The PN has a term of one (1) year, the full payment of which is to be made at maturity date at a fixed interest rate of 6.74% per annum (p.a.).

Long-term Debt
Long-term debt consists of:

	December 31		January 1,
	2013	2012	2012
Payable under CTS financing	**₱1,307,402,985**	₱1,245,624,748	₱713,818,730
Bank loan - Philippine Peso	**4,151,607,312**	2,063,286,515	150,000,000
Car loan financing	**391,152**	686,930	2,266,807
	5,459,401,449	3,309,598,193	866,085,537
Less current portion	**1,178,233,690**	387,432,732	369,337,615
	₱4,281,167,759	₱2,922,165,461	₱496,747,922

Payable under CTS financing
In 2013 and 2012, CCDC obtained various loans from a local bank through credit line facilities via receivable financing amounting to ₱130.27 million and ₱903.25 million, respectively.

The proceeds of the loans were used in the construction of its real estate projects subject to interest rate ranging from 6.0% to 10.0% per annum. The related promissory notes have terms ranging from thirty-six (36) to forty-eight (48) months and are secured by the buyer's post-dated checks, the corresponding CTS, and parcels of land held by the Company. CCDC retains the assigned receivables in the "Trade receivables" account and records the proceeds from these sales as "Long-term debt" (see Note 5).

In 2013, CPGI and CLC also obtained CTS financing from local banks amounting to ₱81.48 million and ₱71.85 million, respectively. These loans bear fixed interest rates ranging from 7.3% to 8.0%.

Likewise, in 2012, CPGI, MDC and CMDC obtained CTS financing from local banks amounting to ₱107.90 million, ₱175.00 million and ₱50.00 million, respectively. These loans bear fixed interest rates of 5.9% for CPGI, 7.9% for MDC and 10.0% for CMDC.

Bank loan – Philippine Peso
In 2012, CPGI obtained a peso-denominated loan from a local bank amounting to ₱60.00 million with a term of two years at interest rate of 6.0% per annum. CPGI uses the 21st floor of the Pacific Star Building as collateral for the loan.

In 2013 and 2012, CCDC obtained loans from local banks amounting to ₱533.94 million and ₱606.71 million, respectively to finance the construction costs of its projects at interest rate ranging from 6.25% to 8.5% payable in three to five years. In 2013, CCDC fully paid one of its bank loans.

In 2012, MDC increased their funding requirements to finance the construction of the Milano Residences. MDC obtained a peso-denominated loan from a local bank amounting to ₱413.35 million with a term of up to five years at interest rate of 10% per annum. In 2013, the Company fully paid the outstanding balance of this loan.

During 2013 and 2012, CLC obtained a peso-denominated loan from a local bank amounting to ₱322.00 million and ₱400.00 million, respectively, with terms of two years at interest rate of 1% per annum or the prevailing three month PDST-F on Interest Setting Date plus a credit spread of 3.5% per annum, whichever is higher. Principal repayment is scheduled within two years from and after the date of the initial borrowing, inclusive of a grace period of one year on principal repayment. Additionally in 2012, CLC obtained a ₱500.00 million secured transferrable term loan facility at interest rate of 2.75% per annum plus bank's cost of funds. Principal payment is scheduled within three years from the date of the agreement.

These bank loans contain negative covenant that the Group's payment of dividend is subject to certain financial ratios.

Also in 2013, CLC obtained additional loans from certain local bank amounting to ₱722.14 million. This loan bears a fixed interest rate of 9.00% payable within 3 years.

On June 11, 2013, the Parent Company entered into a loan syndication agreement with Standard Chartered Bank (SCB) to finance the planned construction and development of its properties. The loan has a facility agreement up to ₱4,200 million. The Parent Company has received the funds with an aggregate amount of ₱2,232.63 million as of December 31, 2013. The loan syndication agreement is secured by the parcels of land owned by CCDC under various Transfer Certificates of Title and various buildings under projects Century City, Azure Urban Resort Residences and Acqua Private Residences.

Consequently, the Parent Company has incurred transaction costs attributable to the loan syndication agreement totaling ₱72.34 million. These transactions costs that are directly attributable to the acquisition of the loan syndication agreement are currently deferred and will be recognized over the term of the loan using effective interest rate method when the loan are recognized.

These bank loans contain negative covenant that the Group's payment of dividend is subject to certain financial ratios.

Car loan financing
In 2013 and 2012, the Group, through CCDC and CPMI, entered into bank financing agreement for installment payments of its transportation equipments amounting to nil and ₱4.69 million, respectively. The said assets were acquired under a joint financing plan between the Group and its managerial level employees and are capitalized and depreciated over their EUL of five years. The same transportation equipment is held on chattel mortgage by the bank as security. The loan, which bears interest ranging from 12.21% to 12.88% and payable within (5) years, amounted to nil and ₱1.13 million as of December 31, 2013 and 2012, respectively.

In 2011, CLC obtained a car loan from a local bank amounting to ₱0.85 million and bears interest at 17.30% per annum payable in (2) years, to finance the acquired transportation equipment. As of December 31, 2013 and 2012, outstanding balance of this loan amounted to nil and ₱0.27 million, respectively.

<u>Interest Expense</u>
Interest expense recognized in 2013, 2012 and 2011 for the short-term and long-term debts amounted to ₱29.22 million, ₱41.58 million and ₱44.95 million, respectively (see Note 26).

20. **Equity**

Capital Stock
The details of the Parent Company's common shares follow:

	December 31		January 1,
	2013	2012	2012
Authorized shares	**10,000,000,000**	10,000,000,000	10,000,000,000
Par value per share	**₱0.53**	₱0.53	₱0.53
Issued and subscribed shares	**9,699,724,027**	8,899,724,027	7,566,391,027

Placement and Subscription Agreement between the Parent Company and CPI
On March 5, 2013, the Parent Company entered into a Subscription and Placement Agreement with CPI, Standard Chartered Securities (Singapore) Pte. Limited (Standard Charter) and Macquarie Capital (Singapore) Pte. Limited (Macquarie) wherein CPI has appointed Standard Chartered and Macquarie to offer 800,000,000 existing common shares (the Offer Shares) of the Parent Company at ₱2.05 per share (the Offer Price) outside the United States in reliance on Regulation S under the U.S. Securities Act. On the same day, the Parent Company and CPI entered into a Subscription Agreement wherein CPI has agreed to subscribe for the new common shares to be issued by the Parent Company in an amount equal to the number of the Offer Shares sold by CPI at a price equal to the Offer Price.

On February 18, 2012, the Parent Company entered into a Placement Agreement with CPI, UBS AG (UBS) and Macquarie Capital (Singapore) Pte. Limited (Macquarie) wherein CPI has appointed UBS and Macquarie to offer 1,333,333,000 existing common shares (the Offer Shares) of the Parent Company at ₱1.75 per share (the Offer Price) outside the United States in reliance on Regulation S under the U.S. Securities Act. On the same day, the Parent Company and CPI entered into a Subscription Agreement wherein CPI has agreed to subscribe for the new common shares to be issued by the Parent Company in an amount equal to the number of the Offer Shares sold by CPI at a price equal to the Offer Price.

Treasury shares
On January 7, 2013, the BOD of the Parent Company approved a share buyback program for those shareholders who opt to divest of their shareholdings in the Parent Company. A total of ₱800.00 million worth of shares will be up for buyback for a time period of up to 24 months.

As of December 31, 2013, a total of 14.44 million shares were reacquired at a total cost of ₱22.52 million.

Retained earnings
Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱3,743.56 million, ₱2,083.28 million and ₱321.00 million as of December 31, 2013, 2012 and 2011, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

On April 15, 2013, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱184.44 million for distribution to the stockholders of the Parent Company of record as of April 29, 2013.

On May 16, 2013, the BOD by majority vote approved resolutions for the following corporate acts:

(1) Approval on the increase in capital stock from ₱5,300.00 million, divided into 10 billion common shares, par value of ₱0.53 peso per share, to ₱9,540.00 million divided into 18 billion common shares, par value of ₱0.53 peso per share;

(2) Approval on the increase in the authorized capital stock of the Parent Company at a price of ₱0.53 per share or at an aggregate price equivalent to ₱4,240.00 million and the corresponding payment thereof by way of the declaration of stock dividends equivalent to ₱2,000.00 million common shares amounting to ₱1,060.00 million to be taken out of the Parent Company's retained earnings. This amount represents at least the minimum 25% subscribed and paid-up capital for the increase of the authorized capital stock from 10 billion shares to 18 billion common shares with par value of ₱0.53 per share to be issued as stock dividends to all shareholders as of record date;

(3) that the Chief Financial Officer (CFO), be authorized to fix the total number of shares to be declared as dividends by the Parent Company subject to shareholders' approval on the implementation and distribution date of such dividend shares;

(4) Approval on the authority of the BOD to declare a stock dividend program for all stockholders as of record date subject to the existence of sufficient unrestricted retained earnings; and

(5) Approval of the authority of the CFO to sign, execute any documents or instruments which may be necessary or proper to implement the declaration of stock dividends under such other terms and conditions as provided by law.

On July 1, 2013, at the Annual Stockholders Meeting, the Shareholders of the Parent Company ratified and approved the resolutions as approved by the majority of the BOD at a special meeting on May 16, 2013, by a vote of the Stockholders present in person or by proxy owning at least two thirds (2/3) of the outstanding capital stock.

The shareholders of the Parent Company further approved and consented that the determination of the details of the increase in authorized capital stock and the declaration of stock dividends is delegated to the Management of the Parent Company on the implementation and distribution date of such dividend shares and that the CFO, be authorized to fix the total number of shares to be declared as dividends by the Parent Company.

Given the resolutions approved by both the BOD and stockholders, as of current date, the Management still has to finalize the implementation of stock dividends and such, the process of the increase in capital stock to warrant the declaration of dividends.

Although the amount of dividends was determined and approved by both BOD and stockholders, not all conditions pre-requisites are met by the Parent Company to subject it as a dividend declaration event, there were no actual application to the SEC on the increase in capital stock via stock dividend has been applied for, the necessary SEC Order on the approval of the increase in capital stock and record date has not been satisfied due to the fact that the Parent Company has not yet implemented such increase in capital stock application with the SEC and the Parent Company has not applied for listing of such shares and secure approval from the PSE.

Based on the foregoing statements, Management intends to address the actual filing of the increase in capital stock, execute the necessary updated resolutions and notify both the PSE and the SEC on such transactions as permitted by law, by having a Special Board of Directors Meeting on May 26, 2014 and a stockholders meeting on June 25, 2014 needed for securing the SEC and PSE approvals, Order for record date and actual distribution of stock dividends.

On April 13, 2012, the BOD of the Parent Company approved the declaration of ₱0.01 cash dividends amounting to ₱86.42 million for distribution to the stockholders of the Parent Company of record as of April 27, 2012.

Equity reserve
Equity reserve amounting to ₱6.97 million as of December 31, 2013 and 2012, is the difference between the acquisition cost and the adjusted carrying value of the noncontrolling interest in CPMI.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong and healthy consolidated statement of financial position to support its current business operations and drive its expansion and growth in the future.

The Group maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. No changes were made in the objectives, policies or processes during 2013 and 2012. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding equity reserve, loss on AFS financial assets and remeasurement loss on defined benefit plan, amounting to a total of ₱11,501.63 million, ₱8,283.32 million and ₱4,334.42 million as of December 31, 2013, 2012 and January 1, 2012, respectively.

The Group is not subject to externally imposed capital requirements.

21. **Earnings Per Share**

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company for 2013, 2012 and 2011 follow:

	2013	2012	2011
Net income attributable to the owners of the Parent Company	**₱1,844,715,754**	₱1,848,699,632	₱864,494,959
Weighted average number of shares	**9,548,915,394**	8,724,381,605	8,461,583,465
Basic/diluted earnings per share	**₱0.193**	₱0.212	₱0.102

22. **Property Management Fee and Other Services**

This account consists of:

	2013	2012	2011
Property management fee	**₱253,287,494**	₱220,487,120	₱190,019,331
Technical services	**1,122,974**	1,188,252	1,034,488
Auction services	**–**	530,986	559,753
	₱254,410,468	₱222,206,358	₱191,613,572

Property management fee pertains mostly to facilities management and consultancy fees of condominium corporations, corporate facilities and prior projects of the Group, which have been turned over to the respective buyers.

Auction services are fees earned by the Group in facilitating auction of foreclosed real estate projects, which normally consist of a percentage for each sale made while technical services pertains to various services such as plan evaluation, consultation and project management.

23. Interest and Other Income

This account consists of:

	2013	2012	2011
Interest income:			
Accretion of unamortized discount (Note 5)	**₱654,764,011**	₱397,647,777	₱434,316,306
Cash and cash equivalents (Note 4)	**43,852,421**	103,493,561	52,018,220
Income from forfeited collections	**416,344,118**	203,230,372	245,761,578
Marketing fee income from joint ventures	**–**	55,781,815	–
Gain on sale of AFS	**–**	7,418,511	–
Unrealized foreign exchange gain	**45,756,697**	5,554	123,763
Other income	**59,861,692**	39,376,677	18,119,532
	₱1,220,578,939	₱806,954,267	₱750,339,399

Income from forfeited collections includes both reservation fees that have prescribed from the allowable period of completing the requirements for such reservation as well as forfeited collections from defaulted contracts receivables that have been assessed by the Group's management as no longer refundable.

Marketing fee income from joint ventures is derived by the Group from undertaking the marketing and sale of lots, being appointed as exclusive marketing agent of its real estate inventories.

Other income mainly consists of the penalties and other surcharges billed against defaulted installment contracts receivable. Real estate buyers are normally charged a penalty of 3% of the monthly installment for every month in arrears from the time the specific installment becomes due and payable.

24. Cost of Services

This account consists of:

	2013	2012	2011
Salaries, wages and employee benefits (Note 29)	**₱176,468,314**	₱147,987,126	₱128,759,994
Outside services	**9,176,957**	9,602,398	12,296,130
Others	**–**	–	636,865
	₱185,645,271	₱157,589,524	₱141,692,989

25. General, Administrative and Selling Expenses

This account consists of:

	2013	2012	2011
Marketing and promotions	**₱708,139,512**	₱705,531,548	₱107,385,222
Commission	**445,754,644**	359,583,530	198,366,974
Salaries, wages and employee benefits (Note 29)	**395,108,425**	538,039,973	269,443,740
Professional fees	**148,138,526**	88,394,283	46,093,770
Taxes and licenses	**102,180,689**	28,281,192	41,769,869
Transportation and travel	**48,693,068**	41,559,445	6,104,963
Entertainment, amusement and Recreation	**42,122,234**	26,280,229	32,065,396
Rent (Note 30)	**41,346,102**	42,906,876	15,279,546
Depreciation and amortization (Notes 14 and 15)	**39,377,153**	51,462,423	19,027,246
Communication	**23,623,844**	20,187,569	15,961,220
Utilities	**15,713,041**	10,378,499	799,223
Supplies	**11,428,189**	10,684,889	6,009,292
Outside services	**3,097,121**	17,321,672	4,826,236
Miscellaneous	**17,141,270**	19,715,227	31,239,709
	₱2,041,863,818	₱1,960,327,355	₱794,372,406

Miscellaneous expenses pertain mostly to repairs and maintenance and insurance.

26. Interest and Other Financing Charges

Details of this account follow:

	2013	2012	2011
Interest expense on:			
Short-term and long-term debt (Note 19)	**₱29,215,760**	₱41,576,507	₱44,948,072
Liability from purchased land (Note 7)	–	7,556,660	14,915,566
	29,215,760	49,133,167	59,863,638
Other financing charges	**68,237,206**	13,380,990	14,911,908
	₱97,452,966	₱62,514,157	₱74,775,546

Interest expense on liability from purchased land relates to the land held for future development by CLC (see Note 7).

Other financing charges mostly include charges from interbank transfers and other banking service fees.

27. **Income Tax**

The provision for income tax consists of:

	2013	2012	2011
Current			
RCIT/MCIT	**₱415,572,363**	₱101,733,716	₱154,544,547
Final	**4,061,794**	22,194,219	10,411,144
	419,634,157	123,927,935	164,955,691
Deferred	**452,904,271**	516,318,391	216,129,692
	₱872,538,428	₱640,246,326	₱381,085,383

Current tax
Provision for current tax pertains to final tax and RCIT/MCIT.

Income taxes include corporate income tax and final taxes paid at the rate of 20%, which is a final withholding tax on gross interest income from debt instruments and other deposit substitutes.

Interest allowed as a deductible expense is reduced by an amount equivalent to 33% of interest income subjected to final tax starting January 1, 2009.

The NIRC of 1997 also provides for rules on the imposition of a 2% MCIT on the gross income as of the end of the taxable year beginning on the fourth taxable year immediately following the taxable year in which the Group commenced its business operations. Any excess MCIT over the RCIT can be carried forward on an annual basis and credited against the RCIT for the three (3) immediately succeeding taxable years.

In addition, the NIRC of 1997 allows the Group to deduct from its taxable income for the current year its accumulated NOLCO from the immediately preceding three (3) consecutive taxable years. As of December 31, 2012, carryover NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deductions against income tax liabilities are as follows:

NOLCO:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2010	₱134,307,472	(₱134,307,472)	₱–	2013
2011	585,420,775	(490,782,437)	94,638,337	2014
2012	318,962,685	(137,486,515)	112,873,515	2015
	₱1,038,690,932	(₱762,576,424)	₱207,511,852	

Deferred tax
The components of deferred taxes as of December 31, 2013 and 2012 are as follows:

Net deferred tax assets:

	2013	2012
Deferred tax assets on:		
Allowance for impairment losses	**₱1,357,947**	₱1,108,873
Accruals	**3,965,987**	–
Difference between tax and book basis of accounting for real estate transactions	**67,728,596**	101,985,277
NOLCO	**227,856,212**	139,258,076
Retirement benefits	**30,460,657**	17,136,734
Unrealized foreign exchange loss	–	–
MCIT	**43,177**	6,277,817
	331,412,576	265,766,777
Deferred tax liabilities on:		
Service revenue	**169,889,238**	–
Capitalized borrowing costs	**813,911**	79,301,721
Prepayments	**6,148,375**	85,783,649
Valuation gains	**4,520,158**	–
Interest income	**25,344,218**	–
	206,715,900	165,085,370
Net deferred tax assets	**₱124,696,676**	₱100,681,407

Net deferred tax liabilities:

	2013	2012
Deferred tax assets on:		
Allowance for probable losses	**₱2,366,235**	₱2,366,235
Accruals	**155,445,178**	–
NOLCO	**17,002,225**	141,102,123
MCIT	**49,346,282**	12,355,047
	224,159,920	155,823,405
Deferred tax liabilities on:		
Change in fair value of investment property	**617,007,843**	653,602,800
Difference between tax and book basis of accounting for real estate transactions	**879,285,957**	508,251,893
Capitalized borrowing costs	**35,855,239**	33,180,075
Prepayments	**316,303,561**	122,957,519
Others	**4,459,015**	742,703
	1,852,911,615	1,318,734,990
Net deferred tax liabilities	**₱1,628,751,695**	₱1,162,911,585

Unrecognized deferred tax assets
The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized. These NOLCO and MCIT follow:

	2013	2012
NOLCO	**₱108,972,431**	₱264,719,850
MCIT	**112,460**	6,277,817
	₱109,084,891	₱270,997,667

Statutory reconciliation
The reconciliation of the provision for income tax computed at statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2013	2012	2011
Provision for income tax computed at statutory rate	**₱815,176,255**	₱747,017,153	₱374,200,364
Adjustments for:			
Income tax holiday	**35,472,590**	(111,356,028)	1,261,969
Nondeductible interest and other expenses	**7,753,508**	7,719,166	10,991,751
Change in unrecognized deferred tax assets	**251,203,454**	6,795,519	(199,069)
Interest income subjected to final tax	**(7,822,013)**	(9,929,484)	(5,169,632)
Recognition of previously unrecognized DTA	**(229,291,175)**	–	–
Expired MCIT	**45,809**	–	–
	₱872,538,428	₱640,246,326	₱381,085,383

Board of Investments (BOI) incentives
On January 6, 2010, the BOI issued in favor of the Group a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Azure Urban Residences in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects has been granted an Income Tax Holiday (ITH) for a period of four (4) years from December 2012 or the actual start of commercial operations or selling, whichever is earlier and importation of capital equipment, spare parts and accessories at zero percent duty from date of registration up to June 16, 2011.

28. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Terms and Conditions of Transactions with Related Parties
The Group in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements.

There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The effects of the foregoing transactions are shown under the following accounts in the consolidated financial statements:

2013

	Amount/ Volume	**Receivables**	**Due from related parties**	**Terms**	**Conditions**
Ultimate Parent	**₱299,746,751**	**₱299,746,751**	**₱–**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
Stockholders	**166,620,067**	**–**	**166,620,067**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
Other affiliates	**10,702,611**		**10,702,611**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
	₱477,069,429	**₱299,746,751**	**₱177,322,678**		

	Amount/ Volume	**Accounts and other payables**	**Due to related parties**	**Terms**	**Conditions**
Stockholders	**₱26,949,659**	**₱–**	**₱26,949,659**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
Other affiliates	**156,455,213**	**151,495,380**	**4,959,833**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
	₱183,404,872	**₱151,495,380**	**₱31,909,492**		

2012

	Amount/ Volume	Receivables	Due from related parties	Terms	Conditions
Stockholders	₱808,651,274	₱650,615,465	₱158,035,809	Noninterest bearing, due and demandable	Unsecured, no impairment
Other affiliates	8,189,968	–	8,189,968	Noninterest bearing, due and demandable	Unsecured, no impairment
	₱816,841,242	₱650,615,465	₱166,225,777		

	Amount/ Volume	Accounts and other payables	Due to related parties	Terms	Conditions
Stockholders	₱361,141,095	₱248,137,310	₱113,003,785	Noninterest bearing, due and demandable	Unsecured, no impairment
Other affiliates	21,981		21,981	Noninterest bearing, due and demandable	Unsecured, no impairment
	₱361,163,076	₱248,137,310	₱113,025,766		

The related party transactions are unsecured, noninterest-bearing, and are due and demandable. These are not impaired.

Significant transactions of the Group with related parties are described below:

Outsourced Service Agreement between the Parent Company and the subsidiaries
In 2013, the Parent Company entered into Omnibus Marketing, Logistics and Support Services Agreement with the subsidiaries wherein the latter undertakes to secure, maintain, preserve, market, promote and enhance the economic value of the subsidiaries' projects in exchange for outsourced service fees. During the year, total outsourced service fee billed by the Parent Company amounted to ₱566.30 million and deferred output VAT from such services amounted to ₱67.96 million. Total billings of ₱634.26 million remain outstanding as of December 31, 2013.

Assignment of rights over ISMI properties
On May 11, 2007, CPI and CCDC entered into a Deed of Absolute Assignment (DAA I) wherein CPI assigned, transferred and conveyed to CCDC its interests in the ISMI properties in exchange for CCDC's shares of stock for an aggregate subscription price of ₱1,038.84 million (see Note 7).

On the same date, CCDC incorporated twelve subsidiaries as special purpose entities created for the purpose of developing the ISMI properties and taking an assignment of its rights previously acquired from CPI. CCDC and its subsidiaries deemed it necessary and beneficial to streamline the operations of the said companies by transferring to the subsidiaries a portion of the rights, interests and ownership of CCDC in the ISMI properties with an aggregate area of 1,450 sqm and carrying value of ₱45.56 million. Accordingly, CCDC and its subsidiaries executed a Deed of Absolute Assignment (DAA II) wherein CCDC assigned and transferred a portion of its rights and interest over the ISMI properties in exchange for subscription to additional shares of stock in each of the subsidiaries.

On June 5, 2007, the DAA I was amended (1st Amendment) where the aggregate amount was changed to ₱1,014.72 million in consideration of the prepayment discount given by PMO. Under the 1st Amendment entered into by CPI and CCDC, CCDC shall issue an aggregate of 101.47 million common shares with a par value of ₱1 at issuance price of approximately ₱10 per share resulting in an aggregate issuance price of ₱1,014.72 million and additional paid-in capital of ₱913.25 million in relation to the assignment of the CPI's rights and interests in the ISMI properties.

Similarly, the DAA II was amended on the same date, taking into account such prepayment discount.

The application for issuance of shares of CCDC in favor of CPI was approved by Securities and Exchange Commission (SEC) on May 8, 2008.

On July 16, 2008, CCDC filed a petition for amendment of its initial application for issuance of additional shares in favor of CPI to reflect that instead of recording the ₱913.25 million as additional paid-in capital in favor of CPI, it should be ₱909.26 million, net of ₱3.99 million scrap sale, as advances in favor of CPI, or any of its assignees. In connection with this petition, CCDC amended the 1st Amendment (2nd Amendment) to reflect the true and correct will of the parties. The amended application for issuance of shares of CCDC in favor of CPI was approved by the SEC on December 24, 2008.

As of December 31, 2013 and 2012, ISMI properties distributed to CCDC and its subsidiaries are recorded under "Real estate inventories", "Land held for future development" and "Investment properties".

Allocation of Expenses
In the normal course of business, CPI shoulders and pays certain operating expenses on behalf of the Group such as rent, salaries and selling expenses. Total operating expenses allocated to the Group amounted to ₱183.01 million and ₱200.78 million for the years ended December 31, 2012 and 2011, respectively.

Construction Management Contract
The Group has contracted Century Properties Management Construction Corporation (CPMCC) as the project manager that will handle the construction activities of the Group. CPMCC is owned by one of the key management personnel of the Group. As of December 31, 2013 and 2012, advances made to CPMCC recognized under the "Advances to contractors and suppliers" account amount to ₱65.73 million and ₱39.99 million, respectively.

Key management compensation
The key management personnel of the Group include all directors, executive, and senior management. The details of compensation and benefits of key management personnel in 2013, 2012 and 2011 follow:

	2013	2012	2011
Short-term employee benefits	**₱79,641,947**	₱62,545,755	₱29,493,900
Post-employment benefits (Note 29)	**4,409,754**	2,581,108	2,612,141
	₱84,051,701	₱65,126,863	₱32,106,041

Terms and condition of transactions with related parties
Outstanding balances at year-end are unsecured interest free and expected to be settled within one year after the reporting date. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2013 and 2012, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

29. **Pension Cost**

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

The components of retirement benefits expense included under "Salaries, wages and employee benefits" under general, administrative and selling expenses follow:

	December 31, 2013	December 31, 2012 (As restated)	January 1, 2012 (As restated)
Current service cost	**₱11,093,410**	₱8,294,794	₱4,634,214
Interest cost on benefit obligation	**5,704,761**	1,507,189	2,310,684
Effect of settlement/curtailment	**(2,681,155)**	–	(3,458,544)
Retirement expense	**₱14,117,016**	₱9,801,983	₱3,486,354

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

	December 31, 2013	December 31, 2012 (As restated)	January 1, 2012 (As restated)
Balance at January 1	**₱92,361,520**	₱30,800,716	₱28,739,853
Current service cost	**11,093,410**	8,294,794	4,634,214
Interest cost	**5,704,761**	1,507,189	2,310,684
Benefits paid	**(699,494)**	(7,402,591)	(4,226,401)
Actuarial (gain) losses	**36,931,433**	(2,556,676)	5,300,172
Settlement/curtailment	**(2,681,155)**	–	(5,957,806)
Obligation acquired from CPI	**–**	61,718,088	–
Balance at December 31	**₱142,710,475**	₱92,361,520	₱30,800,716

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumptions on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant.

	December 31, 2013		
			Effect on DBO
Discount rate	11.6%	1.0 % increase	16,572,340
Discount rate	9.5	1.0 % decrease	(13,628,334)
Rate of salary increase	10.8	1.0 % increase	15,353,791
Rate of salary increase	9.1	1.0 % decrease	(12,945,662)

The assumptions used to determine pension benefits for the Group for the years ended December 31, 2013, 2012 and January 1, 2012 are as follows:

	2013	2012	2011
Discount rate	**5.37% to 6.38%**	6.00% to 6.50%	7.01%
Salary increase rate	**5.00% to 7.00%**	5.00% to 7.00%	7.00%

The amount of unfunded status and experience adjustments for the current and the previous periods follow:

	2013	2012	2011	2010	2009
Defined benefit obligation	**₱142,710,476**	₱92,361,520	₱30,800,716	₱28,739,853	₱16,636,179
Experience adjustments on plan liabilities	**21,938,519**	(3,255,280)	684,927	2,018,230	(1,089,306)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year ending:	
December 31, 2014	₱39,060,444
December 31, 2015	2,444,710
December 31, 2016	13,947,827
December 31, 2017	5,640,336
December 31, 2018	4,500,647
December 31, 2019 through December 31, 2023	62,809,549

The average duration of the defined benefit obligation as at December 31, 2013 ranges from 13.4 to 16.4 years.

30. **Operating Lease Agreements**

The Group is a lessee under operating leases covering the sales and administrative offices including the model units for prospective buyers. The leases have terms ranging from two to three years, with renewal options. Monthly rent payment is computed using a fix rate per sqm. Rental expense charged to operations amounted to ₱41.35 million, ₱42.91 million and ₱15.28 million in 2013, 2012 and 2011, respectively (see Note 25).

Future minimum rentals payable under operating leases follow:

	2013	2012	2011
Within one year	**₱64,951,325**	₱38,190,150	₱22,716,768
After one year but not more than five years	**88,144,150**	54,153,115	11,575,944
	₱153,095,475	₱92,343,265	₱34,292,712

31. **Financial Instruments**

Fair Value Information

The table below presents the carrying amounts and fair value of the Group's financial assets and liabilities are as follows:

	2013		2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Loans and receivables				
Cash and cash equivalents	**₱1,438,887,780**	**₱1,438,887,780**	₱901,825,739	₱901,825,739
Receivables				
Trade receivables				
Real estate	**8,091,813,331**	**8,091,813,331**	5,468,143,386	5,636,833,089
Management fee	**59,788,449**	**59,788,449**	48,858,840	48,858,840
Auction fee and commissions	**2,394,043**	**2,394,043**	1,412,985	1,412,985
Advances to customers	**54,260,184**	**54,260,184**	36,120,490	36,120,490
Receivable from related parties	**299,746,751**	**299,746,751**	650,615,465	650,615,465
Other receivables	**430,411,489**	**430,411,489**	483,750,436	483,750,436
Due from related parties	**177,322,678**	**177,322,678**	166,225,777	166,225,777
	10,554,624,705	**10,554,624,705**	7,756,953,118	7,925,642,821
Derivative assets	**29,925,021**	**29,925,021**	–	–
AFS financial assets	**9,481,017**	**9,481,017**	7,936,028	7,936,028
Total Financial Assets	**₱10,594,030,743**	**₱10,594,030,743**	₱7,764,889,146	₱7,933,578,849

Other financial liabilities				
Accounts and other payables				
Accounts payable	**₱4,217,164,529**	**₱4,217,164,529**	₱2,099,200,073	₱2,099,200,073
Accrued expenses	**142,775,830**	**142,775,830**	428,589,274	428,589,274
Payable to related parties	**151,495,380**	**151,495,380**	248,137,310	248,137,310
Retentions payable	**75,778,739**	**75,778,739**	42,211,083	10,922,220
Payable to MJCI	**–**	**–**	10,922,220	39,913,914
Other payables	**41,924,983**	**41,924,983**	39,913,914	113,025,766
Due to related parties	**31,909,492**	**31,909,492**	113,025,766	225,258,017
Short-term debt	**579,743,773**	**579,743,773**	351,399,397	351,399,397
Long-term debt	**5,459,401,449**	**6,387,499,695**	3,307,417,581	3,421,479,423
Liability from purchased land	**30,741,162**	**30,741,162**	30,741,162	33,910,210
Total Financial Liabilities	**₱10,730,935,337**	**₱11,659,033,583**	₱6,671,557,780	₱6,971,835,604

<u>Fair Value of Financial Instruments</u>
The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Financial assets
Cash and cash equivalents, receivables (excluding real estate receivables with more than one year tenor) and due from related parties - Carrying amounts approximate fair values due to the short-term maturities of these instruments.

Noncurrent real estate receivables - Fair value is based on undiscounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 3.20% to 8.00% and 2.51% to 5.41% in 2013 and 2012, respectively.

AFS financial assets - Fair values are based on quoted prices published in the market.

Other financial liabilities
The fair values of accounts and other payables, due to related parties and short-term debt approximate the carrying amount due to the short-term maturities of these instruments.

The fair value of long-term debt and liability from purchased land are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used for long-term debt ranged from 2.60% to 5.55% and 2.50% to 4.44% as of December 31, 2013 and 2012, respectively. The discount rates used for the liability from purchased land ranged from 3.83% to 5.37% as of December 31, 2013 and 2012, respectively.

<u>Fair Value Hierarchy</u>
The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

As of December 31, 2013 and 2012, the Group held AFS financial assets comprising of quoted equity securities which are measured at fair value. Accordingly, such investments are classified under Level 1.

The Group held freestanding derivatives which are measured at fair value under Level 2.

The Group has no financial instruments measured under Level 3.

In 2013 and 2012, the Group did not have transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Policies and Objectives

The Group has various financial assets and liabilities such as cash, receivables, accounts and other payables and due to related parties, which arise directly from its operations. The Group has availed short-term and long-term debt for financing purposes.
Exposure to credit, interest rate , liquidity and foreign currency risks arise in the normal course of the Group's business activities. In 2013, the Group also entered into derivative transactions, the purpose of which is to manage the currency and interest rate risk arising from its financial instruments.

The main objectives of the Group's financial risk management are as follows:

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

The Group's BOD reviews and approves the policies for managing each of these risks and they are summarized below:

Credit risk

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

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

The Group has no significant concentrations of credit risk.

The Group's maximum exposure to credit risk as of December 31, 2013 and 2012 is equal to the carrying values of its financial assets, except for real estate receivables with carrying value of ₱8,091.81 million and fair value of collateral amounting to ₱25,904.16 million.

The table below shows the credit quality of the Group's financial assets:

2013

	Neither past due nor impaired					
	High grade	**Medium Grade**	**Low Grade**	**Past due but not Impaired**	**Impaired**	**Total**
Cash and cash equivalent	**₱1,438,887,780**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,438,887,780**
Receivables						
Trade						
Real estate	**8,091,813,331**	–	–	–	–	**8,091,813,331**
Management fee	**59,788,449**	–	–	–	**2,715,187**	**62,503,636**
Auction fee and commissions	**2,394,043**				**981,058**	**3,375,101**
Advances to customers	**54,260,184**	–	–	–	–	**54,260,184**
Receivable from related parties	**299,746,751**	–	–	–	–	**299,746,751**
Others	**430,411,489**	–	–			**430,411,489**
Due from related parties	**177,322,678**				–	**177,322,678**
	10,554,624,705	–	–	–	**3,696,245**	**10,558,320,950**
Derivative assets	**29,925,021**	–	–	–	–	**29,925,021**
AFS financial assets	**9,481,017**	–	–	–	–	**9,481,017**
Total	**₱10,594,030,743**	**₱–**	**₱–**	**₱–**	**₱3,696,245**	**₱10,597,726,988**

2012

	Neither past due nor impaired					
	High grade	Medium Grade	Low Grade	Past due but not Impaired	Impaired	Total
Cash and cash equivalent	₱901,825,739	₱–	₱–	₱–	₱–	₱901,825,739
Receivables						
Trade						
Real estate	5,468,143,386	–	–	–	–	5,468,143,386
Management fee	48,858,840	–	–	–	2,715,187	51,574,027
Auction fee and commissions	1,412,985	–	–	–	981,058	2,394,043
Advances to customers	36,120,490	–	–	–	–	36,120,490
Receivable from related parties	650,615,465	–	–	–	–	650,615,465
Others	483,750,436	–	–	–	–	483,750,436
Due from related parties	166,225,777	–	–	–	–	166,225,777
	7,756,953,118	–	–	–	3,696,245	7,760,649,363
AFS financial assets	7,963,504	–	–	–	–	7,963,504
Total	₱7,764,916,622	₱–	₱–	₱–	₱3,696,245	₱7,768,612,867

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

Cash and cash equivalents - based on the nature of the counterparty.

Receivables - high grade pertains to receivables with no default in payments; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

AFS financial assets, which are assessed by management as high grade, are investments in equity instruments in companies with good financial capacity.

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

2013

	Neither Past Due nor Impaired <30 days	Past due but not impaired 30-60 days	60-90 days	90-120 days	>120 days	Impaired Financial Assets	Total
Receivables							
Trade receivables							
Real estate	**₱8,091,813,331**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱8,091,813,331**
Management fee	**59,788,449**	–	–	–	–	**2,715,187**	**62,503,636**
Auction fee and commissions	**2,394,043**	–	–	–	–	**981,058**	**3,375,101**
Advances to customers	**54,260,184**	–	–	–	–	–	**54,260,184**
Receivable from related parties	**299,746,751**	–	–	–	–	–	**299,746,751**
Other receivables	**430,411,489**	–	–	–	–	–	**430,411,489**
Due from related parties	**177,322,678**	–	–	–	–	–	**177,322,678**
Total	**₱9,115,736,925**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,696,245**	**₱9,119,433,170**

2012

	Neither Past Due nor Impaired <30 days	Past due but not impaired 30-60 days	60-90 days	90-120 days	>120 days	Impaired Financial Assets	Total
Receivables							
Trade receivables							
Real estate	₱5,468,143,386	₱–	₱–	₱–	₱–	₱–	₱5,468,143,386
Management fee	48,858,840	–	–	–	–	2,715,187	51,574,027
Auction fee and commissions	1,412,985	–	–	–	–	981,058	2,394,043
Advances to customers	36,120,490	–	–	–	–	–	36,120,490
Receivable from related parties	650,615,465	–	–	–	–	–	650,615,465
Other receivables	483,750,436	–	–	–	–	–	483,750,436
Due from related parties	166,225,777	–	–	–	–	–	166,225,777
Total	₱6,855,127,379	₱–	₱–	₱–	₱–	₱3,696,245	₱6,858,823,624

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt.

The following table shows the maturity profile of the Group's financial assets used for liquidity purposes and liabilities based on contractual undiscounted payments:

	2013			
	Within 1 Year	**1-5 years**	**More than 5 years**	**Total - Gross**
Financial assets				
Cash and cash equivalents	**₱1,438,887,780**	**₱–**	**₱–**	**₱1,438,887,780**
Receivables				
Trade receivables				
Real estate	**5,876,832,431**	**3,216,988,358**	–	**9,093,820,789**
Management fee	**59,788,449**	–	–	**59,788,449**
Auction fee and commissions	**2,394,043**	–	–	**2,394,043**
Advances to customers	**54,260,184**	–	–	**54,260,184**
Receivable from related parties	**299,746,751**	–	–	**299,746,751**
Other receivables	**430,411,489**	–	–	**430,411,489**
Due from related parties	**177,322,678**	–	–	**177,322,678**
	₱8,339,643,805	**₱3,216,988,358**		**₱11,556,632,163**
Financial liabilities				
Accounts and other payables	**4,629,139,461**	–	–	**4,629,139,461**
Accounts payable	**4,217,164,529**	–	–	**4,217,164,529**
Accrued expenses	**142,775,830**	–	–	**142,775,830**
Payable to related parties	**151,495,380**	–	–	**151,495,380**
Retentions payable	**75,778,739**	–	–	**75,778,739**
Other payables	**41,924,983**	–	–	**41,924,983**
Due to related parties	**31,909,492**	–	–	**31,909,492**
Short-term debt	**579,743,773**	–	–	**579,743,773**
Long-term debt	**1,178,233,690**	**4,281,167,759**	–	**5,459,401,449**
Liability from purchased land	**2,400,000**	**28,341,162**	–	**30,741,162**
	₱11,050,565,877	**₱4,309,508,921**	**₱–**	**₱15,360,074,798**

	2012			
	Within 1 Year	1-5 years	More than 5 years	Total - Gross
Financial assets				
Cash and cash equivalents	₱901,825,739	₱–	₱–	₱901,825,739
Receivables				
Trade receivables				
Real estate	4,879,420,244	588,723,142		5,468,143,386
Management fee	48,858,840	–	–	48,858,840
Auction fee and commissions	1,412,985	–	–	1,412,985
Advances to customers	36,120,490	–	–	36,120,490
Receivable from related parties	650,615,465	–	–	650,615,465
Other receivables	483,750,436	–	–	483,750,436
Due from related parties	166,225,777	–	–	166,225,777
	₱7,168,229,976	₱588,723,142	₱–	₱7,756,953,118
Financial liabilities				
Accounts and other payables	₱2,868,973,874	₱–	₱–	₱2,868,973,874
Accounts payable	2,099,200,073	–	–	2,099,200,073
Accrued expenses	428,589,274	–	–	428,589,274
Payable to related parties	248,137,310	–	–	248,137,310
Retentions payable	42,211,083	–	–	42,211,083
Payable to MJCI	10,922,220	–	–	10,922,220
Other payables	39,913,914	–	–	39,913,914
Due to related parties	113,025,766	–	–	113,025,766
Short-term debt	353,580,009	–	–	353,580,009
Long-term debt	387,432,732	2,919,412,115	–	3,306,844,847
Liability from purchased land	2,400,000	28,341,162	–	30,741,162
	₱6,594,386,255	₱2,947,753,277	₱–	₱9,542,139,532
Interest payable	₱6,151,802	₱–	₱–	₱6,151,802

Foreign currency risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. There are only minimal placements in foreign currencies and the Group does not have any foreign currency-denominated debt. As such, the Group's foreign currency risk is minimal.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and their peso equivalents as of December 31, 2013 and 2012:

	2013		2012	
	Original currency	**Peso Equivalent**	**Original Currency**	Peso Equivalent
Assets				
Cash and cash equivalents				
US Dollar	**$429,928**	**₱19,086,654**	$1,179,181	₱48,405,397
Euro	**€100,361**	**6,138,114**	€531,019	28,956,492
Accounts payable				
US Dollar	**$325,000**	**₱14,428,375**	$–	₱–
Euro	**€9,370,665**	**573,109,871**	€–	–
Net foreign currency denominated instruments		**(₱562,313,478)**		₱17,393,267

The spot exchange rates used were ₱44.40 to US$1 and ₱61.16 to €1 in 2012; ₱41.05 to US$1 and ₱54.53 to €1 in 2012

	2013		2012	
	Increase/ decrease in foreign exchange rates	**Effect on profit before tax**	Increase/ decrease in foreign exchange rates	Effect on profit before tax
Dollar	₱0.001	**₱105**	₱0.001	₱1,179
	(0.001)	**(105)**	(0.001)	(1,179)
Euro	₱0.002	**(₱18,541)**	₱0.002	₱1,062
	(0.002)	**18,541**	(0.002)	(1,062)

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The following table sets out the carrying amount, by maturity, of the Group's long term debt that are exposed to interest rate risk.

	Interest terms (p.a.)	**Rate fixing period**	**Nominal amount**	**<1 year**	**1 to 5 years**
2013	7%	Monthly; Annually	₱1,010,971,875	–	1,010,971,875
2012	4%	Monthly	268,015,873	56,984,126	211,031,747

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Group's income before tax and equity (through the impact on floating rate borrowings).

	2013		2012	
	Increase/decrease in interest rates	Effect on profit before tax	Increase/decrease in interest rates	Effect on profit before tax
Basis points	0.33%	**₱3,336,207**	0.33%	₱3,276,502
	(0.33%)	**(3,336,207)**	(0.33%)	(3,276,502)

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

Financial Risk Management Policies and Objectives
The Group's freestanding derivative financial instruments are accounted for as transactions not designated as hedges. The table below sets out information about the Group's derivative financial instruments and the related fair values as of December 31, 2013:

	Notional Amount	**Derivative Asset**
Cross currency swap	**\$36,254,836**	**₱15,067,192**
Currency forwards	**€9,035,000**	**14,857,829**

32. **Segment Information**

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

The segments where the Group operate follow:
- Real estate development - sale of high-end, upper middle-income and affordable residential lots and units and lease of residential developments under partnership agreements
- Property management - facilities management of the residential and corporate developments of the Group and other third party projects, including provision of technical and related consultancy services.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements

Details of the Group's operating segments as of December 31, 2013 and 2012 are as follows:

2013

	Real Estate Development	Property Management	Adjustments and Elimination	Consolidated
Revenue	**₱9,304,192,652**	**₱254,410,468**	**₱–**	**₱9,558,603,120**
Costs and expenses				
Cost of real estate sales and services	**5,766,890,843**	**185,645,271**	**–**	**5,952,536,114**
General, administrative and selling expenses	**2,522,328,628**	**58,110,036**	**(538,574,846)**	**2,041,863,818**
Operating income	**1,014,973,181**	**10,655,161**	**(538,574,846)**	**1,564,203,188**
Other income (expenses)				
Interest and other income	**2,634,650,135**	**334,552**	**(1,384,480,727)**	**1,250,503,960**
Interest and other financing charges	**96,775,081**	**677,885**	**–**	**97,452,966**
Income before income tax	**3,552,848,241**	**10,311,828**	**(1,923,055,573)**	**2,717,254,182**
Provision for income tax	**867,194,586**	**5,343,842**	**–**	**872,538,428**
Net income	**₱2,685,653,655**	**₱4,967,986**	**(₱1,923,055,573)**	**₱1,844,715,754**
Net income attributable to:				
Owners of the Parent Company	**₱2,685,653,655**	**₱4,967,986**	**(₱1,923,055,573)**	**₱1,844,715,754**
Noncontrolling interests	**–**	**–**	**–**	**–**
	₱2,685,653,655	**₱4,967,986**	**₱–**	**₱1,844,715,754**
Other information				
Segment assets	**₱39,040,843,595**	**₱120,101,571**	**(₱13,119,620,754)**	**₱26,041,324,412**
Deferred tax assets	**113,308,937**	**11,387,739**	**–**	**124,696,676**
Total Assets	**₱39,154,152,532**	**₱131,489,310**	**(₱13,119,620,754)**	**₱26,166,021,088**
Segment liabilities	**₱21,059,371,503**	**₱115,816,128**	**(₱8,072,958,445)**	**₱13,102,229,186**
Deferred tax liabilities	**1,628,751,695**	**–**	**–**	**1,628,751,695**
Total Liabilities	**₱22,688,123,198**	**₱115,816,128**	**(₱8,072,958,445)**	**₱14,730,980,881**

2012

	Real Estate Development	Property Management	Adjustments and Elimination	Consolidated
Revenue	₱8,582,005,281	₱222,206,358	₱–	₱8,804,211,639
Costs and expenses				
Cost of real estate sales and services	4,940,677,692	157,589,524	–	5,098,267,216
General, administrative and selling expenses	1,916,915,104	51,196,422	–	1,968,111,526
Operating income	1,724,412,485	13,420,412	–	1,737,832,897
Other income (expenses)			–	–
Interest and other income	956,531,913	422,353	(150,000,000)	806,954,266
Interest and other financing charges	61,746,787	767,371	–	62,514,157
Income before income tax	2,619,197,611	13,075,394	(150,000,000)	2,482,273,006
Provision for income tax	633,818,890	4,092,185	–	637,911,075
Net income	₱1,985,378,721	₱8,983,209	(₱150,000,000)	₱1,844,361,931
Net income attributable to:				
Owners of the Parent Company	₱1,985,378,721	₱7,871,991	(₱150,000,000)	₱1,843,250,712
Noncontrolling interests	–	1,111,219	–	1,111,219
	₱1,985,378,721	₱8,983,210	(₱150,000,000)	₱1,844,361,931
Other information				
Segment assets	₱24,609,121,864	₱103,327,608	(₱6,222,990,964)	₱18,489,458,508
Deferred tax assets	82,698,042	7,214,037	–	89,912,079
Total Assets	₱24,691,819,906	₱110,541,645	(₱6,222,990,964)	₱18,579,370,587
Segment liabilities	₱10,509,634,916	₱91,983,829	(₱1,451,319,955)	₱9,150,298,790
Deferred tax liabilities	1,162,911,585	–	–	1,162,911,585
Total Liabilities	₱11,672,546,501	₱91,983,829	(₱1,451,319,955)	₱10,313,210,375

2011

	Real Estate Development	Property Management	Adjustments and Elimination	Consolidated
Revenue				
Real estate sales and property management fee and other services customers	₱3,760,533,565	₱191,613,572	₱–	₱3,952,147,137
Costs and expenses				
Cost of real estate sales and services	2,444,311,048	141,692,989	–	2,586,004,037
General, administrative and selling expenses	757,719,364	36,653,042	–	794,372,406
Operating income	558,503,153	13,267,541	–	571,770,694
Other income (expenses)				
Interest and other income	749,974,963	364,436	–	750,339,399
Interest and other financing charges	73,932,456	843,090	–	74,775,546
Income before income tax	1,234,545,660	12,788,887	–	1,247,334,547
Provision for income tax	377,051,611	4,033,772	–	381,085,383
Net income	₱857,494,049	₱8,755,115	₱–	₱866,249,164
Net income attributable to:				
Owners of the Parent Company	₱857,494,049	₱7,000,910	₱–	₱864,494,959
Noncontrolling interests	–	1,754,205	–	1,754,205
	₱857,494,049	₱8,755,115	₱–	₱866,249,164
Other information				
Segment assets	₱14,519,772,026	₱75,450,934	(₱4,757,711,413)	₱9,837,511,547
Deferred tax assets	233,957,742	6,429,111	(48,581,660)	191,805,193
Total Assets	₱14,753,729,768	₱81,880,045	(₱4,806,293,073)	₱10,029,316,740
Segment liabilities	₱5,622,788,004	₱72,305,439	(₱745,985,388)	₱4,949,108,055
Deferred tax liabilities	797,119,165	–	(48,581,660)	748,537,505
Total Liabilities	₱6,419,907,169	₱72,305,439	(₱794,567,048)	₱5,697,645,560

33. Contracts and Commitments

CCDC

In 2013, CCDC entered into a contract with Giorgio Armani S.P.A, a company incorporated under the Laws of the Italian Republic for the interior design of CCDC's Century Spire project. Century Spire is a landmark project of CCDC in partnership with Armani/Casa Interior Design Studio. It will sell "residential units characterized by elegant spaces and graceful interiors, not to mention amazing views of the Makati Skyline".

On September 2, 2013, CCDC partnered with Forbes Media to launch the Forbes Media Tower, a commercial office building "designed to serve the world's business leaders by providing an environment to conduct business with premium amenities." This Tower will offer approximately 60,000 sqm of premium office space which will be available for sale and for rent to business owners, entrepreneurs and companies. In addition to office space, the building will provide meeting and event space with plans for a fine dining restaurant, fitness center and exhibition facilities.

CPGI

On October 31, 2013, the Parent Company signed a Memorandum of Agreement with Eagle I Landholdings, a Philippine affiliate of Universal Entertainment Corporation to develop 5 hectares of land within the 44 hectare site called "Manila Bay Resorts". The 5 hectare site will include luxury residential and retail properties that will total over 300,000sqm of gross floor area upon completion.

In addition, the Parent Company has entered into an investment agreement with Eagle 1 whereby it will be issued with 432 million preferred shares, representing 36% of Eagle I's pro forma capital stock for $12.00 million. (Note 36)

34. Contingencies

The Group is contingently liable for lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims or assessments. No provisions were made during the year.

35. Note to Consolidated Statements of Cash Flows

Below are the noncash investing and financing transactions for the year ended December 31, 2013, 2012 and 2011:

a. Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱654.76 million, ₱401.60 million and ₱434.28 million for the year ended December 31, 2013, 2012 and 2011, respectively (see Note 5).

b. Capitalization of borrowing costs amounting to ₱414.99 million, ₱159.55 million and ₱161.50 million for the years ended December 31, 2013, 2012 and 2011, respectively (see Note 6).

c. Transfer of ₱549.10 million worth of investment properties to real estate inventories in 2013, (see Notes 6 and 13).

d. Transfer of ₱69.86 million and ₱109.70 million worth of land held for future development to real estate inventories in 2013 and 2012, respectively (see Note 6 and 7).

e. Transfer of ₱568.10 million worth of real estate inventories to investment property in 2013 (see Note 6 and 13).

f. Transfer of ₱1,040.28 million worth of land held for future development to investment properties in 2013 (see Note 7).

36. **Events After the Reporting Date**

On March 26, 2014, the Parent Company received a Notice of Termination of the Investment Agreement from Eagle I Landholdings, Inc., Eagle II Holdco, Inc. and Brontia Limited ("Notice of Termination"). The Parent Company is of the strong legal position that the Notice of Termination is not only premature, but also is unfounded as it lacks legal and contractual basis. The Parent Company sent a Notice of Dispute to Eagle I Landholdings, Inc., Eagle II Holdco, Inc. and Brontia Limited on March 21, 2014, which triggered a mandatory twenty-one day discussion period by the parties. Such twenty-one day period is still effective, yet Eagle I Landholdings, Inc., Eagle II Holdco, Inc. and Brontia Limited sent such Notice of Termination.

On April 1, 2014, the Parent Company filed a Petition for Interim Measures of Protection (For Issuance of Writ of Preliminary Injunction, Writ of Preliminary Mandatory Injunction and Writ of Preliminary Attachment/Garnishment and ex parte 20-day Temporary Order of Protection) before the Regional Trial Court of Makati (Civil Case No. 14-359, the "Petition") against the Okada Group on March 31, 2014. On the same day, the RTC of Makati issued an order granting the application by the Parent Company for the issuance of an immediately executory 20-day temporary order of Protection.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2013

Unappropriated Retained Earnings, beginning		₱2,083,278,407
Less: adjustments		
Deferred tax assets	124,696,676	
Treasury shares	22,521,542	(147,218,218)
		1,936,060,189
Net income based on the face of AFS		1,844,715,754
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture		
Unrealized foreign exchange gain – net (except those attributable to Cash and Cash Equivalents) Unrealized gain		
Fair value adjustment (M2M gains)		(29,925,021)
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP - gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		
Adjustment due to deviation from PFRS/GAAP – loss		
Loss on fair value adjustment of investment property (after tax)		
Net Income Actual/Realized		
Less: Other adjustments		
Dividend declarations during the period		(184,436,194)
Unappropriated Retained Earnings, as adjusted, ending		₱3,566,414,728

Century Properties Group, Inc.
Other Financcial Data

Financial Ratios [Amount in millions]	As of or for the year ended December 31 2010	2011	2012	FY 2013
1. Return on Assets	**2.7%**	**9.9%**	**12.9%**	**10.2%**
Net income	179.6	866.2	1,849.8	1,844.7
Total Assets [Average]	6,697.1	8,794.2	14,294.8	18,099.6
2. Return on Equity	**6.6%**	**23.8%**	**29.4%**	**23.4%**
Net income	179.6	866.2	1,849.8	1,844.7
Total Equity [Average]	2,707.0	3,636.4	6,281.9	7,878.9
3. EBIT	**344.0**	**1,307.2**	**2,539.2**	**2,746.5**
Net Income	179.6	866.2	1,849.8	1,844.7
Interest	63.6	59.9	49.1	29.2
Provision for income tax	100.8	381.1	640.2	872.5
4. EBITDA	**369.8**	**1,353.2**	**2,602.6**	**2,810.0**
Net Income	179.6	866.2	1,849.8	1,844.7
Interest	63.6	59.9	49.1	29.2
Provision for income tax	100.8	381.1	640.2	872.5
Depreciation and amortization	25.8	46.0	63.4	63.6
5. Total Debt	**1,226.1**	**882.6**	**3,661.0**	**6,039.1**
Short-term debt	109.0	16.5	351.4	579.7
Current portion of long-term debt	695.3	369.3	387.4	1,178.2
Long-term debt - net of current portion	421.8	496.7	2,922.2	4,281.2
6. Net Debt	**943.3**	**516.0**	**2,759.2**	**4,600.3**
Total Debt	1,226.1	882.6	3,661.0	6,039.1
Cash and cash equivalents	(282.7)	(366.6)	(901.8)	(1,438.9)
7. Gross Margin	**37.1%**	**41.7%**	**44.5%**	**42.1%**
Real estate sales	2,613.0	3,760.5	8,582.0	9,304.2
Interest accretion	68.4	434.3	320.9	654.8
Total	2,681.4	4,194.8	8,902.9	9,959.0
Cost of real estate sales [2012 Cumulative]	1,687.4	2,444.3	4,940.7	5,766.9
Gross profit with accretion [2012 Cumulative]	994.0	1,750.5	3,962.2	4,192.1
8. Net Margin	**5.8%**	**18.4%**	**19.2%**	**17.1%**
Net Income	179.6	866.2	1,849.8	1,844.7
Total revenue	3,071.6	4,702.5	9,611.2	10,809.1
9. Net debt-to-equity ratio	**0.3x**	**0.1x**	**0.3x**	**0.4x**
Net Debt	943.3	516.0	2,759.2	4,600.3
Total equity	2,949.9	4,322.9	8,241.0	11,435.0
9. Total debt-to equity ratio	**41.6%**	**20.4%**	**44.4%**	**52.8%**
Total Debt	1,226.1	882.6	3,661.0	6,039.1
Total equity	2,949.9	4,322.9	8,241.0	11,435.0
9. Debt-to-total capitalization ratio				
Total Debt	1,226.1	882.6	3,661.0	6,039.1
10. Debt-to-EBITDA ratio	**3.3x**	**0.7x**	**1.4x**	**2.1x**
Total Debt	1,226.1	882.6	3,661.0	6,039.1
EBITDA	369.8	1,353.2	2,602.6	2,810.0
11. Net debt-to-EBITDA ratio	**2.6x**	**0.4x**	**1.1x**	**1.6x**
Net Debt	943.3	516.0	2,759.2	4,600.3
EBITDA	369.8	1,353.2	2,602.6	2,810.0

Century Properties Group, Inc.
Financial Ratios

	As of December 31		
	2013	2012	2011
Current Ratio	2.0x	2.5x	1.8x
Debt to Equity Ratio	0.5x	0.4x	0.2x
Asset to Equity Ratio	2.3x	2.3x	2.3x

	For the year ended December 31		
	2013	2012	2011
Return on Assets	10.2%	12.9%	9.9%
Return on Equity	23.4%	29.4%	23.8%
EBIT	2,746.5	2,539.2	1,307.2
EBITDA	2,810.0	2,602.6	1,353.2
Total Debt	6,039.1	3,661.0	882.6
Net Debt	4,600.3	2,759.2	516.0
Gross Profit from Real Estate Sales Margin	42.1%	44.5%	41.7%
Net Income Margin	17.1%	19.2%	18.4%
Net debt-to-equity ratio	0.4x	0.3x	0.1x
Debt-to-EBITDA ratio	2.1x	1.4x	0.7x
Net debt-to-EBITDA ratio	1.6x	1.1x	0.4x