S.E.C. Registration Number 60566

C	E	N	T	U	R	Y		P	R	O	P	E	R	T	I	E	S		G	R	O	U	P	
I	N	C																						

(Company's Full Name)
(Business Address: No. Street City / Town / Province)

21ST FLOOR, PACIFIC STAR BUILDING, SENATOR GIL PUYAT CORNER MAKATI AVENUE, MAKATI CITY

CARLOS BENEDICT K. RIVILLA	(632) 793-5500
Contact Person	Company Telephone Number

DEFINITIVE SEC FORM 20-IS

1 2	3 1	I N F O - S T A T E M E N T	0 6	3 0
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc. Number/Section

Amended Articles

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.

CENTURY PROPERTIES GROUP, INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

FOR : The Stockholders of CENTURY PROPERTIES GROUP INC.

FROM : The Assistant Corporate Secretary

SUBJECT : 2013 Annual Stockholders' Meeting on July 01, 2013

Please be informed that the annual stockholders' meeting of CENTURY PROPERTIES GROUP INC. (the "Corporation") shall be held on July 01, 2013 at 9:30 a.m. at the Mandarin Oriental, Manila, Makati Avenue, Makati City.

Only common stock shareholders as of 31 May 2013 shall be entitled to notice and to vote at the said meeting.

The Agenda for the meeting is as follows:

1. Call to order
2. Certification of notice and the existence of a quorum
3. Approval of the minutes of the 2012 Annual Stockholders' Meeting held on 27 June 2012
4. Annual Report of the President
5. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers
6. Approval of the 2012 Audited Consolidated Financial Statements of the Corporation
7. Election of Members of the Board of Directors
8. Appointment of External Auditors for 2013
9. Appointment of Corporate Secretary
10. Approval of the Amendment of the Articles of Incorporation for the Increase in ACS
11. Approval of the Proposed Stock Dividends Declaration
12. Approval of the Employee Stock Grant Program of the Corporation (ESGP)
13. Other Matters
    a. Shareholders Approval of the Treasury Buy-back

13.Adjournment

The Minutes of the last Annual Stockholders' Meeting will be available for inspection during the office hours at the Office of the Corporate Secretary. In addition, copies of the minutes will also be made available at the said meeting.

CARLOS BENEDICT K. RIVILLA IV
Assistant Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [**X**] Definitive Information Statement

2. Name of Registrant as specified in its charter: **CENTURY PROPERTIES GROUP INC.** ("Company")

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **60566**

5. BIR Tax Identification Code: **004-504-281**

6. **21st Floor, Pacific Star Building, Senator Gil Puyat Corner Makati Avenue, Makati City**
   Address of principal office   Postal Code

7. Registrant's telephone number, including area code: **(632) 7935500**

8. **July 01, 2013, 9:30 AM, Mandarin Oriental, Manila, Makati Avenue, Makati City**

   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 10, 2013**

10. *In case of Proxy Solicitations:*

    Name of Person Filing the Statement/Solicitor: **CENTURY PROPERTIES GROUP INC.**

    Address and Telephone No.: **21st Floor, Pacific Star Building, Senator Gil Puyat Corner Makati Avenue, Makati City**
    (632) 793-5500

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	**9,695,287,027 Common Shares** **4,437,000 Treasury Shares**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes __X__   No _______

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    The Company's 3,554,720,004 common shares are listed in the Philippine Stock Exchange.

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders.

(a) Date, time and place of the meeting:

July 01, 9:30 A.M., Mandarin Oriental, Makati Avenue, Makati City

(b) Complete mailing address of the principal office of the registrant:

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

(c) Intended date of sending out copies of the information statement: **June 10, 2013**

Dissenters' Right of Appraisal

Other than those stated in the Agenda, there are no significant matters to be taken up during the meeting that may give rise to the exercise by any dissenting stockholder of the right of appraisal. Any stockholder of the Company may exercise his right of appraisal against any proposed corporate action that qualifies as an instance under Section 81 of the Corporation Code and which gives rise to the exercise of such appraisal right pursuant to and in the manner provided under Section 82 of the Corporation Code. Sections 81 and 82 of the Corporation Code provide:

Sec. 81. *Instances of appraisal right*. — Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code; and
3. In case of merger or consolidation.

Sec. 82. *How right is exercised*. — The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation, within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: *Provided*, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and *Provided, further*, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation."

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) Except for the fact that five (5) directors of the Company, namely, Mr. Jose E.B. Antonio, Mr. John Victor R. Antonio, Mr. Jose Marco R. Antonio, Mr. Roberto R. Antonio and Mr. Jose Carlo R. Antonio, are likewise directors of the Company and Century Properties Inc. , none among the Company's officers, members of the Board of Directors, and nominees thereto, including any of their associates, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than the election to office, during the annual stockholders' meeting.

(b) No written communication has so far been received by the Company from any of its directors conveying any intention to oppose any action to be taken at the said meeting.

<u>B. CONTROL AND COMPENSATION INFORMATION</u>

Voting Securities and Principal Holders Thereof

(a) As of April 30, 2013 NINE BILLION SIX HUNDRED NINETY FIVE TMILLION TWO HUNDRED EIGHTY SEVEN THOUSAND TWENTY SEVEN (**<u>9,695,287,027</u>**) common shares of the Company have been issued and are outstanding.

Common shares are the only equity securities registered and issued by the Company. As of April 30, 2013, 2,253,483,971 shares or 23.2% of the total outstanding shares are owned by Non-Filipinos.

(b) All common shareholders of record at the close of business hours on **May 31, 2013** shall be entitled to notice of and to vote at the annual stockholders' meeting.

(c) For the matters requiring a vote in the annual stockholders' meeting, each common share shall be entitled to one vote.

(d) Information required by Part IV paragraph (C) of "Annex C"

(1) Security Ownership of Certain Record and Beneficial Owners

As of April 30, 2013, the Company is aware of only (3) stockholders owning in excess of 5% of its common stock to the extent set forth in the table below:

(1) Title of class	(2) Name, address of record owner and relationship with issuer	(3) Name of Beneficial Owner and Relationship with Record Owner	(4) Citizenship	(5) No. of Shares	(6) Percent Held
Common	Century Properties Inc. ("CPI") 21st Floor, Pacific Star Building Sen Gil Puyat Ave., Makati City (relationship with issuer – Parent Company)	CPI[1]	Filipino	6,469,965,032	66.7%

[1] N.B. CPI votes during the stockholders' meeting of the Company. CPI has designated Mr. Jose E.B. Antonio or in his absence either Mr. Jose Roberto R. Antonio or Mr. John Victor R. Antonio or Mr. Jose Carlo R. Antonio, as its proxy to vote during the stockholders' meeting of the Company. The total shareholding of CPI consists of directly issued shares for 5, 345,004,023 and 1,124,961,009 shares lodged with Ventures Capital.

PCD Nominee Corporation (Filipino) G/F Phil Stock Exchange Bldg., Makati (relationship with issuer – None)	PCD Fil[2]	Filipino	959,747,951	9.8%
PCD Nominee Corporation (Non - Filipino) G/F Phil Stock Exchange Bldg. Makati (relationship with issuer – None)	PCD Non-Fil[3]	Others (Non-Filipino)	2,253,483,971	23.2%

***PCD Nomine Corporation has a total shares of 2,253,483,971 OR 23.2% of the outstanding capital stock– beneficial owners owning 5% or more as of April 30, 2013. The following are the PCD participants with shareholdings of around 5% or more:

Standard Chartered Bank 6756 Ayala Avenue Makati City	400,635,000 shares	4.2%

(2) Security Ownership of Management

As of April 30, 2013, the amount and nature of the ownership of the Company's shares held by its directors and senior officers are set forth in the table below:

(1) Title of class	(2) Name of beneficial Owner	(3) Amount and nature of beneficial ownership	(4) Citizenship	Percent of Class
Common	Jose E. B. Antonio	1 – Direct	Filipino	0.000000028%
Common	Jose Victor R. Antonio	1 – Direct	Filipino	0.000000028%
Common	Jose Marco R. Antonio	1 – Direct	Filipino	0.000000028%
Common	Jose Roberto R. Antonio	1 – Direct	Filipino	0.000000028%
Common	Ricardo P. Cuerva	1 – Direct	Filipino	0.000000028%
Common	Rafael G. Yaptinchay	1 – Direct	Filipino	0.000000028%
Common	Washington Z. Sycip	1 – Direct	American	0.000000028%
Common	Monico V. Jacob	1 – Direct	Filipino	0.000000028%
Common	Jose Carlo R. Antonio	1 – Direct	Filipino	0.000000028%
Common	Brigida S. Aldeguer	none	Filipino	0.0000000%
Common	Domie S. Eduvane	none	Filipino	0.0000000%
Common	Carlos Benedict K. Rivilla, IV	none	Filipino	0.0000000%
Common	Ramon S. Villanueva III	none	Filipino	0.0000000%
Common	Gerry Ilagan	none	Filipino	0.0000000%
Common	Terrie Fucanan- Yu	none	Filipino	0.0000000%
Common	Neko Lyree Uson –Cruz	none	Filipino	0.0000000%
Common	**Aggregate shareholding of all directors and officers as a group**	**9**		

(3) Voting Trust Holders of 5% or More

[2] N.B. PCD Nominee Corporation (Filipino) is a beneficial stockholder of CPGI held by accredited brokers and institutions. The Company shall be notified of their proxies 10 days prior to the Annual Stockholders Meeting or by June 20, 2013

[3] N.B. PCD Nominee Corporation (Non-Filipino) is a beneficial stockholder of CPGI held by accredited brokers and institutions. The Company shall be notified of their proxies 10 days prior to the Annual Stockholders Meeting or by June 13, 2012.

The Company is not aware of any persons holding more than 5% of any class of its share under a voting trust arrangement.

(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 East Asia Power Resources Corporation (EAPRC) equivalent to 1.888% of EAPRC 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 EAPRC. 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 EAPRC 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.

Directors and Executive Officers

(a) The information required by Part IV, paragraphs (A), (D)(1) and D(3) of "Annex C".

(1) Directors are generally elected to serve for a term of one (1) year, and until their successors are elected and qualified during the next stockholders' meeting.

<u>Independent Directors</u>

The independent directors of the Company are pre-screened and qualified by the Nomination and Remuneration Committee of the Company under the procedures laid down in the Company's By-Laws and its Manual on Corporate Governance regarding the election of directors to ensure that each of the independent directors possess all the qualifications and none of the disqualifications of an independent director, pursuant to the Revised Code of Corporate Governance Memorandum Circular No. 6 Series of 2009.

In approving the qualifications of the nominees for independent directors, the members of the Nomination and Remuneration Committee of the Company are in compliance with the SRC Rule 38, the guidelines prescribed in SEC Circular No. 16, Series of 2002 on the Guidelines on the Nomination and Election of Independent Directors, the Company's By-Laws and its Manual on Corporate Governance. The procedure to be observed by the Company for the election of independent directors is as set forth in SEC Circular No. 16, Series of 2002 and SRC Rule 38 of the Amended Rules and Regulations Implementing the Securities Regulation Code and under the Company's Corporate Governance Manual as per SEC Memorandum Circular No. 6 series of 2009, an independent director must have the following qualifications: (a) "An independent director shall mean a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having relationship with the Corporation that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director," and (b) "If the independent director becomes an officer or employee of the same Corporation he shall be automatically disqualified from being an independent director'.

In compliance with SEC Memorandum Circular No. 9 series of 2011, the Nomination committee also qualifies the term limits of independent directors for 5 years and that both independent directors are within the 5 year period limit. The independent directors, Messrs. Washington Z. Sycip and Monico V. Jacob, possess all the qualifications and none of the disqualifications for independent directors. Furthermore, Messrs. Washington Z. Sycip and Monico V. Jacob submitted a Certificate of Qualification of Independent Directors on January 21, 2013 (as attached in this report) which to date have no changes nor amendments with respect to their qualifications.

During its meeting held on May 21, 2013 the Nomination and Remuneration Committee passed upon the qualifications of the following nominees for the year 2013-2014

1. Washington Z. Sycip - nominated by CPI
2. Monico V. Jacob - nominated by CPI

CPI, which nominated the two independent directors, are stockholders of the Issuer, and are not related to the aforementioned two nominees.

Also during the meeting, the committee members passed the qualifications of Atty. Marthe Lois V. Cordia of Divina Law Office to be recommended for appointment as Corporate Secretary.

Divina Law Office was founded on 19 April 2006 by Dean Nilo T. Divina, an accomplished and well-respected corporate lawyer, and Edwin C. Uy, a seasoned lawyer-bureaucrat, who, together with nine other lawyers, sought to build a multi-faceted and dynamic law practice. Today, the firm now boasts of more than 25 lawyers in different fields of law, making it one of the country's most multi-faceted, dynamic, and fastest-growing law firms.

Atty. Cordia obtained her Bachelor of Laws degree from the University of Santo Tomas and has been in law firm practice since her admission to the bar. She is presently a Senior Associate at DivinaLaw Offices. Her areas of practice include General Counseling, Banking Laws and Finance, Loan Negotiations, Share Purchase Transactions, Securities, Investment in Public Offerings, Corporate Restructuring, Merger and Acquisition, Foreign Investment, Tax, Estate Planning, Corporate Documentation, Power Generation and Energy, Criminal and Civil Litigation, as well as Alternative Dispute Resolution. Atty. Cordia is presently the corporate secretary and legal counsel of various holding companies and those engaged in banking, finance, those involved in IT, foreign exchange, steel manufacturing, insurance, and dental organizations.

Thereafter, the Nomination and Remuneration Committee, which comprises of the following appointed members:

Jose E.B. Antonio – Chairman of the Committee
John Victor R. Antonio - Member
Monico V. Jacob – Member (Independent Director)
Carlos Benedict K. Rivilla IV – Non-voting Member

ratified the qualification of the nominees for independent directors and Corporate Secretary during its meeting held on May 21, 2013, for re-election at the upcoming annual stockholders' meeting, in accordance with the qualifications and disqualifications set forth in the Company's Revised Corporate Governance Manual.

Regular Directors

During its meeting on May 21, 2013, the Nomination and Remuneration Committee noted the nomination of the following individuals, who are currently the directors of the Corporation, as nominees for regular director for the year 2013-2014:

a) Jose E. B. Antonio
b) John Victor R. Antonio
c) Jose Marco R. Antonio
d) Jose Roberto R. Antonio
e) Jose Carlo R. Antonio
f) Ricardo P. Cuerva
g) Rafael G. Yaptinchay

The nomination committee passed upon their qualifications and found no disqualifications in accordance with Revised Code of Corporate Governance Memorandum Circular No. 6 Series of 2009.

The incumbent directors and officers of the Company as of April 30, 2013 are listed below and the relevant data including their respective professional work experience are summarized in paragraph 3 below.

(2) Hereunder are the summaries of the respective business experience of the Company's current Directors and Senior Officers for the last five years:

Mr. Jose E.B. Antonio, 66 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, 40 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, 38 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, 35 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, 29 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, 68 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, 62 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, 91 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, 67 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. Brigida S. Aldeguer, 61 years old, Fipino, is the Corporate Secretary of the Company. She is also a Partner of the Angara Abello Concepcion Regala & Cruz Law Offices ("ACCRALAW"). Ms. Aldeguer obtained her degree in AB Political Science from the University of the Philippines and her J.D. in Law from the Ateneo de Manila School of Law in 1991. Before joining ACCRALAW, she was connected with the Philippine Coconut Producers Federation, Inc. (COCOFED) as senior manager for its National Secretariat.

Mr. Domie S. Eduvane, 48 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, 41 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, 42 years old, Filipino, is the Company's Compliance Officer and Corporate Information Officer of the Company. Prior to joining CPGI, 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. Gerry Joseph Albert L. Ilagan, 33 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, 33 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.

Ramon S. Villanueva III, 32 years old, Filipino, is presently the Vice President Comptroller of Century Properties Group Inc (CPGI). He is a member of the Philippine Institute of Certified Public Accountant since 2005 and placed 10^{th} 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.

Kristina I. Garcia, 39 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.

Jose Romarx Salas, 41 years old, Filipino, is currently the Vice President for Business Development of Century Properties Group Inc. (CPGI). Prior to joining CPGI, he was the Executive Director for Investment Properties and Capital Markets of CB Richard Ellis (CBRE) Philippines. He was also the Vice President and Head for Property Management and Disposal of Cameron Granville Asset Management Inc. (SPV-AMC). He is a licensed real estate broker, appraiser and consultant. He is a member of the Financial Executives Institute of the Philippines (FINEX). Mr. Salas finished his Bachelor of Arts in Sociology at the University of the Philippines Los Baños and his Master of Arts in Urban and Regional Planning at the University of the Philippines Diliman.

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.

(4) 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.

(5) Involvement in Certain Legal Proceedings

During the past five (5) years immediately preceding the issuance of this Information statement in June 2013, none of the Company's directors or executive officers were (i) involved in any bankruptcy proceedings; (ii) convicted by final judgment in any criminal proceedings; (iii) subject to any order, judgment or decree of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business or securities, commodities or banking activities; and (iv) found in a civil action by any court or administrative body to have violated a securities or commodities law. The Company has no knowledge of any material pending criminal legal proceeding to which any of its directors or executive officers is a party, or to which any of their property is subject.

(6) Certain Relationships and Related Transactions

The Company has not during the last two (2) years engaged in any transaction where any of its directors, senior officers, stockholders owning ten percent (10%) or more of its total outstanding shares, or members of their immediate families had or is to have direct or indirect material interest.

For related transactions, 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 that are thoroughly discussed in Note 26 of the Audited Consolidated Financial Statements as attached which forms part and parcel of the Information Statement.

(7) List all parents of the registrant showing the basis of control and as to each parent, the percentage of voting securities owned or other basis of control by its immediate parents if any.

Parent	No. of Shares Held	Percentage of Shares Held
Century Properties Inc.	6,469,965,032	66.7%

Compensation of Directors and Executive Officers

(a) Compensation of Directors and Senior Officers

SUMMARY COMPENSATION TABLE

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 Company's CEO and most highly compensated officers is as follows:

Name and Principal Position	**Year**	**Salary (₱)**	**Bonus (₱)**	**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)				
Aggregate executive compensation for above named officers and all other officers unnamed	Actual 2010 Actual 2011 Actual 2012 Projected 2013	P27.3 million P41.4 million P62.5 million P73.3 million	None None None None	None None None None

NOTES:

1. The directors of the Company do not receive any compensation for acting in such capacity, except for the independent directors who receive an honorarium at the end of the year, computed at the rate of FIFTY THOUSAND PESOS (P50,000.00) for every meeting actually attended. As of April 30, 2013, the Company's independent directors have received the following aggregate amount of per diem for the actual meeting they have attended: (1) Washington Z. Sycip – Php200,000.00 (2) Monico V. Jacob – Php 250,000.00; Except for the per diem being paid to its independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

Description of Any Standard Arrangement - The employment contracts between the Company and its senior officers are the same as the standard employment contract applicable to all other employees and officers. Stock warrants and/or options have not been issued in favor of any officer or employee.

Description of Material Terms of Any Other Arrangement - On May 16, 2013 the Board of Directors approved the establishment of the Employee Stock Grant Program for all regular employees. All shares to be allocated under the ESGP shall be derived from the unissued shares of CPGI and up to 2% of the outstanding shares shall be granted. The ESGP was approved on May 21, 2013 by the Nomination and Remuneration Committee for further ratification by the shareholders representing

2/3 of the outstanding capital stock of the Corporation during the annual stockholders' meeting on July 01, 2013.

(b) Bonus, profit sharing or other compensation plan, contract or arrangement with any director, nominee, or executive officer: None.

(c) Pension or retirement plan

All regular employees who have reached the age of fifty (50) and have served the Company for at least ten (10) years may, subject to mutual agreement, avail of an early retirement plan and be entitled to early retirement benefits equivalent to the average salary received during the last six (6) months in service multiplied by the years of credited service.

All regular employees who have reached the mandatory retirement age of sixty-five (65) shall be entitled to mandatory retirement benefits equivalent to the average salary received during the last six months in service multiplied by the years of credited service.

(d) Option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders

The Company has not extended nor granted any option/s, warrant/s or right/s to purchase any securities to any director or senior officer.

Significant Employees

There are no persons, other than the directors and executive officers, who are expected to make a significant contribution to the business of the Company.

Independent Public Accountants

On March 30, 2013, the Audit Committee, with the following members: Mr. Monico V. Jacob (as Chairman), Mr. Jose Carlo R. Antonio and Jose Marco R. Antonio (as members), held a meeting recommending the re-appointment and qualification of Sycip Gorres & Velayo, as the auditors of the Corporation for the year 2013.

On June 27, 2012, at the Annual Stockholders' Meeting of the Company, the stockholders approved the re-appointment of SGV and Co. as the external auditor of the Company for the incumbent year and to serve as such until their successor shall have been appointed and qualified in compliance with SRC Rule 68.

The representatives of our current external auditor, SGV and Co. are expected to be at the Annual Stockholders Meeting and shall have the opportunity to make a statement and/or address any queries that may arise from the meeting.

There have been no disagreements with the current and previous accountants on accounting and financial disclosures.

Audit and Audit Related 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 2012 inclusive of VAT amounted to 2.8 million. Fees for the years 2011 and 2010, inclusive of VAT, amounted to ₱17.7 million and ₱2.8 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.

Tax Fees

Other than the above, SGV has not provided any professional service relative to tax accounting, compliance, advice, planning and any other form of tax services for the year 2011 and the first quarter of 2012.

All Other Fees

Other than the fees for the audit of the Company's financial statements, no other fees were billed by SGV & Company to the Company.

Approval Policies of Audit Committee

The engagement of the external auditors is recommended by the Audit Committee for approval of the Company's stockholders pursuant to the Code of Corporate Governance. As discussed, on March 30, 2013, the Audit Committee passed a resolution recommending to the stockholders of the Company the appointment of Sycip Gorres & Velayo as the external auditor of the Company for the incumbent year.

Previously, on June 27, 2012, the stockholders passed a resolution approving the appointment of SGV and Co. as the Company's external auditor for the period ending on December 31, 2012.

Compensation Plans

No action is proposed to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Authorization or Issuance of Securities Other than for Exchange

Each common share entitles the holder to one vote. At each meeting of the stockholders, each stockholder entitled to vote on a particular question or matter involved shall be entitled to vote for each share of stock standing in his name in the books of the Company as of record date.

Each holder of common shares shall be entitled to such dividends as may be declared by the Board of Directors on the basis of outstanding stock held by them. The Board of Directors is authorized to declare dividends which shall be declared and paid out of the Company's unrestricted retained earnings. A cash dividend does not require any further approval from the stockholders. A stock dividend shall require the further approval of the stockholders representing at least two-thirds of the Company's outstanding capital stock.

Under the Company's Amended Articles of Incorporation, holders of common stock have waived their pre-emptive right. There is no provision in the Company's Amended Articles of Incorporation or By-Laws that would delay, defer or prevent a change in control of the Company.

On February 20, 2012, CPGI, together with (CPI) and APG Strategic Real Estate Pool N.V. (APG), a Netherlands-based pension firm entered into a Purchase Agreement wherein CPI sold its 868,316,042 CPGI shares of stock in favor of APG. This transaction was pursuant to the convertible bond issued by CPI to APG in January 2011. Instead of converting the convertible bond into shares of CPI, APG and CPI entered into a Purchase Agreement under which APG purchased the convertible bond from CPI. The consideration consists of (i) 868,316,042 CPGI shares owned by CPI and (ii) cash consideration. As a result of such transaction, CPI retired the convertible bond concurrently with the sale of the CPGI shares to APG.

On January 07, 2013, the Company approved the Treasury Buyback Program of up to Eight Hundred Million shares for a time period of twenty-four (24) months starting January 2013 from any stockholders who opt to divest their shareholdings in the Company subject to further shareholders approval in the next Annual or Special Stockholders meeting.

On March 05, 2013, CPI closed on a Placing and Subscription Transaction wherein it sold 800,000,000 million shares of stock in CPGI to investors ("Placing transaction") at a price of P2.05 per share. The top up placing and subscription transaction was implemented primarily to fund the company's continued growth in land bank within Metro Manila, and expand its projects in key select secondary cities outside Metro Manila.

Concurrently, CPI and the Company entered into the Subscription Agreement relating to the subscription by CPI to 800,000,000 new common shares of the Company ("Subscription transaction"). As a result of the Placing and Subscription Transaction the Company's public float increased from 27.3% to 33.3%.

On May 16, 2013 the Board of Directors approved the Amendment of the Articles of Incorporation for purposes of Increase in Authorized Capital Stock from 10 Billion shares to 18 Billion Shares with the Declaration of 25% of Stock Dividends equivalent to 2 Billion common shares amounting to Php 1,060,000,000 to be taken out of the Corporation'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 to 18 Billion common shares.

On May 21, 2013, the Nomination and Remuneration Committee approved and endorsed the Employee Stock Grant Program for all regular employees of the Corporation to provide long term reward proposition and motivate regular employees for higher level of performance. All shares to be allocated under the ESGP shall be derived from the unissued shares of the Corporation and up to 2% of the outstanding shares shall be granted.

The above board approvals are subject and will require further approvals by the shareholders representing 2/3 of the outstanding capital stock of the Corporation during the annual stockholders' meeting on July 01,2013 and after subject approvals from required regulators. The BOD delegated to the Chief Financial Officer, the authority to fix the record date, payment dates and schedules of ESGP.

D. FINANCIAL AND OTHER INFORMATION

Please see attached Annex "A" Management Report as of December 2012 with the accompanying audited consolidated financial statements and Interim Management Report as of period ended 30 March as Annex "B"

E. OTHER MATTERS

Action with Respect to Reports

The following shall be presented for approval during the annual stockholders' meeting:

(a) Minutes of the Annual stockholders' meeting held on June 27, 2012;

(b) Audited financial statements of the Company and its subsidiaries for the fiscal year ended 31 December 2012.

Agenda

The following are included in the agenda of the annual meeting of the stockholders of the Company on July 01, 2013:

1. Call to order
2. Certification of notice and the existence of a quorum
3. Approval of the minutes of the 2012 Annual Stockholders' Meeting held on 27 June 2012
4. Annual Report of the President
5. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers
6. Approval of the 2012 Audited Consolidated Financial Statements of the Corporation
7. Election of Members of the Board of Directors
8. Appointment of External Auditors for 2013
9. Appointment of Corporate Secretary
10. Approval of the Amendment of the Articles of Incorporation for the Increase in ACS
11. Approval of the proposed Stock Dividends Declaration
12. Approval of the Employee Stock Grant Program of the Corporation (ESGP) for ratification of Shareholders
13. Other Matters
    a. Shareholders Approval of the Treasury Buy-back

13.Adjournment

Amendment of Charter, Bylaws or Other Documents

The approval of the shareholders shall be secured to amend Article VII of the Articles of Incorporation of the Corporation increasing the authorized capital stock of the Corporation from Ten Billion Pesos (₱ 10,000,000,000.00), divided into 5,300,000,000 common shares with a par value of ₱ 0.53 per share to Eighteen Billion Pesos (₱18,000,000,000) divided into 9,540,000,000 common shares with a par value of ₱ 0.53 per share. Thus, Article VII of the Articles of Incorporation of the Corporation to read as follows:

> *"SEVENTH': That the authorized capital stock of said Corporation is Eighteen Billion (P18,000,000,000.00) Pesos, divided into Nine Billion Five Hundred Forty Million (9,540,000,000) common shares, with par value of 0.53 Peso each."*

Further approval, shall also be sought for the declaration of stock dividends equivalent to 2Billion common shares amounting to ₱1,060,000,000 to be taken out of the Corporation's retained earnings. This amount represents at least the minimum 25% subscribed and paid-up capital for the proposed increase in the authorized capital stock of the Corporation from 10Billion pesos to 18 Billion pesos.

The determination of the details of the increase in authorized capital stock and the declaration of stock dividends is proposed to be delegated to the management, in particular, to the Chief Financial Officer, Mr. Jose Carlo R. Antonio.

The approval of the shareholders shall also be secured for the following corporate acts;

1. **Employee Stock Grant Plan**

   On May 20, 2013, the Nomination, Compensation and Remuneration Committee approved the proposed Employee Stock Grant Program subject to further approval of the Board and ratification of the shareholders of the Corporation during its Annual Stockholders Meeting

"**RESOLVED**, That the members of the Compensation, Remuneration and Nomination Committee of **CENTURY PROPERTIES GROUP INC.**, after a comprehensive review of the company's proposed Employee Stock Option Plan, considering the industry practice and in order to reward and encourage good performance and loyalty to the company, hereby approves and endorses to the Board of Directors the ESOP as attached to form an integral part hereof."

"**RESOLVED FURTHER,** that the Board of Directors of the Corporation hereby authorizes the Co. Chief Operating Officer, Mr. John Victor R. Antonio to sign, execute any document to effect the implementation of the foregoing resolutions."

RESOLVED FINALLY, that the proper officers of the Corporation are hereby authorized and directed to execute and file the proper certificates of the proceedings of this meeting, to execute, sign, and file any and all documents which may be required by the Securities and Exchange Commission, Philippine Stock Exchange, and other government agencies and to do all actions and things as may be necessary to comply with the provisions of the Corporation Code of the Philippines, Securities Regulation Code and other regulations relating to the subject matter of this resolution

2. Treasury Buyback of Shares

On January 07, 2013, the Board of Directors approved the Treasury Buyback Program of CPGI subject to ratification of the shareholders of the Corporation during its Annual Stockholders Meeting as per regulations of the SEC and PSE.

"**RESOLVED,** that the Board of Directors of Century Properties Group Inc. (the "Corporation") be authorized, as it is hereby authorized to implement a share buy-back option program from any shareholder who opts to divest of his shareholdings. Such share buy-back program will be up to up to Eight Hundred Million Pesos (P800,000,000) worth of shares for a time period of up to twenty-four (24) months and shall be implemented as early as January 2013;

"RESOLVED, FURTHER, that the Corporation will undertake such buy back transaction only if and to the extent that the price per share is deemed undervalued, share prices are considered highly volatile, or in any other instance where the Corporation believes that a buyback will result in enhancing shareholders' value."

"RESOLVED, FURTHER, that the Corporation buy back a total of up to Eight Hundred Million Pesos worth of shares of the Corporation from its registered shareholders subject to the existence of sufficient unrestricted retained earnings of the Corporation and, for this purpose, the Corporation's Compliance Officer and CIO, Ms. Neko Lyree U. Cruz is hereby authorized to sign, execute and deliver the offer to purchase, the deed of sale of shares and such other documents or instruments which may be necessary or proper to implement the buyback of the shares under such other terms and conditions as the aforementioned officer may deem beneficial to the Corporation."

"**RESOLVED, FINALLY,** that the program will not involve active and widespread solicitation from stockholders in general and not adversely affect the Corporation's prospective and existing development projects."

Other Matters Not Required to be Submitted

In order to adequately apprise the stockholders, the President will present an annual report to the Stockholders.

The acts of the Board of Directors covering the period between the period 30 April 2012 to 30 May 2013 shall also be submitted to the stockholders for ratification for the purpose of formally obtaining their support therefor. In the event that a negative vote is registered, the Board of Directors and management reserves the option to disregard such vote entirely or study the matter further.

Other Proposed Action

No other action is proposed to be taken with respect to any matter not specifically referred to in the foregoing items.

No action is to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders. In case an action not required to be submitted to the stockholders is taken up but a negative vote is achieved, the matters shall be noted and recorded in the minutes of the stockholders' meeting.

Voting Procedures

(a) Vote Required

All matters subject to vote during the shareholder's meeting on June 27, 2012 shall require the vote of majority of the shareholders present during the meeting, either in person or by proxy, and entitled to vote thereat, provided that a quorum is present except for the (a) amendments to the Amended By-laws for the change in date of annual meeting which shall require the vote of at least two-thirds of the outstanding capital stock of the Company.

Each common share entitles the holder to one vote for each share of stock standing in his name in the books of the Company as of may 31, 2013.

(b) Method by which Votes will be Counted

The method of counting the votes of the shareholders shall be in accordance with the general provisions of the Corporation Code of the Philippines. Except in cases where voting by ballot is requested, voting and counting shall be by viva voce. If by ballot, each ballot shall be signed by the shareholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares being voted. The counting thereof shall be supervised by the external auditors and the transfer agent.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

PROXY FORM
CENTURY PROPERTIES GROUP INC.

Item 1: *Identification*

This proxy is being solicited by **CENTURY PROPERTIES GROUP INC.** (the **"Company"**). The Chairman of the Board of Directors or, in his absence, the President of the Company will vote the proxies at the Special Stockholders' Meeting to be held on June 27, 2012, 9:30 a.m. at the Mandarin Oriental, Manila, Makati Avenue, Makati City.

Item 2: *Instructions*

(a) The proxy form must be completed, signed and dated by the stockholder as of May 31, 2013 or his duly authorized representative, and received by the Corporate Secretary not later than 5:00 p.m. on June 21, 2013 at the following address:

21st Floor, Pacific Star Building, Senator Gil Puyat Corner Makati Avenue, Makati City, Philippines

(b) In case of a corporate stockholder, the proxy must be accompanied by a corporate secretary's certificate quoting the board resolution authorizing the relevant corporate officer to execute the proxy for the corporate stockholder.

(c) Validation of proxies will be done by the Corporate Secretary and persons designated by the Corporate Secretary on June 22, 2013.

(d) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of Rule 20 Section 11(b) of the SRC IRR.

(e) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on the matters in (1), (2), (3), (4), (5),(6) and (7) below by checking the appropriate box. **Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote "FOR" the items below.**

The undersigned hereby appoints the Chairman of the Board of Directors of the Company; or in his absence or any substitute proxy designated by him, the President of the Company, with full power of substitution and delegation, as the proxy of the undersigned, to represent and vote all of the shares of common stock of the undersigned at the ANNUAL stockholders' meeting of the Company to be held on June 27, 2012 and at any and all adjournments or postponements thereof, for the purpose of acting on the proposals enumerated below:

Item 3: *Revocability of Proxy*

Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting, or by attending the meeting in person.

Item 4: *Persons Making the Solicitation*

The solicitation is made by the Management of the Company. No director of the Company has informed the Company in writing that he intends to oppose an action intended to be taken up by the Management of the Company at the special stockholders' meeting.

Solicitation of proxies shall be made through the use of mail or personal delivery. The Company will shoulder the cost of solicitation involving reproduction and mailing of this proxy in an estimated amount of Php180,000, more or less.

Item 5: *Interest of Certain Persons in Matters to be Acted Upon*

No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on the matter to acted upon at the annual stockholders' meeting to be held on July 01, 2013.

Proposal	FOR	AGAINST	ABSTAIN
1. Approval of the minutes of the 2012 Annual Stockholders' Meeting held on 27 June 2012			
2. Presentation and approval/ratification of the 2012 Reports and Audited Financial Statements for year ended December 31, 2012			
3. Ratification of the acts of the Board of Directors and of Management; To approve, ratify and confirm all previous acts of the Board from 30 April 2012 to 30 May 2013			
4. Election of Directors	**FOR**	**DO NOT VOTE**	
Jose E. B. Antonio			
John Victor R. Antonio			
Jose Marco R. Antonio			
Jose Roberto R. Antonio			
Jose Carlo R. Antonio			
Ricardo P. Cuerva			
Rafael G. Yaptinchay			
Washington Z. Sycip			
Monico V. Jacob			
	FOR	**AGAINST**	**ABSTAIN**
5. Appointment of Sycip Gorres, Velayo & Co. as External Auditors			
6. Appointment of a new Corporate Secretary			
7. Approval of the amendment of the Articles of Incorporation article 7 for the Increase in Capital Stock			
8. Approval of resolutions for the stock dividend implementation and authority to transact			
9. Approval of the proposed ESGP – Employee Stock Grant Program			
10. Approval of the Treasury buy back program of CPGI			
11. Consideration of such other business as may properly come before the meeting			

____
Date of Proxy

____
(Signature above printed name, including title when signing for a corporation or partnership or as an agent, attorney or fiduciary).

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on June 06. 2013

CENTURY PROPERTIES GROUP INC.
By:

CARLOS BENEDICT K. RIVILLA IV.
Assistant Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, MONICO V. JACOB, Filipino, of legal age and with postal address at the7th Floor, iACADEMY Building, 6764 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of CENTURY PROPERTIES GROUP INC. (formerly East Asia Power Resources Corporation);

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
STI Education Services Group	President and CEO	2003 to present
PhilPlans First, Inc.	President and CEO	2009 to present
Philhealthcare, Inc.	President and CEO	2009 to present
STI Education Systems Holdings, Inc.	President and CEO	2009 to present
STI Investments, Inc.	President	2009 to present
Philippine Life Financial Assurance Corp.	President and CEO	2011 to present

3. I possess all the qualifications and none of the disqualifications to serve as Independent Director of CENTURY PROPERTIES GROUP INC. as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the Corporate secretary of CENTURY PROPERTIES GROUP INC. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 15th day of January 2013 at Makati City.

Monico V. Jacob

Subscribed and Sworn to before this 19th day of January 2012 at Makati City affiant exhibited his CTC No. 22020840 issued at Makati City on 3 January 2013.

Doc No.: 464
Page No.: 94
Book No.: XIV
Series of 2013

DOMIE S. EDUVANE
Commission No. M-19[illegible]
[illegible]
PTR No. [illegible] / Makati City
IBP No. [illegible]870 / 01.04.12 / Zambales

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Washington SyCip , Filipino, of legal age and with postal address at 60 Cambridge Circle, North Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of CENTURY PROPERTIES GROUP INC. (formerly East Asia Power Resources Corporation);

2. I an affiliated with the following companies of organizations:

Company / Organization	Position / Relationship	Period of Service
(Please see attached)		

3. I possess all the qualifications and none of the disqualifications to serve as Independent Director of CENTURY PROPERTIES GROUP INC. as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the Corporate secretary of CENTURY PROPERTIES GROUP INC. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this JAN 1 8 2013 day of January 2013 at MAKATI CITY

Washington SyCip
Affiant

Subscribed and Sworn to before this JAN 1 8 2013 day of January 2013 at MAKATI CITY affiant exhibited his CTC No. 22023624 issued at Makati City on January 11, 2013 .

Doc No.: 463
Page No.: 94
Book No.: XIV
Series of 2013

DOMIE S. EDUVANE
Commission No. M-190
Notary Public for Makati City
Until December 31, 2013
PTR No. [illegible] / 01.[illegible] / Makati City
IBP No. 877870 / 01.04.12 / Zambales

NAME OF OFFICE	POSITION	FROM	TO	Remarks
Asian Eye Institute	Independent Director	22-Sep-00	Present	
Asian Institute of Management	Chairman Emeritus			
Asian Terminals Inc.	Adviser to the Board	Oct. 2010	Present	
Banco de Oro	Adviser to the Board	Oct. 2009	Present	
Belle Corp.	Independent Director	1-Jul-96	Present	Stockholder
Century Properties Group, Inc. (formerly East Asia Power Resources Corp.)	Independent Director	11-Jul-11	Present	
Commonwealth Foods, Inc.	Independent Director	23-Jun-00	Present	Stockholder
First Philippine Holdings Corp.	Independent Director	10-Nov-97	Present	
Gokongwei Brothers Foundation	Trustees		Present	
Highlands Prime, Inc.	Independent Director	4-Jan-02	Present	Stockholder
I-Academy	Board of Governors	Jan. 2002	Present	
Investment and Capital Corp. of the Phils.	Senior Adviser to the Board	27-Jul-87	Present	
JG Summit Holdings	Adviser to the Board	10-Aug-01	Present	
Jollibee Food Corporation	Adviser to the Board	July 2011	Present	
Lopez Holdings Corp. (formerly Benpres Holdings Corp.)	Independent Director	30-Apr-97	Present	
Lufthansa Technik Philippines, Inc.	Chairman	12-Jul-00	Present	
MacroAsia Corp.	Chairman	5-Nov-96	Present	Stockholder
Metropolitan Bank & Trust co.	Adviser to the Board	24-Apr-96	Present	
Metrobank Foundation, Inc.	Board of Trustees		Present	
Metro Pacific Investment Corp	Director	4-Aug-11	5/25/2012	
	Independent Director	25-May-12	Present	
Phil. Equity Management Inc.	Independent Director	26-Oct-98	Present	
Philippine Airlines, Inc.	Director	11-Feb-97	Present	
Philippine Business for Education	Trustees		Present	
Philippine Hotelier, Inc.	Independent Director	3-Sep-97	Present	
Philippine Long Distance Telephone Co.	Adviser to the Board	Jan. 2011	Present	
Philippine National Bank	Director	8-Dec-99	Present	
Philamlife, Inc.	Independent Director	26-Apr-01	Present	
The PHINMA Group	Independent Director	12-Sep-96	Present	
PinoyMe Foundation	Trustees		Present	
Realty Investment, Inc.	Independent Director	28-Apr-50	Present	Stockholder
Stateland, Inc.	Independent Director	1-Jul-96	Present	Stockholder
State Properties Corporation	Chairman	19-Apr-99	Present	
Steag State Power, Inc.	Chairman	26-Mar-04	Present	
Synergeia Foundation, Inc.	Board of Trustees		Present	
Tan Yan Kee Foundation			Present	

CENTURY PROPERTIES GROUP INC.
INTERIM REPORT TO MANAGEMENT
March 31, 2013

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERTAIONS

Results of operations covering 1st Quarter of 2013 vs 1st Quarter of 2012

Revenues

Real Estate

The Group recorded revenue from real estate sales amounting to P2,206.81 million for the three months ended March 31, 2013, a decrease of 2.7% from P2,267.03 million in same period last year. Movement in this period's revenue was due primarily to completion of Gramercy last year and significant construction accomplishments of The Knightsbridge Residences, The Milano Residences, Centuria Medial Building, and the Rio, Santorini and St. Tropez, Miami and Positano Buildings in Azure Urban Resort Residences, as well as Niagara, Sutherland and Livingstone Buildings of Acqua Private Residences and Canyon Ranch.

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 60% 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. In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

- Real estate revenue of Century City buildings decreased by 41.4% to P855.43 million in the three months ended March 31, 2013 from P1,460.20 million for the period ended March 31, 2012. This was primarily attributable to the completion of Gramercy in 2012. Recognized revenue for the quarter ended March 31, 2013 pertains to the overall completion of Knightsbridge, Trump, Milano and Centuria's sold inventories. Century City buildings cater to the middle income and luxury segment of the market.

- Real estate revenue of Azure buildings decreased by 16.1% to P606.64 million in the three months ended March 31, 2013 from P723.06 million for the period ended March 31, 2012. This was primarily attributable to the significant completion of Rio, Santorini and St. Tropez Buildings' sold inventories in 2012. Azure caters to the affordable segment of the market.

- During the period, the Company recognized real estate revenue from Acqua buildings amounting to P453.22 million from Niagra, Sutherland and Livingstone's sold inventories or 711.2% increase from the same period last year. During the quarter ended March 31, 2012, the Company recognized P55.87 million of revenue from Niagara building's sold inventories. Acqua caters to the middle income segment of the market.

- Real estate revenue of Canyon Ranch Project increased from P27.90 million in the three months ended March 31, 2012 to P291.51 million for the period ended March 31, 2012. This was primarily due to more units completed in first quarter of 2013 than in first quarter of 2012 for Phase 1 and 2 and Moderno. Canyon Ranch Project caters to the middle income segment of the market.

Interest and Other Income
Interest and other income increased by 106.26% to P326.24 million in the three months ended March 31, 2013 from P158.17 million for the period ended March 31, 2012. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased sales in the period and the increase in cumulative sales and collections from prior periods.

Property management fee and other services
Property management fee and other services increased by 21.9% to P64.49 million in the three months ended March 31, 2013 from P52.92 million for the period ended March 31, 2012. 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 March 31, 2013 is 50.

Costs and Expenses
Cost and expenses slightly increased by 1.65% to P1,883.29 million in the three months ended March 31, 2013 from P1,852.79 million for the period ended March 31, 2012.

- Cost of real estate sales decreased by 3.99% from P1,383.58 million in the three months ended March 31, 2012 to P1,328.35 million in the period ended March 31, 2013. This was primarily due to the corresponding decline in revenue from real estate sales.

- Cost of services increased by 30.4% to P42.14 million in the three months ended March 31, 2013 from P32.31 million in the period ended March 31, 2012. This was primarily related to incremental revenues in 2013.

- General, administrative and selling expenses increased by 13.82% to P482.96 million in the three months ended March 31, 2013 from P P424.34 million in the period ended March 31, 2012. The increase was primarily due to amortization of deferred marketing expenses of launched projects with no percentage-of-completion as of March 31, 2012 and those incurred by the projects during the period ended March 31, 2013.

- Interest and other financing charges increased by 137.5% to P29.84 million in the three months ended March 31, 2013 from P12.56 million in the period ended March 31, 2012. This was primarily due to new project level debt raised during the period.

Provision for Income Tax
Provision for income tax increased by 24.4% to P213.70 million in the three months ended March 31, 2013 from P171.77 million in the period ended March 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 periods.

Net Income
As a result of the foregoing, net income increased by 10.4% from P453.55 million in the three months ended March 31, 2012 to P500.56 million in the period ended March 31, 2013.

Financial Condition as of March 31, 2013 vs December 31, 2012

Total assets as of March 31, 2013 were P20,654.82 million compared to P18,579.37 million as of December 31, 2012, or a 11.17% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments increased by P1,459.04 million from P901.83 million as of December 31, 2012 to P2,360.87 million as of March 31, 2013 primarily due to receipt of proceeds from the Placing and Subscription Transaction and customers' advances and deposits.

- Receivables decreased by 6.68% from P6,813.31 million to P6,358.13 million primarily due to the turn-over collections of Gramercy Project during the period.

- During the period ended March 31, 2013, Real estate inventories increased by 18.9% from P3,951.85 million to P4,698.04 million due to developments of various projects during the period.

- Property and equipment increased by 4.4% from P191.64 million to P200.04 million due to acquisitions made during the period.

Total liabilities as of March 31, 2013 were P10,311.96 million as compared to P10,313.21 million as of December 31, 2012. This was due to the following:

- Accounts and other payables increased by 9.3% from P2,868.97 million as of December 31, 2012 to P3,136.66 million as of March 31, 2013 due to accruals made at the end of the period.

- Customers' advances and deposits decreased by 31.4% from P2,288.36 million to P1,570.11 million since certain accounts qualified to revenue recognition during the period. Balances as of March 31, 2013, represent collections from customers which do not meet the revenue recognition criteria as of end of the period.

- Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, increased by 5.3% from P3,661.00 million as of December 31, 2012 to P3,853.28 million as of March 31, 2013 due to draw down or availments made during the period.

- Income tax payable increased by 108.3% from P98.08 million as of December 31, 2012 to P204.26 million as of March 31, 2013 primarily due to higher taxable income for the period.

Total stockholder's equity net increased by 25.12% to P10,342.86 million as of March 31, 2013 from P8,266.16 million as of December 31, 2012 due to issuance of new shares and the net income recorded for the three months ended March 31, 2013.

	As of March 31	
	2013	**2012**
Current Ratio	**3.2x**	**2.1x**
Debt to Equity Ratio	**0.4x**	**0.2x**
Asset to Equity Ratio	**2.0x**	**2.1x**
	For quarter ended March 31	
	2013	**2012**
Return on Assets [annualized]	**10.2%**	**14.9%**
Return on Equity [annualized]	**21.5%**	**32.3%**
EBIT	**735.5**	**637.9**
EBITDA	**736.3**	**645.0**
Total Debt	**3,853.3**	**1,302.7**
Net Debt	**1,492.4**	**NM**
Gross Profit from Real Estate Sales Margin	**44.2%**	**41.7%**
Net Income Margin	**19.3%**	**18.3%**
Net debt-to-equity ratio	**0.1x**	**NM**
Debt-to-EBITDA ratio	**5.2x**	**0.5x**
Net debt-to-EBITDA ratio	**2.0x**	**NM**

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 March 31, 2013 compared to December 31, 2012 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments increased by P1,459.04 million from P901.83 million as of December 31, 2012 to P2,360.87 million as of March 31, 2013 primarily due to receipt of proceeds from the Placing and Subscription Transaction and customers' advances and deposits.

Receivables decreased by 6.68% from P6,813.31 million to P6,358.13 million primarily due to the turn-over collections of Gramercy Project during the period.

During the period ended March 31, 2013, Real estate inventories increased by 18.9% from P3,951.85 million to P4,698.04 million due to developments of various projects during the period.

Advances to suppliers and contractors decreased by 25.6% from P925.30 million as of December 31, 2012 to P688.25 million as of March 31, 2013 primarily due to recoupment of down payments and advances made by the Group to its suppliers and contractors at the end of the period.

Prepayments and other current assets increased by 14.8% from P2,386.95 million to P2,740.43 million due to deferral of certain marketing expenses of newly launched projects with no percentage-of-completion as of March 31, 2013.

Investment properties increased by 8.21% from P1,920.13 million as of December 31, 2012 to P2,077.83 million due to improvements made during the period.

Accounts and other payables increased by 9.3% from P2,868.97 million as of December 31, 2012 to P3,136.66 million as of March 31, 2013 due to accruals made at the end of the period.

Customers' advances and deposits decreased by 31.4% from P2,288.36 million to P1,570.11 million since certain accounts qualified to revenue recognition during the period. Balances as of March 31, 2013, represent collections from customers which do not meet the revenue recognition criteria as of end of the period.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, increased by 5.3% from P3,661.00 million as of December 31, 2012 to P3,853.28 million as of March 31, 2013 due to draw down or availments made during the period.

Income tax payable increased by 108.3% from P98.08 million as of December 31, 2012 to P204.26 million as of March 31, 2013 primarily due to higher taxable income for the period.

Total stockholder's equity net increased by 25.12% to P10,342.86 million as of March 31, 2013 from P8,266.16 million as of December 31, 2012 due to issuance of new shares and the net income recorded for the three months ended March 31, 2013.

Material Changes to the Company's Statement of income for the 1st quarter ended March 31, 2013 compared to the 1st quarter ended March 31, 2012 (increase/decrease of 5% or more)

Cost of services increased by 30.4% to P42.14 million in the three months ended March 31, 2013 from P32.31 million in the period ended March 31, 2012. This was primarily related to incremental revenues in 2013.

General, administrative and selling expenses increased by 13.82% to P482.96 million in the three months ended March 31, 2013 from P P424.34 million in the period ended March 31, 2012. The increase was primarily due to amortization of deferred marketing expenses of launched projects with no percentage-of-completion as of March 31, 2012 and those incurred by the projects during the period ended March 31, 2013.

Interest and other financing charges increased by 137.5% to P29.84 million in the three months ended March 31, 2013 from P12.56 million in the period ended March 31, 2012. This was primarily due to new project level debt raised during the period.

Provision for income tax increased by 24.4% to P213.70 million in the three months ended March 31, 2013 from P171.77 million in the period ended March 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 periods.

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 1st Quarter of 2013 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 1st Quarter of 2013 Financial Statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Group.

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 fiscal 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.

COMMITMENTS AND CONTINGENCIES

The Parent Company's subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate

LIQUIDITY AND CAPITAL RESOURCES

The Company through its subsidiaries depended primarily on equity contributions and real estate developments.

INTERIM FINANCIAL STATEMENTS
FOR PERIOD ENDING MARCH 31, 2012 (UNAUDITED)

CONSOLIDATED BALANCE SHEETS

	Unaudited 31-Mar-13	Audited 12-Dec-12
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**P2,360,866,396**	P 901,825,739
Receivables – net (Note 6)	**5,119,712,312**	6,224,584,200
Real estate Inventory (Note 7)	**4,698,037,049**	3,951,847,226
Land held for future development (Note 8)	**1,196,450,810**	1,996,450,810
Due from related parties	**166,225,777**	166,225,777
Advances to suppliers and contractors (Note 9)	**688,245,951**	925,301,466
Prepayments and other current assets (Note 10)	**2,740,431,539**	2,386,952,612
Total Current Assets	**16,969,969,833**	15,753,187,830
Non-current Assets		
Non-current real estate receivables	**1,238,415,917**	588,723,142
Available-for-sale financial assets	**7,936,029**	7,936,029
Investment properties (Note 11)	**2,077,825,335**	1,920,129,185
Property and equipment – net	**200,037,238**	191,644,519
Deferred tax assets	**134,288,812**	89,912,080
Intangible assets	**2,864,001**	2,768,801
Other non-current assets (Note 12)	**23,481,980**	25,069,001
Total Non-current Assets	**3,684,849,312**	2,826,182,757
	P20,654,819,145	P18,579,370,587
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 13)	**P3,136,661,419**	P 2,868,973,874
Customers' advances and deposits (Note 14)	**1,570,108,294**	2,288,361,643
Short-term debt (Note 15)	**354,933,821**	351,399,397
Current portion of:		
Long-term debt (Note 15)	**235,036,497**	387,432,732
Liability from purchased land	**2,400,000**	2,400,000
Due to related parties	**113,025,766**	113,025,766
Income tax payable	**204,263,528**	98,084,171
Total Current Liabilities	**5,616,429,325**	6,109,677,583
Non-current Liabilities		
Long-term debt - net of current portion (Note 15)	**3,263,312,883**	2,922,165,461
Liability from purchased land - net of current portion	**28,341,162**	28,341,162
Pension liabilities	**90,685,747**	90,114,584
Deferred tax liabilities – net	**1,313,190,316**	1,162,911,585
Total Non-current Liabilities	**4,695,530,109**	4,203,532,792
Total Liabilities	**10,311,959,433**	10,313,210,375
Equity		
Equity attributable to owners of the parent company:		
Capital stock (Note 16)	**5,140,853,731**	4,716,853,731
Additional paid-in capital (Note 16)	**2,643,022,141**	1,483,184,722
Treasury shares (16)	**(7,694,492)**	
Retained earnings (Note 16)	**2,578,386,059**	2,077,829,487
Equity reserves	**(6,970,678)**	(6,970,678)
Unrealized loss on available-for-sale financial assets	**(4,737,050)**	(4,737,050)
	10,342,859,711	8,266,160,212
Non-controlling interests		
Total Equity	**10,342,859,711**	8,266,160,212
	P20,654,819,145	P18,579,370,587

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited Jan – Mar 2013 Q1 2013	Unaudited Jan – Mar 2012 Q1 2012
REVENUE		
Real estate sales	**P2,206,806,051**	P 2,267,030,589
Property management fee and other services	**64,494,706**	52,917,171
Interest and other income	**326,244,513**	158,169,896
	2,597,545,270	2,478,117,656
COST AND EXPENSES		
Cost of real estate sales	**1,328,349,612**	1,383,581,785
Cost of services	**42,140,764**	32,310,064
General, administrative and selling expenses	**482,963,776**	424,338,675
Interest and other financing charges – net	**29,837,266**	12,563,944
	1,883,291,418	1,852,794,468
INCOME BEFORE TAX	**714,253,852**	625,323,188
PROVISION FOR INCOME TAX	**213,697,280**	171,774,297
NET INCOME	**500,556,572**	453,548,891
OTHER COMPREHENSIVE INCOME		
Unrealized gain (loss) on available-for-sales financial assets	-	-
TOTAL COMPREHENSIVE INCOME	**P 500,556,572**	P 453,548,891
Net income/(loss) attributable to:		
Equity holders of the Parent Company	**P 500,556,572**	P 452,903,123
Non-controlling interests		645,768
	P 500,556,572	453,548,891
Total comprehensive income/(loss) attributable to:		
Equity holders of the Parent Company	**P 500,556,572**	P 452,903,123
Non-controlling interests		645,768
	P 500,556,572	453,548,891
Weighted average common shares	9,433	8,455
Basic/diluted earnings per share	**P0.05**	P0.05

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Reserves	Total	Non-controlling Interests	Total
At January 1, 2013	P 4,716,853,241	P 1,483,184,722	P2,077,829,487	(P 11,707,728)	P 8,266,160,212	P	P 8,266,160,212
Net income	-	-	500,556,572	-	500,556,572		500,556,572
Issuance of shares	424,000,000	1,404,536,197	-	-	1,583,837,419		1,583,837,419
Acquisition of treasury shares	(7,694,492)		-	-	(7,694,492)	-	(7,694,492)
At March 31, 2013	**P 5,133,159,239**	**P 2,643,022,141**	**P2,578,386,059**	**(P 11,707,728)**	**P10,342,859,711**	**P**	**P 10,342,859,711**
At January 1, 2012	P 4,010,187,241	P 3,235,454	P 321,001,641	(P 4,671,259)	P 4,329,753,077	P 1,918,103	P 4,331,671,180
Net income	-	-	452,903,123	-	452,903,123	645,768	453,548,891
Issuance of shares	706,666,490	1,404,536,197	-	-	2,111,202,687	-	2,111,202,687
At March 31, 2012	**P 4,716,853,731**	**P 1,407,771,651**	**P 773,904,764**	**(P 4,671,259)**	**P 6,893,858,887**	**P 2,563,871**	**P 6,896,422,758**

CONSOLIDATED CASH FLOW STATEMENTS

	Unaudited 31-Mar-13	Unaudited 31-Mar-12
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	**P 714,253,852**	P 625,323,188
Adjustments for:		
Interest expense	**111,089,841**	22,835,817
Deprecation and amortization	**767,822**	7,117,042
Interest income	**(191,385,280)**	(111,977,027)
Operating income before working capital changes	**634,726,235**	543,299,020
Decrease/(increase) in:		
Receivables	**627,621,045**	(1,539,210,632)
Real estate inventories	**(746,189,823)**	(424,193,300)
Advances from suppliers and contractors	**237,055,515**	399,338,824
Prepayments and other current assets	**(353,478,927)**	(621,538,481)
Land held for future development		112,662,837
Increase (decrease) in:		
Accounts and other payables	**267,687,545**	595,799,226
Customers' advances and deposits	**(718,253,349)**	265,713,486
Pension liabilities	**571,163**	875,000
Cash used in operations	**(50,260,595)**	(667,254,020)
Interest received	**17,175,359**	5,470,243
Interest paid	**(111,089,841)**	(22,835,817)
Net cash used in operating activities	**(144,175,076)**	(684,619,594)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in non-current assets	**1,587,021**	(2,614,591)
Additions:		
Investment properties	**(157,696,150)**	(122,292,106)
Property and equipment	**(9,160,541)**	(19,858,949)
Decrease (increase) in due from related parties		(254,199,727
Net cash provided by (used in) investing activities	**(165,269,670)**	(398,965,373)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares of stock	**1,583,837,419**	2,111,202,687
Availments (repayments) of:		
Short-term and long-term debt	**192,342,477**	425,518,462
Liability from purchased land		(5,335,719)
Acquisition of treasury shares	**(7,694,492)**	
Net cash provided by (used in) financing activities	**1,768,485,404**	2,531,385,431
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,459,040,657**	1,447,800,463
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**901,825,739**	366,594,660
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P2,360,866,396**	P 1,814,395,123

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 over 27 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 March 31, 2013, the Company completed 21 condominium and commercial buildings (5,560 units) with a total GFA of 669,857 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 and a collection of French-inspired condominiums in Makati City called Le Triomphe, Le Domaine and Le Metropole.

Currently, the Company is developing five master-planned communities that is expected to have 31 condominium and commercial buildings with approximately total expected GFA of 1,581,465.

The Company's land bank for future development consists of properties in Quezon City and Batangas that cover a site area of 1,920,000sqm.

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 50 buildings with 2.3 million square meters of managed properties and 80% 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., Donald Trump (through the Trump Organization), Paris Hilton, and Missoni Homes, 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 3,508 agents and brokers as of December 31, 2012.

For 2010, 2011 and 2012, our revenue was P3,071.6 million, P4,702.1 million and P9,611.1, respectively, and our net income was P179.6 million, P866.2 million and P1,844.4, respectively.

1.2 RECENT TRANSACTIONS

On January 07, 2013, the Company approved the Treasury Buyback Program of up to Eight Hundred Million shares for a time period of twenty-four (24) months starting January 2013 from any stockholders who opt to divest their shareholdings in the Company subject to further shareholders approval in the next Annual or Special Stockholders meeting.

On March 05, 2013, CPI closed on a Placing and Subscription Transaction wherein it sold 800,000,000 million shares of stock in CPGI to investors ("Placing transaction") at a price of P2.05 per share. The top up placing and subscription transaction was implemented primarily to fund the company's continued growth in land bank within Metro Manila, and expand its projects in key select secondary cities outside Metro Manila.

Concurrently, CPI and the Company entered into the Subscription Agreement relating to the subscription by CPI to 800,000,000 new common shares of the Company ("Subscription transaction"). As a result of the Placing and Subscription Transaction the Company's public float increased from 27.3% to 33.3%.

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	–

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. As of March 31, 2013, CPMI currently has 47 projects in its portfolio, covering a total gross floor area of 2,292,904 sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

A2 Global, Inc.
A2Global Inc is a newly formed company incorporated last March 22, 2013 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 of two towers, one for commercial offices and the other for a hotel, with an expected gross floor area of 30,000sqm. located in Fort, Bonifacio Global City Taguig. ACC is the lessee of the property owned by AFP-MBAI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements include the financial statements of the 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.

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 Group as at March 31, 2013 and December 31, 2012 and for each of the three months in the period ended March 31, 2013 and 2012.

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 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.

Non-controlling 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 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 Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Reverse acquisition involving a non-trading shell company

The share swap between CPI and the Company has been accounted for similar to a reverse acquisition of a non-trading shell company. Such transaction was accounted for in the consolidated financial statements of the legal parent as a continuation of the financial statements of the private entity (the legal subsidiary).

In accounting for such transaction, the comparative information presented in these consolidated financial statements is therefore that of the "CPI subs", not that originally presented in the previous financial statements of the legal parent (accounting acquiree, which in this case is CPGI), and also is retroactively adjusted to reflect the legal capital of CPGI.

Because these consolidated financial statements represent a continuation of the financial statements of the CPI Subsidiaries, except for its capital structure, the consolidated financial statements reflect:

a) the assets and liabilities of CPI Subs recognized and measured at their pre-share swap carrying amounts;
b) the retained earnings and other equity balances of the CPI Subs pre-share swap (i.e., not those of CPGI);
c) the total equity is that of the CPI Subs but the legal capital (common shares and APIC) would be that of CPGI;
d) any difference between (1) net assets of CPI Subs and (2) the sum of the legal capital of CPGI and the combined retained earnings of the CPI Subs, shall be accounted for as equity reserve; and
e) the income statement for the prior periods reflects that of the CPI Subs while the income statement for the current period reflects that of CPI Subs for the full period together with the post-share swap results of the Company.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) which became effective beginning January 1, 2012. Except as otherwise indicated, the adoption of these new and amended standards and Philippine Interpretations did not have any significant effect on the consolidated financial statements.

Effective 2012

- Philippine Accounting Standard (PAS) 12 (Amendment), *Income Taxes - Deferred Tax: Recovery of Underlying Assets* – This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset.

- PFRS 7 (Amendment), *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements* – The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the entity's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

Effective 2013

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

- PAS 19, *Employee Benefits* (Revised) – The amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk.

  The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard.

- PAS 27, *Separate Financial Statements* (as revised in 2011) – As a consequence of the new PFRS 10, *Consolidated Financial Statements* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011) – As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, 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.

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

  The amendments to PFRS 7 are to be applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

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

- PFRS 11, *Joint Arrangements* – PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interests with Other Entities* – PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

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

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

- 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.

Improvements to PFRSs 2010

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

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

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

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment* – The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment will not have any 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*.

- 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

Future Changes in Accounting Policies

The Group will adopt the following new and amended standards and Philippine Interpretations enumerated below when these become effective. The Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on the consolidated financial statements.

Effective 2014

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

Effective 2015

- PFRS 9, *Financial Instruments: Classification and Measurement - PFRS 9*, as issued in 2010, reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

  The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of new standards have been published. Nevertheless, management is currently assessing the impact of PFRS 9 on the financial statements of the Group and is committed to conduct a comprehensive study of the potential impact of this standard to assess the impact of all changes.

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

The adoption of the 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 the 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

a) Date of recognition – The Group recognizes a financial asset or a financial liability in the parent company 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. Derivatives are also recognized on a trade date basis.

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

   The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) financial assets, AFS financial assets and loans and receivable. The Group classifies its financial liabilities into financial liabilities at FVPL, derivative liabilities 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.

   The Group's financial assets and financial liabilities are of the nature of loans and receivables, AFS financial assets, and other financial liabilities, respectively.

c) 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 asking 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.

d) 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 Company 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. 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 non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL. This accounting policy relates to the Group's statement of financial position captions "Cash and cash equivalents", "Receivables" (excluding receivables attributable to employees) and "Due from related parties."

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 "Provision for impairment losses" account.

AFS financial assets

AFS financial assets are non-derivative financial assets 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. 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 in other comprehensive income and are reported as "Unrealized gain on AFS financial assets" in the Group's 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 assets are classified as current assets when the Group has the contractual right to receive cash or another financial asset from another entity within twelve (12) months from the reporting date.

As of March 31, 2013 and December 2012, AFS financial assets comprise of quoted equity securities.

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", "Long-term debt", and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and pension liabilities).

Other financial liabilities are classified as current liabilities when it is expected to be settled within 12 months from the financial position date or the Group does not have an unconditional right to defer settlement for at least 12 months from the reporting date.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is 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 the 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 the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below their costs. 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 other comprehensive income - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" in profit or loss. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar 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 as 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 risk 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.

Derecognition of 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 Group's statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Real Estate Inventories

Real estate inventories are carried at the lower of cost or net realizable value (NRV).

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

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale such as commissions.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production 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 from the commencement of the development work until the date of practical completion. The capitalization of finance cost 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 development, but only where activities are necessary to prepare the asset for the development are in progress.

Interest in Joint Venture

Interest in joint venture is limited to jointly controlled operations entered into by the Group to 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 plant 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. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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 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 estimated useful life of the asset of five (5) years, whichever is shorter.

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

When property and equipment are retired or otherwise disposed of, the cost 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 assets 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 the 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 the 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 the Group's statement of comprehensive income when the asset is derecognized.

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

a) Software costs – Intangible assets include costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. 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.

   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 system development costs is assessed and written down immediately to its recoverable amount. Otherwise, such costs are recognized as expense as incurred.

b) 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. As a result, those licenses are assessed as having indefinite useful life.

Impairment of Non-financial Assets

The Group assesses as at reporting date whether there is an indication that its non-financial assets (i.e., 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 of continuing operations are recognized in the expense categories in 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 the 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 and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital stock is measured at par value for all shares issued. 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.

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:

a) 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.

b) Interest income – Interest income is recognized as it accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

c) Income from cancelled sales – Income from cancelled sales 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 Protection (Maceda Law)*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

d) 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.

e) Dividend income – Dividend income is recognized when the Group's right to receive the payment is established.

f) Management fees – Revenue from property management and other services is recognized when the related services are rendered.

g) 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

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

b) Commission and other selling expenses – Selling expenses such as commissions paid to sales or marketing agents on the sale of precompleted 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.

c) 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, expected return on any plan assets, actuarial gains and losses, past service cost and the effect of any curtailment or settlement.

The liability recognized by the Group in respect of the 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 to 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.

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

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 Taxes

a) 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.

b) 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 profit will be available against which the deductible temporary differences and the carry forward of unused tax credits from excess MCIT over RCIT 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.

   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 profit 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 4 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.

For purposes of the share swap transaction, the weighted average number of common shares outstanding (the denominator of the earnings per share calculation) is:

a) the number of common shares outstanding from the beginning of the year to the transaction date shall be computed on the basis of the weighted average number of common shares of the CPI subs outstanding during the period multiplied by the exchange ratio established in the share swap agreement; and
b) the number of common shares outstanding from the acquisition date to the reporting period shall be the actual number of ordinary shares of the Parent Company outstanding during that period.

The basic earnings per share for each comparative period before the share swap date presented in the consolidated financial statements following the share swap shall be calculated by dividing the profit or loss of CPI subs attributable to common shareholders in each of those periods by CPI subs's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the share swap agreement.

As of March 31, 2013 and December 31, 2012, the Parent Company and CPI subs have no dilutive potential common shares.

Contingencies

Contingent liabilities are not recognized in the Group's 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 Group's financial statements but disclosed when an inflow of economic benefits is probable (see Note 17).

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the Group's financial statements. Post year-end events that are not adjusting events are disclosed in the Group's financial statements when material.

3. SIGNIFICANT ACCOUNITNG JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the parent company financial statements and notes. The judgments, estimates and assumptions used in the accompanying Group's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Group's 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 Group's 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 Company's financial statements.

a) Revenue and cost recognition – Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:
    - Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
    - Stage of completion of the project.

b) Collectibility of the Sales Price – In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

c) 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.

d) 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.

e) 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.

f) 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 following year. The Group shall then classify the land as part of the real estate inventories upon the commencement of the actual development of the land.

g) Impairment of AFS financial assets – The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment and 'prolonged' as greater than six (6) months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

h) Provisions and 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.

a) 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, and by reference to the actual costs incurred to date over the estimated total costs of the project. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and cost of real estate sales and receivables. Carrying value of the real estate receivables amounted to P5,293.34 million and P5,468.14 million as of March 31, 2013 and December 31, 2012, respectively (see Note 6).

b) Fair value of investment properties – 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. There was no gain or loss on changes in fair value of investment properties during the period ended March 31, 2013 and 2012. Carrying value of the investment properties amounted to P2,077.83 million and P1,920.13 million as of March 31, 2013 and December 31, 2012, respectively (see Note 11).

c) Estimating allowance for impairment losses – 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 period.

As of March 31, 2013 and December 2012, the allowance for impairment losses on receivables of the Group amounted to P11.58 million (see Note 6).

The carrying values of these assets as of March 31, 2013 are as follows

Receivables (Note 6)	P	6,358,128,229
Due from related parties		166,225,777

d) 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 as of March 31, 2013 are as follows:

Real estate inventories (Note 7)	P	4,698,037,049
Land held for future development (Note 8)		1,196,450,810

e) Impairment of non-financial assets – The Group assesses impairment on its non-financial 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 non-financial assets as of March 31, 2013 are shown below.

Property and equipment	P	200,037,238
Intangible assets		2,864,001

f) Estimating useful lives of property and equipment and intangible assets – The Group estimates the useful lives of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of these assets 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 these assets would increase depreciation and amortization expense and decrease noncurrent assets. Property and equipment amounted to P200.04 million and P191.64 million as of March 31, 2013 and December 31, 2012.

g) 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 March 31, 2013 and December 31, 2012, carrying values of these assets amounted to P134.29 million and P430.50 million, respectively.

As of March 31, 2013 and December 31, 2012, the Group has unrecognized deferred tax assets amounting to P271.00 million, which pertain to NOLCO and MCIT. Management believes that it is not probable that sufficient taxable income will be available to allow all of the deferred tax assets to be utilized.

h) Estimating pension obligations – The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates 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 pension liabilities amounted to P90.69 million and P90.11 million as of March 31, 2013 and December 31, 2012, respectively.

Fair value of financial instruments – Where the fair values of financial assets and financial liabilities recorded in the Group's 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.

4. SEGMENT REPORTING

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 and for the period ended March 31, 2013 are as follows:

	Real estate Development	Property Management	Adjustments/ Elimination	Consolidated
Revenue				
Real estate sales and property management fee and other services	P 2,206,806,051	P 64,494,706	P -	P 2,271,300,757
Cost and expenses				
Cost of real estate sales and services	1,328,349,612	42,140,764	-	1,370,490,376
General, administrative and selling expenses	471,181,139	11,782,637	-	482,963,776
Operating income	**407,275,300**	**10,571,305**	**-**	**417,846,605**
Other income/(expenses)				
Interest and other income	326,199,836	44,677	-	326,244,513
Interest and other financing charges	(29,761,408)	(75,858)	-	(29,837,266)
Income before tax	**703,713,728**	**10,540,124**	**-**	**714,253,852**
Provision for income tax	210,535,242	3,162,037	-	213,697,280
Net income	**493,178,485**	**7,378,087**	**-**	**500,556,572**
Net income attributable to:				
Owners of the parent company	493,178,485	7,378,087	-	500,556,572
Non-controlling interest	-		-	
	493,178,485	**7,378,087**	**-**	**500,556,572**
Other information				
Segment assets	25,331,681,763	113,878,334	(4,925,029,764)	20,520,530,333
Deferred tax assets	127,074,775	7,214,037	-	134,288,812
Total assets	**25,458,756,538**	**121,092,371**	**(4,925,029,764)**	**20,654,819,145**
Segment liabilities	8,941,431,540	95,156,469	(37,818,890)	8,998,769,052
Deferred tax liabilities	1,313,190,316	-	-	1,313,190,316
Total liabilities	**10,254,621,856**	**95,156,469**	**(37,818,890)**	**10,311,959,434**

5. CASH AND CASH EQUIVALENTS

This account consists of:

Cash on hand and in banks	P 731,710,635
Cash equivalents	1,629,155,761
	P2,360,866,396

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 1.5% to 4.5%.

6. RECEIVABLES

This account consists of:

Trade receivables	
Real estate	P5,293,344,604
Management fee	60,113,327
Auction fee and commissions	2,394,043
Receivable from employees	168,548,535
Advances to customers	36,240,510
Other receivables	809,070,904
	6,369,711,923
Allowance for impairment losses	(11,583,694)
	6,358,128,229
Noncurrent portion of real estate receivables	1,238,415,917
	P5,119,712,312

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.

7. 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:

Condominium units	4,673,518,517
Residential house and lots	24,518,532
	4,698,037,049

The rollforward of this account follows:

At January 1	3,951,847,226
Construction costs incurred	1,987,882,459
Borrowing cost capitalized	86,656,975
Cost of real estate sales	(1,328,349,612)
At March 31	**P4,698,037,049**

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 7.0% to 10.0%.

Real estate inventories recognized as "Cost of real estate sales" amounted to P1,328.35 million. Such cost of sales is derived based on the standard cost for the current reporting period.

8. 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:

Land held by CCDC	P1,065,345,052
Land held by CLC	131,105,758
	P1,196,450,810

9. ADVANCES TO SUPPLIERS AND CONTRACTORS

Advances to suppliers and contractors amounting to P688.25 million as of March 31, 2013 are recouped upon every progress billing payment depending on the percentage of accomplishment.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

Deferred selling expenses	P 574,264,461
Input taxes	763,110,897
Advances to land owners	824,976,532
Prepaid expenses	486,791,567
Creditable withholding taxes	40,991,948
Tax credit certificates	1,017,442
Others	49,278,692
	P2,740,431,539

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.

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 and CLC 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. In addition, this includes the expenses shouldered by CLC that are attributable to the land owners in accordance with the joint venture agreement, which shall also be applied to the subsequent remittance on the land owners' share in the joint venture project.

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.

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

Input taxes are fully realizable and will be applied against output VAT. Tax credit certificates and creditable withholding taxes will be applied against income tax payable. Prepaid expenses mostly pertain to prepayments of insurance premiums which will be applied throughout the remaining term of the related contracts. Balances include prepayments pertaining to marketing expenses which will be expensed upon the recognition of the revenue on the related project.

11. INVESTMENT PROPERTIES

Movements in this account follow:

At January 1	P1,920,129,191
Improvements	157,696,150
At March 31	**P2,077,825,341**

Investment properties with an original cost of P170.8 million represent the portions CCDC lots that are intended to be developed for commercial and retail purposes and to be subsequently leased out to third parties. The Group's investment properties are classified as shown below:

Undeveloped land	P 1,861,764,467
Under construction	216,060,874
At March 31	**P2,077,825,341**

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, 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.

The Group implemented changes in the business plan for certain lots of the ISMI properties previously intended for leasing purposes during the following periods:.

In 2010, one of the lots with a fair value of P427.88 million was utilized for the development of Centuria Medical Towers, a project of Centuria Medical Development Corporation, wherein the relevant units will be for sale. Such property was reclassified under the “Real estate inventories” with the latest fair value of the lot as its deemed cost.

In 2011, lots with fair value of P1,019.79 million and P339.06 million will be developed by the Group into a residential condominium building and commercial and office buildings, respectively, which will be available for sale.

Except for the change in the fair value investment properties, 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.

12. OTHER NON-CURRENT ASSETS

This account consists of:

Rental deposits	P	19,873,994
Plan assets		2,470,118
Others		1,137,870
	P	**23,481,981**

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.

13. ACCOUNTS AND OTHER PAYABLES

This account consists of:

Accounts payable	P 2,598,942,066
Accrued expenses	398,965,803
Retention payable	44,067,427
Payable to Manila Jockey Club, Inc. (MJCI)	10,922,220
Funds held in trust	33,265,687
Other payables	50,498,217
	P3,136,661,420

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.

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 are expected to be settled upon turn-over of the units to the buyers within the year.

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

14. 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 March 31, 2013 customers' advances and deposits amounted to P1,570.11 million.

15. SHORT-TERM AND LONG-TERM DEBT

Short-term Debt
Short-term debt consists of:

Bank loans - Philippine Peso	P 80,485,480
Trust receipts	274,448,341
	P 354,933,821

Trust receipts (TRs) are obtained for the purchase of construction materials for CCDC's projects with fixed interest rate of 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 ₱5.00 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:

Subsidiaries:	
Payable under CTS financing	P 803,791,346
Bank loan - Philippine Peso	2,692,464,915
Car loan financing	2,093,120
	3,498,349,381
Less current portion	(235,036,497)
	P3,263,312,883

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 ₱130.00 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 7.5% 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 2012, CPGI, MDC and CMDC also obtained CTS financing from local banks amounting to ₱107.90, ₱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% 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 ₱110.76 million and ₱606.71 million, respectively to finance the construction costs of its projects. at interest rate ranging from 7.0% to 7.5% payable monthly in three years.

In 2013 and 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 ₱35.04 million and ₱413.35 million with a term of up to five years at interest rate of 10% per annum.

During 2013 and 2012, CLC obtained a peso-denominated loan from a local bank amounting to ₱ 50.00 million ₱1,000.00 million, respectively, with a term 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.

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

Car loan financing

In 2012 and 2011, 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 are 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 ₱1.13 million and ₱2.00 million as of December 31, 2012 and 2011, 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 March 31, 2013 and December 31, 2012, outstanding balance of this loan amounted to nil.

Interest Expense
Interest expense recognized during the three months ended March 31, 2013 for the short-term and long-term debts amounted to P111.09 million.

16. **EQUITY**

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

	As of December 2012	As of 31 March 2013
Authorized shares	10,000,000,000	10,000,000,000
Par value per share	P0.53	P0.53
Issued and subscribed shares	8,899,724,027	9,695,287,027
Treasury Shares		4,437,000

On February 09, 2000, the Company was listed with the Philippine Stock Exchange with a total of 3,554,720,004 common shares, issued, paid and outstanding out of the authorized capital stock of 6,000,000,000 shares. The offering of the shares was at P1.00 per share. As of March 31, 2013, there are 478 holders of the Company's common stock.

On August 17, 2011, the Company's BOD approved the increase in authorized capital stock of the Company from P6,000.00 million divided into 6,000,000,000 shares to P10,000.00 million divided into 10,000,000,000 shares with par value of P1.00 per share.

On October 27, 2011, the Company's application for increase in authorized common stock was approved by the SEC.

Share swap
On October 27, 2011, CPI subscribed to 4,011,671,023 shares of CPGI at a subscription price of P1.0 per share for a total of P4,011.7 million which is equivalent to the aggregate book value of CPI's shares in CPI subs as of July 31, 2011. This resulted to an increase in the capital stock account of the Company amounting to P4,011.7 million. Also on the same date, the net assets of CPGI were consolidated amounting to P1.8 million.

Additional paid-in capital
On May 24, 2011, EPHE and EPPECI agreed to condone, release and waive all claims against the Company. The condoned payable to stockholders amounting to a total of P105.6 million was recognized as additional paid-in capital.

Retained earnings
Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to P2,578.39 million as of March 31, 2013.

On April13, 2012, the Board of Directors of CPGI declared its dividend distribution amounting to P89,449,496 from its unrestricted retained earnings as of December 31, 2011 to stockholders on record date April 27, 2012.

Quasi-reorganization
On August 17, 2011, the Company's BOD approved the equity restructuring of the Company as follows:

a) the balance of additional paid-in capital amounting to P2,875.8 million to be applied against the Company's deficit balance;
b) decrease in the par value of the Company's common shares from P1.0 per share to P0.53 per share; and;
c) the resulting additional paid-in capital from the reduction in the par value of the common shares to be applied against the Company's deficit balance.

On October 28, 2011, the SEC approved the Company's capital restructuring. The table below summarizes the effects of the equity restructuring in the stand alone financial statements of the Company:

	Before the restructuring	Adjustments (a)	(b)	(c)	After the restructuring
Capital stock	P 3,554,720,004	P 4,011,671,023	(P 3,556,203,786)	P -	P 4,010,187,241
Additional paid-in capital	2,875,763,624	-	P 3,556,203,786	(6,428,731,956)	3,253,454
Deficit	(6,428,731,956)	-	-	6,428,731,956	-
	P 1,751,672	P 4,011,671,023	P -	P -	P 4,013,422,695

(a) Subscription of 4,011,671,023 common shares by CPI.
(b) Decrease in the par value of the Company's common shares from P1.00 per share to P0.53 per share.
(c) Application of the additional paid-in capital against the Company's deficit balance.

As part of the above capital restructuring, the Company applied the balance of additional paid-in capital amounting P6,428.7 million against equity reserves at the consolidated level.

Placing and Subscription Transaction
On February 20, 2012, CPI closed on a Placing and Subscription Transaction wherein it sold 1,333,333,000 shares of stock in CPGI to new investors ("Placing Tranche") at a price of P1.75 per share. Concurrently, it used the gross proceeds from the Placing Tranche, totaling Two Billion Three Hundred Thirty-Three Million, Three Hundred Thirty-Two Thousand Seven Hundred Fifty (Php2,333,332,750) to re-subscribe to new 1,333,333,000 shares of stock in CPGI ("Subscription Tranche").

On January 07, 2013, CPGI implement a share buy-back option program up to Eight Hundred Million Pesos (P800,000,000) worth of shares for a time period of up to twenty-four (24) months.

On March 05, 2013, with CPI, Standard Chartered Securities (Singapore) Pte. Limited (Standard Chartered) and Macquarie Capital (Singapore) Pte. Limited (Macquarie wherein CPI has appointed Standard Chartered and Macquarie to offer 800,000,000 exisiting common shares (the Offer Shares) of the Parent Company at P2.05 per share (the Offer Price) outside the United States in reliance on Regulation S and under 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 April 15, 2013, the BOD of the Parent Company approved the declaration of cash dividends amounting to Pesos: One Hundred Eighty Four Million Four Hundred Thirty Six Thousand One Hundred Ninety Three (Php 184,436,193.00) for distribution to the stockholders of CPGI of record date as of April 29, 2013.

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 the first quarter of 2013. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Company excluding equity reserve and loss on AFS financial assets amounting to a total of P10,354.58 million as of March 31, 2013.

The Group is not subject to externally imposed capital requirements.

17. PROVISIONS AND CONTINGENCIES

Some members of the Group are contingently liable for lawsuits or claims filed by third parties (including civil, criminal and administrative lawsuits and other legal actions and proceedings arising in the ordinary course of their business that are pending decision by the relevant court, tribunal or body and the final outcomes of which are not presently determinable). In the opinion of management and its legal counsels, given the present status of these cases, legal actions and proceedings, the eventual liability under these lawsuits or claims in the event adversely determined against such member of the Group, 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 period.

18. 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:

		March 2013				December 2012		
		Carrying Value		Fair Value		Carrying Value		Fair Value
Loans and receivables								
Cash and cash equivalents	P	2,360.9	P	2,360.9	P	901.8	P	901.8
Receivables								
Trade receivables								
Real estate		5,293.3		5,461.6		5,468.1		5,636.8
Management fee		60.1		60.1		48.9		48.9
Auction fee and Commissions		2.4		2.4		1.4		1.4
Advances to customers		36.2		36.2		36.2		36.2
Receivable from employees		168.5		168.5		132.3		132.3
Other receivables		809.2		809.2		1,002.1		1,002.1
Due from related parties		166.2		166.2		166.2		166.2
		8,896.8		9,065.1		7,756.9		7,925.7
AFS financial assets		8.0		8.0		8.0		8,0
Total Financial Assets	P	8,904.8	P	9,073.1	P	7,764.9	P	7,933.7
Other financial liabilities								
Accounts and other payables								
Accounts payable		2,598.9		2,598.9		2,099.2		2,099.2
Accrued expenses		399.0		399.0		428.6		428.6
Payable to MJCI		10.9		10.9		10.9		10.9
Retention payable		44.1		44.1		42.2		42.2
Other payables		50.5		50.5		39.1		39.1
Due to related parties		113.0		113.0		361.0		361.0
Short-term debt		354.9		354.9		353.6		353.6
Long-term debt		3,498.3		3,612.3		3,307.4		3,421.5
Liability from purchased land		30.7		30.7		30.7		33.9
Total Financial Liabilities	P	7,100.3	P	7,714.3	P	6,673.7	P	6,974.0

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 shortterm 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% or the period ending March 31, 2013 and year ended December 31, 2012.

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 2.50% to 4.44% as of March 31, 2013 and December 31, 2012.

Fair Value Hierarchy
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 March 31, 2013 and December 31, 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 has no financial instruments measured under Level 2 and 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 and liquidity risks arise in the normal course of the Group's business activities. 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 table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position.

[Amount in millions]		Unaudited 31-Mar-13		Audited 31-Dec-12
Cash and cash equivalents*	P	2,360.8	P	901.7
Receivables				
Trade receivables				
Real estate		5,293.3		5,468.1
Management fee		60.1		48.9
Auction fee and commissions		2.4		1.4
Advances to customers		36.2		36.1
Receivable from employees		168.5		132.3
Other receivables		809.2		1,002.1
Due from related parties		166.2		166.2
AFS financial assets		8.0		8.0
Total credit risk exposure	P	8,904.7	P	7,764.8

**Excludes cash on hand*

The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements. The subject real estate units are held as collateral for all installment contracts receivable.

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

March 31, 2013 [Amount in millions]

	Neither Past Due nor Impaired	Past due but not impaired				Impaired Financial	
	<30 days	30-60 days	60-90 days	90-120 days	>120 days	Assets	Total
Receivables							
Trade receivables							
Real estate	5,293.3	-	-	-	-	-	5,293.3
Management fee	60.1	-	-	-	-	-	60.1
Auction fee and commissions	2.4	-	-	-	-	-	2.4
Advances to customers	36.2	-	-	-	-	-	36.2
Receivable from employees	168.5	-	-	-	-	-	168.5
Other receivables	797.6	-	-	-	-	11.6	809.2
Due from related parties	166.2	-	-	-	-	-	166.2
Total	6,524.3	-	-	-	-	11.6	6,535.9

December – 2012 [Amount in millions]

	Neither Past Due nor Impaired	Past due but not impaired				Impaired Financial	
	<30 days	30-60 days	60-90 days	90-120 days	>120 days	Assets	Total
Receivables							
Trade receivables							
Real estate	5,468.1	-	-	-	-	-	5,468.1
Management fee	48.9	-	-	-	-	2.7	51.6
Auction fee and commissions	1.4	-	-	-	-	1.0	2.4
Advances to customers	36.1	-	-	-	-	-	36.1
Receivable from employees	132.3	-	-	-	-	-	132.3
Other receivables	1,002.1	-	-	-	-	-	1,002.1
Due from related parties	166.2	-	-	-	-	-	166.2
Total	6,855.1	-	-	-	-	3.7	6,858.8

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:

	March – 2013 [Amount in millions]			
	Within 1 Year	1-5 years	More than 5 years	Total – Gross
Financial assets				
Cash and cash equivalent	2,360.9	-	-	2,360.9
Receivables				
Trade receivables				
Real estate	4,054.9	1,238.4	-	5,293.3
Management fee	60.1	-	-	60.1
Auction fee and commissions	2.4	-	-	2.4
Receivable from employees	168.5	-	-	168.5
Advances to customers	36.2	-	-	36.2
Other receivables	797.6	-	11.6	809.2
Due from related parties	166.2	-	-	166.2
	7,646.8	1,238.4	11.6	8,896.8
Financial liabilities				
Accounts and other payables	2,598.9	-	-	2,598.9
Due to related parties	113.0	-	-	113.0
Short-term debt	126.9	-	-	126.9
Long-term debt	235.0	3,377.3	-	3,612.3
Liability from purchased land	2.4	28.3	-	30.7
	3,076.2	3,405.6	-	6,481.8
Interest Payable	-	-	-	-

	December – 2012 [Amount in millions]			
	Within 1 Year	1-5 years	More than 5 years	Total – Gross
Financial assets				
Cash and cash equivalent	901.8	-	-	901.8
Receivables				
Trade receivables				
Real estate	4,879.4	588.7	-	5,468.1
Management fee	48.9	-	-	48.9
Auction fee and commissions	1.4	-	-	1.4
Advances to customers	36.2	-	-	36.2
Receivable from employees	132.3	-	-	132.3
Other receivables	1,002.1	-	-	1,002.1
Due from related parties	166.2	-	-	166.2
	7,168.2	588.7	-	7,756.9
Financial liabilities				
Accounts and other payables	2,869.0	-	-	2,869.0
Due to related parties	113.0	-	-	113.0
Short-term debt	354.9	-	-	353.6
Long-term debt	388.0	2,919.4	-	3,307.4
Liability from purchased land	-	30.7	-	30.7
	3,723.6	2,950.1	-	8,475.5
Interest Payable	6.1	-	-	6.1

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.

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.

EXHIBIT 1

Schedule of Financial Soundness Indicators
March 31, 2013 and March 31, 2012

	As of March 31	
	2013	2012
Current Ratio	3.2x	2.1x
Debt to Equity Ratio	0.4x	0.2x
Asset to Equity Ratio	2.0x	2.1x
	For quarter ended March 31	
	2013	**2012**
Return on Assets [annualized]	10.2%	14.9%
Return on Equity [annualized]	21.5%	32.3%
EBIT	735.5	637.9
EBITDA	736.3	645.0
Total Debt	3,853.3	1,302.7
Net Debt	1,492.4	NM
Gross Profit from Real Estate Sales Margin	44.2%	41.7%
Net Income Margin	19.3%	18.3%
Net debt-to-equity ratio	0.1x	NM
Debt-to-EBITDA ratio	5.2x	0.5x
Net debt-to-EBITDA ratio	2.0x	NM

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**.**

CENTURY PROPERTIES GROUP INC.
MANAGEMENT REPORT

FOR THE
2012 ANNUAL MEETING OF STOCKHOLDERS
Pursuant to SRC Rule 20 (4) (A)

BUSINESS OF THE COMPANY

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 over 27 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, 2012, the Company completed 21 condominium and commercial buildings (5,560 units) with a total GFA of 669,857 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 and a collection of French-inspired condominiums in Makati City called Le Triomphe, Le Domaine and Le Metropole.

Currently, the Company is developing five master-planned communities that is expected to have 31 condominium and commercial buildings with approximately total expected GFA of 1,581,465.

The Company's land bank for future development consists of properties in Quezon City and Batangas that cover a site area of 1,920,000sqm.

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 51 buildings with 2.3 million square meters of managed properties and 80% 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., Donald Trump (through the Trump Organization), Paris Hilton, and Missoni Homes, 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 3,508 agents and brokers as of December 31, 2012.

For 2010, 2011 and 2012, our revenue was P3,071.6 million, P4,702.1 million and P9,611.1, respectively, and our net income was P179.6 million, P866.2 million and P1,844.4, respectively. As of December 31, 2012, we had total assets of P18,579.4 million, and total equity of P8,266.1 million.

MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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 and interim period of 2013 are as follows:

2013	High	Low
First quarter	P2.49	P1.50
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
2010	High	Low
First quarter	P0.37	P0.23
Second quarter	0.36	0.28
Third quarter	0.57	0.23
Fourth quarter	0.47	0.22

As of December 28, 2012, the last trading day of the Company's shares for the fourth (4^{th}) quarter of the year 2012, the Company's closing share price is ₱1.48 per share. The closing price as of December 28, 2012, the last trading price for the month is ₱1.48 per share. The closing price as of April 30, 2013 is P2.14per share

Holders

The number of shareholders of the Company of record as of December 31, 2012 was Four Hundred Seventy Nine (479) whereas the number of shareholders as of April 30, 2013 was Four Hundred Seventy Eight (478). The number of issued and outstanding common shares of the Company as of December 31, 2012 is Eight Billion Eight Hundred Ninety Nine Million Seven Hundred Twenty Four Thousand and Twenty Seven(8,899,724,027) whereas number of issued and outstanding common shares of the Company as of April 30, 20139 is Nine Billion Six Hundred Ninety Five Million Two Hundred Eighty Seven Thousand and Twenty Seven (9,695,287,027). Out of the issued and outstanding shares only 3,554,720,004 are listed. All shares of the Company are common stock.

The top 20 stockholders as of December 31, 2012 are as follows:

Name	Number of Shares Held	% to Total

1.	Century Properties Inc.	4,011,671,023	45.077
2.	PCD Nominee Corporation (Filipino)	2,971,492,588	33.39
3.	PCD Nominee Corporation (Non-Filipino)	1,900,051,943	21.35
4.	Ernesto B. Lim	9,000,000	0.101
5.	Victor S. Chiongbian	3,333,332	0.037
6.	Antonio Andres Chua	1,200,000	0.013
7.	Antonio A. Inductivo	599,990	0.007
8.	Vicente Goquilay and Co., Inc.	327,600	0.004
9.	Magdaleno B. Delmar, Jr.	299,563	0.003
10.	Roman T. Yap	120,000	0.001
11.	Antonio C. Cuyos	115,383	0.001
12.	B.L. Tan Securities Inc.	100,000	0.001
13.	Alfred B. Chia	100,000	0.001
14.	Milagros Ileto	100,000	0.001
15.	Orifiel Y. Barredo	65,698	0.001
16.	Eastern Securities Devt Corp	60,000	0.001
17.	Tee Ling Kiat/ Lee Lin Ho	60,000	0.001
18.	Pacifico Tacub	50,000	0.001
19.	Robert Melo	43,200	0.000
20.	Milagros Cicio	40,000	0.000

The top 20 stockholders as of April 30, 2013 are as follows:

	Name	Number of Shares Held	% to Total
21.	Century Properties Inc.	4,811,671,023	49.606
22.	PCD Nominee Corporation (Filipino)	3,072,259,960	31.67
23.	PCD Nominee Corporation (Non-Filipino)	1,799,263,971	18.55
24.	Ernesto B. Lim	9,000,000	0.101
25.	Victor S. Chiongbian	3,333,332	0.037
26.	Antonio Andres Chua	1,200,000	0.013
27.	Antonio A. Inductivo	599,990	0.007
28.	Vicente Goquilay and Co., Inc.	327,600	0.004
29.	Magdaleno B. Delmar, Jr.	299,563	0.003
30.	Roman T. Yap	120,000	0.001
31.	Antonio C. Cuyos	115,383	0.001
32.	B.L. Tan Securities Inc.	100,000	0.001
33.	Alfred B. Chia	100,000	0.001
34.	Milagros Ileto	100,000	0.001
35.	Orifiel Y. Barredo	65,698	0.001
36.	Eastern Securities Devt Corp	60,000	0.001
37.	Tee Ling Kiat/ Lee Lin Ho	60,000	0.001
38.	Pacifico Tacub	50,000	0.001
39.	Robert Melo	43,200	0.000
40.	Milagros Cicio	40,000	0.000

note Total Shareholdings of CPI is 6,469,965,032 shares of stock comprising of directly issued shares for 4,811,671,023 and electronically lodged shares of 1,658,294,009 comprising a total of 66.7%

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 and 2012

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

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.

Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

On March 05, 2013, as previously discussed in the preceding paragraph under item 1.2, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Overview

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	–

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 51 projects in its portfolio, covering a total gross floor area of 2,192,338 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

Key Performance Indicators / Risks

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. CPGI has budgeted between P7,200 million and P8,200 million for capital expenditures for 2013, primarily to fund the development of our four master planned community 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. As of December 31, 2012, we had guaranteed mortgages with an aggregate amount of Php199.0 million for Gramercy Residences and P228.3 for Canyon Ranch.

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

Segment Reporting

The Philippine Accounting Standards (PAS) 14, "Segment Reporting" defines a reportable segment as *"a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed by this Standard."*

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Factors that should be considered in determining whether products and services are related include:

(a) the nature of the products or services;
(b) the nature of the production processes;
(c) the type or class of customer for the products or services;
(d) the methods used to distribute the products or provide the services; and
(e) if applicable, the nature of the regulatory environment, for example, banking, insurance, or public utilities.

A geographical segment is a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. Factors that should be considered in identifying geographical segments include:

(a) similarity of economic and political conditions;
(b) relationships between operations in different geographical areas;
(c) proximity of operations;
(d) special risks associated with operations in a particular area;
(e) exchange control regulations; and
(f) the underlying currency risks."

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS OF OPERATIONS

Real Estate

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. This increase was due primarily to the completion of The Gramercy Residences and significant 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.

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 60% 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.

- Real estate revenue of Century City buildings increased by 72.1% to P4,538.9 million in the year ended December 31, 2012 from P2,637.6 million for the year ended December 31, 2011. This was primarily attributable to the completion of Gramercy

Residences and increase in the overall completion of Knightsbridge, Milano and Centuria's sold inventories. Century City buildings cater to the middle income and luxury segment of the market.

- Real estate revenue of Azure buildings increased by 343.0% to P2,920.0 million in the year ended December 31 2012 from P659.2 million for the year ended December 31, 2011. This was primarily attributable to the increase in the overall completion of Rio, Santorini, St. Tropez and Positano Buildings' sold inventories. Azure caters to the affordable segment of the market.

- The Company also started recognizing real estate revenue from Acqua buildings. During the year, the Company recognized P1,042.5 million of revenue from Niagara and Sutherland buildings' sold inventories. Acqua caters to the middle income segment of the market.

- Real estate revenue of Canyon Ranch Project declined by 82.6% to P80.7 million during 2012 from P463.7 million for the year ended December 31, 2011. This was primarily due to more units completed during 2011 than in 2012. Canyon Ranch Project caters to the middle income segment of the market.

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. Also, the Company started recognizing marketing fee from JV partners.

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 106.3% to P7,128.9 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, 2012. This was primarily due to corresponding growth in property management and other service fees.

- General, administrative and selling expenses increased by 147.8% to P1,968.1 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

Provision for income tax increased by 67.4% to P637.9 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 112.9% to P1,844.4 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 P18,579.4 million compared to P10,029.3 million as of December 31, 2011, or a 85.3% 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 245.0% from P1,974.6 million as of December 31, 2011 to P6,813.3as 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 P10,313.2 million compared to P5,697.7 million as of December 31, 2011, or a P81.0% increase. This was due to the following:

- Accounts and other payables increased by 196.2% from P968.7 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 414.8% 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 90.8% to P8,266.2 million as of December 31, 2012 from P4,331.7 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	2.6x	1.9x	1.3x
Debt to Equity Ratio	0.4x	0.2x	0.4x
Asset to Equity Ratio	2.2x	2.3x	2.6x

	For the year ended December 31		
	2012	2011	2010
Return on Assets	12.9%	9.9%	26.8%
Return on Equity	29.3%	23.8%	66.3%
EBIT	2,531.4	1,322.1	1,960.1
EBITDA	2,583.1	1,368.1	1,985.9
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	45.0%	41.7%	37.1%
Net Income Margin	19.2%	18.4%	58.5%
Net debt-to-equity ratio	0.3x	0.1x	0.3x
Debt-to-EBITDA ratio	1.4x	0.6x	0.6x
Net debt-to-EBITDA ratio	1.1x	0.4x	0.5x

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 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 245.0% from P1,974.6 million as of December 31, 2011 to P6,813.3as 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.

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 183.4% from P842.2 million to P2,387.0 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.

Deferred tax assets – net decreased by 53.1% from P191.8 million as of December 31, 2011 to P89.9 million as of December 31, 2012 due to its utilization against taxable profits during the year.

Other non-current assets increased by 67.4% from P15.0 million as of December 31, 2011 to P25.1 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 P968.7 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 414.8% 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 90.8% to P8,266.2 million as of December 31, 2012 from P4,331.6 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.

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, 2012. This was primarily due to corresponding growth in property management and other service fees.

General, administrative and selling expenses increased by 147.8% to P1,968.1 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 67.4% to P637.9 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 112.9% to P1,844.4 million for the year ended December 31, 2012 from P866.2 million in the year ended December 31, 2011.

REVIEW OF YEAR END 2011 VS YEAR END 2010

RESULTS OF OPERATIONS

Real Estate

The Group recorded revenue from real estate sales amounting to P3,760.5 million in the year ended December 31, 2011, an increase of 43.9% from P2,613.0 million in same period last year. This increase was due primarily to significant construction accomplishments of The Gramercy Residences, The Knightsbridge Residences, and the Rio Building in Azure Urban Resort Residences, as well as newly completed units in the Canyon Ranch project.

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.

- Real estate revenue of Century City Projects increased by 8.3% to P2,637.6 million in the year ended December 31, 2011 from P2,435.1 million for the year ended December 31, 2010. This was primarily attributable to the increase in the overall completion of Knightsbridge's sold inventories. Century City Projects cater to the middle income and luxury segment of the market.

- Real estate revenue of Azure Project increased by 4,072.2% to P659.2 million in the year ended December 31, 2011 from P15.8 million for the year ended December 31, 2010. This was primarily attributable to the increase in the overall completion of Rio and Santorini Buildings' sold inventories. Azure Project caters to the affordable segment of the market.

- Real estate revenue of Canyon Ranch Project increased by 186.1% to P463.7 million in the year ended December 31, 2011 from P162.1 million for the year ended December 31, 2010. This was due primarily to newly completed units. Canyon Ranch Project caters to the middle income segment of the market.

Interest and Other Income

Interest and other income increased by 443.1% to P750.3 million in the year ended December 31, 2011 from P138.1 million in the year ended December 31, 2010. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased sales in the period and the increase in cumulative sales from prior periods and an increase in income from cancelled sales.

Gain from change in fair value of investment properties

There was no gain from change in fair value of investment properties in the year ended December 31, 2011 as compared to a gain of P148.2 million in the year ended December 31, 2010, as the fair value of our investment properties remained the same during the year ended December 31, 2011.

Property management fee and other services

Property management fee and other services increased by 11.2% to P191.6 million in the year ended December 31, 2011 from P172.3 million in the year ended December 31, 2010. This increase was due primarily to new projects under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of projects under management increased from 47 as of December 31, 2010 to 51 as of December 31, 2011.

Costs and Expenses

Cost and expenses increased by 23.8% to P3,455.2 million in the year ended December 31, 2011 from P2,791.2 million in the year ended December 31 2010. Costs and expenses as a percentage of total revenues decreased from 90.9% in the year ended December 31, 2010 to 73.5% in the year ended December 31, 2011. The 17.4% net decrease in the account was primarily attributable to the following:

- Cost of real estate sales increased by 44.9% from P1,687.4 million in the year ended December 31, 2010 to P2,444.3 million in the year ended December 31, 2010. This was primarily due to the corresponding growth in revenue from real estate sales.

- Cost of services increased by 18.9% to P141.7 million in the year ended December 31, 2011 from P119.2 million in the year ended December 31, 2010. This was primarily due to increases in salaries, wages and benefits at CPMI as our property management business grew.

- General, administrative and selling expenses decreased by 13.7% to P794.4 million in the year ended December 31, 2011 from P921.0 million in the year ended December 31, 2010. This decrease was primarily due to deferral of marketing activities of newly launched projects with no percentage-of-completion as of December 31, 2011.

- Interest and other financing charges increased by 17.6% to P74.8 million in the year ended December 31, 2011 from P63.6 million in the year ended December 31, 2010. This was primarily due to new project level debt raised during the year.

Provision for Income Tax

Provision for income tax increased by 278.1% to P381.1 million in the year ended December 31, 2011 from P100.8 million in the year ended December 31, 2010. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous periods.

Net Income

As a result of the foregoing, net income increased by 382.2% to P866.1 million in the year ended December 31, 2011 from P179.6 million in the year ended December 31, 2010.

FINANCIAL CONDITION

As of December 31, 2011 vs. December 31, 2010

Total assets as of December 31, 2011 were P10,029.4 million compared to P7,555.3 million as of December 31, 2010, or a 32.7% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments increased by P83.9 million from P282.7 million as of December 31, 2010 to P366.6 million as of December 31, 2011 primarily due to receipt of customers' advances and deposits and from acquisitions on account.

- Receivables increased by 197.3% from P664.1 million to P1,974.6 million due to the revenue recognized during for the year.

- Real estate inventories and land for future development increased by 44.7% from P1,976.0 million to P2,859.1 million due to transfer of land previously classified as investment properties to land held for future development.

- Property and equipment increased by 179.5% from P68.8 million to P192.3 million due to acquisitions made during the year.

Total liabilities as of December 31, 2011 were P5,697.6 million compared to P4,605.4 million as of December 31, 2010, or a 23.7% increase. This was due to the following:

- Accounts and other payables increased by 61.5% from P599.8 million as of December 31, 2010 to P968.5 million as of December 31, 2011 due to accruals made at the end of the year.

- Customers' advances and deposits increased by 50.8% from P1,810.9 million to P2,730.6 million representing collections from customers which do not meet 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, decreased by 28.0% from P1,226.1 million as of December 31, 2010 to P882.5 million as of December 31, 2011 due to repayments made during the year.

- Liabilities for purchased land decreased by 41.3% from P145.2 million as of December 31, 2010 to P85.2 million as of December 31, 2011 due to payments made during the year.

- Income tax payable increased by 297.3% from P37.5 million as of December 31, 2010 to P149.0 million as of December 31, 2011 primarily due to higher taxable income for the year.

Total stockholder's equity net increased by 46.8% to P4,331.6 million as of December 31, 2011 from P2,949.9 million as of December 31, 2010 due to issuance of new shares, restructuring and the net income recorded for the year ended December 31, 2011.

	As of December 31		
	2011	**2010**	**2009**
Current Ratio	**1.9x**	**1.3x**	**1.1x**
Debt to Equity Ratio	**0.2x**	**0.4x**	**0.1x**
Asset to Equity Ratio	**2.3x**	**2.6x**	**2.4x**
	For the year ended December 31		
	2011	**2010**	**2009**
Return on Assets	**9.9%**	**26.8%**	**11.0%**
Return on Equity	**23.8%**	**66.3%**	**26.8%**
EBIT	**1,322.1**	**1,960.1**	**1,006.4**
EBITDA	**1,368.1**	**1,985.9**	**1,026.4**
Total Debt	**882.6**	**1,226.1**	**274.4**
Net Debt	**516.0**	**943.3**	**138.4**
Gross Profit from Real Estate Sales Margin	**41.7%**	**37.1%**	**52.6%**
Net Income Margin	**18.4%**	**58.5%**	**30.4%**
Net debt-to-equity ratio	**0.1x**	**0.3x**	**0.1x**
Debt-to-EBITDA ratio	**0.6x**	**0.6x**	**0.3x**
Net debt-to-EBITDA ratio	**0.4x**	**0.5x**	**0.1x**

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) except for 2009,which is calculated by dividing net income for the period by total assets as of December 31, 2009.

(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) except for 2009,which is calculated by dividing net income for the period by total equity as of December 31, 2009.

(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, 2011 compared to December 31, 2010 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments increased by P83.9 million from P282.7 million as of December 31, 2010 to P366.6 million as of December 31, 2011 primarily due to receipt of customers' advances and deposits and from acquisitions on account.

Receivables increased by 197.3% from P664.1 million to P1,974.6 million due to the revenue recognized during for the year.

Real estate inventories and land for future development increased by 44.7% from P1,976.0 million to P2,859.1 million due to transfer of land previously classified as investment properties to land held for future development.

Advances to suppliers and contractors increased by 172.4% from P844.5 million as of December 31, 2010 to P2,300.1 million as of December 31, 2011 primarily due to unrecouped down payments and construction fund advanced by the Group to its suppliers and contractors at the end of the year.

Prepayments and other current assets increased by 137.9% from P354.0 million to P842.2 million due to deferral of certain marketing expenses of newly launched projects with no percentage-of-completion as of December 31, 2011.

Property and equipment increased by 179.5% from P68.8 million to P192.3 million due to acquisitions made during the year.

Intangible assets – net decreased by 10.0% from P3.0 million to P2.7 million due to amortization recognized during the year.

Deferred tax assets – net decreased by 9.3% from P211.4 million to P191.8 million due to its utilization against taxable profits during the year.

Other non-current assets increased by 114.3% from P7.0 million as of December 31, 2010 to P15.0 million as of December 31, 2011 due to rentals and other security deposits made during the year.

Accounts and other payables increased by 61.5% from P599.8 million as of December 31, 2010 to P968.5 million as of December 31, 2011 due to accruals made at the end of the year.

Customers' advances and deposits increased by 50.8% from P1,810.9 million to P2,730.6 million representing collections from customers which do not meet 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, decreased by 28.0% from P1,226.1 million as of December 31, 2010 to P882.5 million as of December 31, 2011 due to repayments made during the year.

Liabilities for purchased land decreased by 41.3% from P145.2 million as of December 31, 2010 to P85.2 million as of December 31, 2011 due to payments made during the year.

Income tax payable increased by 297.3% from P37.5 million as of December 31, 2010 to P149.0 million as of December 31, 2011 primarily due to higher taxable income for the year.

Total stockholder's equity net increased by 46.8% to P4,331.6 million as of December 31, 2011 from P2,949.9 million as of December 31, 2010 due to issuance of new shares, restructuring and the net income recorded for the year ended December 31, 2011.

Material Changes to the Company's Statement of income for the year ended December 31, 2011 compared to the year ended December 31, 2010 (increase/decrease of 5% or more)

Real estate sales, posted an increase of 43.9% from P2,613.0 million in same period last year. This increase was due primarily to significant construction accomplishments of The Gramercy Residences, The Knightsbridge Residences, and the Rio Building in Azure Urban Resort Residences, as well as newly completed units in the Canyon Ranch project.

Cost of real estate sales increased by 44.9% from P1,687.4 million in the year ended December 31, 2010 to P2,444.3 million in the year ended December 31, 2010.   This was primarily due to the corresponding growth in revenue from real estate sales.

Cost of services increased by 18.9% to P141.7 million in the year ended December 31, 2011 from P119.2 million in the year ended December 31, 2010. This was primarily due to increases in salaries, wages and benefits at CPMI as our property management business grew.

General, administrative and selling expenses decreased by 13.7% to P794.4 million in the year ended December 31, 2011 from P921.0 million in the year ended December 31, 2010. This decrease was primarily due to deferral of marketing of newly launched projects with no percentage-of-completion as of December 31, 2011.

Interest and other financing charges increased by 17.6% to P74.8 million in the year ended December 31, 2011 from P63.6 million in the year ended December 31, 2010. This was primarily due to new project level debt raised during the year.

Provision for income tax increased by 278.1% to P381.1 million in the year ended December 31, 2011 from P100.8 million in the year ended December 31, 2010. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous periods.

As a result, net income increased by 382.2% to P866.1 million in the year ended December 31, 2011 from P179.6 million in the year ended December 31, 2010.

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.

ANY KNOWN TRENDS, EVENTS OR UNCERTAINTIES (MATERIAL IMPACT ON LIQUIDITY)

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.

Other than those discussed in the preceding statements on risks, the Company does not know of (i) any known trends, events or uncertainties (material impact on liquidity) (ii) events that trigger direct or contingent financial obligation including any default or acceleration of an obligation (iii) material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with other entities or persons during the reporting period.

The Company does not know of any known description of any material commitments for capital expenditures, general purposes of such commitments nor expected sources of funds for such expenditures.

There are no known causes for any material changes from period to period of the financial statements that includes vertical and horizontal analysis of any material other than those discussed in the Management report.

FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries for fiscal year ended December 31, 2012 are attached as part of this report.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

On June 27, 2012, the Company held its Annual Stockholders Meeting wherein SGV and Co. was appointed as the external auditors of the Company for the years 2012 and 2013, 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 2010 and 2011. 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 2012 inclusive of VAT amounted to 2.8 million. Fees for the years 2011 and 2010, inclusive of VAT, amounted to ₱17.7 million and ₱2.8 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.

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 and performance evaluation exercises in relations to its Corporate Governance policies both for the purpose of monitoring compliance and instill deeper awareness and observance.

Pursuant to the Company's Manual on Corporate Governance, the Company's Board of Directors created each of the following committees and appointed board members thereto.

Audit Committee
The Audit Committee assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations, provides oversight over financial management functions and over internal and external auditors and the financial statements of the Company. The Audit Committee has three members, one of whom is an independent director. An independent director serves as the head of the committee.

Nomination, Compensation and Remuneration Committee
The Nomination and Remuneration Committee is responsible for establishing a formal and transparent procedure for developing a policy on remuneration of the directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. It also reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval. The Nomination, Compensation and Remuneration Committee has three voting members and one non-voting member.

Measures undertaken to comply with leading practices

The Company has appointed a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has been tasked to keep abreast of such developments and to constantly disseminate relevant information in this regard, establish an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

Deviations from the Manual on Corporate Governance

In 2012, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its Provisions

No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance.

Plans to improve

Possible improvements in the Company's corporate governance policies and practices are being constantly studied and reviewed. On January 11, 2012, the Company revised its Manual of Corporate Governance in compliance with SEC Memorandum No. 006 series of 2009.

On September 21, 2012, the Company approved its Audit Committee Charter and Audit Assessment Form as part of its compliance with SEC Memorandum No. 004 series of 2012

Performance for the First Quarter of 2013

Interim Financial Statements for the first quarter of 2013 shall be given upon request of the stockholder at the Annual Stockholder's Meeting. The Interim Management Report for the First quarter ending March 31, 2012 is hereunder attached as part and parcel of the Management Report to the Stockholders.

UPON WRITTEN REQUEST OF THE STOCKHOLDERS, THE COMPANY WILL PROVIDE WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FOR 17-A (Annual Report) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDERS MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUEST MAY BE SENT TO THE FOLLOWING ADDRESS:

CENTURY PROPERTIES GROUP INC.
21st Floor, Pacific Star Building, Sen Gil Puyat Avenue
Corner Makati Avenue, Makati City

Attention: MR. CARLOS BENEDICT K. RIVILLA, IV
Assistant Corporate Secretary

A copy of SEC Form 20- IS shall be provided by mail free of charge to all stockholders of CENTURY PROPERTIES GROUP INC.

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SCHEDULE A

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2012

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Anglo Philippines	220,000	475,200	
Basic Energy Corporation (Basic Consolidation)	101,818	27,491	
First Phil. Holdings	10	900	899
Filipino Fund	900	10,080	9,180
Geograce (Global Equities)	7,500,000	3,750,000	
Lorenzo Shipping Corp.	187,500	247,500	
Mabuhay Holdings Corp.	812,000	300,440	
Oriental Petrol "B"	588,590	11,772	5,886
Oriental Petrol "A"	11,497,705	218,456	103,479
RFM	3,000	15,000	
SM Development	482,625	2,842,661	1,969,110
Swift Foods	497	70	65
Trans-Asia Oil	31,430	36,459	36,458
Total	21,426,075	7,936,029	2,125,077

SCHEDULE B

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2012

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
Domie Eduvane	428,091	0	428,091	0	0	0
Carlos Benedict Rivilla	465,259	2,096,456	465,259	2,096,456	0	2,096,456
Maria Theresa Fucanan	486,112	265,100	486,112	265,100	0	265,100
TOTAL	1,379,462	2,361,556	1,379,462	2,361,556	0	2,361,556

SCHEDULE C

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2012

	Receivable Balance per CHI Parent	Payable Balance per CHI Subsidiaries	Current Portion
CPGI	₱978,195,182	₱	₱978,195,182
CCDC	343,355,024		343,355,024
CLC		(776,044,284)	(776,044,284)
CCC		(517,176,922)	(517,176,922)
MDC		(19,639,712)	(19,639,712)
CMDC		(8,689,288)	(8,689,288)
Total Eliminated Receivables	₱1,321,550,206	(₱1,321,550,206)	₱0

SCHEDULE D

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2012

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Trademark	1,678,000	224,047	-	-	-	1,902,047
Software Cost	1,052,433	-	(597,466)	-	-	454,967
	2,730,433	224,047	(597,466)	-	-	2,357,014

SCHEDULE E

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2012

Long-term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet
Payable under CTS financing	1,245,624,748	346,399,397	899,225,351
Bank loan - Philippine Peso	2,063,286,515	41,033,335	2,022,253,180
Car loan financing	686,930	-	686,930
	3,309,598,193	387,432,732	2,922,165,461

SCHEDULE F

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2012

Indebtedness to related parties (Long-term loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
	N/A	

SCHEDULE G

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2012

Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
		N/A		

SCHEDULE H

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2012

Capital Stock						
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Capital Stock	10,000,000,000	8,899,724,027	–	-	9	-

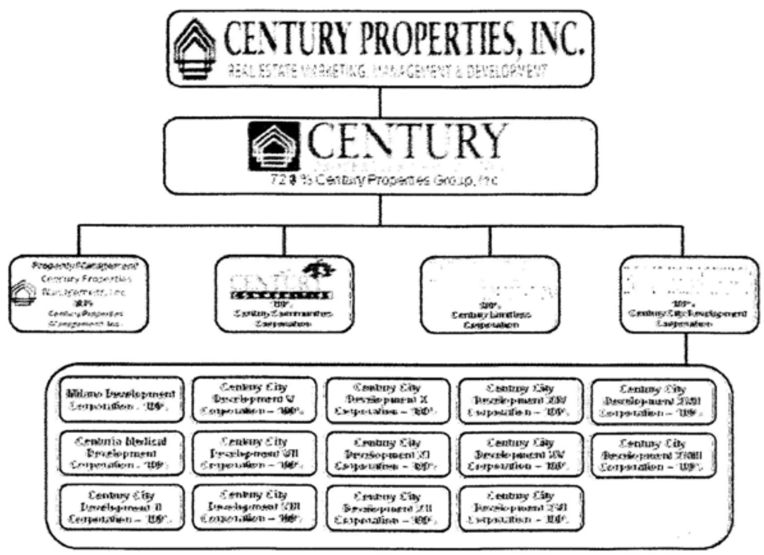
**All nine (9) directors have one (1) nominal common shares issued*

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
DECEMBER 31, 2012

Unappropriated Retained Earnings, beginning	(₱3,853,568)
Adjustments:	
(See adjustments in previous year's Reconciliation)	–
Unappropriated Retained Earnings, as adjusted, beginning	(3,853,568)
Net income based on the face of AFS	140,674,627
Less: Non-actual / unrealized income net of tax	–
Equity in net income of associate/joint venture	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Net income actually earned during the year	140,674,627
Other adjustments:	
Amount of provision for deferred tax during the year	–
Dividends declared	(86,422,866)
Appropriation during the year	–
	(86,422,866)
Unappropriated Retained Earnings, end available for dividend distribution	₱50,398,193

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2012



1. *Century Properties Inc* (CPI) – Parent Company which owns 72.7% of Century Properties Group Inc (CPGI)
2. *Century Properties Group Inc.* (CPGI) – 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. Listed Company with property development corporations as subsidiaries
3. *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. CPGI holds 100% ownership of CCC.
4. *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. CCDC has fourteen subsidiaries. CPGI holds 100% ownership of CCDC.
5. *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. CPGI holds 100% ownership.
6. *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 51 projects in its portfolio, covering a total gross floor area of 2,192,338 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines. CPGI holds 100% ownership of CPMI

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
LIST OF EFFECTIVE STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2012

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	**Not Early Adopted**		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	**Not Early Adopted**		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	**Not Early Adopted**		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	**Not Early Adopted**		
PFRS 10	Consolidated Financial Statements	**Not Early Adopted**		
PFRS 11	Joint Arrangements	**Not Early Adopted**		
PFRS 12	Disclosure of Interests in Other Entities	**Not Early Adopted**		
PFRS 13	Fair Value Measurement	**Not Early Adopted**		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	**Not Early Adopted**		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
PAS 19 (Amended)	Employee Benefits	**Not Early Adopted**		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	**Not Early Adopted**		
PAS 28	Investment in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	**Not Early Adopted**		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	**Not Early Adopted**		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: The Fair Value Option	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	*Interim Financial Reporting and Impairment*	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	**Not Early Adopted**		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Century Properties Group, Inc.
Financial Ratios

	As of December 31			
	2012	2011	2010	2009
Current Ratio	2.6x	1.9x	1.3x	1.1x
Acid-test Ratio	1.9x	1.5x	0.9x	0.6x
Debt to Equity Ratio	0.4x	0.2x	0.4x	0.1x
Asset to Equity Ratio	2.2x	2.3x	2.6x	2.4x
	For the year ended December 31			
	2012	**2011**	**2010**	**2009**
Return on Assets	12.9%	9.9%	26.8%	11.0%
Return on Equity	29.3%	23.8%	66.3%	26.8%
EBIT	2,531.4	1,322.1	1,960.1	1,006.4
EBITDA	2,583.1	1,368.1	1,985.9	1,026.4
Total Debt	3,661.0	882.6	1,226.1	274.4
Net Debt	2,759.2	516.0	943.3	138.4
Gross Profit from Real Estate Sales Margin	45.0%	41.7%	37.1%	52.6%
Net Income Margin	19.2%	18.4%	58.5%	30.4%
Interest Coverage Ratio	5152.1%	1768.1%	3082.9%	1987.3%
Solvency Ratio	18.4%	16.0%	4.5%	21.1%
Net debt-to-equity ratio	0.3x	0.1x	0.3x	0.1x
Debt-to-EBITDA ratio	1.4x	0.6x	0.6x	0.3x
Net debt-to-EBITDA ratio	1.1x	0.4x	0.5x	0.1x

Century Properties Group, Inc.
Other Financcial Data

Financial Ratios [Amount in millions]	As of or for the year ended December 31			
	2009	2010	2011	FY 2012
1. Return on Assets	11.8%	26.8%	9.9%	12.9%
Net income	691.7	1,795.7	866.2	1,844.4
Total Assets [Average]	5,838.9	6,697.1	8,792.3	14,304.3
2. Return on Equity	28.1%	66.3%	23.8%	29.3%
Net income	691.7	1,795.7	866.2	1,844.4
Total Equity [Average]	2,464.2	2,707.0	3,640.8	6,298.9
3. EBIT	1,006.4	1,960.1	1,322.1	2,531.4
Net Income	691.7	1,795.7	866.2	1,844.4
Interest	50.6	63.6	74.8	49.1
Provision for income tax	264.0	100.8	381.1	637.9
4. EBITDA	1,026.4	1,985.9	1,368.1	2,583.1
Net Income	691.7	1,795.7	866.2	1,844.4
Interest	50.6	63.6	74.8	49.1
Provision for income tax	264.0	100.8	381.1	637.9
Depreciation and amortization	20.1	25.8	46.0	51.7
5. Total Debt	274.4	1,226.1	882.6	3,661.0
Short-term debt	96.1	109.0	16.5	351.4
Current portion of long-term debt	94.8	695.3	369.3	387.4
Long-term debt - net of current portion	83.6	421.8	496.7	2,922.2
6. Net Debt	138.4	943.3	516.0	2,759.2
Total Debt	274.4	1,226.1	882.6	3,661.0
Cash and cash equivalents	(136.0)	(282.7)	(366.6)	(901.8)
7. Gross Margin	52.6%	37.1%	41.7%	45.0%
Real estate sales	1,035.6	2,613.0	3,760.5	8,582.0
Interest accretion	95.0	68.4	434.3	397.6
Total	1,130.7	2,681.4	4,194.8	8,979.7
Cost of real estate sales [2012 Cumulative]	535.5	1,687.4	2,444.3	4,940.7
Gross profit with accretion [2012 Cumulative]	595.1	994.0	1,750.5	4,039.0
8. Net Margin	30.4%	58.5%	18.4%	19.2%
Net Income	691.7	1,795.7	866.2	1,844.4
Total revenue	2,273.3	3,071.6	4,702.5	9,611.2
9. Net debt-to-equity ratio	0.1x	0.3x	0.1x	0.3x
Net Debt	138.4	943.3	516.0	2,759.2
Total equity	2,464.2	2,949.9	4,331.7	8,266.2
9. Total debt-to equity ratio	11.1%	41.6%	20.4%	44.3%
Total Debt	274.4	1,226.1	882.6	3,661.0
Total equity	2,464.2	2,949.9	4,331.7	8,266.2
9. Debt-to-total capitalization ratio				
Total Debt	274.4	1,226.1	882.6	3,661.0
10. Debt-to-EBITDA ratio	0.3x	0.6x	0.6x	1.4x
Total Debt	274.4	1,226.1	882.6	3,661.0
EBITDA	1,026.4	1,985.9	1,368.1	2,583.1
11. Net debt-to-EBITDA ratio	0.1x	0.5x	0.4x	1.1x
Net Debt	138.4	943.3	516.0	2,759.2
EBITDA	1,026.4	1,985.9	1,368.1	2,583.1

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, 2012 and 2011**, 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 11th day of April, 2013

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 _____ APR 05 2013 _____ 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
Commission No. M-190
Notary Public for Makati City
Until December 31, 2013
PTR No. [illegible] 01.03.12 / Makati C.
IBP No. [illegible] / 01.04.12 / Zambales

Doc. No. 229;
Page No. 47;
Book No. XIX;
Series of 2013.

Century Properties Group Inc. (Formerly East Asia Power Resources Corporation) and Subsidiaries

Consolidated Financial Statements
December 31, 2012 and 2011
and Years Ended December 31, 2012, 2011 and 2010

and

Independent Auditors' Report

SyCip Gorres Velayo & Co.

SGV&Co
ERNST & YOUNG

SGV & Co
Ernst & Young

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

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.

We have audited the accompanying consolidated financial statements of Century Properties Group Inc. (formerly East Asia Power Resources Corporation) and its subsidiaries which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2012, 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Century Properties Group Inc. (formerly East Asia Power Resources Corporation) and its subsidiaries as at December 31, 2012 and 2011, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2012 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. 3669666, January 2, 2013, Makati City

April 11, 2013

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	**₱901,825,739**	₱366,594,660
Receivables (Notes 5 and 29)	**6,224,584,200**	1,603,568,468
Real estate inventories (Note 6)	**3,951,847,226**	1,552,874,951
Land held for future development (Note 7)	**1,196,450,810**	1,306,154,808
Due from related parties (Notes 26 and 29)	**166,225,777**	155,766,632
Advances to suppliers and contractors (Note 8)	**925,301,466**	2,300,110,559
Prepayments and other current assets (Note 9)	**2,386,952,612**	842,249,007
Total Current Assets	**15,753,187,830**	8,127,319,085
Noncurrent Assets		
Noncurrent real estate receivables (Notes 5 and 29)	**588,723,142**	371,034,287
Available-for-sale financial assets (Notes 10 and 29)	**7,963,504**	10,001,819
Investment properties (Note 11)	**1,920,129,185**	1,119,186,858
Property and equipment (Note 12)	**191,644,519**	192,265,233
Intangible assets (Note 13)	**2,768,801**	2,730,433
Deferred tax assets - net (Note 25)	**89,912,080**	191,805,193
Other noncurrent assets (Note 14)	**25,041,526**	14,973,832
Total Noncurrent Assets	**2,826,182,757**	1,901,997,655
	₱18,579,370,587	₱10,029,316,740
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 15 and 29)	**₱2,868,973,874**	₱968,467,615
Customers' advances and deposits (Note 16)	**2,288,361,643**	2,730,578,449
Short-term debt (Notes 17 and 29)	**351,399,397**	16,465,771
Current portion of:		
Long-term debt (Notes 17 and 29)	**387,432,732**	369,337,615
Liability from purchased land (Notes 7 and 29)	**2,400,000**	19,618,922
Due to related parties (Notes 26 and 29)	**113,025,766**	115,147,630
Income tax payable	**98,084,171**	148,960,670
Total Current Liabilities	**6,109,677,583**	4,368,576,672
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17 and 29)	**2,922,165,461**	496,747,922
Liability from purchased land - net of current portion (Notes 7 and 29)	**28,341,162**	65,570,529
Pension liabilities (Note 27)	**90,114,584**	18,212,933
Deferred tax liabilities - net (Note 25)	**1,162,911,585**	748,537,504
Total Noncurrent Liabilities	**4,203,532,792**	1,329,068,888
Total Liabilities	**10,313,210,375**	5,697,645,560

(Forward)

	December 31	
	2012	2011
Equity (Note 18)		
Equity attributable to owners of the Parent Company:		
Capital stock	**₱4,716,853,731**	₱4,010,187,241
Additional paid-in capital	**1,483,184,722**	3,235,454
Equity reserves	**(6,970,678)**	–
Retained earnings	**2,077,829,487**	321,001,641
Unrealized loss on available-for-sale financial assets (Note 10)	**(4,737,050)**	(4,671,259)
	8,266,160,212	4,329,753,077
Non-controlling interests	**–**	1,918,103
Total Equity	**8,266,160,212**	4,331,671,180
	₱18,579,370,587	₱10,029,316,740

**These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).*

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2012	2011*	2010*
REVENUE			
Real estate sales	**₱8,582,005,281**	₱3,760,533,565	₱2,613,032,565
Property management fee and other services (Note 20)	**222,206,358**	191,613,572	172,283,780
Interest and other income (Note 21)	**806,954,267**	750,339,399	138,128,365
Gain from change in fair value of investment properties (Note 11)	**–**	–	148,174,000
	9,611,165,906	4,702,486,536	3,071,618,710
COSTS AND EXPENSES			
Cost of real estate sales (Note 6)	**4,940,677,693**	2,444,311,048	1,687,449,378
Cost of services (Note 22)	**157,589,524**	141,692,989	119,162,306
General, administrative and selling expenses (Note 23)	**1,968,111,526**	794,372,406	921,027,017
Interest and other financing charges (Note 24)	**62,514,157**	74,775,546	63,581,847
	7,128,892,900	3,455,151,989	2,791,220,548
INCOME BEFORE INCOME TAX	**2,482,273,006**	1,247,334,547	280,398,162
PROVISION FOR INCOME TAX (Note 25)	**637,911,075**	381,085,383	100,824,849
NET INCOME	**1,844,361,931**	866,249,164	179,573,313
OTHER COMPREHENSIVE INCOME			
Unrealized gain (loss) on available-for-sale financial assets (Note 10)	**(65,791)**	(266,301)	529,461
TOTAL COMPREHENSIVE INCOME	**₱1,844,296,140**	₱865,982,863	₱180,102,774
Net income (loss) attributable to:			
Equity holders of the Parent Company	**₱1,843,250,712**	₱864,494,959	₱224,870,713
Non-controlling interests	**1,111,219**	1,754,205	(45,297,400)
	₱1,844,361,931	₱866,249,164	₱179,573,313
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱1,843,184,921**	₱864,228,658	₱225,400,174
Non-controlling interests	**1,111,219**	1,754,205	(45,297,400)
	₱1,844,296,140	₱865,982,863	₱180,102,774
Basic/diluted earnings per share (Note 19)	**₱0.211**	₱0.102	₱0.063

**These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).*

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. (Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to Parent Company							
	Capital Stock (Note 18)	Additional paid-in capital (Note 18)	Retained Earnings (Note 18)	Equity Reserve (Note 18)	Unrealized Loss on AFS Financial Assets (Note 10)	Total	Non-controlling Interests	Total
At January 1, 2012*	**₱4,010,187,241**	**₱3,235,454**	**₱321,001,641**	**₱–**	**(₱4,671,259)**	**₱4,329,753,077**	**₱1,918,103**	**₱4,331,671,180**
Net income	**–**	**–**	**1,843,250,712**	**–**	**–**	**1,843,250,712**	**1,111,219**	**1,844,361,931**
Dividends declared (Note 18)	**–**	**–**	**(86,422,866)**	**–**	**–**	**(86,422,866)**	**–**	**(86,422,866)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(65,791)**	**(65,791)**	**–**	**(65,791)**
Issuance of shares (Notes 1 and 18)	**706,666,490**	**1,479,949,268**	**–**	**–**	**–**	**2,186,615,758**	**–**	**2,186,615,758**
Increase in ownership interest in a subsidiary (Note 18)	**–**	**–**	**–**	**(6,970,678)**	**–**	**(6,970,678)**	**(3,029,322)**	**(10,000,000)**
At December 31, 2012	**₱4,716,853,731**	**₱1,483,184,722**	**₱2,077,829,487**	**(₱6,970,678)**	**(₱4,737,050)**	**₱8,266,160,212**	**₱–**	**₱8,266,160,212**
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)	(266,301)	–	(266,301)
Dividends declared (Note 18)	–	–	(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 18)	4,011,671,023	–	(8,270,293,731)	4,260,374,376	–	1,751,668	–	1,751,668
Quasi-reorganization (Note 18)	(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)	₱4,329,753,077	₱1,918,103	₱4,331,671,180

	Equity attributable to Parent Company							
	Capital Stock (Note 18)	Additional paid-in capital (Note 18)	Retained Earnings (Note 18)	Equity Reserve (Note 18)	Unrealized Loss on AFS Financial Assets (Note 10)	Total	Non-controlling Interests	Total
At January 1, 2010*	₱3,554,720,004	₱2,770,172,070	₱1,083,597,744	(₱4,933,446,004)	(₱4,934,419)	₱2,470,109,395	(₱5,946,712)	₱2,464,162,683
Net income	–	–	224,870,713	–	–	224,870,713	(45,297,400)	179,573,313
Other comprehensive income	–	–	–	–	529,461	529,461	–	529,461
Dividends declared	–	–	(4,000,000)	–	–	(4,000,000)	(1,000,000)	(5,000,000)
Increase in equity reserves	–	–	–	310,591,195	–	310,591,195	–	310,591,195
At December 31, 2010	₱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

*These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2012	2011*	2010*
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,482,273,006**	₱1,247,334,547	₱280,398,162
Adjustments for:			
Interest expense (Note 24)	**49,133,167**	59,863,638	33,463,640
Depreciation and amortization (Notes 12, 13 and 23)	**51,664,739**	19,027,246	25,801,482
Pension expense	**71,901,651**	(529,874)	2,082,537
Provision for impairment losses (Note 5)	**478,808**	8,052,187	1,910,144
Interest income (Note 21)	**(501,141,339)**	(486,334,526)	(76,782,002)
Gain on sale of AFS financial assets (Note 10)	**(7,418,511)**	–	(27,000)
Gain on change in fair value of investment properties (Note 11)	**–**	–	(148,174,000)
Operating income before working capital changes	**2,146,891,521**	847,413,218	118,672,963
Decrease (increase) in:			
Receivables	**(4,441,535,617)**	(884,237,159)	(469,159,089)
Real estate inventories	**(2,071,118,231)**	664,313,723	282,570,011
Advances from suppliers and contractors	**1,374,809,093**	(1,455,632,219)	(646,562,081)
Prepayments and other current assets	**(1,544,703,605)**	(488,216,153)	(66,716,532)
Increase (decrease) in:			
Accounts and other payables	**1,900,506,259**	367,699,661	(41,580,530)
Customers' advances and deposits	**(442,216,806)**	919,714,090	30,651,611
Cash used in operations	**(3,077,367,386)**	(28,944,839)	(792,123,647)
Interest received	**103,493,561**	52,018,220	8,376,278
Interest paid	**(267,283,213)**	(221,362,189)	(92,558,371)
Income tax paid	**(172,520,381)**	(53,507,636)	(45,592,015)
Net cash used in operating activities	**(3,413,677,419)**	(251,796,444)	(921,897,755)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in:			
Noncurrent assets	**(10,095,169)**	(5,513,813)	(5,322,384)
Due from related parties	**(1,040,634)**	558,066,714	(90,749,268)
Additions to:			
Investment properties	**(800,942,327)**	(58,364,724)	–
Property and equipment (Notes 12 and 32)	**(50,858,346)**	(168,874,169)	(13,020,571)
Intangible assets (Note 13)	**(224,047)**	(357,836)	(40,672)
Proceeds from sale of AFS financial assets (Note 10)	**–**	–	262,101
Net cash provided by (used in) investing activities	**(863,160,523)**	324,956,172	(108,870,794)

(Forward)

	Years Ended December 31		
	2012	2011	2010*
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments (repayments) of:			
Short-term and long-term debt	**₱2,778,446,283**	(₱343,506,916)	₱950,134,429
Liability from purchased land	**(54,448,290)**	(60,035,863)	(91,194,066)
Additional (repayments of) financing from related parties	**(2,121,864)**	421,239,643	323,524,323
Payment of cash dividends (Note 18)	**(86,422,866)**	(7,000,000)	(5,000,000)
Acquisition of non-controlling interest (Note 1)	**(10,000,000)**	–	–
Issuance of shares (Notes 1 and 18)	**2,186,615,758**	–	–
Net cash provided by financing activities	**4,812,069,021**	10,696,864	1,177,464,686
NET INCREASE IN CASH AND CASH EQUIVALENTS	**535,231,079**	83,856,592	146,696,137
CASH FROM CONSOLIDATION OF THE PARENT COMPANY	**–**	22,589	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**366,594,660**	282,715,479	136,019,342
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱901,825,739**	₱366,594,660	₱282,715,479

*These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Century Properties Group Inc. (formerly East Asia Power Resources Corp.) (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company and its subsidiaries were primarily engaged in power generation.

The Parent Company was a majority-owned subsidiary of EPHE Philippines Energy Corporation (EPHE). EPHE was a wholly-owned subsidiary of El Paso Philippines Energy Company, Inc. (EPPECI). EPPECI owned 1.9% of the Parent Company.

The Parent Company is a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code, which among others, defines a public corporation as any corporation with assets of at least ₱50.00 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities. As of December 31, 2010, the Parent Company had 501 shareholders, 488 of which are holding at least 100 shares each of the Parent Company's common shares.

Prior to the acquisition of the Parent Company by CPI as discussed in the next section, the Parent Company executed a restructuring plan wherein it sold substantially all of its assets and settled all of its liabilities by way of condonation of debt. Total liabilities condoned amounted to ₱514.32 million which includes amounts payable to EPHE and EPPECI amounting to ₱105.59 million. The condonation of the payable to EPHE and EPPECI were recognized as additional paid-in capital by the Parent Company.

As of July 11, 2011, the Parent Company is merely a shell company with assets consisting of cash and pension assets from various funds.

Acquisition of EPHE and the Parent Company by Century Properties, Inc. (CPI)
CPI is a Philippine Company involved in the real estate industry. CPI develops and manages various real estate projects through its subsidiaries (CPI subs) as follows:

	Percentage Ownership		
	2012	2011	2010
Century Limitless Corporation (CLC)	**100%**	100%	80%
Century Properties Management, Inc. (CPMI)	**100%**	80%	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%
Century City Development Corporation V	**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%

On July 11, 2011, EPPECI assigned to CPI all of its rights, title and interests in: (1) 284,250,000 issued and outstanding fully-paid common and preferred shares of stock in EPHE representing 100% ownership for ₱124.85 million and; (2) 67,096,092 issued and outstanding fully-paid common shares of stock in the Parent Company representing 1.9% ownership for ₱2.57 million.

The transaction resulted in CPI owning 100% of the outstanding common and preferred shares of EPHE and 93.6% of the outstanding shares of the Parent Company.

On August 17, 2011, EPHE's Board of Directors (BOD) approved the merger of EPHE and CPI, with CPI as the surviving entity in order for CPI to obtain direct ownership of the Parent Company.

Prior to the shares swap as discussed below, CPI infused additional capital to CCDC, CLC and CCC by way of subscription to additional common shares as follows:

Subsidiary	Amount	Date of Subscription
CCDC	₱170,349,383	July 11, 2011
CLC	158,500,000	May 11, 2011
	169,240,968	July 31, 2011
CCC	23,989,646	July 1, 2011
	₱522,079,997	

Share swap between the Parent Company and CPI
On August 17, 2011, the Parent Company's BOD approved the increase in authorized capital stock of the Parent Company from ₱6,000.00 million divided into 6,000,000,000 shares to ₱10,000.00 million divided into 10,000,000,000 shares with par value of ₱1.00 per share.

The purpose of the increase in authorized capital stock of the Parent Company was to enable it to issue additional common shares to CPI in exchange for CPI's ownership interest in CPI Subs (see Note 18).

On October 10, 2011, CPI entered into a deed of assignment with a certain minority shareholder of CLC wherein the minority shareholder assigned its 20% interest in CLC to CPI. The assignment increased the ownership interest of CPI in CLC from 80% to 100%.

Accounting for the share swap between the Parent Company and CPI
On October 27, 2011, the share swap with the Parent Company was accounted for as an acquisition of group of assets because the Parent Company does not constitute a business as defined under PFRS 3, *Business Combinations*. The consolidated financial statements of the Parent Company is merely a continuation of the consolidated financial statements of the CPI subs. The comparative information presented in these consolidated financial statements is that of the CPI subs, not that originally presented in the previous financial statements of the Parent Company, and also retroactively adjusted to reflect the legal capital of the Parent Company.

Changes in the Articles of Incorporation
On August 17, 2011, the BOD approved the change of the name of the Parent Company from East Asia Power Resources Corporation to Century Properties Group Inc. Likewise, the Parent Company changed its primary purpose to be a property developer engaged mainly in the development and construction of residential and commercial real estate projects. The change was approved by the SEC on October 27, 2011.

Placement and Subscription Agreement between the Parent Company and CPI
The Parent Company entered into a Placement Agreement on February 18, 2012 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.

The existing common shares of the Parent Company are listed on the First Board of the Philippine Stock Exchange, Inc. under the symbol "CPG". The Offer Shares were delivered in book-entry form through the Philippine Depository and Trust Corporation on February 22, 2012.

On November 7, 2012, the Parent Company entered into a deed of assignment with a certain minority shareholder of CPMI wherein the minority shareholder assigned its 20% interest in CPMI to the Parent Company. The assignment increased the ownership interest of the Parent Company in CPMI from 80% to 100%.

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 11, 2013.

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.

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 Group as at December 31, 2012, and 2011 and for each of the three years in the period ended December 31, 2012.

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.

Non-controlling 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.

Reverse acquisition involving a non-trading shell company
The share swap between CPI and the Parent Company has been accounted for similar to a reverse acquisition of a non-trading shell company. Such transaction was accounted for in the consolidated financial statements of the legal parent as a continuation of the financial statements of the private entity (the legal subsidiary).

In accounting for such transaction, the comparative information presented in these consolidated financial statements is therefore that of the "CPI subs", not that originally presented in the previous financial statements of the legal parent (accounting acquiree, which in this case is CPGI), and also is retroactively adjusted to reflect the legal capital of CPGI.

Because these consolidated financial statements represent a continuation of the financial statements of the CPI Subsidiaries, except for its capital structure, the consolidated financial statements reflect:

a) the assets and liabilities of CPI Subs recognized and measured at their pre-share swap carrying amounts;

b) the retained earnings and other equity balances of the CPI Subs pre-share swap (i.e., not those of CPGI);

c) the total equity is that of the CPI Subs but the legal capital (common shares and APIC) would be that of CPGI;

d) any difference between (1) net assets of CPI Subs and (2) the sum of the legal capital of CPGI and the combined retained earnings of the CPI Subs, shall be accounted for as equity reserve; and

e) the income statement for the prior periods reflects that of the CPI Subs while the income statement for the current period reflects that of CPI Subs for the full period together with the post-share swap results of the Parent Company.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years except for the amended PFRS, which were adopted beginning January 1, 2012. Except as otherwise stated, the adoption of the amended Standards did not have any impact on the Group's financial statements.

- Philippine Accounting Standard (PAS) 12 (Amendment), *Income Taxes - Deferred Tax: Recovery of Underlying Assets*
  This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset.

- PFRS 7 (Amendment), *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
  The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the entity's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

Future Changes in Accounting Policies
The Group will adopt the following new and amended Standards and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on the Group's consolidated financial statements.

Effective 2013

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

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

  The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard. The effects are detailed below:

December 31, 2012

	As at 31 December 2012
(Increase) decrease in:	
Statement of financial position	
Net defined benefit asset (liability)	(₱3,255,280)
Deferred tax asset (liability)	–
Retained earnings	–
Other comprehensive income (loss)	(2,249,396)

	2012
Statement of comprehensive income	
Net benefit cost	–
Income tax expense	–
Loss for the year	–
Other comprehensive loss (income)	(3,255,280)
Tax effect on OCI	(976,584)
	(2,278,696)

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the new PFRS 10, *Consolidated Financial Statements* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, 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.

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

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

  The amendments to PFRS 7 are to be applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

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

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interests with Other Entities*
  PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

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

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

- 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.

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

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

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

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*
  The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment will not have any 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*.

- 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.

Effective 2014

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

Effective 2015

- PFRS 9, *Financial Instruments: Classification and Measurement - PFRS 9*, as issued in 2010, reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

  The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of new standards have been published. Nevertheless, management is currently assessing the impact of PFRS 9 on the financial statements of the Group and is committed to conduct a comprehensive study of the potential impact of this standard to assess the impact of all changes.

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

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 includes 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, 2012 and 2011, 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).

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

<u>Derecognition of Financial Assets and Liabilities</u>
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.

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".

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.

Interest in Joint Venture

Interest in joint venture is limited to jointly controlled operations entered into by the Group to 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, 2012 and 2011, 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

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.

Equity reserves

Equity reserves represent any difference between (1) acquisition cost and (2) the adjusted carrying value of the non-controlling 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 cancelled sales
Income from cancelled sales 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 30 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.

For purposes of the share swap transaction, the weighted average number of common shares outstanding (the denominator of the earnings per share calculation) is:

a. the number of common shares outstanding from the beginning of the year to the transaction date shall be computed on the basis of the weighted average number of common shares of the CPI subs outstanding during the period multiplied by the exchange ratio established in the share swap agreement; and

b. the number of common shares outstanding from the acquisition date to the reporting period shall be the actual number of ordinary shares of the Parent Company outstanding during that period.

The basic earnings per share for each comparative period before the share swap date presented in the consolidated financial statements following the share swap shall be calculated by dividing the profit or loss of CPI subs attributable to common shareholders in each of those periods by CPI subs's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the share swap agreement.

As of December 31, 2012 and 2011, 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.

<u>Judgments</u>
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.

Revenue and cost recognition
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:
- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

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 following year. 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 ₱5,468.14 million and ₱1,762.32 million as of December 31, 2012 and 2011, respectively (see Note 5).

Collectibility of the sales price
In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 15% would demonstrate the buyer's commitment to pay.

Fair value of investment properties
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, 2012 and 2011. Carrying value of the investment properties amounted to ₱1,920.13 million and ₱1,119.19 million as of December 31, 2012 and 2011, respectively (see Note 11).

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, 2012 and 2011, the allowance for impairment losses on receivables of the Group amounted to ₱11.58 million and ₱11.10 million, respectively (see Note 5).

The carrying values of these assets are as follows:

	2012	2011
Receivables (Note 5)	**₱6,813,307,342**	₱1,974,602,755
Due from related parties (Note 26)	**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:

	2012	2011
Real estate inventories (Note 6)	**₱3,951,847,226**	₱1,552,874,951
Land held for future development (Note 7)	**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:

	2012	2011
Property and equipment (Note 12)	**₱191,644,519**	₱192,265,233
Intangible assets (Note 13)	**2,768,801**	2,730,433

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2012 and 2011.

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 ₱191.64 million and ₱192.27 million as of December 31, 2012 and 2011, respectively (see Note 12).

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, 2012 and 2011, carrying values of these assets are ₱430.50 million and ₱438.21 million, respectively (see Note 25).

The Group has an unrecognized deferred tax asset amounting to ₱271.00 million and ₱120.16 million in 2012 and 2011, respectively (see Note 25).

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 ₱90.11 million and ₱18.21 million as of December 31, 2012 and 2011, respectively (see Note 27).

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 29 for the related fair value disclosures.

4. Cash and Cash Equivalents

This account consists of:

	2012	2011
Cash on hand and in banks	**₱607,995,521**	₱164,212,835
Cash equivalents	**293,830,218**	202,381,825
	₱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 1.5% to 4.5% and 1.5% to 3.5% in 2012 and 2011, respectively.

Interest income on cash and cash equivalents amounted to ₱103.49 million, ₱52.02 million and ₱8.38 million in 2012, 2011 and 2010, respectively (see Note 21).

5. Receivables

This account consists of:

	2012	2011
Trade receivables		
Real estate	**₱5,468,143,386**	₱1,762,324,519
Related parties	**650,615,465**	18,930,541
Management fee	**51,574,027**	35,032,337
Auction fee and commissions	**2,394,043**	2,458,658
Receivable from employees	**132,293,189**	84,537,375
Advances to customers	**36,120,490**	7,796,391
Other receivables	**483,750,436**	74,627,820
	6,824,891,036	1,985,707,641
Allowance for impairment losses	**(11,583,694)**	(11,104,886)
	6,813,307,342	1,974,602,755
Noncurrent portion of real estate receivables	**(588,723,142)**	(371,034,287)
	₱6,224,584,200	₱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, 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, 2012 and 2011, installment contracts receivable with a nominal amount of ₱5,896.50 million and ₱1,977.93 million were recorded at amortized cost of ₱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 1.66% to 6.58% and 3.79% to 8.07% in 2012 and 2011, respectively.

Movements in the unamortized discount on installment contracts receivables follow:

	2012	2011
At January 1	**₱215,612,797**	₱47,488,861
Additions	**610,383,878**	602,440,242
Accretion for the year (Note 21)	**(397,647,777)**	(434,316,306)
At December 31	**₱428,348,898**	₱215,612,797

Receivable financing
In 2012 and 2011, 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 17). The gross amount of real estate receivables used as collateral amounted to ₱1,284.77 million and ₱1,085.75 million as of December 31, 2012 and 2011, 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:

	2012	2011
Condominium units	**₱3,883,827,686**	₱1,482,443,165
Residential house and lots	**68,019,540**	70,431,786
	₱3,951,847,226	₱1,552,874,951

The rollforward of this account follows:

	2012	2011
At January 1	**₱1,552,874,951**	₱1,615,449,019
Construction costs incurred	**7,070,391,350**	1,763,990,315
Borrowing cost capitalized	**159,554,620**	161,498,551
Transfers (Notes 7 and 11)	**109,703,998**	456,248,114
Cost of real estate sales	**(4,940,677,693)**	(2,444,311,048)
At December 31	**₱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 2012 and 2011.

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱4,940.68 million, ₱2,444.31 million and ₱1,687.45 million in 2012, 2011 and 2010, 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:

	2012	2011
Land held by CCDC	**₱1,065,345,052**	₱1,065,345,052
Land held by CLC	**131,105,758**	240,809,756
	₱1,196,450,810	₱1,306,154,808

Land held by CCDC and its subsidiaries

This pertains to parcels of land with an area of 30,718 square meters, collectively referred as International School of Manila, Inc. (ISM) properties, were transferred by CPI to CCDD on May 11, 2007 (see Note 26).

In 2011, investment properties of CCDC amounting to ₱1,019.79 million were transferred to land held for future development (see Note 11).

No transfers were made to land held for future development in 2012.

Land held by CLC
On April 5, 2011, CLC acquired a parcel of land in Mandaluyong City amounting to ₱43.00 million under the registered name of Noah's Ark Sugar Refinery.

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 of industrial lot situated in Mandaluyong City.

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 September 2008, a case was filed against CLC before the Regional Trial Court of Makati City questioning the Memorandum of Agreement and CTS entered into by and between CLC and UCPB on the basis of a claim of part ownership of the property. CLC filed a motion to dismiss the case, which the trial court denied. On February 26, 2010, the Court of Appeals granted the petition of CLC and dismissed the case.

Outstanding balance of the liability from purchased land as presented in the consolidated statements of financial position amounted to ₱30.74 million and ₱85.19 million as of December 31, 2012 and 2011, respectively. Interest accruing since February 2009 has been waived until August 2010 as a result of the status of the case.

In 2012, land held for future development of CLC amounting to ₱109.70 million which started the design and development phase was transferred to real estate inventories (see Note 6).

8. Advances to Suppliers and Contractors

Advances to suppliers and contractors amounting to ₱925.30 million and ₱2,300.11 million as of December 31, 2012 and 2011, respectively, are recouped upon every progress billing payment depending on the percentage of accomplishment.

9. Prepayments and Other Current Assets

This account consists of:

	2012	2011
Deferred selling expenses	**₱1,011,246,643**	₱403,354,835
Advances to land owners	**706,420,176**	158,563,765
Input taxes	**667,349,721**	268,645,901
Tax credit certificates	**1,017,442**	10,278,508
Prepaid expenses	**874,145**	662,348
Creditable withholding taxes	**–**	29,967
Others	**44,485**	713,683
	₱2,386,952,612	₱842,249,007

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.

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 and CLC 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. In addition, this includes the expenses shouldered by CLC that are attributable to the land owners in accordance with the joint venture agreement, which shall also be applied to the subsequent remittance on the land owners' share in the joint venture project.

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.

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

Input taxes are fully realizable and will be applied against output VAT. Tax credit certificates and creditable withholding taxes will be applied against income tax payable.

Prepaid expenses mostly pertain to prepayments of insurance premiums which will be applied throughout the remaining term of the related contracts. The 2012 and 2011 balance includes prepayments pertaining to marketing expenses which will be expensed upon the recognition of the revenue on the related project.

10. 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 and ₱14.67 million as of December 31, 2012 and 2011, respectively. Net unrealized loss on AFS financial assets amounted to ₱4.74 million and ₱4.67 million as of December 31, 2012 and 2011, respectively.

Movements in the net unrealized loss on AFS financial assets follow:

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

11. **Investment Properties**

Movements in this account follow:

	2012	2011
At January 1	**₱1,119,186,858**	₱2,419,665,214
Construction in progress	**800,942,327**	58,364,724
Transfers to land held for future development (Note 7)	**–**	(1,019,785,216)
Transfers to real estate inventories (Note 6)	**–**	(339,057,864)
At December 31	**₱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). The Group's investment properties are classified as shown below:

	2012	2011	2010
Land and improvements	**₱1,060,945,967**	₱1,060,822,141	₱2,419,665,214
Construction in progress	**859,183,218**	58,364,717	–
At December 31	**₱1,920,129,185**	₱1,119,186,858	₱2,419,665,214

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, 2012 and 2011. 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 2012 and 2011.

The Group implemented changes in the business plan for certain lots of the ISMI properties previously intended for leasing purposes as follows:

In 2011, one of the lots with a fair value of ₱427.88 million was utilized for the development of Centuria Medical Towers, a project of CMDC, wherein the relevant units will be for sale. Such property was reclassified under the "Real estate inventories" with the latest fair value of the lot as its deemed cost (see Note 6).

In 2011, lots with fair value of ₱1,019.79 million and ₱339.06 million were developed by the Group into a residential condominium building and commercial and office buildings, respectively, which will be available for sale.

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 2012 and 2011.

12. Property and Equipment

The composition and movements of this account are as follows:

	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 23)	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	24,838,669	13,339,621	109,122,847	174,568,524
Net Book Value at December 31	₱3,451,567	₱4,757,961	₱4,617,621	₱10,590,765	₱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:

	2012	2011
Real estate inventories (Note 6)	**₱12,104,984**	₱26,992,990
General, administrative and selling expenses (Note 23)	**51,276,744**	18,429,780
	₱63,381,728	₱45,422,770

Transportation equipment with aggregate carrying value of ₱5.04 million as of December 31, 2011, was pledged as security for bank financing liability (see Note 17).

13. Intangible Assets

The composition and movements of this account are as follows:

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 23)	**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, 2012 and 2011, no impairment has been assessed on these assets.

14. Other Noncurrent Assets

This account consists of:

	2012	2011
Rental deposits	**₱12,686,907**	₱5,888,700
Miscellaneous deposits	**11,216,749**	7,947,262
Others	**1,137,870**	1,137,870
	₱25,041,526	₱14,973,832

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.

15. Accounts and Other Payables

This account consists of:

	2012	2011
Accounts payable	**₱2,099,200,073**	₱629,240,235
Accrued expenses	**428,589,274**	112,328,476
Payable to related parties	**248,137,310**	160,904,229
Retention payables	**42,211,083**	28,945,118
Payable to Manila Jockey Club, Inc. (MJCI)	**10,922,220**	22,824,595
Other payables	**39,913,914**	14,224,962
	₱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.

Retention payables 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 are expected to be settled upon turn-over of the units to the buyers within the year.

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, 2012 and 2011, it amounted to ₱35.22 million and ₱7.44 million, respectively.

16. 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, 2012 and 2011, customers' advances and deposits amounted to ₱2,288.36 million and ₱2,730.58 million, respectively.

17. Short-term and Long-term Debt

Short-term Debt

Short-term debt consists of:

	2012	2011
Trust receipts	**₱346,399,397**	₱6,300,691
Bank loans - Philippine Peso	**5,000,000**	10,165,080
	₱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 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 ₱5.00 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:

	2012	2011
Payable under CTS financing	**₱1,245,624,748**	₱713,818,730
Bank loan - Philippine Peso	**2,063,286,515**	150,000,000
Car loan financing	**686,930**	2,266,807
	3,309,598,193	866,085,537
Less current portion	**387,432,732**	369,337,615
	₱2,922,165,461	₱496,747,922

Payable under CTS financing
In 2012 and 2011, CCDC obtained various loans from a local bank through credit line facilities via receivable financing amounting to ₱903.25 million and ₱618.87 million, respectively.

The proceeds of the loans were used in the construction of its real estate projects subject to interest rate ranging from 7.5% 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 2012, CPGI, MDC and CMDC also obtained CTS financing from local banks amounting to ₱107.90, ₱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% per annum. CPGI uses the 21st floor of the Pacific Star Building as collateral for the loan.

Also on the same year, CCDC obtained loans from local banks to finance the construction costs of its projects. CCDC obtained a peso-denominated loan amounting to ₱606.71 million at interest rate ranging from 7.0% to 7.5% payable monthly in three years.

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.

During 2012, CLC obtained a peso-denominated loan from a local bank amounting to ₱1,000.00 million, with a term 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.

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

Car loan financing
In 2012 and 2011, 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 are 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 ₱1.13 million and ₱2.00 million as of December 31, 2012 and 2011, 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, 2012 and 2011, outstanding balance of this loan amounted to nil and ₱0.27 million, respectively (see Note 32).

Interest Expense
Interest expense recognized in 2012, 2011 and 2010 for the short-term and long-term debts amounted to ₱41.58 million, ₱44.95 million and ₱22.95 million, respectively (see Note 24).

18. Equity

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

	2012	2011
Authorized shares	**10,000,000,000**	10,000,000,000
Par value per share	**₱0.53**	₱0.53
Issued and subscribed shares	**8,899,724,027**	7,566,391,027

On February 09, 2000, the Parent Company was listed with the Philippine Stock Exchange with a total of 3,554,720,004 common shares, issued, paid and outstanding out of the authorized capital stock of 6,000,000,000 shares. The offering of the shares was at ₱1.00 per share. As of December 31, 2012, there are 477 holders of the Parent Company's common stock.

On August 17, 2011, the Parent Company's BOD approved the increase in authorized capital stock of the Parent Company from ₱6,000.00 million divided into 6,000,000,000 shares to ₱10,000.00 million divided into 10,000,000,000 shares with par value of ₱1.00 per share.

On October 27, 2011, the Parent Company's application for increase in authorized common stock was approved by the SEC.

Share swap
On October 27, 2011, CPI subscribed to 4,011,671,023 shares of CPGI at a subscription price of ₱1.00 per share for a total of ₱4,011.67 million which is equivalent to the aggregate book value of CPI's shares in CPI subs as of July 31, 2011. This resulted to an increase in the capital stock account of the Parent Company amounting to ₱4,011.67 million. Also on the same date, the net assets of CPGI were consolidated amounting to ₱1.75 million.

Additional paid-in capital
On May 24, 2011, EPHE and EPPECI agreed to condone, release and waive all claims against the Parent Company. The condoned payable to stockholders amounting to a total of ₱105.59 million was recognized as additional paid-in capital.

Retained earnings
Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱2,027.43 million, ₱324.86 million and ₱1,304.47 million as of December 31, 2012, 2011 and 2010, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

The BOD of CPMI approved the declaration and payment of cash dividend of nil, ₱8.00 million and ₱5.00 million in 2012, 2011 and 2010, respectively. These dividends are reflected in the consolidated statements of changes in equity as dividends earned by the common shareholders of the Group.

Quasi-reorganization
On August 17, 2011, the Parent Company's BOD approved the equity restructuring of the Parent Company as follows:

a) the balance of additional paid-in capital amounting to ₱2,875.76 million to be applied against the Parent Company's deficit balance;
b) decrease in the par value of the Parent Company's common shares from ₱1.00 per share to ₱0.53 per share; and
c) the resulting additional paid-in capital from the reduction in the par value of the common shares to be applied against the Parent Company's deficit balance.

On October 28, 2011, the SEC approved the Parent Company's capital restructuring. The table below summarizes the effects of the equity restructuring in the stand alone financial statements of the Parent Company:

	Before the Restructuring	Adjustments (a)	(b)	(c)	After the restructuring
Capital stock	₱3,554,720,004	₱4,011,671,023	(₱3,556,203,786)	₱–	₱4,010,187,241
Additional paid-in capital	2,875,763,624	–	3,556,203,786	(6,428,731,956)	3,235,454
Deficit	(6,428,731,956)	–	–	6,428,731,956	–
	₱1,751,672	₱4,011,671,023	₱–	₱–	₱4,013,422,695

(a) *Subscription of 4,011,671,023 common shares by CPI.*
(b) *Decrease in the par value of the Parent Company's common shares from ₱1.00 per share to ₱0.53 per share.*
(c) *Application of the additional paid-in capital against the Parent Company's deficit balance.*

As part of the above capital restructuring, the Parent Company applied the balance of additional paid-in capital amounting ₱6,428.73 million against equity reserves at the consolidated level.

On January 27, 2012, CPI's BOD approved the Purchase Agreement with APG which provides that upon the closing of the secondary shares offering of the Parent Company, CPI will sell a fixed number of commons shares to APG in exchange for the convertible bond, whereupon CPI will cancel the convertible bond and the security will be released.

The Parent Company entered into a Placement Agreement on February 18, 2012 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.

The existing common shares of the Parent Company are listed on the First Board of the Philippine Stock Exchange, Inc. under the symbol "CPG". The Offer Shares were delivered in book-entry form through the Philippine Depository and Trust Corporation on February 22, 2012.

On April 13, 2012, the BOD of the Parent Company approved the declaration of cash dividends amounting to ₱86.42 million for distribution to the stockholders of the Parent Company of record as of April 27, 2012.

Equity reserves
Equity reserves amounting to ₱6.97 million as of December 31, 2012, is the difference between the acquisition cost and the adjusted carrying value of the non-controlling 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 2012 and 2011. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding equity reserve and loss on AFS financial assets amounting to a total of ₱8,227.95 million and ₱4,334.42 million as of December 31, 2012 and 2011, respectively.

The Group is not subject to externally imposed capital requirements.

19. Earnings Per Share

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company for 2012, 2011 and 2010 follow:

	2012	2011	2010
Net income attributable to the owners of the Parent Company	**₱1,843,250,712**	₱864,494,959	₱224,870,713
Weighted average number of shares	**8,724,381,605**	8,461,583,465	3,554,720,004
Basic/diluted earnings per share	**₱0.211**	₱0.102	₱0.063

20. Property Management Fee and Other Services

This account consists of:

	2012	2011	2010
Property management fee	**₱220,487,120**	₱190,019,331	₱170,659,074
Technical services	**1,188,252**	1,034,488	1,624,706
Auction services	**530,986**	559,753	–
	₱222,206,358	₱191,613,572	₱172,283,780

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.

21. Interest and Other Income

This account consists of:

	2012	2011	2010
Interest income:			
Accretion of unamortized discount (Note 5)	**₱397,647,777**	₱434,316,306	₱68,405,724
Cash and cash equivalents (Note 4)	**103,493,561**	52,018,220	8,376,278
Income from cancelled sales	**203,230,372**	245,761,578	46,210,450
Marketing fee income from joint ventures	**55,781,815**	–	–
Gain on sale of AFS	**7,418,511**	–	–
Unrealized foreign exchange gain	**5,554**	123,763	310,245
Other income	**39,376,677**	18,119,532	14,825,668
	₱806,954,267	₱750,339,399	₱138,128,365

Income from cancelled sales 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.

22. Cost of Services

This account consists of:

	2012	2011	2010
Salaries, wages and employee benefits (Note 27)	**₱147,987,126**	₱128,759,994	₱108,278,306
Outside services	**9,602,398**	12,296,130	10,344,000
Professional fees	–	–	540,000
Others	–	636,865	–
	₱157,589,524	₱141,692,989	₱119,162,306

23. General, Administrative and Selling Expenses

This account consists of:

	2012	2011	2010
Marketing and promotions	**₱705,531,548**	₱107,385,222	₱269,951,951
Salaries, wages and employee benefits (Note 27)	**545,824,144**	269,443,740	187,088,604
Commission	**359,583,530**	198,366,974	280,174,296
Professional fees	**88,394,283**	46,093,770	32,585,672
Depreciation and amortization (Notes 12 and 13)	**51,462,423**	19,027,246	12,012,123
Rent (Note 28)	**42,906,876**	15,279,546	8,869,249
Transportation and travel	**41,559,445**	6,104,963	6,100,452
Taxes and licenses	**28,281,192**	41,769,869	37,229,330
Entertainment, amusement and recreation	**26,280,229**	32,065,396	37,831,628
Communication	**20,187,569**	15,961,220	9,106,602
Outside services	**17,321,672**	4,826,236	9,415,224
Supplies	**10,684,889**	6,009,292	4,803,796
Utilities	**10,378,499**	799,223	9,714,906
Miscellaneous	**19,715,227**	31,239,709	16,143,184
	₱1,968,111,526	₱794,372,406	₱921,027,017

Miscellaneous expenses pertain mostly to repairs and maintenance and insurance.

24. Interest and Other Financing Charges

Details of this account follow:

	2012	2011	2010
Interest expense on:			
Short-term and long-term debt (Note 17)	**₱41,576,507**	₱44,948,072	₱22,952,043
Liability from purchased land (Note 7)	**7,556,660**	14,915,566	10,511,597
	49,133,167	59,863,638	33,463,640
Other financing charges	**13,380,990**	14,911,908	30,118,207
	₱62,514,157	₱74,775,546	₱63,581,847

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.

25. Income Tax

The provision for income tax consists of:

	2012	2011	2010
Current			
RCIT/MCIT	**₱101,733,716**	₱154,544,547	₱37,512,615
Final	**19,858,968**	10,411,144	649,950
	121,592,684	164,955,691	38,162,565
Deferred	**516,318,391**	216,129,692	62,662,284
	₱637,911,075	₱381,085,383	₱100,824,849

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
2009	₱58,310,814	(₱58,310,814)	₱–	2012
2010	103,253,205	–	103,253,205	2013
2011	709,036,647	–	709,036,647	2014
2012	318,962,685	–	318,962,685	2015
	₱1,189,563,351	(₱58,310,814)	₱1,131,252,537	

Deferred tax
The components of deferred taxes as of December 31, 2012 and 2011 are as follows:

Net deferred tax assets:

	2012	2011
Deferred tax assets on:		
Allowance for impairment losses	**₱1,108,873**	₱965,231
Difference between tax and book basis of accounting for real estate transactions	**101,985,277**	146,544,647
NOLCO	**139,258,076**	168,858,082
Retirement benefits	**6,367,407**	5,463,880
Unrealized foreign exchange loss	**–**	6,151
MCIT	**6,277,817**	942,594
	254,997,450	322,780,585
Deferred tax liabilities on:		
Capitalized borrowing costs	**79,301,721**	55,467,725
Prepayments	**85,783,649**	75,507,667
	165,085,370	130,975,392
Net deferred tax assets	**₱89,912,080**	₱191,805,193

Net deferred tax liabilities:

	2012	2011
Deferred tax assets on:		
Allowance for probable losses	**₱2,366,235**	₱2,366,235
NOLCO	**141,102,123**	9,176,877
MCIT	**12,355,047**	–
	155,823,405	11,543,112
Deferred tax liabilities on:		
Change in fair value of investment property	**653,602,800**	674,598,747
Difference between tax and book basis of accounting for real estate transactions	**508,251,893**	72,988,640
Capitalized borrowing costs	**33,180,075**	7,166,902
Unrealized foreign exchange gain	**1,666**	37,354
Prepayments	**122,957,519**	–
Others	**741,037**	5,288,973
	1,318,734,990	760,080,616
Net deferred tax liabilities	**₱1,162,911,585**	₱748,537,504

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:

	2012	2011
NOLCO	**₱264,719,850**	₱115,417,637
MCIT	**6,277,817**	4,740,864
	₱270,997,667	₱120,158,501

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:

	2012	2011	2010
Provision for income tax computed at statutory rate	**₱744,681,902**	₱374,200,364	₱84,119,449
Adjustments for:			
Income tax holiday	**(111,356,028)**	1,261,969	–
Nondeductible interest and other expenses	**7,719,166**	10,991,751	18,374,640
Change in unrecognized deferred tax assets	**6,795,519**	(199,069)	181,613
Interest income subjected to final tax	**(9,929,484)**	(5,169,632)	(1,850,853)
	₱637,911,075	₱381,085,383	₱100,824,849

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.

26. Related Party Transactions

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.

The effects of the foregoing transactions are shown under the following accounts in the consolidated financial statements:

2012

	Due from related parties	**Due to related parties**	**Receivables**	**Accounts and other payables**
Stockholders:	**₱158,035,809**	**₱113,003,785**	**₱650,615,465**	**₱248,137,310**
Other affiliates:	**8,189,968**	**21,981**	**–**	**–**
	₱166,225,777	**₱113,025,766**	**₱650,615,465**	**₱248,137,310**

2011

	Due from related parties	Due to related parties	Receivables	Accounts and other payables
Stockholders:	₱148,538,148	₱114,776,276	₱17,866,721	₱145,011,931
Entities under common control	7,228,484	371,354	1,063,820	–
Other affiliates:	–	–	–	15,892,298
	₱155,766,632	₱115,147,630	₱18,930,541	₱160,904,229

The related party transactions are unsecured, non-interest bearing, and are due and demandable. These are not impaired.

Entities under common control are entities that are owned and controlled by the BOD of the Parent Company and neither a subsidiary or associate of the Parent Company. These entities are in effect sister companies of the Parent Company by virtue of ownership.

Significant transactions of the Group with related parties are described below:

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 square meters 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, 2012 and 2011, 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, ₱200.78 million and ₱161.58 million for the year ended December 31, 2012, 2011 and 2010, 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, 2012 and 2011, advances made to CPMCC recognized under the "Advances to contractors and suppliers" account amount to ₱39.99 million and ₱35.50 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 2012, 2011 and 2010 follow:

	2012	2011	2010
Short-term employee benefits	**₱62,545,755**	₱29,493,900	₱18,844,861
Post-employment benefits (Note 27)	**2,581,108**	2,612,141	1,669,004
	₱65,126,863	₱32,106,041	₱20,513,865

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, 2012 and 2011, 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.

27. 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:

	2012	2011	2010
Current service cost	**₱1,048,818**	₱4,634,214	₱2,995,080
Interest cost on benefit obligation	**1,507,189**	2,310,684	1,811,680
Actuarial loss recognized during the year	**120,616**	210,173	–
Effect of settlement/curtailment	**–**	(3,458,544)	–
Retirement expense	**₱2,676,623**	₱3,696,527	₱4,806,760

The amounts recognized in the consolidated statements of financial position for the pension plan are as follows:

	2012	2011
Defined benefit obligation	**₱92,361,520**	₱30,800,716
Unrecognized actuarial gains (losses)	**(2,246,936)**	12,587,783
Liability recognized in the statements of financial position	**₱90,114,584**	₱18,212,933

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

	2012	2011
Balance at January 1	**₱30,800,716**	₱28,739,853
Current service cost	**1,048,818**	4,634,214
Interest cost	**1,507,189**	2,310,684
Benefits paid	**(156,615)**	(4,226,401)
Actuarial (gain) losses	**(2,556,676)**	5,300,172
Settlement/curtailment	**–**	(5,957,806)
Obligation acquired from CPI	**61,718,088**	–
Balance at December 31	**₱92,361,520**	₱30,800,716

The assumptions used to determine retirement benefits for the Group are as follows:

	2012	2011
Discount rate	**6.11%**	6.24%
Salary increase rate	**5.00%**	7.00%

The amount of unfunded status and experience adjustments for the current and the previous periods follow:

	2012	2011	2010	2009	2008
Defined benefit obligation	**₱65,634,614**	₱30,800,716	₱28,739,853	₱16,636,179	₱17,089,937
Experience adjustments on plan liabilities	**(3,255,280)**	684,927	2,018,230	(1,089,306)	2,325,683

28. 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 square meter. Rental expense charged to operations amounted to ₱42.91 million, ₱15.28 million and ₱8.87 million in 2012, 2011 and 2010, respectively (see Note 23).

Future minimum rentals payable under operating leases follow:

	2012	2011	2010
Within one year	**₱38,190,150**	₱22,716,768	₱18,992,862
After one year but not more than five years	**54,153,115**	11,575,944	18,536,471
	₱92,343,265	₱34,292,712	₱37,529,333

29. 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:

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables				
Cash and cash equivalents	₱901,825,739	₱901,825,739	₱366,594,660	₱366,594,660
Receivables				
Trade receivables				
Real estate	5,468,143,386	5,636,833,089	1,762,324,519	1,931,014,222
Management fee	48,858,840	48,858,840	32,317,150	32,317,150
Auction fee and commissions	1,412,985	1,412,985	1,956,408	1,956,408
Advances to customers	36,120,490	36,120,490	7,796,391	7,796,391
Receivable from related parties	650,615,465	650,615,465	18,930,541	18,930,541
Other receivables	483,750,436	483,750,436	74,627,820	74,627,820
Due from related parties	166,225,777	166,225,777	155,766,632	155,766,632
	7,756,953,118	7,925,642,821	2,420,314,121	2,589,003,824
AFS financial assets	7,963,504	7,963,504	10,001,819	10,001,819
Total Financial Assets	₱7,764,916,622	₱7,933,606,325	₱2,430,315,940	₱2,599,005,643
Other financial liabilities				
Accounts and other payables				
Accounts payable	₱2,099,200,073	₱2,099,200,073	₱629,240,235	₱629,240,235
Accrued expenses	428,589,274	428,589,274	47,780,024	47,780,024
Payable to related parties	248,137,310	248,137,310	160,904,229	160,904,229
Retention payable	42,211,083	10,922,220	28,945,118	28,945,118
Payable to MJCI	10,922,220	39,913,914	22,824,595	22,824,595
Other payables	39,913,914	113,025,766	14,224,962	14,224,962
Due to related parties	113,025,766	225,258,017	115,347,630	115,347,630
Short-term debt	353,580,009	353,580,009	16,300,691	16,300,691
Long-term debt	3,307,417,581	3,421,479,423	864,251,540	849,991,390
Liability from purchased land	30,741,162	33,910,210	85,189,451	82,020,403
Total Financial Liabilities	₱6,673,738,392	₱6,974,016,216	₱1,985,008,475	₱1,967,579,277

Fair Value of Financial Instruments
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 2012 and 2011, 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 2.50% to 4.44% and 4.81% to 6.08% as of December 31, 2012 and 2011, respectively. The discount rates used for the liability from purchased land ranged from 3.83% to 5.37% and 1.41% to 5.20% as of December 31, 2012 and 2011, respectively.

Fair Value Hierarchy
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, 2012 and 2011, 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 has no financial instruments measured under Level 2 and 3.

In 2012 and 2011, 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 and liquidity risks arise in the normal course of the Group's business activities. 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 table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position.

	2012	2011
Cash and cash equivalents*	**₱901,725,963**	₱366,511,108
Receivables		
Trade receivables		
Real estate	**5,468,143,386**	1,762,324,519
Management fee	**48,858,840**	32,317,150
Auction fee and commissions	**1,412,985**	1,956,408
Advances to customers	**36,120,490**	7,796,391
Receivable from related parties	**650,615,465**	18,930,541
Other receivables	**483,750,436**	74,627,820
Due from related parties	**166,225,777**	155,766,632
AFS financial assets	**7,963,504**	10,001,819
Total credit risk exposure	**₱7,764,816,846**	₱2,430,232,388

**Excludes cash on hand*

The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements. The subject real estate units are held as collateral for all installment contracts receivable.

The table below shows the credit quality of the Group's financial assets:

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

2011

	Neither past due nor impaired			Past due but not		
	High grade	Medium Grade	Low Grade	Impaired	Impaired	Total
Cash and cash equivalent	₱366,511,108	₱–	₱–	₱–	₱–	₱366,511,108
Receivables						
Trade						
Real estate	1,724,785,255	–	–	37,539,264	–	1,762,324,519
Management fee	32,317,150	–	–	–	2,715,187	35,032,337
Auction fee and commissions	1,956,408	–	–	–	502,250	2,458,658
Advances to customers	–	–	–	7,796,391	–	7,796,391
Receivable from related parties	18,930,541	–	–	–	–	18,930,541
Others	48,787,744	–	–	25,840,076	–	74,627,820
Due from related parties	155,766,632	–	–	–	–	155,766,632
	2,349,054,838	–	–	71,175,731	3,217,437	2,423,448,006
AFS financial assets	10,001,819	–	–	–	–	10,001,819
Total	₱2,359,056,657	₱–	₱–	₱71,175,731	₱3,217,437	₱2,433,449,825

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, 2012 and 2011, the aging analysis of the Group's receivables presented per class is as follows:

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

2011

	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	₱1,724,785,255	₱10,514,446	₱5,150,135	₱21,874,683	₱–	₱–	₱1,762,324,519
Management fee	32,317,150	–	–	–	–	2,715,187	35,032,337
Auction fee and commissions	1,956,408	–	–	–	–	502,250	2,458,658
Advances to customers	–	59,876	–	–	7,736,515	–	7,796,391
Receivable from related parties	18,930,541	–	–	–	–		18,930,541
Other receivables	48,787,744	–	–	–	25,840,076	–	74,627,820
Due from related parties	155,766,632	–	–	–	–	–	155,766,632
Total	₱1,982,543,730	₱10,574,322	₱5,150,135	₱21,874,683	₱33,576,591	₱3,217,437	₱2,056,936,898

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:

	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**	**₱–**	**₱–**	**₱2,099,200,073**
Due to related parties	**113,025,766**	**–**	**–**	**2,684,610,935**
Short-term debt	**353,580,009**	**–**	**–**	**353,580,009**
Long-term debt	**388,005,466**	**2,919,412,115**	**–**	**3,307,417,581**
Liability from purchased land	**–**	**30,741,162**	**–**	**30,741,162**
	₱3,723,585,115	**₱2,950,153,277**	**₱–**	**₱8,475,549,760**
Interest payable	**₱6,151,802**	**₱–**	**₱–**	**₱6,151,802**

	2011			
	Within 1 Year	1-5 years	More than 5 years	Total - Gross
Financial assets				
Cash and cash equivalent	₱366,511,108	₱–	₱–	₱366,511,108
Receivables				
Trade receivables				
Real estate	691,296,157	1,071,028,362	–	1,762,324,519
Management fee	32,317,150	–	–	32,317,150
Auction fee and commissions	1,956,408	–	–	1,956,408
Advances to customers	7,796,391	–	–	7,796,391
Receivable from related parties	18,930,541	–	–	18,930,541
Other receivables	74,627,820	–	–	74,627,820
Due from related parties	155,766,632	–	–	155,766,632
	₱1,349,202,207	₱1,071,028,362	₱–	₱2,420,230,569
Financial liabilities				
Accounts and other payables	₱903,919,163	₱–	₱–	₱903,919,163
Due to related parties	115,347,630	–	–	115,347,630
Short-term debt	16,300,691	–	–	16,300,691
Long-term debt	368,722,561	495,528,979	–	864,251,540
Liability from purchased land	18,761,470	66,427,981	–	85,189,451
	₱1,423,051,515	₱561,956,960	₱–	₱1,985,008,475
Interest payable	₱65,708,519	₱37,834,156	₱–	₱103,542,675

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, 2012 and 2011:

	2012		2011	
	Original currency	**Peso Equivalent**	**Original Currency**	Peso Equivalent
Assets				
Cash and cash equivalents				
US Dollar	**$1,179,181**	**₱48,405,397**	$376,981	₱16,526,847
Euro	**€531,019**	**28,956,492**	€12,764	866,420
Total foreign currency denominated assets		**₱77,361,889**		₱17,393,267

The spot exchange rates used were ₱41.05 to US$1 and ₱54.53 to €1 in 2012; ₱43.05 to US$1 and ₱67.88 to €1 in 2011

	2012		2011	
	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**	**₱1,179**	₱0.001	₱377
	(0.001)	**(1,179)**	(0.001)	(377)
Euro	**₱0.002**	**1,062**	₱0.099	₱1,264
	(0.002)	**(1,062)**	(0.099)	(1,264)

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**
2012	**4%**	**Monthly**	**₱268,015,873**	**₱56,984,126**	**₱211,031,747**
2011	4%	Monthly	325,000,000	113,968,252	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).

	2012		2011	
	Increase/decrease in interest rates	Effect on profit before tax	Increase/decrease in interest rates	Effect on profit before tax
Basis points	**0.33%**	**₱3,276,502**	0.33%	₱887,892
	(0.33%)	**(3,276,502)**	(0.33%)	(887,892)

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

30. 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, 2012 and 2011 are as follows:

<u>2012</u>

	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
Non-controlling 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
Non-controlling interests	–	1,754,205	–	1,754,205
	₱857,494,049	₱8,755,115	₱–	₱866,249,164

	Real Estate Development	Property Management	Adjustments and Elimination	Consolidated
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

2010

	Real Estate Development	Property Management	Adjustments and Elimination	Consolidated
Revenue				
Real estate sales and property management fee and other services customers	₱2,613,032,565	₱172,283,780	₱–	₱2,785,316,345
Costs and expenses				
Cost of real estate sales and services	1,687,449,378	119,162,306	–	1,806,611,684
General, administrative and selling expenses	871,566,608	49,460,409	–	921,027,017
Operating income	54,016,579	3,661,065	–	57,677,644
Other income (expenses)				
Gain from change in fair value	148,174,000	–	–	148,174,000
Interest and other income	137,791,286	337,079	–	138,128,365
Interest and other financing charges	(62,771,338)	(810,509)	–	(63,581,847)
Income before income tax	277,210,527	3,187,635	–	280,398,162
Provision for income tax	99,244,488	1,580,361	–	100,824,849
Net income	₱177,966,039	₱1,607,274	₱–	₱179,573,313
Net income attributable to:				
Owners of the Parent Company	₱223,584,896	₱1,285,819	₱–	₱224,870,715
Non-controlling interests	(45,618,855)	321,455	–	(45,297,400)
	₱177,966,041	₱1,607,274	₱–	₱224,870,715

(Forward)

	Real Estate Development	Property Management	Adjustments and Elimination	Consolidated
Other information				
Segment assets	₱7,277,766,151	₱66,111,341	₱–	₱7,343,877,492
Deferred tax assets	204,815,675	6,538,652	–	211,354,327
Total Assets	₱7,482,581,826	₱72,649,993	₱–	₱7,555,231,819
Segment liabilities	₱3,990,328,755	₱63,830,502	₱–	₱4,054,159,257
Deferred tax liabilities	551,215,910	–	–	551,215,910
Total Liabilities	₱4,541,544,665	₱63,830,502	₱–	₱4,605,375,167

31. 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.

32. Note to Consolidated Statements of Cash Flows

Below are the non-cash investing and financing transactions for the year ended December 31, 2012, 2011 and 2010:

a. Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱401.60 million, ₱434.28 million and ₱68.41 million for the year ended December 31, 2012, 2011 and 2010, respectively (see Note 5).

b. Capitalization of borrowing costs amounting to ₱159.55 million, ₱161.50 million and ₱65.25 million for the years ended December 31, 2012, 2011 and 2010, respectively (see Note 6).

c. Transfer of ₱339.06 million worth of investment properties to real estate inventories in 2011, (see Notes 6 and 11).

d. Transfer of ₱109.70 million and ₱117.19 million worth of land held for future development to real estate inventories in 2012 and 2011, respectively (see Note 6 and 7).

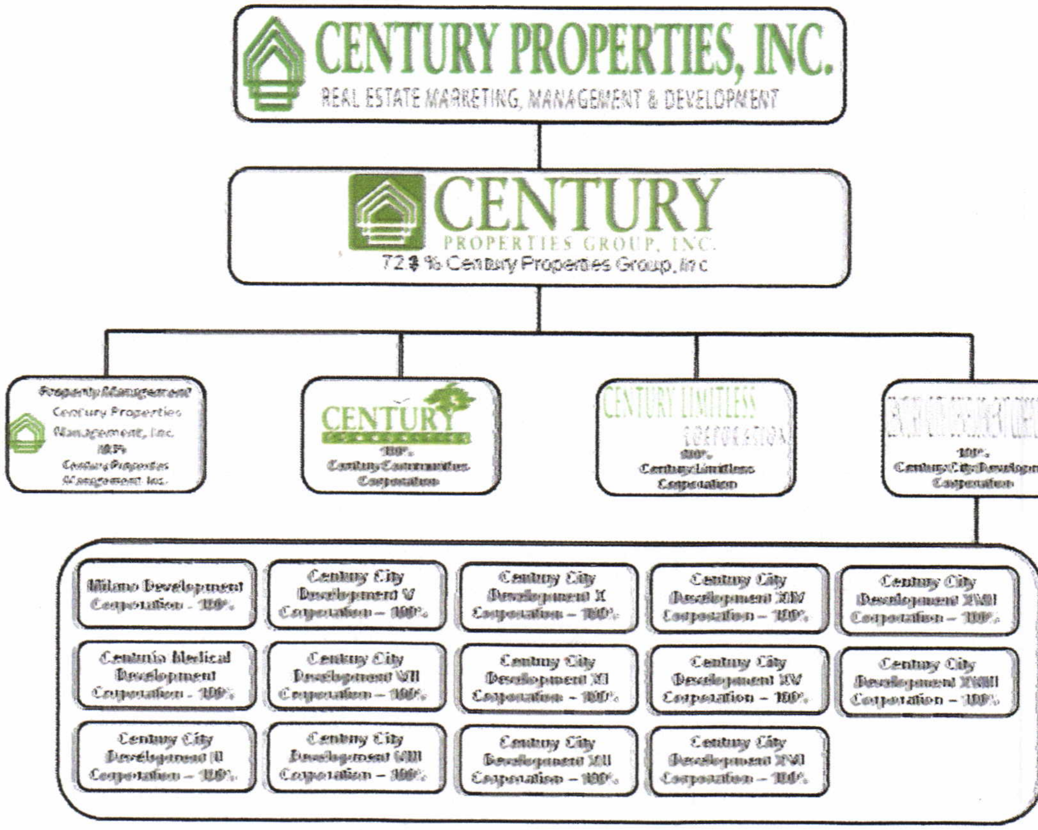
33. Events After the Reporting Date

The Parent Company entered into a Subscription and Placement Agreement on March 5, 2013 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.

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2012

Unappropriated Retained Earnings, beginning		₱321,001,641
Less: adjustments		
Deferred tax assets	₱–	
Treasury shares	–	–
Net income based on the face of AFS		1,843,250,712
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)		–
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		(86,422,866)
Unappropriated Retained Earnings, as adjusted, ending		₱2,077,829,487

CENTURY PROPERTIES GROUP, INC.
SCHEDULE K – CORPORATE STRUCTURE
DECEMBER 31, 2012



1. *Century Properties Inc* (CPI) – Parent Company which owns 72.7% of Century Properties Group Inc (CPGI)
2. *Century Properties Group Inc.* (CPGI) – 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. Listed Company with property development corporations as subsidiaries
3. *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. CPGI holds 100% ownership of CCC.
4. *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. CCDC has fourteen subsidiaries. CPGI holds 100% ownership of CCDC.
5. *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. CPGI holds 100% ownership.
6. *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 51 projects in its portfolio, covering a total gross floor area of 2,192,338 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines. CPGI holds 100% ownership of CPMI

CENTURY PROPERTIES GROUP, INC.
SCHEDULE L – LIST OF STANDARDS AND INTERPRETATIONS UNDER PFRS
DECEMBER 31, 2012

I. List of Philippine Financial Reporting Standards (PFRSs) effective as of December 31, 2012

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	Not early adopted		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	Not early adopted		
PFRS 11	Joint Arrangements	Not early adopted		
PFRS 12	Disclosure of Interests in Other Entities	Not early adopted		
PFRS 13	Fair Value Measurement	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	Not early adopted		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	Not early adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements			✓
PAS 27 (Amended)	Separate Financial Statements	Not early adopted		
PAS 28	Investment in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	Not early adopted		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Not early adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Century Properties Group, Inc.
Financial Ratios

	As of December 31		
	2011	2010	2009
Current Ratio	1.9x	1.3x	1.1x
Debt to Equity Ratio	0.2x	0.4x	0.1x
Asset to Equity Ratio	2.3x	2.6x	2.4x
	For the year ended December 31		
	2011	2010	2009
Return on Assets	9.9%	26.8%	11.0%
Return on Equity	23.8%	66.3%	26.8%
EBIT	1,322.1	1,960.1	1,006.4
EBITDA	1,368.1	1,985.9	1,026.4
Total Debt	882.6	1,226.1	274.4
Net Debt	516.0	943.3	138.4
Gross Profit from Real Estate Sales Margin	41.7%	37.1%	52.6%
Net Income Margin	18.4%	58.5%	30.4%
Net debt-to-equity ratio	0.1x	0.3x	0.1x
Debt-to-EBITDA ratio	0.6x	0.6x	0.3x
Net debt-to-EBITDA ratio	0.4x	0.5x	0.1x

Century Properties Group, Inc.
Other Financcial Data

Financial Ratios [Amount in millions]	As of or for the year ended December 31			
	2009	2010	2011	FY 2012
1. Return on Assets	11.0%	26.8%	9.9%	12.9%
Net income	691.7	1,795.7	866.2	1,844.4
Total Assets [Average]	5,838.9	6,697.1	8,792.3	14,304.3
2. Return on Equity	26.8%	66.3%	23.8%	29.3%
Net income	691.7	1,795.7	866.2	1,844.4
Total Equity [Average]	2,464.2	2,707.0	3,640.8	6,298.9
3. EBIT	1,006.4	1,960.1	1,322.1	2,531.4
Net Income	691.7	1,795.7	866.2	1,844.4
Interest	50.6	63.6	74.8	49.1
Provision for income tax	264.0	100.8	381.1	637.9
4. EBITDA	1,026.4	1,985.9	1,368.1	2,583.1
Net Income	691.7	1,795.7	866.2	1,844.4
Interest	50.6	63.6	74.8	49.1
Provision for income tax	264.0	100.8	381.1	637.9
Depreciation and amortization	20.1	25.8	46.0	51.7
5. Total Debt	274.4	1,226.1	882.6	3,661.0
Short-term debt	96.1	109.0	16.5	351.4
Current portion of long-term debt	94.8	695.3	369.3	387.4
Long-term debt - net of current portion	83.6	421.8	496.7	2,922.2
6. Net Debt	138.4	943.3	516.0	2,759.2
Total Debt	274.4	1,226.1	882.6	3,661.0
Cash and cash equivalents	(136.0)	(282.7)	(366.6)	(901.8)
7. Gross Margin	52.6%	37.1%	41.7%	45.0%
Real estate sales	1,035.6	2,613.0	3,760.5	8,582.0
Interest accretion	95.0	68.4	434.3	397.6
Total	1,130.7	2,681.4	4,194.8	8,979.7
Cost of real estate sales [2012 Cumulative]	535.5	1,687.4	2,444.3	4,940.7
Gross profit with accretion [2012 Cumulative]	595.1	994.0	1,750.5	4,039.0
8. Net Margin	30.4%	58.5%	18.4%	19.2%
Net Income	691.7	1,795.7	866.2	1,844.4
Total revenue	2,273.3	3,071.6	4,702.5	9,611.2
9. Net debt-to-equity ratio	0.1x	0.3x	0.1x	0.3x
Net Debt	138.4	943.3	516.0	2,759.2
Total equity	2,464.2	2,949.9	4,331.7	8,266.2
9. Total debt-to equity ratio	11.1%	41.6%	20.4%	44.3%
Total Debt	274.4	1,226.1	882.6	3,661.0
Total equity	2,464.2	2,949.9	4,331.7	8,266.2
9. Debt-to-total capitalization ratio				
Total Debt	274.4	1,226.1	882.6	3,661.0
10. Debt-to-EBITDA ratio	0.3x	0.6x	0.6x	1.4x
Total Debt	274.4	1,226.1	882.6	3,661.0
EBITDA	1,026.4	1,985.9	1,368.1	2,583.1
11. Net debt-to-EBITDA ratio	0.1x	0.5x	0.4x	1.1x
Net Debt	138.4	943.3	516.0	2,759.2
EBITDA	1,026.4	1,985.9	1,368.1	2,583.1