SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SEC-CFD
MAY 24 2013

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [ ] Amended Information Statement
   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter **GLOBAL-ESTATE RESORTS, INC.**

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **AS094-4462**

5. BIR Tax Identification Code **000-426-523-000**

6. **7th Floor, Renaissance Tower, Meralco Avenue, Pasig City** **1600**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 576-3376; 576-4804**

8. **27 June 2013, 9:00 A.M., Grand Ballroom, Eastwood Richmonde Hotel, Orchard Road, Eastwood City, Bagumbayan, Quezon City, Philippines**
   Date, time and place of the meeting of security holders

9. **05 June 2013**
   Approximate date on which the Information Statement is first to be sent or given to security holders

10. [*No Proxy Solicitations*]

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 (As of 14 May 2013)
Common shares	**8,486,000,000**

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

    Yes ✓ No _____

    The Registrant's common shares are listed on the Philippine Stock Exchange.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

GLOBAL-ESTATE RESORTS, INC.

NOTICE AND AGENDA OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that **GLOBAL-ESTATE RESORTS, INC.** (the "Company") will hold its Annual Meeting of Shareholders (the "Annual Meeting") at the Grand Ballroom, Eastwood Richmonde Hotel, Orchard Road, Eastwood City, Bagumbayan, Quezon City on Thursday, 27 June 2013 at 9:00 in the morning.

The AGENDA for the Annual Meeting shall be as follows:

1. Call to order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of Shareholders held on 28 June 2012
4. Annual Report of Management
5. Approval of the 2012 Audited Financial Statements
6. Ratification of all acts and resolutions of the Board of Directors and Corporate Officers adopted during the preceding year
7. Election of Directors (including Independent Directors) for the ensuing year
8. Appointment of External Auditors
9. Other matters as may properly come before the meeting
10. Adjournment

Only shareholders of record at the close of business hours on 14 May 2013 are entitled to notice and to vote at the Annual Meeting.

Registration for the Annual Meeting will start at 8:00 A.M. and will close at 8:50 A.M. For your convenience in registering your attendance, please present some valid form of identification such as Passport, Driver's License, or Company ID.

WE ARE NOT SOLICITING YOUR PROXY. However, if you are unavailable to attend the Annual Meeting but would like to be represented thereat, you may at your option appoint a representative by accomplishing the attached Proxy Form and submitting the same to the Office of the Corporate Secretary of the Company, 6th Floor Renaissance Tower, Meralco Avenue, Ortigas, Pasig City, Metro Manila not later than end of business hours on **20 June 2013**. Validation of the written proxies shall be held at the same office on 21 June 2013 at 10:00 A.M.

By Order of the Board of Directors.

Pasig City, 24 May 2013.

ATTY. DOMINIC V. ISBERTO
Corporate Secretary

PROXY

The undersigned shareholder(s) of **GLOBAL-ESTATE RESORTS, INC.** (the "Company) hereby appoint/s ____ or in his absence, the Chairman of the Annual Shareholders' Meeting, as proxy of the undersigned shareholder(s) at the Annual Meeting of Shareholders scheduled on 27 June 2013 at 9:00 in the morning at the Grand Ballroom, Eastwood Richmonde Hotel, Orchard Road, Eastwood City, Bagumbayan, Quezon City and/or at any postponement or adjournment thereof, and/or any annual shareholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

The undersigned shareholder(s) hereby direct/s the said proxy to vote all shares on the agenda items set forth below as expressly indicated by marking the same with [√] or [X]:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the Minutes of the Annual Meeting of Shareholders held on 28 June 2012			
5	Approval of the 2012 Audited Financial Statements			
6	Ratification of all acts and resolutions of the Board of Directors and Corporate Officers adopted during the preceding year			
7	Election of Directors (including Independent Directors) for the ensuing year:			
	Andrew L. Tan			
	Robert John L. Sobrepeña			
	Ferdinand T. Santos			
	Wilbur L. Chan			
	Lourdes T. Gutierrez			
	Garry V. de Guzman			
	Robert Edwin C. Lim			
	Miguel B. Varela - Independent Director			
	Gerardo C. Garcia - Independent Director			
8	Appointment of Punongbayan & Araullo as External Auditors			
9	Authority to vote, at the proxy's own discretion, on such other matters as may properly come before the meeting			

PRINTED NAME OF SHAREHOLDER	SIGNATURE OF SHAREHOLDER/ AUTHORIZED SIGNATORY	NUMBER OF SHARES TO BE REPRESENTED	DATE

This proxy should be received by the Corporate Secretary not later than end of business hours on **20 June 2013.**

This proxy when properly executed will be voted in the manner as directed herein by the shareholder. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement.

A shareholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the shareholder attends the meeting in person and expressed his intention to vote in person.

This proxy does not need to be notarized. (Partnerships, Corporations and Associations must attach certified resolutions thereof designating Proxy/Representative and Authorized Signatories.)

PART I

A. GENERAL INFORMATION

ITEM 1. Date, time and place of meeting of security holders

(a) The Annual Meeting of the Shareholders of Global-Estate Resorts, Inc. (the "Corporation") is scheduled to be held on 27 June 2013, 9:00 in the morning at the Grand Ballroom, Eastwood Richmonde Hotel, Orchard Road, Eastwood City, Bagumbayan, Quezon City, Philippines.

The complete mailing address of the principal office of the registrant is 7th Floor, Renaissance Towers, Meralco Avenue, Pasig City.

(b) The approximate date on which the Information Statement is first to be sent or given to security holders is on or before 05 June 2013.

The Corporation is not soliciting any proxy -

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

ITEM 2. Dissenters' Right of Appraisal

A shareholder has the right to dissent and demand payment of the fair value of his shares in the following instances stated in the Corporation Code, to wit:

(1) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence *(Section 81)*;

(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets *(Section 81)*;

(3) In case of merger or consolidation of the Corporation with or into another entity *(Section 81)*; and,

(4) In case of any investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Corporation was organized *(Section 42)*.

The procedures and conditions for the exercise by a dissenting shareholder of his appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code, to wit:

(1) A shareholder voted against a proposed action of the Corporation;

(2) The dissenting shareholder shall make 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. The failure of the shareholder to make the demand within the thirty (30)-day period shall be deemed a waiver of his appraisal right;

(3) If the proposed corporate action is implemented, the Corporation shall pay to such shareholder, upon surrender of the corresponding certificates of stock representing his shares within ten (10) days after demanding payment for his shares *(See Section*

86), the fair market value thereof as of the day prior to the date on which the vote was taken;

(4) If the dissenting shareholder and the Corporation cannot agree on the fair value of the shares within sixty (60) days from the date of shareholders' approval of the corporate action, then the fair value of the shares shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the dissenting shareholder, one (1) by the Corporation and a third to be named by the two already 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.

(5) No payment shall be made to any dissenting shareholder unless the Corporation has unrestricted retained earnings in its books to cover such payment.

(6) Upon payment of the agreed or awarded price, the shareholder shall transfer his shares to the Corporation.

The proposed corporate actions to be voted upon at the Annual Shareholders' Meeting are not among the matters provided under the Corporation Code which will give rise to the possible exercise of appraisal right by a dissenting shareholder.

ITEM 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No director, officer, or nominee for election as director, or the associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter which will be acted upon during the Annual Shareholders' Meeting, other than election to office.

(b) No director has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the Annual Shareholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

(a) *Number of Shares Outstanding*

The Corporation has 8,486,000,000 common shares outstanding as of 14 May 2013. Each of the common shares is entitled to one (1) vote with respect to all matters to be taken up during the Annual Shareholders' Meeting.

(b) *Record Date*

Under the By-Laws of the Corporation, for the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, the Board of Directors may provide that the stock and transfer books be closed for a stated period which shall not be more than sixty (60) days nor less than thirty (30) days before the date of such meeting. In the event that the Board fails to specify a date for the closing of the stock and transfer books, the closing date shall be deemed to be the thirtieth (30th) calendar day prior to the intended date of the meeting. In lieu of closing the stock and transfer books, the Board may fix in advance a date as the record date for any such determination of stockholders which shall not be less than twenty (20) days prior the meeting. Pursuant to these By-Laws provisions, the Board of Directors of the Corporation set 14 May 2013 as the record date for determining the shareholders entitled to notice and to vote at the said Annual Shareholders' Meeting on 27 June 2013. As such, only shareholders as of such record date are entitled to notice and to vote at the Annual Shareholders' Meeting.

(c) *Cumulative Voting Rights*

All shareholders have cumulative voting rights with respect to the election of the members of the Board of Directors of the Corporation. Cumulative voting entitles each shareholder to cast the vote to which the number of shares he owns entitles him for as many persons as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided, that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. (*Section 7, Article V of the By-Laws*)

For other matters requiring shareholders' approval, each shareholder is entitled to one vote for each share of stock standing in his name in the books of the Corporation. (*Section 6, Article V of the By-Laws*)

(d) *Security Ownership of Certain Record and Beneficial Owners and Management*

(i) *Security ownership of certain record and beneficial owners*

Security ownership of certain record and beneficial owners owning more than five percent (5%) of any class of the Corporation's voting securities as of 14 May 2013 –

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICAL OWNERS

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent (Based on total shares)
Common shares	Alliance Global Group, Inc. 7th/F 1880 Eastwood Avenue, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	Alliance Global Group, Inc.	Filipino	5,405,000,000	63.69%
Common shares	PCD Nominee Corporation (Filipino) 6/F MKSE Bldg. Ayala Avenue, Makati City	Various shareholders	Filipino	1,396,661,058	16.46%
Common shares	Fil-Estate Management, Inc. 6/F Renaissance Tower, Meralco Avenue, Pasig City	Fil-Estate Management, Inc.	Filipino	1,112,774,606	13.11%
Common	PCD Nominee				

shares	Corporation (Foreign) 6/F MKSE Bldg. Ayala Avenue, Makati City	Various shareholders	Foreign	457,878,360	5.40%

Other than the abovementioned, the Corporation has no knowledge of any person who, as of 14 May 2013, is directly or indirectly the beneficial owner of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to shares comprising more than five percent (5%) of the outstanding capital stock of the Corporation.

(ii) Security ownership of Management

Security ownership of directors and executive officers of the Corporation as of 14 May 2013 representing original issues and stock dividends –

SECURITY OWNERSHIP OF MANAGEMENT

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Andrew L. Tan	1 (direct) 5,405,000,000 (indirect)[1]	Filipino	0.00% 63.69%
Common	Robert John L. Sobrepeña	1,617,485 (direct) 1,112,774,606 (indirect)[2]	Filipino	0.02% 13.11%
Common	Ferdinand T. Santos	30,009 (direct)	Filipino	0.00%
Common	Wilbur L. Chan	2,611,826 (direct)	Filipino	0.03%
Common	Miguel B. Varela	511 (direct)[3]	Filipino	0.00%
Common	Garry V. de Guzman	1 (direct)	Filipino	0.00%
Common	Lourdes T. Gutierrez	1 (direct)	Filipino	0.00%
Common	Robert Edwin C. Lim	1 (direct)	Filipino	0.00%
Common	Gerardo C. Garcia	1 (direct)	Filipino	0.00%
		Other Executive Officers		
Common	Roberto S. Roco	266,448 (direct)	Filipino	0.00%
Common	Emelyn C. Martinez	0	Filipino	n/a

[1]. The shares are directly held by Alliance Global Group, Inc. (AGI). However, Andrew L. Tan, in his capacity as Chairman of the Board, or in his absence the Corporate Secretary, is authorized to vote AGI's common shares in the Corporation.

[2]. The shares are directly held by Fil-Estate Management Inc. (FEMI). However, Robert John L. Sobrepeña, in his capacity as Chairman of the Board, or in his absence the Chairman of the Meeting, is authorized to vote FEMI's common shares in the Corporation.

[3] Five hundred ten (510) out of the five hundred eleven (511) shares are registered in the books of the Corporation under the names "MIGUEL B. VARELA &/OR CECILIA M. VARELA."

Common	Jennifer L. Romualdez	0	Filipino	n/a
Common	Abraham M. Mercado	0	Filipino	n/a
Common	Catherine D. Marcelo	0	Filipino	n/a
Common	Atty. Dominic V. Isberto	0	Filipino	n/a
Common	Rolando D. Siatela	0	Filipino	n/a
Aggregate for above named Directors and Officers as a Group		**4,526,284[4]**		**0.0533%[5]**

(iii) *Voting Trust Holders of 5% or more –*

The Corporation has no knowledge of persons holding more than five percent (5%) of its voting securities under a voting or similar agreement.

(e) *Changes in Control*

No change in control of the Corporation occurred since the beginning of its last fiscal year. Neither does the Corporation have any knowledge of any arrangement which may result in a change in control of the Corporation.

ITEM 5. Directors and Executive Officers

(a) *Incumbent Directors, Independent Directors, and Executive Officers*

The following are the names, ages, citizenship and periods of service of the incumbent directors and independent directors of the Corporation:

Name	Age	Citizenship	Period during which individual has served as such
Andrew L. Tan	63	Filipino	January 2011 up to present
Robert John L. Sobrepeña	57	Filipino	1994 up to present
Ferdinand T. Santos	62	Filipino	1994 up to present
Wilbur L. Chan	53	Filipino	January 2011 up to present
Lourdes T. Gutierrez	49	Filipino	June 2011 up to present

[4] Does not include the shares directly owned by AGI and by FEMI.
[5] *Supra*

Garry V. de Guzman	45	Filipino	January 2011 up to present
Robert Edwin C. Lim	55	Filipino	June 2011 up to present
Miguel B. Varela (Independent Director)	73	Filipino	September 2012 up to present
Gerardo C. Garcia (Independent Director)	71	Filipino	August 2011 up to present

The following are the names, ages, positions, citizenship and periods of service of the incumbent executive officers of the Corporation:

Name	Age	Position	Citizenship	Period during which individual has served as such
Andrew L. Tan	63	Chairman & CEO	Filipino	January 2011 up to present
Robert John L. Sobrepeña	57	Co-Chairman	Filipino	January 2011 up to present
Wilbur L. Chan	53	Executive Director	Filipino	August 2011 up to present
Ferdinand T. Santos	62	President	Filipino	1994 up to present
Roberto S. Roco	60	Chief Financial Officer	Filipino	1995 up to present
Garry V. de Guzman	45	Treasurer	Filipino	January 2011 up to present
Atty. Dominic V. Isberto	38	Corporate Secretary	Filipino	January 2011 up to present
Rolando D. Siatela	52	Assistant Corporate Secretary	Filipino	January 2011 up to present
Emelyn C. Martinez	48	SVP for Legal Division	Filipino	February 2012 up to present

Jennifer L. Romualdez	43	VP for Contracts, Procurement and Management	Filipino	July 2012 up to present
Catherine D. Marcelo	37	VP for HR & Corporate Services	Filipino	January 2011 up to present
Abraham Ramon M. Mercado	34	VP for Sales & Marketing	Filipino	January 2011 up to present

The term of office of these executive officers is coterminous with that of the Directors who elected or appointed them, unless such officers are sooner removed for cause.

Brief Background of the Directors and Officers

The business experiences of the Directors and Executive Officers of the Corporation for the last five (5) years are as follows:

Board of Directors -

ANDREW L. TAN, Filipino, 63 years old, was elected as Chairman of the Board and Chief Executive Officer of the Company on 12 January 2011. He is also the Chairman of the Board of Alliance Global Group, Inc. since 2006. He has broad experience in the real estate, food and beverage, and quick service restaurants industries. Mr. Tan is concurrently the Chairman of the Board and President of Megaworld Corporation, Megaworld Land, Inc., Megaworld Globus Asia, Inc., Megaworld Newport Property Holdings, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmonde Hotel Group International Limited, The Bar Beverage, Inc. and Yorkshire Holdings, Inc. He is also the Chairman of Alliance Global Group Cayman Islands, Inc., Empire East Land Holdings, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Townsquare Development, Inc., and Emperador Distillers, Inc. He sits in the boards of Megaworld Cayman Islands, Inc., Forbes Town Properties & Holdings, Inc., Gilmore Property Marketing Associates, Inc., Eastwood Cyber One Corporation, Megaworld Central Properties, Inc., Raffles & Company, Inc., Travellers International Hotel Group, Inc., The Andresons Group, Inc., Fairways & Bluewater Resort Golf & Country Club, Inc. and Twin Lakes Corporation He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. Mr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science in Business Administration.

ROBERT JOHN L. SOBREPEÑA, Filipino, 57 years old, is Co-Chairman of the Board. Currently, he is also the Chairman of the Board of various companies such as Fil-Estate Management Inc., Fil-Estate Corporation, Fil-Estate Properties Inc., Fil-Estate Ecocentrum Corp., Fil-Estate Golf & Development Inc., Fil-Estate Urban & Development Corporation, Fil-Estate Realty Corporation, Fil-Estate Marketing Association, Inc., Fil-Estate Network, Inc., Camp John Hay Development Corporation, Camp John Hay Hotel, Inc., Sherwood Hills Development, Inc., Club Leisure Management, Inc., Manila Southwoods Golf & Country Club, Sherwood Hills Golf & Country Club, Camp John Hay Golf Club, Summit Estate Realty & Development Corporation, Pacific Touch Group Ltd., Metro Rail Transit Holdings, Inc., Metro Rail Transit Holdings II, Inc., Metro Rail Transit Corporation, MRT Development Corporation, and Monumento Rail Transit Corporation. A member of the American Chamber of Commerce and the Rotary Club of Manila, he earned his Bachelor's Degree in Psychology and Marketing from the De La Salle University in 1978.

WILBUR L. CHAN, Filipino, 53 years old, was appointed as Executive Director of the Company on 01 August 2011. He is currently the Chairman and Director of Fairways & Bluewater Resorts Golf & Country Club, Inc. He is also Director in the following corporations: Harbortown Development Corporation, La Compaña de Sta. Barbara, Inc., Sto. Domingo Place Development Corporation, Fil-Estate Urban Development Corporation, Blue Sky Airways, Inc., Fil-Estate Ecocentrum Corporation, and MRT Development Corporation. He is also a Director in Uni-Asia Properties,Inc. He has a Masters Degree in Business Management at Asian Institute of Management, Masters Degree in National Security Administration (Silver Medalist) at National Defense College of the Philippines and a Degree in Command & General Staff Course at Command & General Staff College.

FERDINAND T. SANTOS, Filipino, 62 years old, is currently the President of the Company. He has been with the Company since its incorporation in 1994. He is also the President of Fil-Estate Management Inc., Fil-Estate Development Inc., Fil-Estate Properties Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., MRT Development Corporation, St. Benedict Realty & Development Inc., Royal Jade Memorial Inc., and Mt. Zion Memorial Inc. He graduated from Arellano University with Bachelor of Arts degree in 1970 and took his Bachelor of Laws at San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar (2nd Place).

LOURDES T. GUTIERREZ, Filipino, 49 years old, was elected as Director of the Company on 30 June 2011. She is currently the Chief Operating Officer of Megaworld Corporation. Ms. Gutierrez joined Megaworld in 1990. She is a Certified Public Accountant and is a member of Megaworld's Management Executive Committee. Ms. Gutierrez graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science Major in Accounting. She is the Chairman of Megaworld's property management arm, First Oceanic Property Management, Inc. and Eastwood Cinema 2000, Inc. She is currently the Director and Vice Chairman of Suntrust Properties, Inc., also a Director of Forbes Town Properties & Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Homes, Inc., Oceantown Properties, Inc., Palm Tree Holdings & Development Corporation, Eastwood Cyber One Corporation, Prestige Hotels & Resorts, Inc., and Lucky Chinatown Cinemas, Inc. She is a trustee and Corporate Secretary of Megaworld Foundation, Inc. Prior to joining Megaworld, she was Audit Manager of Philippine Aluminum Wheels, Inc. and Senior Auditor in Cabanero Katigbak Clemente & Associates and RubberWorld Philippines.

GARRY V. DE GUZMAN, Filipino, 45 years old, was elected as Director of the Company on 12 January 2011 and currently the Treasurer of the Company. He heads the Legal Affairs Department of Megaworld Corporation. Mr. De Guzman serves as director of ERA Real Estate Exchange, Inc., Megaworld Resort Estates, Inc., and Oceanic Realty International Group, Inc. He is concurrently Director, Corporate Secretary and Treasurer of Fairways & Bluewater Resort Golf & Country Club, Inc. and Corporate Secretary & Director of Megaworld Global-Estate, Inc. Mr. De Guzman has been in continuous litigation practice for more than twelve (12) years. Before joining Megaworld, he was an Associate at the ACCRA Law Offices and Tax Assistant in Punongbayan and Araullo, CPAs. He obtained his Bachelor of Laws in 1994 from San Beda College where he graduated Class Salutatorian and was admitted to the Integrated Bar of the Philippines in 1995. In 1989, he obtained his bachelor's degree in Commerce Major in Accounting from the same institution graduating Magna Cum Laude and Class Valedictorian. Mr. De Guzman is a member of the Commercial Law Affiliates, Asia Law, Philippine Institute of Certified Accountants and is Past President of the Rotary Club, Parañaque City Chapter.

ROBERT EDWIN C. LIM, Filipino, 55 years old, was elected as Director of the Company on 30 June 2011. He is currently the Vice President for Corporate Planning and Landbanking of Empire East Land Holdings, Inc., a position he has held since 1994. Prior to joining Empire East, he worked with Woodland Real Estate Development, Inc. as Head of Project Planning, Supervision and Control. He also worked as Staff Consultant of PSR Consulting, Inc. He worked as Contracts Administrator and Structural Engineer at the DCCD Engineering Corporation. Mr. Lim obtained his bachelor's degree in Civil Engineering and Masters Degree in Business Administration from the University of the Philippines.

MIGUEL B. VARELA, Filipino, 73 years old, was elected as Independent Director on 28 September 2012. He has been an Independent Director of Megaworld Corporation since June 2006. He is presently the President of the Philippine Chamber of Commerce and Industry (PCCI) was formerly President and now presently Director of Manila Bulletin Publishing Corporation, Director of Ausphil Tollways Corporation, Director, NPC Alliance Corporation, Vice Chairman Richmonde Hotel, among others. Chairman of the Employers Confederation of the Philippines (ECOP), Board of Trustee of Philippines Trade Foundation, Inc. Chairman of Pribadong Institusyon Laban sa Kahirapan (PILAK). Chairman of the Philippine Association of Voluntary Arbitration Foundation (PAVAF), and Vice Chairman of Philippine Dispute Resolution Center, Inc. (PDRCI). He is also the Vice President of the International Labor Organization, Inc., and Vice Chairman and Trustee, Foundation for Crime Prevention. He is an accredited international arbitrator of the Paris-based International Court of Arbitration. A member of the Philippine Bar, he pursued his Bachelor of Laws in the Ateneo de Manila Law School and his Associate in Liberal Arts from the San Beda College. He attended a Top Management and Productivity Program from the Asian Institute of Management (AIM) as well as special courses sponsored by ILO, Geneva, Switzerland, Asian Productivity Organization (APO), and the Nikkeren, Japan, covering areas of Managerial Management and Organizational Development, Productivity, Legal Management, Labor and Industrial Relations, Development of SME's among others. He is a member of the Philippine Bar Association, a Commissioner of the Consultative Commission on Constitutional Reform and a Lifetime Member of the Philippine Constitution Association (PHILCONSA). He is the recipient of various awards and citations such as San Beda College's Outstanding Alumni Award for Business Leadership, and San Beda Hall of Fame Awardee. Presidential Medal of Merit for Outstanding Service to the Republic of the Philippines, Tamaraw Leadership Award, Katipunan Leadership Award and Leadership Award from ECOP, PCCI and ASEAN Productivity Organization and Confederation of Asia-Pacific Chamber of Commerce and Industry (CACCI) Medallion for Distinguished Service Award. He was also conferred by the Central Luzon State University with the degree of Doctor of Humanities (honoris causa), and by the Eulogio "Amang" Rodriguez University of Science and Technology with a Doctorate in Business Technology (*honoris causa*).

GERARDO GARCIA, Filipino, 71 years old, was elected as Independent Director of the Company on 01 August 2011. He concurrently serves as Independent Director in the boards of Megaworld Corporation since June 1994, and Empire East Land Holdings, Inc. since October 1994. He is also a Director of Megaworld Land, Inc., Suntrust Properties, Inc. and Philippine Tech. & Development Ventures, Inc. From October 1994 to December 1997, Mr. Garcia served as President of Empire East Land Holdings, Inc. Prior to joining Empire East Land Holdings, Inc., Mr. Garcia served as Executive Vice President of UBP Capital Corporation. He holds a bachelor's degree in Chemical Engineering and a Masters Degree in Business Administration from the University of the Philippines.

Executive Officers -

ROBERTO S. ROCO, Filipino, 60 years old, is Senior Vice President and Chief Finance Officer, Compliance Officer and Corporate Information Officer of the Company. He is also a Director of Fil-Estate Properties, Inc. and Fil-Estate Ecocentrum Corporation. Mr. Roco was formerly the Executive Vice President and Chief Operating Officer of Smith Bell & Co., Inc. He also held concurrent positions in various Smith Bell companies.

EMELYN C. MARTINEZ, Filipino, 48 years old, is the Senior Vice President for Legal. She is also a Director of Fil-Estate Properties, Inc. and the Assistant Corporate Secretary of Fairways and Bluewater Resort Golf and Country Club, Inc. Before joining GERI, she was the Chief of Staff of the Office of COMELEC Commissioner Augusto C. Lagman. She was a Partner in Ponce Enrile Reyes & Manalastas (PECABAR) Law Offices and in Nisce Mamuric Guinto Rivera & Alcantara Law Offices. She was admitted to the Bar in 1991 after obtaining her Bachelor of Laws degree from University of the Philippines and her Bachelor of Arts Major in Economics from the same university.

JENNIFER LIM-ROMUALDEZ, 43 years old, joined the Company on 1 July 2012 as Vice President for Contracts and Procurement. In September 2012, she was appointed Vice President for Contracts Procurement and Project Management. Previously, she worked for Megaworld Corporation which engaged her in 1995 as Purchasing Supervisor/Coordinator, eventually was promoted to Assistant Purchasing Manager. She became Assistant Vice President for Special Projects/Interior Design Group in 1999, managing and coordinating the design and construction of various projects. She was promoted as Vice President to head the Contracts & Procurement Group of Megaworld and was responsible for all construction-related contracts and materials procurement. She served as Corporate Manager for Quantity Surveying & Tender of Ding Feng Real Estate Development Co., Ltd. in Shanghai, PRC. She was also engaged by Ho Cheng (China) Co. Ltd. (HCG) in Shanghai, PRC, as Assistant Director for Marketing-Interior Design & Graphics, and subsequently as Consultant for the HCG Beijing Flagship Showroom project. She graduated from the University of the Philippines in Diliman, Quezon City with a degree in Bachelor of Science Major in Architecture. She completed and passed the Philippine Licensure Examination for Architects in 1993.

ABRAHAM M. MERCADO, Filipino, 35 years old, is the Vice President for Sales and Marketing of the Company since 2011. He is a Market Strategy Analyst in Real Estate Selling with cross-functional expertise in real estate brokering. He holds a degree in Marketing taken at De La Salle University-College of Saint Benilde in 1998. He also took a course at International Academy of Management and Economics (AIME) in 2001.

CATHERINE D. MARCELO, Filipino, 38 years old, is the Vice President for Human Resources and Corporate Services of the Company since 2011. Prior to joining the Company she worked with Lufthansa Technik Philippines, Inc. and ABS-CBN Broadcasting Corporation as Human Resources Head. From May 1996 to July 2001, she was the Human Resources Division Senior Supervisor and Recruitment Officer, Training and Development Officer, and Overall HR Officer for Fil-Estate Group of Companies. She graduated from the University of Santo Tomas with a degree of BS in Psychology in 1996.

DOMINIC V. ISBERTO, Filipino, 38 years old, was elected Corporate Secretary and Assistant Corporate Information Officer of the Company on 12 January 2011. He is also the Corporate Secretary of Alliance Global Group, Inc., Twin Lakes Corporation, Fil-Estate Properties, Inc., Suntrust Properties, Inc. and Eastwood City Estates Association, Inc. He is currently a Senior Assistant Vice President for Corporate Management of Megaworld Corporation, where he is primarily responsible for negotiation, preparation and review of joint venture and sale and purchase agreements for the acquisition of property, lease agreements, loan agreements, and other corporate contracts and agreements, and the handling of legal cases. Mr. Isberto has experience in litigation and banking and corporate law. He has a degree in Management Engineering from the Ateneo de Manila University and obtained his Bachelor of Laws degree from the University of the Philippines.

ROLANDO D. SIATELA, Filipino, 52 years old, was elected Assistant Corporate Secretary of the Company on 12 January 2011. He concurrently serves in PSE-listed companies, Alliance Global Group, Inc. and Megaworld Corporation as Assistant Corporate Secretary, and in Suntrust Home

Developers, Inc. as Corporate Secretary and Corporate Information Officer. He is also the Assistant Vice President for Corporate Management of Megaworld Corporation. Prior to joining Megaworld Corporation, he was employed as Administrative and Personnel Officer with Batarasa Consolidated, Inc. and served as Assistant Corporate Secretary and Chief Administrative Officer of The Andresons Group, Inc. He is a member of the board of Asia Finest Cuisine, Inc., serves as Corporate Secretary of ERA Real Estate Exchange, Inc. and Oceanic Realty Group International, Inc. and as Documentation Officer of Megaworld Foundation.

Significant Employees

There is no employee who is not an executive officer who is expected by the Company to make a significant contribution to the business. The business is not highly dependent on the services of certain key personnel.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen by the Corporation to become directors or executive officers.

Involvement in Certain Legal Proceedings

The Company has no knowledge of any of the following events that occurred during the past five (5) years up to the date of this report which are material to an evaluation of the ability or integrity of any director or executive officer:

a. None of them has been involved in any bankruptcy petition.

b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding both domestic and foreign.

c. None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily, enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the commission or comparable foreign body or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

No transaction was undertaken or to be undertaken by the Corporation in which any Director or Executive Officer, or any nominee for election as Director, or any member of their immediate family was or to be involved or had or will have a direct or indirect material interest.

No single Director or Executive Officer, or any nominee for election as Director, or any member of their immediate family owns or holds more than 10% of the Corporation's voting shares.

Advances granted to and obtained from subsidiaries, associates and other related parties are for purposes of working capital requirements. Related party transactions of the Group were discussed on Note 20 of the Consolidated Notes to Financial Statements.

(b) *Disagreement with the Corporation*

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Shareholders' Meeting because of disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

(c) *Procedure for Nomination and Election of Independent Directors*

The Board of Directors of the Corporation has nine (9) members, two (2) of which should be independent directors.

The Nomination Committee, tasked to nominate candidates for election at least thirty (30) days prior to the date of the annual stockholders' meeting, shall conduct the nominations in accordance with SRC Rule 38.

The Nomination Committee shall pre-screen the qualifications and prepare a final list of candidates for directors, specifying the nominated independent directors.

The qualifications of the candidates for nomination shall be ascertained pursuant to the Revised Code of Corporate Governance and applicable issuances from the SEC.

(d) *Nominees*

Members of the Board of Directors are elected annually by the shareholders during the Annual Shareholders' Meeting to serve for a period of one (1) year and shall serve until their successors shall have been elected and qualified.

The Corporation's Nomination Committee, in accordance with the guidelines in the Revised Code of Corporate Governance and the Requirements on Nomination and Election of Independent Directors under SRC Rule 38 submitted the following complete and Final List of Candidates for the election of the members of the Board of Directors:

1.	Andrew L. Tan		
2.	Robert John L. Sobrepeña		
3.	Ferdinand T. Santos		
4.	Wilbur L. Chan		
5.	Lourdes T. Gutierrez		
6.	Garry V. de Guzman		
7.	Robert Edwin C. Lim		
8.	Miguel B. Varela	-	Independent Director
9.	Gerardo C. Garcia	-	Independent Director

Messrs. Varela and Garcia, as candidates for independent directors of the Corporation for the forthcoming year, were recommended for nomination by Alliance Global Group, Inc.

Mr. Garcia's first-term election as an independent director was in August 2011. Mr. Varela, on the other hand, was elected independent director in September 2012, replacing an independent director who resigned in July 2012. Both Messrs. Garcia and Varela have not exceeded the term limits for independent director as prescribed under SEC Memorandum Circular No. 9 Series of 2011.

In compliance with SEC Notice dated 20 October 2006, the Corporation will require the elected independent directors to submit to SEC their respective Certifications on Qualification of Independent Directors within thirty (30) days from their election.

The Nomination Committee determined that the Messrs. Andrew L. Tan, Robert John L. Sobrepeña, Ferdinand T. Santos, Wilbur L. Chan, Ms. Lourdes T. Gutierrez, Garry V. de Guzman, Robert Edwin C.

Lim, Miguel B. Varela, and Gerardo C. Garcia have all the qualifications and none of the disqualifications of a director.

The Nomination Committee is composed of Mr. Miguel B. Varela as Chairman, and Messrs. Wilbur L. Chan and Garry V. De Guzman as Members.

ITEM 6. Compensation of Directors and Executive Officers

Executive Officers

NAME & POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION	TOTAL
A. 5 Most Highly Compensated Officers Ferdinand T. Santos, *President* Roberto S. Roco, *SVP & CFO* Emelyn C. Martinez, *SVP* Jennifer L. Romualdez, *VP* Catherine M. Marcelo, *VP*	2013 (Estimated)	12.5 Million	-	1.34 Million	13.84 Million
B. All other officers and directors as a group unnamed	2013 (Estimated)	10.2 Million	-	0.89 Million	11.09 Million

NAME & POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION	TOTAL
C. 5 Most Highly Compensated Officers Ferdinand T. Santos, *President* Roberto S. Roco, *SVP and CFO* Edgardo S. Pinga, *VP* Abraham M. Mercado, *VP* Catherine M. Marcelo, *VP*	2012	11.2 Million	-	1.2 Million	12.4 Million
D. All other officers and directors as a group unnamed	2012	7.8 Million	-	0.8 Million	8.6 Million

NAME & POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATI ON	TOTAL
E. 5 Most Highly Compensated Officers Ferdinand T. Santos, *President* Roberto S. Roco, *SVP & CFO* Edgardo S. Pinga, *VP* Abraham M. Mercado, *VP* Catherine D. Marcelo, *VP*	2011	6.8 Million	-	0.7 Million	7.5 Million
F. All other officers and directors as a group unnamed	2011	4.9Million	-	0.4 Million	5.3 Million

Mr. Andrew L. Tan does not receive any compensation from the Corporation by virtue of his position as the Chief Executive Officer (CEO) of the Corporation.

The total annual compensation paid to all senior personnel from AVP and up is all payable in cash. The total annual compensation includes the basic salary and 13th month pay. The Corporation has no other arrangement with regard to the remuneration of its existing officers aside from the compensation received as herein stated.

Directors

Article III, Section 8 of the Corporation's By-laws provides -

> "Section 8. Compensation - By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper."

Other than payment of per diem per attendance at board meetings, there are neither standard nor other arrangements pursuant to which directors of the Corporation are compensated or are to be compensated, for any service provided as director for the last completed year and the ensuing year.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

The Corporation has no existing employment contract with any executive officer or any existing compensatory plan or arrangement, including payments to be received from the Corporation or from a change-in-control of the Corporation or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, if any, including all periodic payments or installments, which exceeds P2,500,000.

Warrants and Options Outstanding held by Directors or Officers

On 23 September 2011, the Board of Directors of the Company approved an Executive Stock Option Plan and this was approved on 8 November 2011 by stockholders holding at least 2/3 of the outstanding capital stock. The purpose of the Plan is to enable the key Company executives and senior officers who are largely responsible for its further growth and development to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The Plan is being administered by the Executive Compensation Committee of the Board.

Under the Plan, the Company shall initially reserve for exercise of stock options up to 500 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Stock options may be granted within ten (10) years from the adoption of the Plan and may be exercised within seven (7) years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for twelve (12) months immediately preceding the date of grant. The options shall vest within three (3) years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three (3) year period. The Company shall receive cash for the stock options.

Pursuant to this ESOP, on 16 February 2012, the Company granted the options to its key company executives to subscribe to 100 million shares of the Company, at an exercise price of Php1.93. As of 31 December 2012, no options have vested. An Option Holder may exercise in whole or in part his vested Option provided, that, an Option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said Option's Life Cycle.

ITEM 7. Independent Public Accountants

(a) Punongbayan & Araullo is being recommended to the shareholders at the scheduled Annual Shareholders' Meeting on 27 June 2013 for approval as external auditor of the Corporation for the calendar year ending 31 December 2013.

(b) Punongbayan & Araullo was the same entity recommended to and approved by the shareholders at the Annual Shareholders' Meeting in 2012 as external auditor of the Corporation for the calendar year ending 31 December 2012. Punongbayan & Araullo was likewise appointed external auditor of the Corporation for the fiscal year ending 30 September 2011 and period 31 December 2011.

The appointment of Punongbayan & Araullo is compliant with the provisions of SRC Rule 68 paragraph 3 (b) (ix) on rotation of external auditors, and the Corporation's Manual on Corporate Governance, which require that the external auditor be rotated or the handling partner changed every five (5) years or earlier.

(c) Representatives of Punongbayan & Araullo are expected to be present during the Annual Shareholders' Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The selection of the external auditor is upon the recommendation of the Audit Committee which is chaired by Mr. Miguel B. Varela, with Mr. Wilbur L. Chan and Ms. Lourdes T. Gutierrez as members, and is made on the basis of credibility, professional reputation, accreditation with Securities and Exchange Commission, and affiliation with a reputable foreign partner.

(d) There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Corporation and its subsidiaries.

ITEM 8. Compensation Plans

No action is to be taken up during the Annual Shareholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. Authorization or Issuance of Securities other than for Exchange

No action is to be taken up during the Annual Shareholders' Meeting with respect to the authorization or issuance of any securities other than for exchange for outstanding securities of the Corporation.

The Corporation currently has an authorized capital stock of Ten Billion Pesos (Php10,000,000,000.00) divided into Ten Billion (10,000,000,000) common shares with a par value of One Peso (Php1.00) each. As of Record Date, the Corporation has 8,468,000,000 issued and outstanding common shares.

During the Special Shareholders' Meeting held on 8 November 2011, the shareholders ratified the increase in authorized capital stock of the Corporation from Ten Billion Pesos (Php10,000,000,000.00) divided into Ten Billion (10,000,000,000) common shares with a par value of One Peso (Php1.00) each to Twenty Billion Pesos (Php20,000,000,000.00) divided into Twenty Billion (20,000,000,000) common shares with a par value of One Peso (Php1.00) each. The Corporation will seek the approval of the SEC on the subject increase in capital at the appropriate time.

ITEM 10. Modification or Exchange of Securities

No action is to be taken up during the Annual Shareholders' Meeting with respect to the modification of any class of securities of the Corporation, or the issuance or authorization for issuance of one class of securities of the Corporation in exchange for outstanding securities of another class.

ITEM 11. Financial and Other Information

Financial Statements of the Corporation for the immediately preceding year as well as the Management's Discussion and Analysis of Operations and Financial Condition for the corresponding period are included in the Corporation's Management Report and are incorporated herein by reference.

ITEM 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken up during the Annual Shareholders' Meeting with respect to any transaction involving (a) merger or consolidation of the Corporation into or with any other person or of any other person into or with the Corporation; (b) the acquisition by the Corporation or any of its security holders of securities of another person; (c) the acquisition by the Corporation of any other going business or of the assets thereof; (d) the sale or other transfer of all or any substantial part of the assets of the Corporation; or (e) the liquidation or dissolution of the Corporation.

ITEM 13. Acquisition or Disposition of Property

No action is to be taken up during the Annual Shareholders' Meeting with respect to the acquisition or disposition of any property.

ITEM 14. Restatement of Accounts

No action is to be taken up during the Annual Shareholders' Meeting with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. <u>OTHER MATTERS</u>

ITEM 15. Action with Respect to Reports

The following are to be submitted for the approval of the shareholders at the Annual Shareholders' Meeting:

1. Minutes of the Annual Shareholders' Meeting of held on 28 June 2012;
2. 2012 Audited Financial Statements

The 28 June 2012 Minutes refers to adoption of shareholder's resolutions pertaining to approval of the previous annual meeting, appointment of external auditors, ratification of acts and resolutions of the Board of Directors, Board Committees and Management, ratification of the amendment to the Articles of Incorporation of the Company to include an additional Secondary Purpose and election of directors.

The approval or disapproval of the reports will constitute merely an approval or disapproval of the correctness of said reports but will not constitute an approval or disapproval of the matters referred to therein.

ITEM 16. Matters not Required to be Submitted

No action is to be taken up during the Annual Shareholders' Meeting with respect to any matter which is not required to be submitted to a vote of security holders. Only matters which require shareholders' approval will be taken up during the shareholders' meeting.

ITEM 17. Amendment of Charter, By-Laws or Other Documents

No action is to be taken with respect to any amendment of the Corporation's Articles of Incorporation, By-Laws, or other documents as to which information is not required in the preceding items.

ITEM 18. Other Proposed Actions

a. Ratification of the acts of the Board of Directors and the management from the date of the last Annual Shareholders' Meeting up to the date of the scheduled Annual Shareholders' Meeting for year 2013, pertaining to acts covered by Resolutions of the Board of Directors duly adopted in the normal course of trade or business, such as appointment of officers of the Corporation, opening and maintenance of bank accounts and other bank transactions, approval of projects, investments and land acquisitions, appointment of proxies and nominees of the Corporation, designation of authorized signatories and representatives, approval of sale transactions of real and personal properties, appointment of legal counsels for cases arising from the ordinary course of business, approval of agreements relating to settlement of debt obligations and other corporate activities;

b. Election of the Board of Directors;

c. Appointment of external auditor;

d. Other matters as may properly come before the meeting.

ITEM 19. Voting Procedures

(a) Vote required

The required votes for the approval of the matters included in the agenda of the Annual Shareholders' Meeting are as follows:

Plurality Vote

The top seven (7) candidates for regular directors with the highest number of votes and the top two (2) candidates for independent directors with the highest number of votes shall be deemed elected as members of the Board of Directors of the Corporation.

Majority Vote

For all other matters proposed to be acted upon (i.e., approval of the Minutes of the Annual Shareholders' Meeting held on 28 June 2012; approval of the Audited Financial Statements for the year ended 31 December 2012; general ratification of the Board of Directors and the management; appointment of external auditors, and other matters as may properly come before the meeting), the vote of majority of the stockholders entitled to vote and who are either present in person or represented by proxy, will be required for approval. These matters shall be deemed approved when the required vote is met, provided a quorum is present.

(b) Method by which votes will be counted

Only owners of shares of common stock at the time of Record Date who are present in person or by proxy at the Annual Shareholders Meeting shall be entitled to vote on the election of members of the Board of Directors and on the other matters in the agenda which will be submitted for shareholders' approval.

Each shareholder shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Corporation. Generally, a shareholder may vote his share only by straight voting. However, in case of election of members of the Board of Directors, all shareholders shall have cumulative voting which entitles each shareholder to cast the vote to which the number of shares he owns entitles him for as many persons as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided, that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

Voting may be done by viva voce or by show of hands of the shareholders unless a shareholder requests that voting be done by secret ballot. In which case, a Committee shall be created to supervise the same in the presence of the external auditor. However, voting by secret ballot may be dispensed with upon assent of shareholders owning majority of the outstanding shares, through a proper motion which should be duly seconded. In case of election of members of the Board of Directors by secret ballot, the Chairman shall appoint two (2) tellers to supervise the said election as required in the Corporation's By-Laws.

PART II

The Corporation is not soliciting any proxy -

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

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 Pasig on 24 May 2013.

GLOBAL-ESTATE RESORTS, INC.

By:

ROBERTO S. ROCO
SVP-CFO/Corporate Information Officer
Authorized Signatory

GLOBAL-ESTATE RESORTS, INC.

MANAGEMENT REPORT

For the
2013 Annual Meeting of the Stockholders
Pursuant to SRC Rule 20 (4)

Item 8. Financial and Other Information

Audited Financial Statements

The consolidated financial statements as of 31 December 2012 are attached hereto including the interim financial statements as of March 31, 2013. The statement of Management Responsibility, Schedules Required under Part IV (c) of Rule 48 are included in the Annual Report (Form 17-A).

Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation of Consolidated Financial statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income and expense in a single consolidated statement of comprehensive income. Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively or makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

1.2 Adoption of New and Amended PFRS

(a) Effective in 2012 that is Relevant to the Group

In 2012, the Group adopted the following amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012:

PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Transfers of Financial Assets
PAS 12 (Amendment)	:	Income Taxes – Deferred Taxes: Recovery of Underlying Assets

Discussed below are the relevant information about these amended standards.

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets.* The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its consolidated financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets.* The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property,* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretation Committee (SIC) 21, *Income Taxes – Recovery of Revalued Non-Depreciable Assets,* is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment,* should always be measured on a sale basis of the asset. The amendment became effective for annual periods beginning on or after January 1, 2012 but has no significant impact on the Group's consolidated financial statements as its investment property only includes several properties measured at cost.

(b) Effective in 2012 that is not Relevant to the Group

PFRS 1, *First-time Adoption of PFRS,* was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2012 but not Adopted Early

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The

Group's management expects that this amendment will change the current presentation of items in other comprehensive income [i.e., unrealized fair value gains and losses on available-for-sale (AFS) financial assets].

(ii) PAS 19 (Amendment), *Employee Benefits* (effective from January 1, 2013). The amendment made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all gains and losses arising in the reporting period;

- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of service costs, net interest on net defined benefit obligation or asset, and remeasurement; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

(iii) Consolidation Standards

The Group is currently reviewing the impact on its consolidated financial statements of the following consolidation standards which will be effective from January 1, 2013:

- PFRS 10, *Consolidated Financial Statements*. This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 11, *Joint Arrangements*. This standard provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. This standard replaces the three categories under PAS 31, *Interests in Joint Ventures*, mainly, jointly controlled entities, jointly controlled operations and jointly controlled assets, with two new categories – joint operations and joint ventures. Moreover, this also eliminates the option of using proportionate consolidation for joint ventures.

- PFRS 12, *Disclosure of Interest in Other Entities*. This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Amendment), *Separate Financial Statements*. This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *Investments in Associate and Joint Venture.* This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iv) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32, and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Group is yet to assess the impact of this new standard.

(vi) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business, in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and includes an example of a gross settlement system with characteristics that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(vii) PFRS 9, *Financial Instruments: Clarification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the Group's consolidated financial statements and is committed to conduct a comprehensive study of the potential impact of this standard in the last quarter of 2014 before its adoption in 2015 to assess the impact of all changes.

(viii) Philippine Interpretation IFRIC 15, *Agreements for Construction of Real Estate.* This Philippine interpretation is based on IFRIC interpretation issued by the IASB in July 2008 effective for annual periods beginning on or after January 1, 2009. The adoption of this interpretation in the Philippines, however, was deferred by the FRSC and Philippine SEC after giving due considerations on various application issues and the implication on this interpretation of the IASB's on-going revision of the Revenue Recognition standard. This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from the construction should be recognized. The main expected change in practice is a shift from recognizing revenue using the percentage of completion method (i.e., as a construction progresses, by reference to the stage of completion of the development) to recognizing revenue at completion upon or after delivery. The Group is currently evaluating the impact of this interpretation on its consolidated financial statements in preparation for its adoption when this becomes mandatorily effective in the Philippines.

(ix) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

1.3 Basis of Consolidation

The Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, shares of stock of the Company, if any, held by the subsidiaries are recognized as treasury stock and these are presented as deduction in the consolidated statement of changes in equity. Any changes in the market values of such shares as recognized separately by the subsidiaries are likewise eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The Company accounts for its investments in subsidiaries, associates, interests in jointly controlled operations and transactions with Non-Controlling Interests (NCI) as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Group obtains control, direct or indirect, until such time that such control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recognized as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss as gain.

(b) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associates is included in the amount recognized as investment in associates. All subsequent changes to the share of interest in the equity of the associate are recognized in the carrying amount of the Group's investment. Changes resulting from the profit or loss generated by the associate are shown as Equity Share in Net Profits Losses of Associates in the Group's consolidated statement of comprehensive income and therefore affect the net results of operations of the Group.

These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of the associate's assets and liabilities.

Changes resulting from other comprehensive income of the associates or items that have been directly recognized in the associate's equity, for example, resulting from the associate's accounting for AFS financial assets, are recognized in consolidated other comprehensive income or equity of the Group, as applicable. Any non-income related equity movements of the associate that arise, for example, from the distribution of dividends or other transactions with the associate's shareholders, are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognized in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeded the accumulated share of losses that has previously not been recognized.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) *Interests in Jointly Controlled Operations*

For interest in jointly controlled operations, the Group recognizes in its consolidated financial statements its share of the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. No adjustment or other consolidation procedures are required since the assets, liabilities, income and expenses of the joint venture are recognized in the separate financial statements of the venturers.

(d) *Transactions with NCI*

The Group's transactions with NCI that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to NCI result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

1.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The financial asset categories currently relevant to the Group are as follows:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The Group's financial assets categorized as loans and receivables are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (except Advances to Contractors and Suppliers) and Advances to Related Parties. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are classified as non-current assets in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include proprietary golf club membership shares and are presented as part of the Other Non-current Assets account in the consolidated statement of financial position.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Unrealized Losses on AFS Financial Assets account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, if any, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, if any, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

1.5 Real Estate Transactions

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property to the Group, are charged to the Land for Future Development account. These costs are reclassified to Property Development Costs account when the development of the property starts. Related property development costs are then accumulated in this account. Borrowing costs on certain loans, if any, incurred during the development of the real estate properties are also capitalized by the Group as part of Property Development Costs.

The cost of real estate property sold before completion of the development, if any, is determined based on the actual costs incurred to date plus estimated costs to complete the development of the property. The estimated expenditures for the development of sold real estate property, as determined by the project engineers, are charged to the cost of residential and condominium units sold presented in the consolidated statement of comprehensive income with a corresponding credit to the liability account, Reserve for Property Development account.

Costs of properties and projects accounted for as Land for Future Development, Property Development Costs and Real Estate and Resort Shares for Sale are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

Revenue and cost relative to forfeited or back-out sales are reversed in the current year as they occur.

1.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

1.7 Property and Equipment

Property and equipment, except land, are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amount are not depreciated. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expenses as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building	50 years
Building and office improvements	5-10 years
Office furniture, fixtures and equipment	3-5 years
Transportation and other equipment	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

The residual values and estimated useful lives of property and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

1.8 Investment Property

Investment property consists of parcels of land and buildings held for lease. Buildings are carried at cost less accumulated depreciation and any impairment losses. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable expenditure. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Amortization is computed on a straight-line basis over the estimated useful life of the assets as follows:

Land development and improvements	20 years
Building and improvements	10-50 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Transfers to, or from, investment property shall be made when and only when there is a change in use.

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

1.9 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities, if any), Advances from Related Parties, Due to Joint Venture Partners and Redeemable Preferred Shares, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges, if any, incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost less settlement payments.

Preferred shares, which carry a mandatory coupon or are redeemable on specific date or at the option of the shareholder, are classified as financial liabilities and presented as a separate line item in the consolidated statement of financial position as Redeemable Preferred Shares.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD. The dividends on the redeemable preferred shares of a subsidiary are recognized in the consolidated statement of comprehensive income as interest expense on an amortized cost basis using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

1.10 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill, if any, represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill, if any, is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, Provisions, Contingent Liabilities and Contingent Assets, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

1.11 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's BOD; its chief operating decision-maker. The BOD is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting is the same as those used in its consolidated financial statements. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

1.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

1.13 Offsetting of Financial Instruments

Financial assets and liabilities, particularly advances to and from related parties, are set-off and the resulting net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

1.14 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT).

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Real estate sales* – For financial reporting purposes, revenues from transactions covering sales of real estate are recognized under the percentage-of-completion method. Under this method, realization of gross profit is recognized by reference to the stage of development of the properties, i.e., revenue is recognized in the period in which the work is performed. The unrealized gross profit on a period's sales is presented as Deferred Gross Profit on Real Estate Sales in the consolidated statement of comprehensive income; the cumulative unrealized gross profit as of the end of the year is shown as Deferred Income on Real Estate Sales in the consolidated statement of financial position.

The sale is recognized when a certain percentage of the total contract price has already been collected. If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of sale, payments received from buyer are initially recorded as part of Customers' Deposits account in the consolidated statement of financial position.

Revenues on sales of undeveloped land and golf and resort shares for sale, on the other hand, are recognized using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership in the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably. Revenues and costs relative to forfeited or back out sales are reversed in the current year as they occur.

Any adjustments relative to previous periods' sales are recorded in the current period as they occur.

For tax reporting purposes, a modified basis of computing the taxable income for the period based on collections from sales is used by the Group.

(b) *Maintenance income* – Revenue is recognized when performance of mutually agreed tasks has been rendered.

(c) *Rental income and hotel operations* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. Rental income is recognized on a straight-line basis over the lease term. Advance rentals received are recorded as deferred rental income. For tax purposes, rental income is recognized based on the contractual terms of the lease.

(d) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(e) *Dividends* – Revenue is recorded when the stockholders' right to receive the payment is established.

Cost of real estate sales before completion of the projects include the acquisition cost of the land, development costs incurred to date, applicable borrowing costs and estimated costs to complete the project, determined based on estimates made by the project engineers on the stage of completion of the real estate project.

Cost and expenses and other costs (other than costs of real estate sold) are recognized in profit or loss upon utilization of the services or goods or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

1.15 Operating Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

1.16 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of income or loss from operations.

1.17 Impairment of Non-financial Assets

The Group's Investments in Associates, Investment Property, Property and Equipment and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of impairment loss.

1.18 Employee Benefits

(a) Defined Benefit Plan

The Group has an unfunded, non-contributory defined benefit plan covering all regular employees.

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the entity, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit post-employment plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates derived from the interest rates of a zero coupon government bonds as published by the Philippine Dealing and Exchange Corporation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

1.19 Share-based Employee Remuneration

The Company grants share options to key executive officers eligible under a stock option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss and the corresponding share option is presented as Share Options Outstanding account in the equity section of the consolidated statement of financial position.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vest on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC), and the cost of the stock option under Share Options Outstanding account is reclassified to APIC.

1.20 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete. For income tax purposes, interest and other borrowing costs are charged to expense as incurred.

1.21 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

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

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

1.22 Equity

Capital stock represents the nominal value of shares that have been issued.

APIC represents premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Share options outstanding represents the corresponding credit upon recognition of share-based remuneration expense in profit or loss.

Unrealized losses on AFS financial assets represent losses recognized due to changes in fair values of these assets.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statements of comprehensive income, reduced by the amounts of dividends declared, if any.

1.23 Basic and Diluted Earnings Per Share

Basic earnings per share is determined by dividing the consolidated net profit by the weighted average number of common shares subscribed and issued during the year, after giving retroactive effect to any stock dividends, stock split or reverse stock split declared in the current year.

Diluted earnings per share is computed in the same manner as the basic earnings per share and assuming further that at the beginning of the year or at the time of issuance during the year, all outstanding convertible instruments were converted to common stock and the conversion would result to a decrease in the basic earnings per share or increase in the basic loss per share.

1.24 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. These are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

1.25 Events After the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

External Auditor

The Group has engaged the services of Punongbayan & Araullo during the most recent calendar year. There were no disagreements with Punongbayan & Araullo on any matter of accounting and financial disclosure.

Attendance of Accountants at the Meeting

Representatives of the Corporation's external accountants, Punongbayan & Araullo, for the Calendar Year 2012, are expected to be present at the Annual Stockholders' Meeting scheduled on 27 June 2013. Said accountants will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions on the Corporation's financial statements.

BUSINESS AND GENERAL INFORMATION

Form and Date of Organization

Global-Estate Resorts, Inc. ("GERI" or the "Company") formerly Fil-Estate Land, Inc. was incorporated on May 18, 1994 to consolidate the real estate interests and development activities of the Fil-Estate Group of Companies. GERI is also tasked to engage in land acquisitions and to maintain an inventory of raw land for future development by the Company and its subsidiaries. GERI went public in November 1995 when its common shares were listed in the Philippine Stock Exchange (PSE).

GERI is one of the leading property development companies in the Philippines and has operated through predecessor companies since 1981. The Company engages primarily in the horizontal development of residential subdivision lots, integrated residential, golf and other leisure-related properties, integrated tourism estates development and vertical development of mixed-use towers.

The Company reduces its capital exposure substantially by acquiring its land bank through joint ventures with landowners. These agreements generally provide that the Company will undertake the development and marketing of the project.

GERI has seven (7) subsidiaries:

Fil-Estate Properties, Inc. ("FEPI"), was incorporated and organized under the laws of the Philippines on February 13, 1990. FEPI is involved in the development/construction and sale of residential subdivisions and commercial lots, condominium buildings and townhouses and sale of golf and resort shares.

Fil-Estate Golf and Development, Inc. ("FEGDI"), was registered with the Securities and Exchange Commission (SEC) on March 6, 1990 to engage primarily in golf and leisure development. Among the notable projects undertaken/completed by FEGDI are The Manila Southwoods Golf Course in Carmona, Cavite, and Forest Hills Golf Course in Antipolo City .

Fil-Estate Urban Development Corporation ("FEUDC") was incorporated and organized under the laws of the Philippines on March 6, 2000. FEUDC's primary purpose is to acquire by purchase, lease, donation, or otherwise or to own, use, improve, develop, subdivide, sell, exchange, lease, hold for investment or otherwise, real estate of all kinds, including building, houses, apartments and other structures and to construct, improve, manage or otherwise dispose of buildings, condominiums and other structures of whatever kinds, together with their appurtenances; and to perform all and everything necessary and proper for the attainment of or in furtherance of this purpose, either alone or with other corporations or individuals. In 2011, FEUDC amended its Articles of Incorporation to include, as part of its primary purpose, operation of buildings, condominiums and other structures such as hotels, including but not limited to the operation of dining, function, and lodging facilities. Its development projects include townhouses and hotels.

Novo Sierra Holdings Corporation ("Novo Sierra") was incorporated and organized under the laws of the Philippines on March 4, 2010. Novo Sierra's primary purpose is to invest in, purchase or otherwise acquire and hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, contracts and other securities and obligations of any corporation, partnership, company or association, whether domestic or foreign for whatever lawful purpose or purposes the same way have been organized; and to pay therefore in money or by exchanging therefore in stocks, bonds, debentures, notes or other evidences of indebtedness or securities, and while the owner or holder of such notes, evidence of indebtedness, contracts and other securities and obligations of any corporation; to receive, collect and dispose of the interest, dividends and income arising from such property and investments and to possess and exercise in respect thereof, all rights and powers and privileges of ownership to the extent authorized by law, without however engaging in any banking or quasi-banking activities, nor shall the corporation engage in the business of an investment company as defined in the Investment Company Act (R.A. 2629) without complying with the provisions of the said act; provided it shall not engage in stock brokerage and dealer in securities.

Twin Lakes Corporation ("Twin Lakes") was incorporated and organized under the laws of the Philippines on March 2, 2011. Twin Lakes primary purpose is to acquire by purchase, lease, donation or otherwise and to own, use, improve, develop and hold for investment or otherwise, real estate of all kinds, and to construct, improve, manage or otherwise deal in or dispose lots, buildings, house and lots, as well as condominium units, townhouses, shopping malls, commercial centers, retirement communities, schools and dormitories, mixed-use property projects and other structures of whatever kind and description, together with any and all of their appurtenances, with the end in view of building and establishing new communities, towns, cities and urban centers.

Megaworld Global-Estate, Inc. ("MGEI") was incorporated and organized under the laws of the Philippines on March14, 2011. MGEI primary purpose is to market, acquire, hold, operate, dispose of by purchase, sale, exchange, mortgage, barter, lease or in any other manner, conditionally or absolutely, real estate and/or improvements thereon or other properties for residential, commercial or recreational purposes, or any interest therein, and to own, hold, improve, develop and manage any real estate, golf course, buildings, structures or other properties or interest therein so acquired, as well as erect or cause to be erected on any real estate or other properties, held or occupied by the corporation buildings, plants, factories, recreation facilities, or other similar structures with their appurtenances. It acts as the marketing arm of the Company and its subsidiaries.

Oceanfront Properties, Inc. ("OPI") was incorporated on October 12, 2010 and started commercial operations on August 9, 2012. OPI was incorporated primarily to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures.

GERI also owns 20% of the equity of four (4) marketing companies namely Fil-Estate Realty Corporation ("FERC"), Fil-Estate Network, Inc. ("FENI"), Fil-Estate Sales, Inc. ("FESI") and Fil-Estate Realty Sales Associates, Inc. ("FERSAI") which formerly marketed the old projects of GERI prior to the formation of MGEI.

PLAN OF OPERATION

On January 20, 2011, Alliance Global Group, Inc. (AGI) acquired a 60% majority stake in the company. It was envisioned by AGI that the company would be the vehicle for the Group for the development of master planned integrated tourism estates in the country's prime tourist destinations.

In line with this primary objective of becoming a leading developer of master planned integrated tourism estates in the country, on March 29, 2011 the company was renamed Global-Estate Resorts, Inc.

The company intends to focus on the development of master planned integrated tourism estates in Boracay, Laurel, Batangas, and Nasugbu, Batangas which shall provide the bulk of the company's revenues in the long term.

For the year 2012, the company launched four new projects within these major tourism estates and one in IloIlo. These are Oceanway Residences 1 & 2 and Boracay Savoy Hotel in Newcoast Boracay, Domaine Le Jardin in Twin Lakes, Laurel, Batangas, and Sta. Barbara Heights Phase 2 in IloIlo.

The company intends to launch in 2013 other components of these major tourism estates such as the Vineyard in Twin Lakes, a 177-hectare development, Sta. Barbara Heights Phase 3 in Iloilo, and Belmont Hotel and Oceanway Residences 3, 4 & 5 in Newcoast Boracay.

While focus will be on integrated tourism estates, the company also plans to continue completion of ongoing residential subdivisions and high-rise developments as well as launch other subdivision projects.

The company intends to utilize equity and internally generated funds to meet the development requirements for these projects.

The company shall be open to co-development arrangements and other sources of financing should additional funds be required.

The company also intends to build up its recurring income by increasing its rental income and income from hotel operations. In 2012, the company increased the number of available rooms for hotel operations from 192 to 297. With the upbeat tourist arrivals projected by the Department of Tourism, hotel revenues are expected to contribute substantially to the company's recurring income.

Marketing of the company's products shall be exclusively handled by its subsidiary Megaworld-Global Estate, Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

KEY PERFORMANCE INDICATORS

LIQUIDITY RATIOS

	March 31, 2013	December 31, 2012	December 31, 2011
Current Ratio	3.22	3.33	3.41
Quick Ratio	0.38	0.40	0.83

Current Ratio (Current Assets/Current Liabilities)
Liquidity ratio measures a company's ability to pay short-term obligations.

Quick Ratio *(Cash and cash equivalents + Current Trade receivables/Current Liabilities)*
It measures a company's ability to meet its short-term obligations with its most liquid assets.

LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	March 31, 2013	December 31, 2012	December 31, 2011
Debt to Total Assets	30%	29%	24%
Equity to Total Assets	70%	71%	76%
Debt to Equity	42%	40%	32%
Asset To Equity	1.42	1.40	1.32

Debt to Total Assets
It shows the creditors' contribution to the total resources of the organization.

Equity to Total Assets
It shows the extent of owners' contribution to the total resources of the organization.

Debt to Equity
It relates the exposure of the creditors to that of the owners.

Asset To Equity (Total Assets/Total Owner's Equity)
It measures the company's leverage.

PROFITABILITY RATIOS

	March 31,2013	December 31,2012	December 31, 2011
Return on Equity	0.58%	2.1%	1.7%
Return on Assets	0.33%	1.2%	1.1%
Earnings per Share	₱ 0.0098	₱ 0.035	₱ 0.029

Return on Equity (Net Income/Equity Attributable to Parent Company's shareholders)
It tests the productivity of the owners' investments.

Return on Assets (Net Income/Total Assets)
This ratio indicates how profitable a company is relative to its total assets.

Earnings per Share (EPS)
It indicates the earnings for each of the common shares held.

ACTIVITY RATIOS

	March 31, 2013	December 31, 2012	December 31, 2011
Asset Turnover	0.91%	3%	2%

Asset Turnover (Sales/Total Assets)
It measures the level of capital investment relative to sales volume.

Management Discussion and Analysis

Review of Interim period March 31, 2013

Results of Operations

Consolidated revenues for the three-month period ended March 31, 2013 amounted to ₱ 436.4 million with an increase of 15% compared to ₱ 378.9 million in March 31, 2012. The Company's real estate sale of ₱ 229.5 million came mainly from sale of lots in Newcoast Shophouse District and Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Ilo-Ilo City, and Twin Lakes Domaine Le Jardin in Laurel, Batangas. Income from rentals and golf course maintenance contracts amounted to ₱ 48.5 million. Realized gross profit on prior years' real estate sales amounted to ₱ 27.2 million. Hotel revenues as of March 31, 2013 amounted to ₱ 72.6 million, an increase of 168% from ₱ 27.0 million as of March 31, 2012 due to expansion of hotel operations in Boracay. Balance of revenues was contributed by interest and other income of ₱ 58.7 million.

Cost and expenses posted an increase of ₱ 27.3 million or 8% from ₱ 328.1 million in March 31, 2012 to ₱ 355.4 million as of March 31, 2013 mainly due to deferred gross profit on real estate sales and cost of hotel operations.

The company posted a ₱80.9 million Net Income or 59% increase for the three-month period ended March 31, 2013, as compared to a Php50.8 million net income realized as of March 31, 2012, mainly due to increase in real estate sales and hotel revenue.

As a result, Earnings per share increased to Php 0.0098 from the previous year's level of Php 0.0068.

Major Movements of Income Statement Accounts are as follows:

- 20% Increase in Real Estate Sales - mainly due to increase in sales generated from new projects.
- 57% Decrease in Realized gross profit on prior years' real estate sales – due to majority of the deferred income from old projects were realized in 2012.
- 23% Decrease in Service and Rental Income – Due to decrease in revenue from golf course maintenance
- 168% Increase in Hotel Operations – due to expansion of hotel operations
- 68% Increase in Equity in Net Earnings of Associates, interest and other income – Primarily due to increase in interest and other income.
- 7% Decrease in Cost of Real Estate Sales - due to majority of the sales realized for the period came from sale of lots.
- 49% Increase in Deferred Gross Profit on Real Estate Sales– mainly due to sales realized for the period came from newly launched projects.
- 240% Increase in Cost of Hotel Operations – mainly due to increase in hotel revenue.
- 31% Decrease in Cost of Services – mainly due to decrease in service revenue.
- 12% Decrease in Operating Expenses – mainly due to decrease in registration fee and tax expense.
- 14% Decrease in Interest and other charges –_mainly due to decrease in other charges
- 68% Increase in Income Tax expense – due to increase in taxable income

Financial Condition

The Group's financial position remained stable. Total assets as of March 31, 2013, Php25.2 billion compared to Php24.6 billion as of December 31, 2012, posted an increase of Php623 million or 3%.

Trade and other receivables increased by 7% due to the increase in installment sales booked for the period, from Php1.99 billion in December 2012 to Php2.13 billion in March 2013. Advances to related parties increased from Php930.2 million in December 2012 by 5% to Php973.6 million in March 2013. Real estate and resort shares for sale increased by 7% from Php 7.8 billion in December 2012 to Php8.3 billion in March 2013 due to increase in percentage of completion of on-going projects. Property Development Cost increased by 6% due to development of new projects.

Advances from related parties increased by 25% mainly due to additional advances from parent company. Reserve for property development cost increased by 6% due to increase in accrual of development cost incurred for the period. Deferred Income on real estate sales increased by 6% due to deferred gross profit from sales recognized for the period. Deferred Tax Liability also increased from Php125.2 million in December 2012 to Php153.3 million in March 2013. The 22% increase is due to increase in taxable temporary difference.

Major movements of Balance Sheet Accounts are as follows:

- 7% Increase in Trade and other receivables – due to increase in installment sales booked during the period.
- 5% increase in Advances to Related Parties – mainly due to additional advances.

- 7% Increase in Real estate and resorts share for sale – due to increase in percentage of completion of on-going project.
- 6% Increase in Property development cost – due to increase in development of new projects
- 25% Increase in Advances from related parties – mainly due to additional advances from parent company
- 6% Increase in Reserve for Property Development Cost – due to increase in accrual of development cost for the period
- 6% Increase in Deferred Income – due to deferred gross profit from real estate sales recognized for the period. .
- 22% Increase in Deferred Tax Liability – due to increase in taxable temporary difference.
- 16% Increase in Other non-current liability – mainly due to non-current portion of customer's deposit from sales reservation for the period.

Others

As of the quarter ended March 31, 2013, there are no material events and uncertainties known to management that would have an impact on the future operations such as:

a. Known trends, demands, commitments, events or uncertainties that would have an impact on the Company;
b. Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;
c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations;
d. Significant elements of income or loss that did not arise from the Company's continuing operations;
e. Causes for any material changes from period to period in one or more line item of the Company's financial operations;
f. Seasonal aspects that had a material effect on the financial condition or results of the operations;
g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2012

On January 15, 2011, the Company's Board of Directors (BOD) approved the change in accounting period of the Company from fiscal year ending September 30 to calendar year ending December 31. The change in accounting period was approved by the Securities and Exchange Commission (SEC) on March 29, 2011.

In line with the change in accounting period approved by SEC on March 29, 2011, for the year 2012, SEC required the Group to file comprehensive income statement with three comparative periods, for the year ended December 31, 2012, short period three months ended December 31, 2011 and for the year ended September 30, 2011.

Results of Operations

For the year ended December 31, 2012 the Group consolidated net income amounted to Php265.1million.

Consolidated total revenues amounted to Php1.39 billion. The bulk of revenues came from real estate sales, realized profit on prior years' sales, hotel operations, rental and finance and other income. Real estate sales came from the sale of residential subdivision lots amounting to Php684.9 million. The Group's registered sales came from sale of lots in Newcoast Shophouse District and Boutique Hotel in Malay, Aklan, Sta. Barbara Heights in Iloilo City, and Twin Lakes Domaine Le Jardin in Laurel, Batangas.

Total cost and expenses amounted to Php1.07 billion, mainly from cost of real estate sales and operating expenses resulting from aggressive marketing activities as well as other administrative and corporate overhead.

Financial Condition

The Group's financial position remained stable. Total Assets of Php24.6 billion as of December 31, 2012 compared to Php21.0 billion as of December 31, 2011 posted an increase of Php3.6 billion or 17%.

Cash and cash equivalents decreased by 53% from Php993 million in December 2011 to Php466 million as of December 31, 2012 as result of project development. Trade and other receivables increased by 16% mainly due to real estate sale of new projects. Other current and non-current assets increased by 50% due input tax. Land for future development increased by 51%, mainly due to land acquisition and land investment of stockholders in Twin Lakes Corporation. Real estate and resorts shares for sale increased by 8%, from Php7.2 billion as of December 31, 2011 to Php7.8 billion as of December 31, 2012, mainly due to development of various projects. Investment properties increased by Php27.8 million due to project development. Property and equipment increased by Php163.6 million due to construction of additional buildings used for hotel operations.

Trade and other payables increased by 23% mainly due to payable to contractors and suppliers. Reserve for property development decreased by 14% due to increase in development of various projects. Advances from related parties increased by 46% due to additional advances. Redeemable preferred shares increased by 100% due to redeemable preferred shares issued to stockholders of Twin Lakes Corporation.

Shareholders' Equity increased by 11% from Php15.9 billion to Php17.6 billion mainly due to increase in minority equity in Twin Lakes Corporation.

Material Changes in the year December 2012 Financial Statements
(Increase/decrease of 5% or more versus December 31, 2011)
Financial Position

- Cash and cash equivalents decreased by Php526.9 million (53%) to Php466.0 million from the end of December 2011 level of Php993 million as a result of project development.
- 16% increase in Trade and other receivable mainly due to increase in real estate sale
- 8% increase in Real estate for sale due to increase in project development
- 15% increase in Advances to related party mainly due to additional advances
- 50% increase on other current and non-current assets mainly due to input tax
- 51% increase in Land for future development due to land acquisition and land investment in one of the subsidiaries
- 8% increase in Investment Property mainly due to project development
- 33% increase in Property and equipment due to construction of additional buildings used for hotel operations
- 46% increase in Advances from Related Party due to additional advances
- 23% increase in Trade Payables mainly due to increase in payable to contractors and suppliers
- 12% decrease in Customers' deposits due to sales recognized for the period
- 14% decrease in Reserve for property development due to increase in development of various projects
- 100% increase in Redeemable preferred shares due to redeemable preferred shares issued to stockholders of Twin Lakes Corporation.

- 56% increase in Deferred tax liabilities due to increase in temporary tax difference
- 8% increase in Retirement benefit obligation due to accrual of retirement benefit
- 143% increase in Other non-current liability mainly due to reclassification of account
- 11% increase in equity mainly due to increase in investment in Twin Lakes Corporation

Others

As of the year ended December 31, 2012, there are no material events and uncertainties known to management that would have an impact on the future operations such as:

a. Known trends, demands, commitments, events or uncertainties that would have an impact on the Company;
b. Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;
c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations;
d. Significant elements of income or loss that did not arise from the Company's continuing operations;
e. Causes for any material changes from period to period in one or more line item of the Company's financial operations;
f. Seasonal aspects that had a material effect on the financial condition or results of the operations;
g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review of the short period covering the three months ended December 31, 2011

Results of Operations

For the three months ended December 31, 2011 the Group consolidated net income amounted to Php33.3 million. Consolidated total revenues composed of real estate sales, rental income, and other income amounted to P252.4 million.

Total cost and expenses amounted to P205.6 million, mainly from operating expenses resulting from aggressive marketing activities as well as other administrative and corporate overhead.

The bulk of consolidated revenues came from real estate sales and finance and other income.

Real estate sales came from the sale of horizontal residential subdivision lots and condominium units amounting to Php167.1 million. The Group's registered sales came from sale of horizontal residential subdivision lots in Riverina in San Pablo Laguna, Sta. Barbara Heights in Ilo-Ilo City and Newcoast Boracay.

Review for the year ended December 31, 2011

For the year ended December 31, 2011, the Group consolidated net income amounted to Php220.1 million. Consolidated total revenues composed of real estate sales, rental income, maintenance income and other income amounted to Php1.05 billion.

Total cost and expenses amounted to Php783 million, mainly from operating expenses resulting from aggressive marketing activities as well as other administrative and corporate overhead and from cost of real estate sales.

The bulk of consolidated revenues came from real estate sales and finance and other income.

Real estate sales came from the sale of horizontal residential subdivision lots and condominium units amounting to Php470.7 million. The Group's registered sales came from sale of condominium units in Eight Sto Domingo Place in Quezon City, residential lots in Magnificat Exec. Village in Lipa Batangas, Riverina in San Pablo Laguna, Monte Cielo De Naga in Naga City, Sta. Barbara Heights in Ilo-Ilo City, Boracay Newcoast in Malay Aklan and sale of commercial lots in Carmona Cavite.

As of December 31, 2011

Financial Condition

The Group's stable financial position has improved further. Total assets as of December 31, 2011 of Php21.0 billion compared to Php18.6 billion as of September 30, 2011 posted an increase of Php2.4 billion or 13% primarily due to increase in land held for future development..

Cash and cash equivalents decreased by 44.36% from Php1.78 billion in September 2011 to Php993 million as of December 31, 2011 as a result of land acquisition and project development. Land for future development increased by 92%. Real estate and resorts share for sale increased by 5% from Php6.9 billion as of September 30, 2011 to Php7.2 billion as of December 31, 2011 mainly due to development of various projects. Investment property increased by Php126.0 million due to project development. Other current and non-current assets increased by 46% due to input tax.

Shareholders' equity increased by 15% from Php13.8 billion to Php15.9 billion

Material Changes in the year December 2011 Financial Statements
(Increase/decrease of 5% or more versus September 30, 2011)

Financial Position

- Cash and cash equivalents decreased by Php791.6 million (44%) to Php993 million from the end of September 2011 level of Php1.78 billion as a result of land acquisition and project development.
- 5% Increase in Real Estate for Sales due to additional project development
- 9% Increase in Advances to Related parties mainly due to reclassification of accounts
- 46% Increase in Other Current and non-current assets mainly due to pre-payments
- 92% Increase in Land for future development due to land investment in a subsidiary
- 61% Increase in Investment property mainly due to project development
- 111% Increase in Advances from related party due to additional advances
- 11% Decrease in Trade payables mainly due to payment and reclassification of account
- 19% Increase in Reserve for property development cost due to reclassification of account
- 15% Increase in Equity due to investment to Twin Lakes Corporation

Others

As of the year ended December 31, 2011, there are no material events and uncertainties known to management that would have an impact on the future operations such as:

a. Known trends, demands, commitments, events or uncertainties that would have an impact on the Company;
b. Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;

c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations;
d. Significant elements of income or loss that did not arise from the Company's continuing operations;
e. Causes for any material changes from period to period in one or more line item of the Company's financial operations;
f. Seasonal aspects that had a material effect on the financial condition or results of the operations;
g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

<u>Review of 2011 versus 2010 (for the year ended September)</u>

Results of Operations

During the fiscal year 2011, the Group consolidated net income amounted to Php19.4 million, a significant improvement from the previous year net loss of Php153.3 million. Consolidated total revenues composed of real estate sales, rental income, service income and other income increased by 12% from Php776.3 million to Php867.5 million.

Cost and expenses decreased by 16% from Php957.1 million in 2010 to Php802.5 million in 2011, mainly due to decrease in finance cost and operating expenses.

The bulk of consolidated revenues came from real estate sales and finance and other income.

Real estate sales came from the sale of horizontal residential subdivision lots and condominium units amounting to Php326.0 million in 2011 compared to Php381.8 million in 2010, a slight decrease of 15%. The Group's registered sales came from sale of condominium units in Eight Sto Domingo Place in Quezon City, residential lots in Magnificat Exec. Village in Lipa Batangas, Riverina in San Pablo Laguna, Monte Cielo De Naga in Naga City, Sta. Barbara Heights in Ilo-Ilo City and sale of commercial lots in Carmona Cavite.

Financial Condition

The Group's stable financial position has improved further with the Php5.0 billion equity infusion by Alliance Global Group, Inc. (AGI) Total assets as of September 30, 2011 Php18.6 billion compared to Php15.3 billion as of September 30, 2010 posted an increase of Php3.3 billion or 22%.

Cash and cash equivalents increased by 2,078% to Php1.78 billion as a result of the equity infused by AGI. Trade and other receivables increased by 7% mainly due to revenue recognized for the period. Land for future development increased by 50% due to additional land acquisition for the period. Bank loan and bonds payable were fully paid during the period.

Shareholders' equity increased by 62% from Php8.5 billion to Php13.8 billion

Material Changes in the year 2011 Financial Statements
(Increase/decrease of 5% or more versus September 30, 2010)

Financial Position

- Cash and cash equivalents increased by Php1.80 billion (2,078%) to Php1.78 billion from the end of September 2010 level of Php81.96 million as a result of the subscriptions received from Alliance Global Group Inc.(AGI).
- 7% Increase in Trade and other receivables mainly due to revenue recognized for the period.
- 10% Increase in Real Estate for Sale due to additional project development
- 41% Decrease in Advances to Related parties mainly due to collection and proper classification of accounts.
- 9% Decrease in Other Current and non-current asset mainly due to pre-payments
- 17% Increase in Property development cost as a result of project development
- 50% Increase in Land for future development due to additional land acquisition during the period.
- 19% Decrease in Investment property mainly due to reclassification of account.
- 37% Increase in Property Plant and Equipment due to reclassification of account and additional property acquisition for the period.
- 8% Increase in Customers' deposit as a result of new project launched during the year.
- 7% Increase in Reserve for Property Development Cost due to additional accrual.
- 6% Increase in Deferred Income in relation to sales recognized during the period.
- 60% Decrease in Advances from related party due to payment and reclassification of account.
- Loans payable and Bonds payable were fully paid during the period.
- 14% Decrease in Deferred tax liability pertains to tax effects of taxable deductible temporary difference.

Results of Operations

- 15% Decrease in Sale of Real Estate due to lower sales recognized for the period.
- 100% Increase in Income from assignment of development rights due to agreements with related parties.
- 888% Increase in Realized Gross Profit in prior years sale mainly due to revenue recognition in prior years sales.
- 14% Increase in Rental Income due to escalation and additional tenant for the period.
- 17% Decrease in Finance and other income mainly due to previous year recognition of forex gain.
- 10% Increase in Cost of Sales due to costs adjustment during the period
- 52% Increase in Cost of Services mainly due to increase in prices of materials for the maintenance of golf course.
- 153% Increase in Deferred Gross profit in relation to uncompleted portion of sales recognized during the period.
- 50% Decrease in Finance Cost mainly due to full settlement of loans and bonds payable

<u>Others</u>

As of the year ended September 30, 2011, there are no material events and uncertainties known to management that would have an impact on the future operations such as:

a. Known trends, demands, commitments, events or uncertainties that would have an impact on the Company;

b. Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;
c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations;
d. Significant elements of income or loss that did not arise from the Company's continuing operations;
e. Causes for any material changes from period to period in one or more line item of the Company's financial operations;
f. Seasonal aspects that had a material effect on the financial condition or results of the operations;

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

In compliance with SEC Memorandum Circular No. 8, Series of 2003, and the Company's Manual of Corporate Governance, which require that the Company's external auditor be rotated or the handling partner changed every five (5) years or earlier, the Company's Board of Directors approved, on 30 June 2011, the designation of Punongbayan & Araullo for the audit of the financial statements of the Company starting the year ending 30 September 2011. The handling partner then designated was Mr. Leonardo D. Cuaresma Jr. who is one of the Audit & Assurance partners of Punongbayan & Araullo.
For the year 2012, the partner designated is Mr. Nelson J. Dinio who is one of the Audit and Assurance partners of Punongbayan and Araullo.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

AUDIT AND AUDIT- RELATED FEES

For the audit of the registrant's financial statements provided by the external auditors in connection with statutory and regulatory filings for the calendar and fiscal year report of 2012, 2011 and 2010, audit fee was approximately ₱ 0.85 million for the year 2012, ₱ 0.75 million for the calendar year report and ₱ 1.2 million for the fiscal year report in 2011 and ₱ 1.0 million in 2010

No other assurance and related services have been rendered by the external auditors to the Corporation other than the items discussed above.

Item 9. Market for Registrant's Common Equity and Related Stockholder Matters

(1) Stock Prices

Global-Estate Resorts, Inc. common shares are listed in the Philippine Stock Exchange. Share prices have been retroactively adjusted to reflect the effects of stock dividends paid by the Company up to 31 December 2012.

	Philippine Stock Exchange Average Closing Price per Share (₱)	
	High	Low
2012		
First Quarter	2.19	2.11
Second Quarter	1.89	1.83
Third Quarter	1.99	1.93
Fourth Quarter	1.91	1.87
March 31, 2013	2.32	2.26
2011		
First Quarter	1.98	1.85
Second Quarter	2.04	1.97
Third Quarter	2.58	2.46
Fourth Quarter	2.19	2.11

The market capitalization of GERI as of 14 May 2013 based on the closing price at P2.50 per share of GERI's shares at that date, was approximately P21.22 billion.

(2) Holders

GERI has a total of about 4,442 common shareholders as of May 14, 2013.

TOP 20 STOCKHOLDERS AS OF MAY 14, 2013

No.	Stockholder	No. of Shares	% of Ownership
1	Alliance Global Group, Inc.	5,405,000,000	63.69%
2	PCD Nominee Corporation(Filipino)	1,396,661,058	16.46%
3	Fil-Estate Management, Inc.	1,112,774,606	13.11%
4	PCD Nominee Corporation(Foreign)	457,878,360	5.40%
5	CAP Pension Trust Fund	9,263,280	0.11%
6	Greenfield Development Corporation	8,640,000	0.10%
7	John T. Lao	7,035,100	0.08%
8	Lucio W. Yan	5,755,000	0.07%
9	Romeo G. Roxas	3,716,000	0.04%
10	Avesco Marketing Corp.	3,512,106	0.04%
11	RBL Finishing Corporation	2,924,998	0.03%
12	Wilbur L. Chan	2,611,825	0.03%
13	Jennifer C. Lee or Josephine C. Lim	2,000,000	0.02%
14	Gilmore Property Marketing Associates, Inc.	1,983,000	0.02%
15	Federal Homes, Inc.	1,939,860	0.02%
16	Philippine Veterans Bank FAO	1,837,428	0.02%
	Comprehensive Annuity Plans & Pension Corp		0.00%
17	Fritz L. Dy	1,813,500	0.02%
18	Dynaland Properties & Developers, Inc.	1,700,001	0.02%

	Robert John L. Sobrepena	1,617,485	0.02%
20	Maximo S. Uy &/or Lim Hue Hua	1,478,400	0.02%
	Total	**8,430,142,007**	**99.34%**

Dividends

The retained earnings account as of December 31, 2012 is restricted from being declared as dividends to the extent of the undistributed net earnings of subsidiaries associates and joint ventures amounting to ₱ 3.97 billion in December 2012,₱ 3.67 billion in December 2011 and ₱ 3.63 billion in September 2011 . No declaration of cash dividends was made in the last three (3) years.

(4) Recent Sale of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

On August 28, 2010, the Company's stockholders approved the increase in the Company's authorized capital stock from P5 billion to P10 billion. The Company's application for increase in authorized capital stock was approved by the SEC on January 20, 2011. Thereafter, the Company issued 5.0 billion fully-paid shares to AGI representing sixty-percent (60%) of the outstanding capital stock of the Company.

The issuance to AGI is an exempt transaction under Sec. 10.1 (i). Nonetheless, the Company filed on December 5, 2011 a Notice of Exempt Transaction in connection with the issuance of shares to AGI, citing Sec. 10.1 (i) of SEC.

On September 2011, Lim Asia Multi-Strategy Fund, Inc. (LAMSFI) a holder of the Company's warrants, converted six million (6,000,000) warrants into six million (6,000,000) common shares of the Company at an exercise price of P1.00 per share.

On 18 May 2012, LAMSFI converted another sixty-two million (62,000,000) warrants into sixty-two million (62,000,000) common shares of the Company at an exercise price of P1.00 per share.

On July 30, 2012, Lim Asia Alternative Real Estate Fund SPC (LAAREF), also a holder of GERI warrants, converted sixty-eight million (68,000,000) warrants into sixty-eight million (68,000,000) common shares of the Company at an exercise price of P1.00 per share.

The LAMSFI and LAAREF warrants comprise the one hundred thirty-six million (136,000,000) warrants that were issued by the Company for which an exemptive relief was sought. The Commission issued a Resolution dated February 16, 2007 confirming that issuance of the one hundred thirty-six (136) million warrants is exempt from registration requirements of the Securities Regulation Code.

No underwriters were involved in the sales of the above unregistered or exempt securities.

Discussion on Compliance with Leading Practice on Corporate Governance

The Corporation had adopted the Self-Rating System on Corporate Governance being implemented by the Securities and Exchange Commission through SEC Memorandum Circular No. 5, Series of 2003 to assess compliance with leading practices on corporate governance. The Compliance Officer meets with the directors and top-level management from time to time to evaluate compliance with the Corporation's Manual on Corporate Governance.

In order to comply fully with the adopted leading practice on good corporate governance, the Compliance Officer is present at all meetings of the Board of Directors and closely coordinates with the Chairman and the President to ensure full compliance with the adopted leading practices on good corporate governance. The Compliance Officer furnishes the Board of Directors and top-level management with copies of new rules, regulations, circulars and orders of the Securities and Exchange Commission and the Philippine Stock Exchange to continuously update its Directors and top-level management with new requirements for compliance with leading practices on corporate governance. In addition, the Compliance Officer requires and encourages its Directors and top-level management to attend seminars on good corporate governance.

There are no material deviations to date from the Corporation's Manual of Corporate Governance. The Board has no immediate plans to adopt new policies for corporate governance.

Undertaking to Provide Annual Report

The Corporation undertakes to provide each stockholder without charge a copy of its Annual Report on SEC Form 17-A upon written request addressed to either of:

Mr. Roberto S. Roco
Corporate Information Officer
5th Floor Renaissance Tower
Meralco Ave., Pasig City

Banco de Oro Unibank, Inc.
Stock Transfer Department
Makati Ave. Cor. H.V. dela Costa St.
Makati City

GLOBAL-ESTATE RESORTS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Global-Estate Resorts, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended **December 2012 and 2011** in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration.
c. Schedule of PFRS Effective as of December 31, 2012
d. Schedule of Financial Indicators for December 31, 2012 and 2011.
e. Map showing the Relationship Between and Among the Company and its Related Entities
f. Schedule of Proceeds and Expenditures for the Recent Public Offering
g. Details of Transactions with DOSRI

Management responsibility on financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of 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 the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors and 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 Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Andrew L. Tan
Chairman of the Board

Ferdinand T. Santos
President

Roberto S. Roco
Chief Finance Officer

6th Floor, Renaissance Tower, Meralco Avenue, Pasig City 1600
Telephone No. (632) 6370100

BUREAU OF INTERNAL REVENUE
RDO 43B WEST PASIG CITY
RECEIVED
11 APR 2013
JESSE F. COBANG
COLLECTION SEC

SUBSCRIBED AND SWORN to before me this **2 1** day of **MAR 2013** at **PASIG CITY**, Philippines, affiants exhibited to me their respective Identification Cards, as follows:

NAMES	Identification Card No:
Andrew L. Tan	Philippine Passport No. EB1964603
Ferdinand T. Santos	Philippine Passport No. XX4696095
Roberto S. Roco	Social Security System ID No. 03-3359076-6

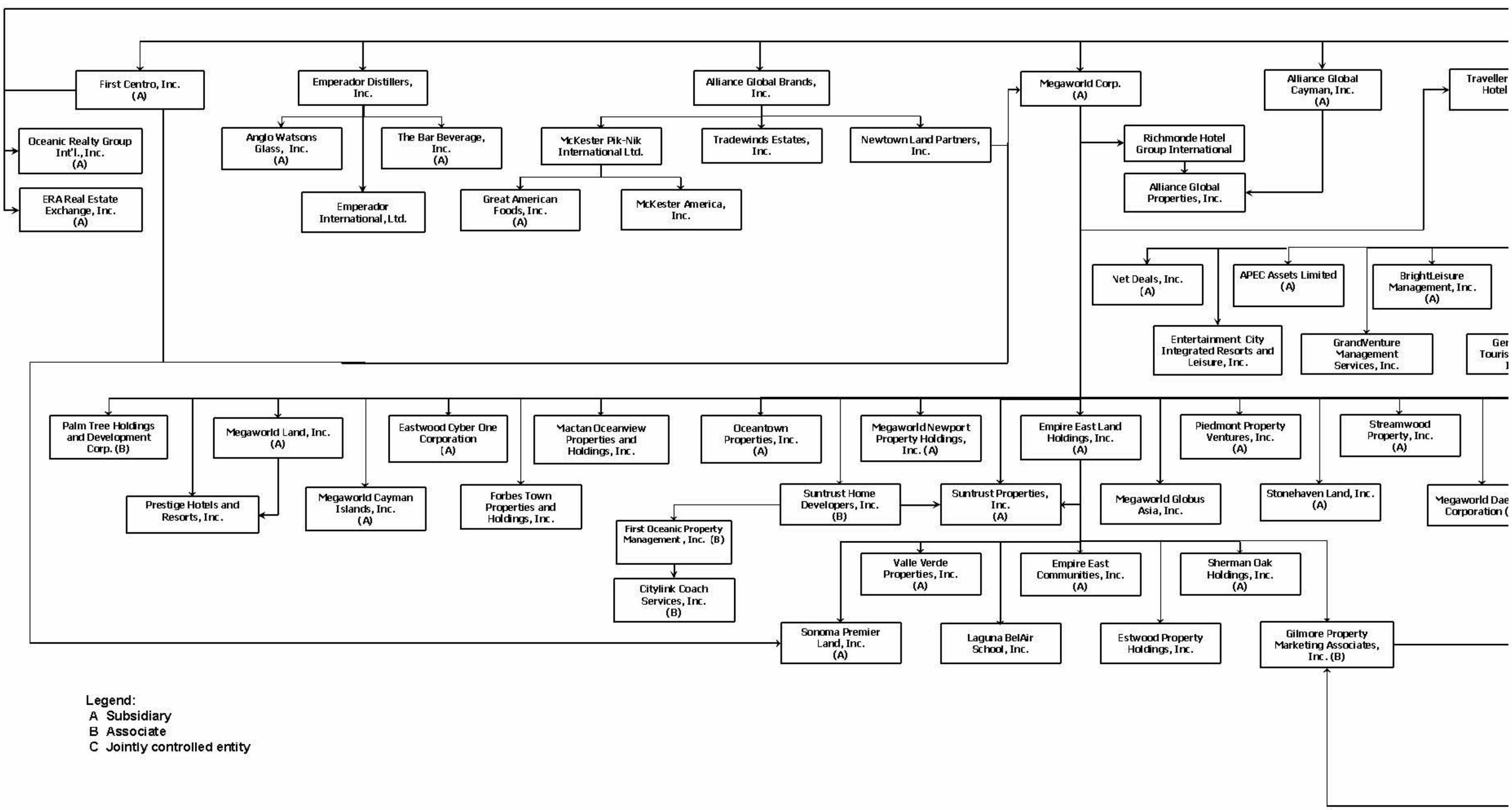
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the date and place above written.

ALAN R. QUINTANA
NOTARY PUBLIC
Pasig, San Juan, Pateros, Taguig
Appt. No. 75 until Dec. 31, 2014
6F Renaissance Towers, Meralco Ave., Pasig City
ATTORNEY'S ROLL NO. 39468
IBP No. 887162, Pasig 1-2-12
PTR No. 8410445, Pasig 1-2-2013
MCLE Compliance No. IV - 0002924

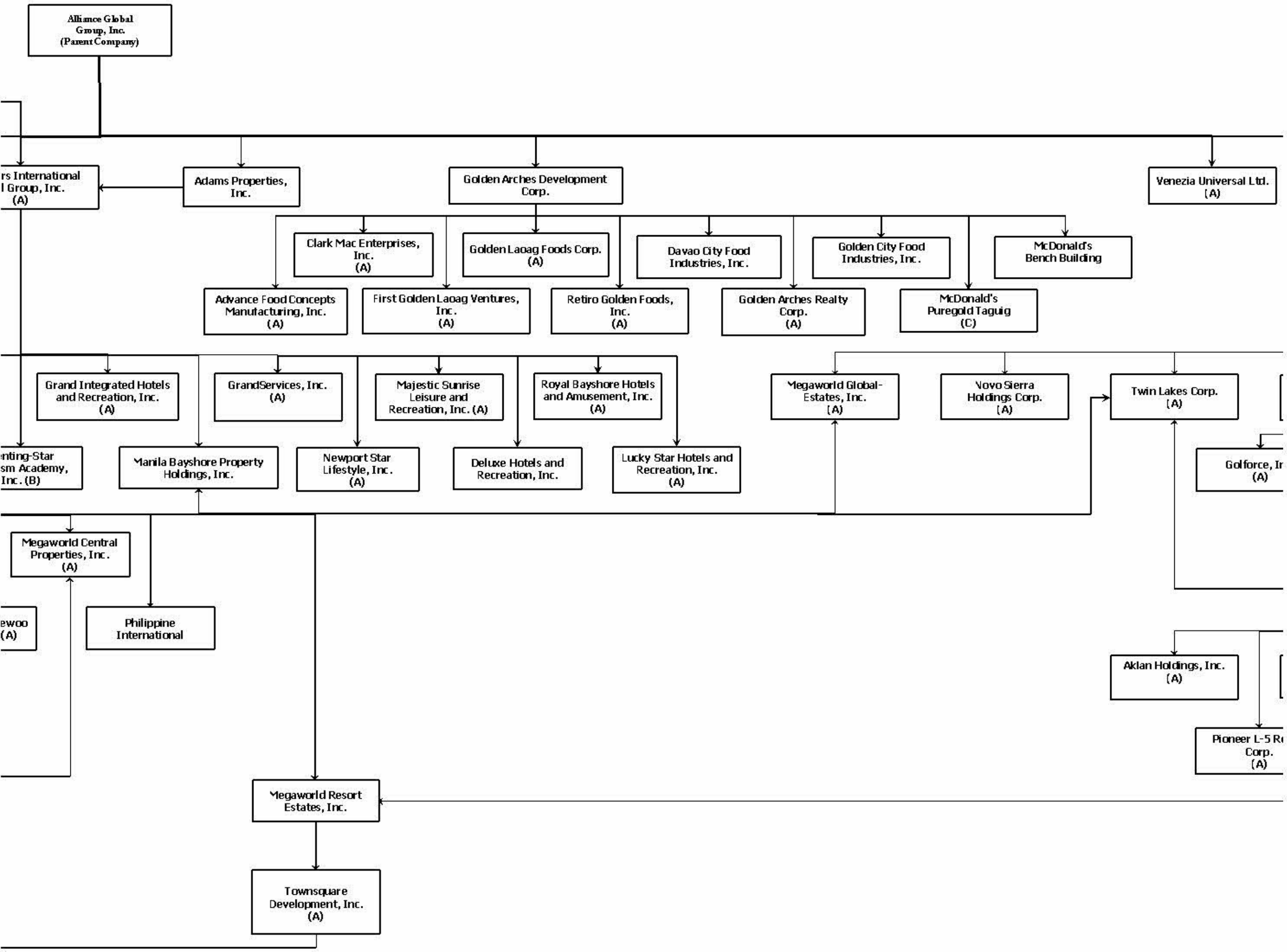
Doc. No. 197;
Page No. 29;
Book No. I;
Series of 2013.

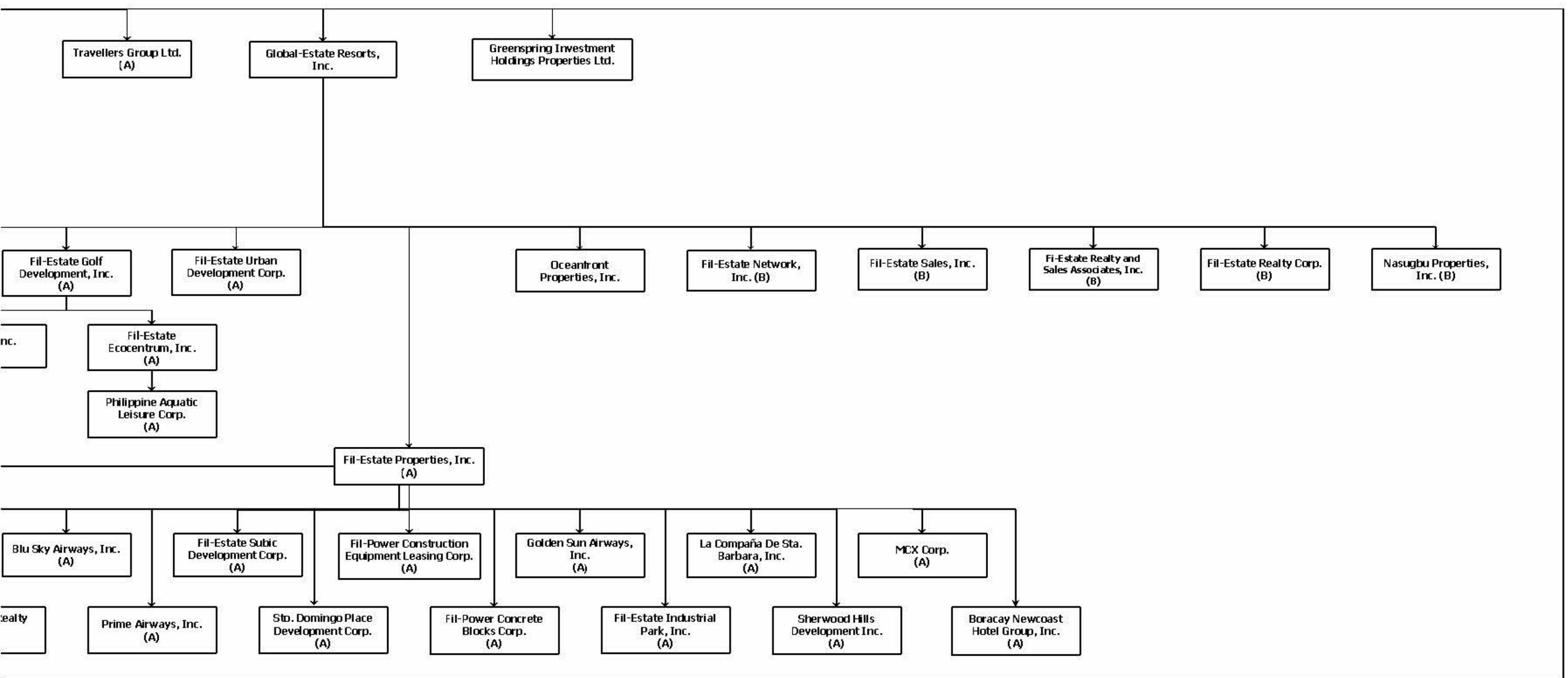
BUREAU OF INTERNAL REVENUE
RDO 43B WEST PASIG CITY
RECEIVED
11 APR 2013
JESSE F. C[illegible]
COLLECTION SECTION

ALLIANCE GLOBAL GROUP, INC.
Map of Investment
December 31, 2012



Legend:
A Subsidiary
B Associate
C Jointly controlled entity


Alliance Global Group, Inc. (Parent Company)
rs International l Group, Inc. (A)
Adams Properties, Inc.
Golden Arches Development Corp.
Venezia Universal Ltd. (A)
Clark Mac Enterprises, Inc. (A)
Golden Laoag Foods Corp. (A)
Davao City Food Industries, Inc.
Golden City Food Industries, Inc.
McDonald's Bench Building
Advance Food Concepts Manufacturing, Inc. (A)
First Golden Laoag Ventures, Inc. (A)
Retiro Golden Foods, Inc. (A)
Golden Arches Realty Corp. (A)
McDonald's Puregold Taguig (C)
Grand Integrated Hotels and Recreation, Inc. (A)
GrandServices, Inc. (A)
Majestic Sunrise Leisure and Recreation, Inc. (A)
Royal Bayshore Hotels and Amusement, Inc. (A)
Megaworld Global-Estates, Inc. (A)
Novo Sierra Holdings Corp. (A)
Twin Lakes Corp. (A)
nting-Star sm Academy, Inc. (B)
Manila Bayshore Property Holdings, Inc.
Newport Star Lifestyle, Inc. (A)
Deluxe Hotels and Recreation, Inc.
Lucky Star Hotels and Recreation, Inc. (A)
Golforce, In (A)
Megaworld Central Properties, Inc. (A)
ewoo (A)
Philippine International
Aklan Holdings, Inc. (A)
Pioneer L-5 R Corp. (A)
Megaworld Resort Estates, Inc.
Townsquare Development, Inc. (A)



Travellers Group Ltd. (A)
Global-Estate Resorts, Inc.
Greenspring Investment Holdings Properties Ltd.
Fil-Estate Golf Development, Inc. (A)
Fil-Estate Urban Development Corp. (A)
Oceanfront Properties, Inc.
Fil-Estate Network, Inc. (B)
Fil-Estate Sales, Inc. (B)
Fi-Estate Realty and Sales Associates, Inc. (B)
Fil-Estate Realty Corp. (B)
Nasugbu Properties, Inc. (B)
nc.
Fil-Estate Ecocentrum, Inc. (A)
Philippine Aquatic Leisure Corp. (A)
Fil-Estate Properties, Inc. (A)
Blu Sky Airways, Inc. (A)
Fil-Estate Subic Development Corp. (A)
Fil-Power Construction Equipment Leasing Corp. (A)
Golden Sun Airways, Inc. (A)
La Compaña De Sta. Barbara, Inc. (A)
MCX Corp. (A)
ealty
Prime Airways, Inc. (A)
Sto. Domingo Place Development Corp. (A)
Fil-Power Concrete Blocks Corp. (A)
Fil-Estate Industrial Park, Inc. (A)
Sherwood Hills Development Inc. (A)
Boracay Newcoast Hotel Group, Inc. (A)

Global-Estate Resorts, Inc. and Subsidiaries
(A Subsidiary of Allianc Global Group, Inc.)
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2012

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	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* *(effective January 1, 2013)*			✓
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 PFRS 7: Transition	✓		
	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 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* *(effective January 1, 2013)*			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments *(effective January 1, 2015)*			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✓
PFRS 10	Consolidated Financial Statements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 11	Joint Arrangements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 11: Transition Guidance* *(effective January 1, 2013)*			
PFRS 12	Disclosure of Interests in Other Entities* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 13	Fair Value Measurement* *(effective January 1, 2013)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	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	✓		
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 Period	✓		
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	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Revised)	Employee Benefits* *(effective January 1, 2013)*			✓
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	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate	✓		
PAS 27 (Amended)	Separate Financial Statements* *(effective January 1, 2013)*			✓
	Amendments to PAS 27 (Amended): Investment Entities* *(effective January 1, 2013)*			✓
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures* *(effective January 1, 2013)*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: 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* *(effective January 1, 2014)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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	✓		
	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 - International Financial Reporting Interpretations Committee (IFRIC)				
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 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - 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 and their Interaction	✓		
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**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine* *(effective January 1, 2013)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
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**			✓

* These standards will be effective for periods subsequent to 2012 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Alliance Global Group, Inc.)
7th Floor, Renaissance Towers, Meralco Avenue, Pasig City

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2012

Unappropriated Retained Earnings at Beginning of Year	P	389,384,344
Net Profit Realized during the Year		
Net profit per audited financial statements		8,523,708
Non-actual/unrealized income, net of tax		
Income tax benefit arising from recognition of deferred tax assets		(64,271,048)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	P	333,637,004

COVER SHEET

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S.E.C. Registration Number

G L O B A L - E S T A T E R E S O R T S I N C .

A N D S U B S I D I A R I E S

(Company's Full Name)

7 T H F L O O R R E N A I S S A N C E T O W E R S

M E R A L C O A V E N U E , P A S I G C I T Y

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

Roberto S. Roco

Contact Person

6 3 7 0 1 0 0

Company Telephone Number

1 2 3 1

Month *Day*

Calendar year

A F S

FORM TYPE

Last Thursday of June

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Sect

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

BUREAU OF INTERNAL REVENUE
RDO 43B WEST PASIG CITY
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11 APR 2013
JESSE F. CORANGBANG
COLLECTION SECTION

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GLOBAL-ESTATE RESORTS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Global-Estate Resorts, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended **December 2012 and 2011** in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration.
c. Schedule of PFRS Effective as of December 31, 2012
d. Schedule of Financial Indicators for December 31, 2012 and 2011.
e. Map showing the Relationship Between and Among the Company and its Related Entities
f. Schedule of Proceeds and Expenditures for the Recent Public Offering
g. Details of Transactions with DOSRI

Management responsibility on financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of 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 the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors and 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 Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Andrew L. Tan
Chairman of the Board

Ferdinand T. Santos
President

Roberto S. Roco
Chief Finance Officer

6th Floor, Renaissance Tower, Meralco Avenue, Pasig City 1600
Telephone No. (632) 6370100

BUREAU OF INTERNAL REVENUE
RDO 43B WEST PASIG CITY
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11 APR 2013

Punongbayan & Araullo

An instinct for growth™

Consolidated Financial Statements and Independent Auditors' Report

Global-Estate Resorts, Inc. and Subsidiaries

For the Year Ended December 31, 2012,
For the Three Months Ended December 31, 2011
and for the Year Ended September 30, 2011

Punongbayan & Araullo

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Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 886 5511
F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors and Stockholders
Global-Estate Resorts, Inc. and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
7th Floor, Renaissance Towers
Meralco Avenue
Pasig City

We have audited the accompanying consolidated financial statements of Global-Estate Resorts, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2012 and 2011 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2012, for the three months ended December 31, 2011 and for the year ended September 30, 2011, 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 or 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.

BUREAU OF INTERNAL REVENUE
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	Note	Capital Stock	Additional Paid-in Capital	Share Options Outstanding
				Attributable to Pare
Balance at January 1, 2012		P 8,356,000,000	P 1,597,739,274	P -
Additions		130,000,000	-	38,515,271
Total comprehensive income for the period		-	-	-
Balance at December 31, 2012	21	**P 8,486,000,000**	**P 1,597,739,274**	**P 38,515,27**
Balance at October 1, 2011		P 8,356,000,000	P 1,597,739,274	P -
Additions		-	-	-
Total comprehensive income for the period		-	-	-
Balance at December 31, 2011	21	P 8,356,000,000	P 1,597,739,274	P -
Balance at October 1, 2010		P 3,350,000,000	P 1,597,739,274	P -
Additions		5,006,000,000	-	-
Total comprehensive income for the period		-	-	-
Balance at September 30, 2011	21	P 8,356,000,000	P 1,597,739,274	P -

See Notes

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012,
FOR THE THREE MONTHS ENDED DECEMBER 31, 2011,
AND FOR THE YEAR ENDED SEPTEMBER 30, 2011
(Amounts in Philippine Pesos)

	Notes	December 31, 2012 (One Year)	December 31, 2011 (Three Months- see Note 1.2)	September 30, 2011 (One Year)
REVENUES AND INCOME				
Real estate sales	2	P 684,883,471	P 167,108,367	P 326,066,713
Rental income	11	64,292,641	8,693,959	37,029,922
Hotel operations	2	131,330,139	4,791,033	-
Realized gross profit on prior years' real estate sales	2	287,942,717	-	38,989,311
Maintenance income	2	22,315,085	-	99,530,252
Income from assignment of developmental rights	7, 20	-	-	153,872,321
Finance and other income	16	199,455,739	71,864,585	212,013,305
		1,390,219,792	252,457,944	867,501,824
COSTS AND EXPENSES				
Cost of real estate sales	17	264,521,139	23,865,753	142,739,219
Cost of services	17	30,155,257	9,898,334	75,528,892
Cost of hotel operations	17	42,217,660	3,647,360	-
Deferred gross profit on real estate sales	2	283,778,041	8,015,824	37,114,660
Operating expenses	17	340,734,964	132,383,596	335,019,369
Equity share in net losses of associates	10	5,890,949	2,668,991	8,621,107
Finance costs and other charges	16	103,181,682	25,137,896	203,511,939
		1,070,479,692	205,617,754	802,535,186
PROFIT BEFORE TAX		319,740,100	46,840,190	64,966,638
TAX EXPENSE	19	54,688,188	13,575,602	45,607,606
NET PROFIT		265,051,912	33,264,588	19,359,032
OTHER COMPREHENSIVE LOSS				
Unrealized fair value losses on available-for-sale financial assets		-	-	208,974
TOTAL COMPREHENSIVE INCOME		P 265,051,912	P 33,264,588	P 19,150,058
Net profit (loss) attributable to:				
Parent company's shareholders		P 294,859,072	P 42,978,060	P 19,968,543
Non-controlling interest		(29,807,160)	(9,713,472)	(609,511)
		P 265,051,912	P 33,264,588	P 19,359,032
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		P 294,859,072	P 42,978,060	P 19,759,569
Non-controlling interest		(29,807,160)	(9,713,472)	(609,511)
		P 265,051,912	P 33,264,588	P 19,150,058
EARNINGS PER SHARE	22			
Basic		P 0.035	P 0.005	P 0.003
Diluted		P 0.035	P 0.005	P 0.003

See Notes to Consolidated Financial Statements.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012,
FOR THE THREE MONTHS ENDED DECEMBER 31, 2011,
AND FOR THE YEAR ENDED SEPTEMBER 30, 2011
(Amounts in Philippine Pesos)

	Notes	December 31, 2012 (One Year)	December 31, 2011 (Three Months- see Note 1.2)	September 30, 2011 (One Year)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 319,740,100	P 46,840,190	P 64,966,638
Adjustments for:				
Finance income	16	(118,717,108)	(31,665,977)	(139,635,283)
Finance costs	16	74,060,080	22,725,973	183,517,312
Depreciation and amortization	17	40,550,406	7,175,745	23,934,008
Share-based employee compensation	21	38,515,271	-	-
Impairment losses	16	29,121,602	-	10,349,736
Equity share in net losses of associates	10	5,890,949	2,668,991	8,621,107
Gain on settlement of advances	16	-	(40,000,000)	-
Operating profit before working capital changes		389,161,300	7,744,922	151,753,518
Decrease (increase) in trade and other receivables		(317,748,543)	53,835,956	(258,919,510)
Increase in real estate, golf and resort shares for sale		(567,021,482)	(359,068,013)	(617,171,447)
Increase in property development costs		(585,437)	(17,653,808)	(278,137,085)
Increase in prepayments and other current assets		(331,709,757)	(212,570,234)	(8,507,359)
Decrease (increase) in advances to real estate property owners		4,789,254	(5,163,321)	(33,034,194)
Increase (decrease) in trade and other payables		378,221,775	(102,096,152)	(98,111,828)
Increase (decrease) in customers' deposits		(75,427,574)	3,248,066	45,657,934
Increase (decrease) in reserve for property development		(118,108,032)	(1,518,363)	44,175,405
Increase (decrease) in deferred income on real estate sales		(13,118,312)	2,131,171	47,848,638
Increase (decrease) in retirement benefit obligation		4,438,860	488,435	(5,147,829)
Increase in other non-current liabilities		106,229,702	74,153,261	-
Cash used in operations		(540,878,246)	(556,468,080)	(1,009,593,757)
Interest received		17,807,516	18,598,561	73,138,288
Interest paid		(17,528,908)	(13,384,428)	(163,669,304)
Cash paid for income taxes		(3,449,357)	(2,910,923)	(16,200,750)
Net Cash Used in Operating Activities		(544,048,995)	(554,164,870)	(1,116,325,523)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	12	(198,857,754)	(8,335,908)	(10,219,090)
Investment property	11	(83,150,811)	(127,302,661)	(3,512,539)
Land for future development		(14,164,860)	(446,582,024)	(833,488,280)
Proceeds from disposals of:				
Property and equipment	12	1,773,745	-	266,458
Investment property	11	-	-	3,200,000
Cash advances granted to related parties	20	(303,648,993)	(260,936,818)	(375,915,211)
Collections of advances to related parties	20	179,154,985	197,011,131	885,043,539
Increase in other non-current assets		(13,326,968)	(6,888,017)	(29,860,855)
Additional investments in associates		-	-	1,874,777
Net Cash Used in Investing Activities		(432,220,656)	(653,034,297)	(362,611,201)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash advances obtained from related parties	20	623,165,970	662,617,889	83,145,696
Repayments of advances from related parties	20	(303,746,694)	(284,937,661)	(588,089,347)
Proceeds from issuance of shares of stock	21	130,000,000	-	5,006,000,000
Proceeds from equity call		-	37,901,712	-
Payment of bonds payable		-	-	(1,097,400,000)
Payments of loans and mortgage payable		-	-	(505,101,457)
Collections of subscriptions receivable	21	-	-	283,122,036
Net Cash From Financing Activities		449,419,276	415,581,940	3,181,676,928
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(526,850,375)	(791,617,227)	1,702,740,204
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		993,080,142	1,784,697,369	81,957,165
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 466,229,767	P 993,080,142	P 1,784,697,369

Supplemental Information on Non-cash Investing and Financing Activities

In the normal course of business, the Group enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Other non-cash transactions include transfers of property from Land for Future Development to Property Development Costs or Investment Properties or Real Estate and Resort Shares for Sale as the property goes through its various stages of development (see Notes [illegible]). The Company and [illegible]-Estate Properties, Inc. also subscribed to additional shares of stock of Twin Lakes Corporation in exchange for certain parcels of land. Moreover, reclassifications of investment properties and property and equipment have been made. These non-cash activities are not reflected in the consolidated statements of cash flows (see Notes 7, [illegible] and [illegible]).

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012, DECEMBER 31, 2011 AND SEPTEMBER 30 2011
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Global-Estate Resorts, Inc. (the Company or GERI) was incorporated in the Philippines on May 18, 1994, primarily to engage in the horizontal development of residential subdivision lots, integrated residential, golf and other leisure-related properties, and vertical development of mixed-use towers in Metro Manila. The Company also engages in land acquisitions and maintains an inventory of raw land for future development.

The Company's shares of stock are listed at the Philippine Stock Exchange (PSE).

The registered office of the Company, which is also its principal place of business, is located at the 7th Floor, Renaissance Towers, Meralco Avenue, Pasig City.

In January 20, 2011, Alliance Global Group, Inc. (AGI), also a publicly listed company in the Philippines, became the Company's parent company with its acquisition of 60% of the Company's shares of stock. As of December 31, 2012 and 2011, AGI owns 64% and 61%, respectively, of the Company's shares. AGI is a holding company with diversified investments in real estate, food and beverage, manufacturing, quick service restaurants and tourism-oriented businesses. AGI's registered office, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Quezon City.

The Company holds interests in the following subsidiaries and associates (collectively, together with the Company, hereinafter referred to as the Group):

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership December 31, 2012	December 31, 2011	September 30, 2011
Subsidiaries:				
Fil-Estate Properties, Inc. (FEPI)		100%	100%	100%
Aklan Holdings Inc. (AHI)	(a)	100%	100%	100%
Blu Sky Airways, Inc. (BSAI)	(a)	100%	100%	100%
Fil-Estate Subic Development Corp. (FESDC)	(a)	100%	100%	100%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	100%	100%	100%
Golden Sun Airways, Inc. (GSAI)	(a)	100%	100%	100%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(a)	100%	100%	100%
MCX Corporation (MCX)	(a)	100%	100%	100%
Pioneer L-5 Realty Corp. (PLRC)	(a)	100%	100%	100%
Prime Airways, Inc. (PAI)	(a)	100%	100%	100%
Sto. Domingo Place Development Corp. (SDPDC)	(a)	100%	100%	100%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	100%	100%	100%
Boracay Newcoast Hotel Group, Inc. (BNHGI)	(a)	100%	-	-
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	79%	79%	79%
Sherwood Hills Development Inc. (SHDI)	(a)	55%	55%	55%

Subsidiaries/Associates	Explanatory Notes	December 31, 2012	December 31, 2011	September 30, 2011
		Percentage of Ownership		
Subsidiaries:				
Fil-Estate Golf and Development, Inc. (FEGDI)		**100%**	100%	100%
Golforce, Inc. (Golforce)	(b)	**100%**	100%	100%
Fil-Estate Ecocentrum Corp. (FEEC)	(b)	**56%**	56%	56%
Philippine Aquatic Leisure Corp. (PALC)	(c)	**56%**	56%	56%
Fil-Estate Urban Development Corp. (FEUDC)		**100%**	100%	100%
Novo Sierra Holdings Corp. (NSHC)		**100%**	100%	100%
Megaworld Global-Estates, Inc. (MGEI)	(d)	**60%**	60%	60%
Twin Lakes Corp. (TLC)	(e)	**50%**	53%	100%
Oceanfront Properties, Inc. (OPI)	(f)	**50%**	-	-
Associates:				
Fil-Estate Network, Inc. (FENI)		**20%**	20%	20%
Fil-Estate Sales, Inc. (FESI)		**20%**	20%	20%
Fil-Estate Realty and Sales Associates Inc. (FERSAI)		**20%**	20%	20%
Fil-Estate Realty Corp. (FERC)		**20%**	20%	20%
Nasugbu Properties, Inc. (NPI)		**14%**	14%	14%
OPI	(f)	-	50%	50%

Non-controlling interests (NCI) in 2012 and 2011 represent the interests not held by the Group in FEPI, SHDI, FEEC, PALC, MGEI, TLC and PALC.

Explanatory notes:

(a) Subsidiaries of FEPI; percentage ownership represents effective ownership of GERI.
(b) Subsidiaries of FEGDI; percentage ownership represents effective ownership of GERI.
(c) Subsidiary of FEEC.
(d) Subsidiary acquired in 2011 primarily to market the Group's projects.
(e) Subsidiary acquired in 2011; engaged in the real estate business. On June 6, 2011, TLC approved the additional issuance of its common shares through exchange of certain parcels of land owned by several parties, including the Company and FEPI. This transaction resulted to the decrease of the Company's effective ownership over TLC from 100% to 53%. On September 4, 2012, TLC issued additional shares to third parties which further decreased the Company's effective ownership over TLC from 53% to 50%.
(f) In 2012, the Company gained control over OPI's financial and reporting policies, hence, considered as a subsidiary starting 2012; engaged in the real estate business.

All subsidiaries and associates were incorporated in the Philippines, operate within the country and are engaged in businesses related to the main business of the Company.

1.2 Change in Accounting Period

On January 15, 2011, the Company's Board of Directors (BOD) approved the change in accounting period of the Company from fiscal year ending September 30 to calendar year ending December 31. The change in accounting period was approved by the Securities and Exchange Commission (SEC) on March 29, 2011.

1.3 Approval of the Financial statements

The consolidated financial statements of the Group for the year ended December 31, 2012 (including the comparatives for the three months ended December 31, 2011 and the year ended September 30, 2011) were authorized for issue by the Company's BOD on March 22, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income and expense in a single consolidated statement of comprehensive income. Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively or makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2012 that is Relevant to the Group

In 2012, the Group adopted the following amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012:

PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Transfers of Financial Assets
PAS 12 (Amendment)	:	Income Taxes – Deferred Taxes: Recovery of Underlying Assets

Discussed below are the relevant information about these amended standards.

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets.* The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its consolidated financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets.* The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property,* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretation Committee (SIC) 21, *Income Taxes – Recovery of Revalued Non-Depreciable Assets,* is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment,* should always be measured on a sale basis of the asset. The amendment became effective for annual periods beginning on or after January 1, 2012 but has no significant impact on the Group's consolidated financial statements as its investment property only includes several properties measured at cost.

(b) Effective in 2012 that is not Relevant to the Group

PFRS 1, *First-time Adoption of PFRS,* was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2012 but not Adopted Early

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this amendment will change the current presentation of items in other comprehensive income [i.e., unrealized fair value gains and losses on available-for-sale (AFS) financial assets].

(ii) PAS 19 (Amendment), *Employee Benefits* (effective from January 1, 2013). The amendment made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all gains and losses arising in the reporting period;

- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of service costs, net interest on net defined benefit obligation or asset, and remeasurement; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

Currently, the Group is using the corridor approach and its unrecognized actuarial loss as of December 31, 2012 amounted to P27.8 million which will be retrospectively recognized as loss in other comprehensive income in 2013 (see Note 18.2).

(iii) Consolidation Standards

The Group is currently reviewing the impact on its consolidated financial statements of the following consolidation standards which will be effective from January 1, 2013:

- PFRS 10, *Consolidated Financial Statements.* This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 11, *Joint Arrangements.* This standard provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. This standard replaces the three categories under PAS 31, *Interests in Joint Ventures,* mainly, jointly controlled entities, jointly controlled operations and jointly controlled assets, with two new categories – joint operations and joint ventures. Moreover, this also eliminates the option of using proportionate consolidation for joint ventures.

- PFRS 12, *Disclosure of Interest in Other Entities.* This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Amendment), *Separate Financial Statements.* This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *Investments in Associate and Joint Venture.* This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iv) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32, and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Group is yet to assess the impact of this new standard.

(vi) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business, in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and includes an example of a gross settlement system with characteristics that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(vii) PFRS 9, *Financial Instruments: Clarification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the Group's consolidated financial statements and is committed to conduct a comprehensive study of the potential impact of this standard in the last quarter of 2014 before its adoption in 2015 to assess the impact of all changes.

(viii) Philippine Interpretation IFRIC 15, *Agreements for Construction of Real Estate.* This Philippine interpretation is based on IFRIC interpretation issued by the IASB in July 2008 effective for annual periods beginning on or after January 1, 2009. The adoption of this interpretation in the Philippines, however, was deferred by the FRSC and Philippine SEC after giving due considerations on various application issues and the implication on this interpretation of the IASB's on-going revision of the Revenue Recognition standard. This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from the construction should be recognized. The main expected change in practice is a shift from recognizing revenue using the percentage of completion method (i.e., as a construction progresses, by reference to the stage of completion of the development) to recognizing revenue at completion upon or after delivery. The Group is currently evaluating the impact of this interpretation on its consolidated financial statements in preparation for its adoption when this becomes mandatorily effective in the Philippines.

(ix) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.3 Basis of Consolidation

The Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, shares of stock of the Company, if any, held by the subsidiaries are recognized as treasury stock and these are presented as deduction in the consolidated statement of changes in equity. Any changes in the market values of such shares as recognized separately by the subsidiaries are likewise eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The Company accounts for its investments in subsidiaries, associates, interests in jointly controlled operations and transactions with NCI as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Group obtains control, direct or indirect, until such time that such control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recognized as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss as gain (see also Note 2.10).

(b) *Investments in Associates*

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associates is included in the amount recognized as investment in associates. All subsequent changes to the share of interest in the equity of the associate are recognized in the carrying amount of the Group's investment. Changes resulting from the profit or loss generated by the associate are shown as Equity Share in Net Profits Losses of Associates in the Group's consolidated statement of comprehensive income and therefore affect the net results of operations of the Group. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of the associate's assets and liabilities.

Changes resulting from other comprehensive income of the associates or items that have been directly recognized in the associate's equity, for example, resulting from the associate's accounting for AFS financial assets, are recognized in consolidated other comprehensive income or equity of the Group, as applicable. Any non-income related equity movements of the associate that arise, for example, from the distribution of dividends or other transactions with the associate's shareholders, are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognized in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeded the accumulated share of losses that has previously not been recognized.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) *Interests in Jointly Controlled Operations*

For interest in jointly controlled operations, the Group recognizes in its consolidated financial statements its share of the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. No adjustment or other consolidation procedures are required since the assets, liabilities, income and expenses of the joint venture are recognized in the separate financial statements of the venturers.

(d) *Transactions with NCI*

The Group's transactions with NCI that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to NCI result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The financial asset categories currently relevant to the Group are as follows:

(a) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The Group's financial assets categorized as loans and receivables are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (except Advances to Contractors and Suppliers) and Advances to Related Parties. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(b) *AFS Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are classified as non-current assets in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include proprietary golf club membership shares and are presented as part of the Other Non-current Assets account in the consolidated statement of financial position.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Unrealized Losses on AFS Financial Assets account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, if any, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, if any, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.5 Real Estate Transactions

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property to the Group, are charged to the Land for Future Development account. These costs are reclassified to Property Development Costs account when the development of the property starts. Related property development costs are then accumulated in this account. Borrowing costs on certain loans, if any, incurred during the development of the real estate properties are also capitalized by the Group as part of Property Development Costs (see Note 2.20).

The cost of real estate property sold before completion of the development, if any, is determined based on the actual costs incurred to date plus estimated costs to complete the development of the property. The estimated expenditures for the development of sold real estate property, as determined by the project engineers, are charged to the cost of residential and condominium units sold presented in the consolidated statement of comprehensive income with a corresponding credit to the liability account, Reserve for Property Development account.

Costs of properties and projects accounted for as Land for Future Development, Property Development Costs and Real Estate, Golf and Resort Shares for Sale are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

Revenue and cost relative to forfeited or back-out sales are reversed in the current year as they occur.

2.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.7 Property and Equipment

Property and equipment, except land, are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amount are not depreciated. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expenses as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building	50 years
Building and office improvements	5-10 years
Office furniture, fixtures and equipment	3-5 years
Transportation and other equipment	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see also Note 2.17).

The residual values and estimated useful lives of property and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

2.8 Investment Property

Investment property consists of parcels of land and buildings held for lease. Buildings are carried at cost less accumulated depreciation and any impairment losses. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable expenditure. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Amortization is computed on a straight-line basis over the estimated useful life of the assets as follows:

Land development and improvements	20 years
Building and improvements	10-50 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (see Note 2.17).

Transfers to, or from, investment property shall be made when and only when there is a change in use.

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

2.9 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities, if any), Advances from Related Parties, Due to Joint Venture Partners and Redeemable Preferred Shares, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges, if any, incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost less settlement payments.

Preferred shares, which carry a mandatory coupon or are redeemable on specific date or at the option of the shareholder, are classified as financial liabilities and presented as a separate line item in the consolidated statement of financial position as Redeemable Preferred Shares.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD. The dividends on the redeemable preferred shares of a subsidiary are recognized in the consolidated statement of comprehensive income as interest expense on an amortized cost basis using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.10 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting (see Note 2.3).

Goodwill, if any, represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill, if any, is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.11 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's BOD; its chief operating decision-maker. The BOD is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting is the same as those used in its consolidated financial statements. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.13 Offsetting of Financial Instruments

Financial assets and liabilities, particularly advances to and from related parties, are set-off and the resulting net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.14 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT).

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Real estate sales* – For financial reporting purposes, revenues from transactions covering sales of real estate are recognized under the percentage-of-completion method. Under this method, realization of gross profit is recognized by reference to the stage of development of the properties, i.e., revenue is recognized in the period in which the work is performed. The unrealized gross profit on a period's sales is presented as Deferred Gross Profit on Real Estate Sales in the consolidated statement of comprehensive income; the cumulative unrealized gross profit as of the end of the year is shown as Deferred Income on Real Estate Sales in the consolidated statement of financial position.

The sale is recognized when a certain percentage of the total contract price has already been collected. If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of sale, payments received from buyer are initially recorded as part of Customers' Deposits account in the consolidated statement of financial position.

Revenues on sales of undeveloped land and golf and resort shares for sale, on the other hand, are recognized using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership in the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably. Revenues and costs relative to forfeited or back out sales are reversed in the current year as they occur.

Any adjustments relative to previous periods' sales are recorded in the current period as they occur.

For tax reporting purposes, a modified basis of computing the taxable income for the period based on collections from sales is used by the Group.

(b) *Maintenance income* – Revenue is recognized when performance of mutually agreed tasks has been rendered.

(c) *Rental income and hotel operations* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. Rental income is recognized on a straight-line basis over the lease term. Advance rentals received are recorded as deferred rental income. For tax purposes, rental income is recognized based on the contractual terms of the lease.

(d) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(e) *Dividends* – Revenue is recorded when the stockholders' right to receive the payment is established.

Cost of real estate sales before completion of the projects include the acquisition cost of the land, development costs incurred to date, applicable borrowing costs (see Note 2.20) and estimated costs to complete the project, determined based on estimates made by the project engineers on the stage of completion of the real estate project (see Note 2.5).

Cost and expenses and other costs (other than costs of real estate sold) are recognized in profit or loss upon utilization of the services or goods or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.20).

2.15 Operating Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and

(b) *Group as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.16 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of income or loss from operations.

2.17 Impairment of Non-financial Assets

The Group's Investments in Associates, Investment Property, Property and Equipment and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of impairment loss.

2.18 Employee Benefits

(a) *Defined Benefit Plan*

The Group has an unfunded, non-contributory defined benefit plan covering all regular employees.

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the entity, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit post-employment plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates derived from the interest rates of a zero coupon government bonds as published by the Philippine Dealing and Exchange Corporation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.19 Share-based Employee Remuneration

The Company grants share options to key executive officers eligible under a stock option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss and the corresponding share option is presented as Share Options Outstanding account in the equity section of the consolidated statement of financial position.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vest on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC), and the cost of the stock option under Share Options Outstanding account is reclassified to APIC.

2.20 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete. For income tax purposes, interest and other borrowing costs are charged to expense as incurred.

2.21 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

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

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

2.22 Equity

Capital stock represents the nominal value of shares that have been issued.

APIC represents premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Share options outstanding represents the corresponding credit upon recognition of share-based remuneration expense in profit or loss (see Note 2.19).

Unrealized losses on AFS financial assets represent losses recognized due to changes in fair values of these assets.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statements of comprehensive income, reduced by the amounts of dividends declared, if any.

2.23 Basic and Diluted Earnings Per Share

Basic earnings per share is determined by dividing the consolidated net profit by the weighted average number of common shares subscribed and issued during the year, after giving retroactive effect to any stock dividends, stock split or reverse stock split declared in the current year.

Diluted earnings per share is computed in the same manner as the basic earnings per share and assuming further that at the beginning of the year or at the time of issuance during the year, all outstanding convertible instruments were converted to common stock and the conversion would result to a decrease in the basic earnings per share or increase in the basic loss per share.

2.24 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. These are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

2.25 Events After the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. 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. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) *Distinction between Investment Property, Owner-occupied Properties and Land for Future Development*

The Group determines whether an asset qualifies as an item of investment property, owner-occupied property or land for future development. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Group or for administrative purposes while Land for Future Development are properties intended solely for future development.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held 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.

(b) Distinction between Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(c) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.12 and relevant disclosures are presented in Note 23.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Determining Net Realizable Value of Real Estate, Golf and Resort Shares For Sale, Property Development Costs and Land For Future Development

In determining the net realizable value of real estate and resort shares for sale, property development costs and land for future development, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation and uncertainty and may cause significant adjustments to the Group's Real Estate and Resort Shares for Sale, Property Development Costs and Land For Future Development within the next financial period.

Considering the Group's pricing policy, the net realizable values of real estate and resort shares for sale, property development costs and land for future development are higher than their related carrying values as of the end of the reporting periods.

(b) Fair Value of Stock Option

The Company estimates the fair value of the executive stock option by applying an option valuation model, taking into account the terms and conditions on which the executive stock option were granted. The estimates and assumptions used are presented in Note 21.2 which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Company's share price and fair value of the Company's common shares. Changes in these factors can affect the fair value of stock options at grant date.

The fair value of the executive stock option recognized as part of salaries and employee benefits shown under Operating Expenses in the 2012 consolidated statement of comprehensive income amounted to P38.5 million for the year ended December 31, 2012. A corresponding credit to Share Options Outstanding of the same amount is presented in the equity portion of the 2012 consolidated statement of financial position (see Notes 17 and 21.2).

(c) Fair Value of Measurement of Investment Property

Investment Property are measured using the cost model. The fair value disclosed in Note 11 to the consolidated financial statements is estimated by the Group using the fair value of similar properties in the same location and condition. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Estimating Useful Lives of Investment Property and Property and Equipment

The Group estimates the useful lives of investment property and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of investment property and property and equipment are analyzed in Notes 11 and 12, respectively. Based on management's assessment as at December 31, 2012 and 2011, there are no changes in the estimated useful lives of those assets as of the end of the reporting periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Trade and Other Receivables

Adequate amount of allowance is made and provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

No impairment losses on trade and other receivables were recognized for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011.

(f) Determining the Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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. Management assessed that the deferred tax assets recognized as at December 31, 2012 and 2011 will be fully utilized within the next two to three years. The carrying value of deferred tax assets as of those dates is disclosed in Note 19.

(g) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.17. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on investments in associates, investment property and property and equipment for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011(see Notes 10, 11 and 12).

(h) Valuation of Post-employment Benefit

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 18.2.

(i) Revenue Recognition Using the Percentage-of-Completion Method

The Group uses the percentage-of-completion method in accounting for its realized gross profit on real estate sales. The use of the percentage-of-completion method requires the Group to estimate the portion completed using relevant information such as costs incurred to date as a proportion of the total budgeted cost of the project and estimates by engineers and other experts. Should the proportion of the percentage of completed projects differ by 5.0% from management's estimates, the amount of revenue recognized in 2012 would have increased or decreased by P117.1 million. There were no changes in the assumptions or basis for estimation during the period.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office projects. The Rental segment includes leasing of office and commercial spaces. The Maintenance Services segment relates to maintenance of golf courses. The Corporate and Others segment includes marketing services, general and corporate income and expense items. Segment accounting policies are the same as the policies described in Note 2.11. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment property, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

The tables in the succeeding pages present revenue and profit information regarding industry segments for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011 and certain asset and liability information regarding segments at December 31, 2012, December 31, 2011 and September 30, 2011.

As of and for the Year Ended December 31, 2012

	Real Estate	Rental	Hotel Operations	Maintenance Services	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES							
Sales to external customers	P 972,826,188	P 64,292,641	P 131,330,139	P 22,315,085	P 82,114,351	P -	P 1,272,878,404
Intersegment sales	-	43,602,685	-	-	21,973,904	(65,576,589)	-
Total revenues	P 972,826,188	P 107,895,326	P 131,330,139	P 22,315,085	P 104,088,255	(P 65,576,589)	P 1,272,878,404
RESULTS							
Segment results	P 250,049,751	P 44,812,470	P 36,966,283	P 6,639,999	P 10,809,633	P -	P 349,278,136
Unallocated expenses							(77,411,728)
Income from operations							271,866,408
Interest income	-	-	-	-	117,341,388	-	117,341,388
Finance costs	-	-	-	-	(63,576,747)	-	(63,576,747)
Equity in net losses of associates	-	-	-	-	(5,890,949)	-	(5,890,949)
Foreign currency gains – net	-	-	-	-	-	-	-
Income before tax							319,740,100
Tax expense							(54,688,188)
Net income before non-controlling interest							265,051,912
Non-controlling interest share in net income							(29,807,160)
Net income attributable to parent company's shareholders							P 294,859,072
ASSETS AND LIABILITIES							
Segment assets	P18,466,532,053	P 302,745,010	P817,015,076	P 115,953,042	P2,666,229,767	-	P22,368,474,948
Investments in and advances to associates and other related parties		-	-	-	1,671,024,587	-	1,671,024,587
Unallocated assets	-	-	-	-	578,157,774	-	578,157,774
Total assets	P18,466,532,053	P 302,745,010	P817,015,076	P 115,953,042	P4,915,412,128	-	P24,617,657,309
Total segment liabilities	P 6,220,116,257	P 19,927,133	P109,030,413	P 87,981,835	P 588,198,347	P -	P 7,025,253,985
OTHER SEGMENT INFORMATION							
Project and capital expenditures	P 855,581,124	P 46,562,965	P145,941,866	P 25,834,722	P 22,257,279	P -	P 1,096,177,956
Depreciation and amortization	7,980,053	8,522,513	11,497,301	4,777,635	7,772,904	-	40,550,406

As of and for the Three Months Ended December 31, 2011

	Real Estate	Rental	Maintenance Services	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 156,507,125	P 8,142,420	P -	P 56,132,840	P -	P 220,782,385
Intersegment sales	-	1,689,164	-	-	(1,689,164)	-
Total revenues	P 156,507,125	P 9,831,584	P -	P 59,935,081	(P 1,689,164)	P 220,782,385
RESULTS						
Segment results	P 37,759,133	P 3,116,401	P -	P 16,348,116	(P 1,689,164)	P 55,534,486
Unallocated expenses						(12,562,968)
Income from operations						42,971,518
Interest income	-	-	-	31,665,977	-	31,665,977
Finance costs	-	-	-	(25,137,896)	-	(25,137,896)
Equity in net losses of associates	-	-	-	(2,668,991)	-	(2,668,991)
Dividend Income		-	-	8,750	-	8,750
Foreign currency gains – net	-	-	-	832	-	832
Profit before tax						46,840,190
Tax expense						(13,575,602)
Net profit before non-controlling interest						33,264,588
Non-controlling interest share in net profit						(9,713,472)
Net profit attributable to parent company's shareholders						P 42,978,060
ASSETS AND LIABILITIES						
Segment assets	P 15,903,800,645	P 256,228,216	P 115,762,247	P 2,591,935,372	P -	P18,867,726,480
Investments in and advances to associates and other related parties	-	-	-	1,555,364,957	-	1,555,364,957
Unallocated assets	-	-	-	559,278,681	-	559,278,681
Total assets	P 15,903,800,645	P 256,228,216	P 115,762,247	P 4,706,579,010	P -	P20,982,370,118
Total segment liabilities	P 4,308,944,496	P 12,041,564	P 107,550,488	P 663,033,649	P -	P 5,091,570,197
OTHER SEGMENT INFORMATION						
Project and capital expenditures	P 560,269,215	P 4,537,840	P 39,377,008	P 15,262,953	P -	P 619,447,016
Depreciation and amortization	1,683,573	2,042,361	1,700,293	1,749,518	-	7,175,745

As of and for the Year Ended September 30, 2011

	Real Estate	Rental	Maintenance Services	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 365,056,024	P 37,029,922	P 99,530,252	P 225,975,056	P -	P 727,591,254
Intersegment sales	-	10,268,491	-	-	(10,268,491)	-
Total revenues	P 365,056,024	P 47,298,413	P 99,530,252	P 225,975,056	(P 10,268,491)	P 727,591,254
RESULTS						
Segment results	P 99,841,585	P 25,068,870	P 7,622,566	P 61,385,218	P -	P 193,918,239
Unallocated expenses						(56,729,125)
Income from operations						137,189,114
Interest income	-	-	-	139,635,283	-	139,635,283
Finance costs	-	-	-	(203,511,939)	-	(203,511,939)
Equity in net losses of associates	-	-	-	(8,621,107)	-	(8,621,107)
Foreign currency gains – net	-	-	-	275,287	-	275,287
Profit before tax						64,966,638
Tax expense						(45,607,606)
Net profit before non-controlling interest						19,359,032
Non-controlling interest share in net profit						(609,511)
Net profit attributable to parent company's shareholders						P 19,968,543
ASSETS AND LIABILITIES						
Segment assets	P 13,221,620,808	P 205,975,437	P 114,262,247	P 3,007,184,210	P -	P 16,549,042,702
Investments in and advances to associates and other related parties	-	-	-	1,494,108,261	-	1,494,108,261
Unallocated assets	-	-	-	568,420,783	-	568,420,783
Total assets	P 13,221,620,808	P 205,975,437	P 114,262,247	P 5,069,713,254	P -	P 18,611,571,746
Total segment liabilities	P 4,274,811,836	P 11,285,722	P 107,550,488	P 369,718,650	P -	P 4,763,366,696
OTHER SEGMENT INFORMATION						
Project and capital expenditures	P 514,919,401	P 3,172,983	P 32,011,626	P 13,480,952	P -	P 563,584,962
Depreciation and amortization	5,623,275	4,954,526	6,012,532	7,343,675	-	23,934,008

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of end of reporting period:

	2012	2011
Cash on hand and in banks	P 277,984,102	P 247,683,104
Short-term placements	188,245,665	745,397,038
	P 466,229,767	P 993,080,142

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made between 15 to 42 days at prevailing market rates and earn effective interest of up to 3.75% and 5.00% per annum for 2012 and 2011, respectively.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following as of December 31:

	Notes	2012	2011
Current:			
Installment contract receivables		P 1,071,291,616	P 1,369,588,478
Advances to contractors and suppliers		399,012,499	258,826,353
Advances to officers and employees	20.4	66,306,978	44,403,440
Advances to raw landowners		27,264,155	40,784,250
Others	20.1	114,108,467	151,628,444
		1,677,983,715	1,865,230,965
Allowance for impairment		(550,522,607)	(521,401,005)
		1,127,461,108	1,343,829,960
Non-current:			
Installment contract receivables		887,852,321	399,105,492
Unearned discount and interest		(28,392,239)	(35,102,713)
		859,460,082	364,002,779
		P 1,986,921,190	P 1,707,832,739

Installment contract receivables represent receivables from sale of real estate and resort shares for sale and are normally collectible monthly within one to five years without interest. The titles to the real estate and resort shares sold remain with the Group until such receivables are fully collected. The installment period of sales contracts averages from three to five years.

Installment contract receivables are noninterest-bearing and are measured at amortized cost using the effective interest method based on the interest rate of comparable financial instruments in the market. Interest income from amortization amounted to P6.7 million, P2.4 million and P4.4 million for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011, respectively. These amounts are presented as part of Finance Income under the Finance and Other Income account in the consolidated statements of comprehensive income (see Note 16.1).

Advances to contractors and suppliers, which are noninterest-bearing and unsecured, pertain to amounts advanced to the Group's contractors and suppliers as downpayment for services to be rendered and goods to be delivered to the Group.

Advances to officers and employees are noninterest-bearing, unsecured and settled through salary deduction or liquidation.

Advances to raw landowners are non-interest bearing cash advances pertaining to amounts paid by the Group to certain raw landowners as downpayment for lots to be acquired.

All of the Group's receivables have been reviewed for indicators of impairment. Certain receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recorded. The additional impairment losses recognized for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011 amounting to P29.1 million, nil and P10.3 million, respectively, are presented as Impairment Losses on Trade and Other Receivables under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 16.2).

A reconciliation of the allowance for impairment at beginning and end of the reporting periods is shown below.

	Note	**December 31, 2012 (One Year)**	December 31, 2011 (Three Months)
Balance at beginning of period		**P 521,401,005**	P 535,000,577
Impairment losses during the period	16.2	**29,121,602**	-
Write-off of trade receivables previously provided with allowance		-	(13,599,572)
Balance at end of period		**P 550,522,607**	P 521,401,005

The net carrying value of trade and other receivables is considered a reasonable approximation of its fair value (see Note 25).

7. REAL ESTATE TRANSACTIONS

7.1 Real Estate, Golf and Resort Shares for Sale

The composition of this account as of December 31 is shown below.

	2012	2011
Real estate for sale	**P5,719,268,204**	P5,169,534,070
Golf and resort shares for sale	**2,171,497,637**	2,154,210,289
	7,890,765,841	7,323,744,359
Allowance for impairment	**(88,411,502)**	(88,411,502)
	P7,802,354,339	P7,235,332,857

Real estate for sale mainly pertains to the accumulated costs incurred in developing the Group's horizontal and condominium projects and certain integrated-tourism projects, including capitalized borrowing costs amounting to P9.8 million for the period ended September 30, 2011. The capitalization rate averaged 3.21% for the period ended September 30, 2011. No borrowing costs were capitalized for the periods ended December 31, 2012 and December 31, 2011.

Golf and resort shares for sale pertain to proprietary or membership shares (landowner shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares which is P100 per share.

There are no additional allowance for impairment recognized for the periods ended December 31, 2012 and December 31, 2011. For the period ended September 30, 2011, a P10.2 million impairment loss was recognized that pertains to the amount of net realizable value being lower than the cost. This is presented as Impairment Losses on Real Estate and Resort Shares for Sale under Cost of Real Estate Sales in the consolidated statements of comprehensive income (see Note 17).

7.2 Property Development Costs

Property development costs include on-going costs incurred by the Group for its own projects. In addition, this account also includes the costs incurred by the Group for the joint development of various projects that are treated as jointly controlled operations; there were no separate entities created by these joint venture agreements. The jointly controlled operations are undertaken under project agreements with different venture partners. The costs relating to these joint projects represent the amount of investments placed by the Group as original investor/developer or the amount assigned/transferred to the Group associates or by related parties who were the original investors/developers in the project agreement.

In June 2011, FEPI agreed to enter into a joint venture/co-development agreement with Suntrust Properties, Inc. (SPI), a related party whose ultimate parent is also AGI. Under the terms of the agreement, FEPI shall transfer the right to complete a mixed-used, high-rise, commercial and residential condominium located at Diliman, Quezon City to SPI for a consideration. FEPI received from SPI an upfront non-refundable cash consideration amounting to P93.5 million in 2011. Also, FEPI will share in the sales proceeds of the project based on agreed terms. The upfront non-refundable cash consideration is presented as part of Income from Assignment of Developmental Rights in revenue and income portion of the consolidated statement of comprehensive income for the period ended September 30, 2011.

As of December 31, 2012 and December 31, 2011, the Group either has no other contingent liabilities with regard to these joint ventures or that the probability either of loss that may arise from contingent liabilities is remote.

7.3 Land for Future Development

Land for future development pertains to acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property to the Group.

On June 6, 2011, the BOD of TLC approved the additional issuance of its common shares through exchange of certain parcels of land with total fair value of P2.4 billion owned by several parties, including the Company and FEPI. This transaction was approved by the SEC on November 26, 2012. This transaction resulted to the decrease of the Group's effective ownership in TLC from 100% to 53%. The parcels of land exchanged by the Company and FEPI were previously included as part of Land for Future Development in the consolidated statements of financial position.

7.4 Reserve for Property Development

The movement of the Reserve for Property Development account is shown below.

	2012	2011
Current:		
Balance at beginning of year	**P 223,537,180**	P 225,055,543
Additions	**26,846,810**	27,743,242
Reductions	**(199,858,598)**	(29,261,605)
Balance at end of year	**P 50,525,392**	P 223,537,180
Non-current:		
Balance at beginning of year	**P 618,493,326**	P 618,493,326
Additions	**103,151,533**	-
Reductions	**(48,247,777)**	-
Balance at end of year	**P 673,397,082**	P 618,493,326

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	2012	2011
Input VAT	**P 644,126,316**	P 402,009,225
Creditable withholding tax	**187,375,009**	60,463,257
Deferred commission	**59,998,394**	62,113,766
Others	**17,500,966**	59,065,990
	P 909,000,685	P 583,652,238

Deferred commission represents commission advanced to the agents of the Group for the sale of real estate inventory that are to be realized as incurred upon reaching certain percentage of collection from customers.

9. ADVANCES TO REAL ESTATE PROPERTY OWNERS

This account represents advances to real estate property owners and charges in connection with various project agreements entered into by the Group. The terms of the agreements provide that the Group will undertake the improvement, subdivision and development of the properties. The agreements further stipulate that the Group and the property owners share either in the form of the developed real estate properties or upon collection of sales proceeds using certain pre-agreed sharing ratios. Collections of the advances from the said property owners are generally received upon sale of property owners' shares in the project.

The outstanding amounts, net of unearned discount and interest, at the end of the reporting periods are as follows:

	2012	2011
Advances to real estate property owners	**P 1,137,209,419**	P 1,125,945,839
Unearned discount and interest	**(70,796,722)**	(137,823,470)
	P1,066,412,697	P 988,122,369

The net commitment for construction expenditures of the Group amounted to:

	2012	2011
Total commitment for construction expenditures	**P3,726,938,121**	P3,665,062,711
Total expenditures incurred	**(3,369,822,021)**	(3,214,289,816)
Net commitment	**P 357,116,100**	P 450,772,895

The Group's interests on jointly-controlled operations and projects range from 55% to 78% for both 2012 and 2011. The list of the Company's jointly controlled projects (which are not jointly-controlled entities) are as follows:

- Caliraya Spring
- Forest Hills
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Newport Hills
- Parklane Square
- Southwoods Peak

As of December 31, 2012 and 2011, the Group has no other contingent liabilities with regard to these joint ventures or has assessed that the probability of loss that may arise from contingent liabilities is remote.

The amortization of unearned discount and interest amounting to P67.0 million, P10.1 million and P62.2 million for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011, respectively, are presented as part of Finance Income under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 16.1).

All of the Group's advances have been reviewed for indicators of impairment. Based on management's evaluation, no allowance for impairment loss needs to be recognized for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011.

10. INVESTMENTS IN ASSOCIATES

The components of the carrying values of investments in associates accounted for under the equity method at the end of the reporting periods are as follows:

	2012	2011
Acquisition costs:		
NPI	**P 734,396,528**	P 734,396,528
FERC	**28,000,000**	28,000,000
FENI	**10,000,003**	10,000,003
FESI	**7,808,360**	7,808,360
FERSAI	**4,000,000**	4,000,000
OPI	-	3,125,225
Balance carried forward	**P 784,204,891**	P 787,330,116

	2012	2011
Balance brought forward	P 784,204,891	P 787,330,116
Accumulated equity share in net losses:		
Balance at beginning of period	37,643,672	34,974,681
Equity share in net losses for the period	5,890,949	2,668,991
Reversal due to the consolidation of OPI	(181,796)	-
Balance at end of period	43,352,825	37,643,672
	P 740,852,066	P 749,686,444

FEPI also has 15% equity investment in MRT Development Corporation amounting to P169.9 million but the investment was derecognized when it was assessed that it is no longer recoverable.

The aggregated amounts of assets, liabilities and net profit (loss) of the associates are as follows:

	Assets	Liabilities	Revenues	Net Loss
December 31, 2012				
NPI	P 1,329,025,655	P 1,319,025,655	P -	P -
FERC	341,188,752	285,550,037	4,042,661	(8,469,533)
FERSAI	155,071,351	162,621,484	4,459,850	(8,857,655)
FESI	131,506,514	32,824,108	24,693,264	(2,547,617)
FENI	100,222,828	108,257,827	6,887,379	(9,579,941)
	P 2,057,015,100	P 1,908,279,111	P 40,083,154	(P 29,454,746)
December 31, 2011				
NPI	P 1,325,049,848	P 1,315,149,848	P -	P -
OPI	614,462,412	607,853,626	-	1,511,972
FERC	337,533,457	258,943,926	1,140,231	(4,116,162)
FERSAI	149,518,495	154,299,367	4,779,930	(9,927,387)
FESI	141,823,000	40,590,202	5,580,833	(1,652,202)
FENI	102,514,872	100,907,865	4,272,122	(1,429,133)
	P 2,670,902,084	P 2,477,744,834	P 15,773,116	(P 15,612,912)

		Assets		Liabilities		Revenues		Net Profit (Loss)
September 30, 2011								
NPI	P	1,325,049,848	P	1,315,149,848	P	-	P	-
FERC		373,125,164		427,591,626		4,869,737	(	9,594,150)
FERSAI		155,357,445		149,006,025		5,489,074	(	20,748,792)
FESI		145,640,573		40,117,440		20,872,124	(	3,288,191)
OPI		120,720,311		115,735,187		-	(	1,265,326)
FENI		101,122,956		101,593,862		10,867,204	(	9,474,402)
	P	2,221,016,297	P	2,149,193,988	P	42,098,139	(P	44,370,861)

In January 2012, the Company obtained control over the financial and operating policies of OPI, hence, was considered as a subsidiary (see Note 1).

On November 30, 2012, the Company subscribed to additional 53.8 million shares out of the additional 598.6 million common shares issued by TLC at P1 par. Such additional issuance by TLC resulted in a decrease in the Company's effective ownership over TLC from 53% to 50% as of December 31, 2012.

The fair values of the associates' shares of stock are not available as of the end of the reporting periods.

Based on the assessment of the management, the investments in associates were not impaired due to the active efforts of the Group to raise funds in order to push through with the associates' projects.

11. INVESTMENT PROPERTY

The Group's investment property comprises of buildings and several parcels of land which are owned to earn rental income or for capital appreciation or for both. The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of the reporting periods are shown below.

		Building and Improvements		Land and Land Development and Improvements		Total
December 31, 2012						
Cost	P	488,220,155	P	239,293,047	P	727,513,202
Accumulated depreciation and amortization	(	235,169,651)	(	132,479,778)	(	367,649,429)
Net carrying value	**P**	**253,050,504**	**P**	**106,813,269**	**P**	**359,863,773**
December 31, 2011						
Cost	P	441,657,190	P	250,960,932	P	692,618,122
Accumulated depreciation and amortization	(	230,024,398)	(	130,550,308)	(	360,574,706)
Net carrying value	P	211,632,792	P	120,410,624	P	332,043,416

	Building and Improvements	Land and Land Development and Improvements	Total
October 1, 2011			
Cost	P 314,354,529	P 250,960,932	P 565,315,461
Accumulated depreciation and amortization	(229,272,084)	(130,067,940)	(359,340,024)
Net carrying value	P 85,082,445	P 120,892,992	P 205,975,437

A reconciliation of the carrying amounts of investment property at the beginning and end of the reporting periods is shown below.

	Building and Improvements	Land and Land Development and Improvements	Total
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 211,632,792	P 120,410,624	P 332,043,416
Additions	46,562,965	36,587,846	83,150,811
Reclassifications	-	(48,255,731)	(48,255,731)
Depreciation and amortization charges for the period	(5,145,253)	(1,929,470)	(7,074,723)
Balance at December 31, 2012, net of accumulated depreciation and amortization	P 253,050,504	P 106,813,269	P 359,863,773
Balance at October 1, 2011, net of accumulated depreciation and amortization	P 85,082,445	P 120,892,992	P 205,975,437
Additions	127,302,661	-	127,302,661
Depreciation and amortization charges for the period	(752,314)	(482,368)	(1,234,682)
Balance at December 31, 2011, net of accumulated depreciation and amortization	P 211,632,792	P 120,410,624	P 332,043,416
Balance at October 1, 2010, net of accumulated depreciation and amortization	P 88,091,707	P 167,061,157	P 255,152,864
Additions	-	3,512,539	3,512,539
Reclassifications	-	(44,548,000)	(44,548,000)
Disposals	-	(3,200,000)	(3,200,000)
Depreciation and amortization charges for the period	(3,009,262)	(1,932,704)	(4,941,966)
Balance at September 30, 2011, net of accumulated depreciation and amortization	P 85,082,445	P 120,892,992	P 205,975,437

Rental revenues recognized for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011 amounted to P64.3 million, P8.7 million and P37.0 million, respectively, and are presented as Rental Income in the consolidated statements of comprehensive income. Depreciation charges substantially represent the major direct costs in leasing these properties.

The fair value of building and improvements amounted to P773.1 million and P235.0 million, as determined by reference to similar properties within the area where the building is situated, as of December 31, 2012 and 2011 respectively. On the other hand, the fair value of land and land improvements amounted to P209.0 million and P138.0 million, as determined by reference to current prices for similar properties in the same location and condition as of December 31, 2012 and 2011, respectively.

In 2012, certain parcels of land with a total carrying amount of P48.3 million, which were previously classified as part of Investment Property, were reclassified to Property Development Costs. The Group decided to develop these certain parcels of land for resale. These were initially intended to be developed by the Group as part of Investment Property for lease to third parties.

In 2011, certain parcels of land with a total carrying amount of P44.5 million, which were previously classified as part of Investment Property, were reclassified to Land for Future Development. The Group decided to develop these certain parcels of land for resale. These were initially intended to be developed by the Group as part of Investment Property for lease to third parties.

For the period ended September 30, 2011, certain parcels of land, which were previously intended for leasing and classified as Investment Property, were reclassified to Land for Future Development.

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of the reporting periods are shown below.

	Land	Building	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Building and Office Improvements	Total
December 31, 2012						
Cost	P 1,600,000	P 825,769,380	P 73,124,828	P 33,845,034	P 27,414,635	P 961,753,877
Accumulated depreciation and amortization	-	(225,291,163)	(54,464,307)	(16,562,439)	(3,653,229)	(299,971,138)
Net carrying amount	**P 1,600,000**	**P 600,478,217**	**P 18,660,521**	**P 17,282,595**	**P 23,761,406**	**P 661,782,739**
December 31, 2011						
Cost	P 1,750,000	P 679,827,514	P 55,526,681	P 23,575,811	P 3,989,860	P 764,669,866
Accumulated depreciation and amortization	-	(202,972,799)	(48,168,550)	(12,914,673)	(2,439,431)	(266,495,453)
Net carrying amount	P 1,750,000	P 476,854,715	P 7,358,131	P 10,661,138	P 1,550,429	P 498,174,413
October 1, 2011						
Cost	P 1,750,000	P 679,827,514	P 53,658,735	P 17,245,028	P 3,852,681	P 756,333,958
Accumulated depreciation and amortization	-	(198,125,205)	(47,552,749)	(12,485,758)	(2,390,678)	(260,554,390)
Net carrying amount	P 1,750,000	P 481,702,309	P 6,105,986	P 4,759,270	P 1,462,003	P 495,779,568

A reconciliation of the carrying amounts of property and equipment at the beginning and end the reporting periods is shown below.

	Land	Building	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Building and Office Improvements	Total
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 1,750,000	P 476,854,715	P 7,358,131	P 10,661,138	P 1,550,429	P 498,174,413
Additions		145,941,866	18,256,550	11,220,742	23,438,596	198,857,754
Disposals	(150,000)	-	(658,404)	(951,519)	(13,822)	(1,773,745)
Depreciation and amortization charges for the period	-	(22,318,364)	(6,295,756)	(3,647,766)	(1,213,797)	(33,475,683)
Balance at December 31, 2012, net of accumulated depreciation and amortization	P 1,600,000	P 600,478,217	P 18,660,521	P 17,282,595	P 23,761,406	P 661,782,739
Balance at October 1, 2011, net of accumulated depreciation and amortization	P 1,750,000	P 481,702,309	P 6,105,986	P 4,759,270	P 1,462,003	P 495,779,568
Additions	-	-	1,867,946	6,330,783	137,179	8,335,908
Depreciation and amortization charges for the period	-	(4,847,594)	(615,801)	(428,915)	(48,753)	(5,941,063)
Balance at December 31, 2011, net of accumulated depreciation and amortization	P 1,750,000	P 476,854,715	P 7,358,131	P 10,661,138	P 1,550,429	P 498,174,413
Balance at October 1, 2010, net of accumulated depreciation and amortization	P 150,000	P 358,766,842	P 2,657,340	P 1,449,764	P 141,900	P 363,165,846
Additions	-	400,000	4,214,006	4,169,692	1,435,392	10,219,090
Disposals	-	-	(21,833)	(244,625)	-	(266,458)
Reclassifications	1,600,000	140,053,132	-	-	-	141,653,132
Depreciation and amortization charges for the period	-	(17,517,665)	(743,527)	(615,561)	(115,289)	(18,992,042)
Balance at September 30, 2011, net of accumulated depreciation and amortization	P 1,750,000	P 481,702,309	P 6,105,986	P 4,759,270	P 1,462,003	P 495,779,568

The Group's fully depreciated assets that are still being used amounted to P210.2 million and P206.8 million as of December 31, 2012 and 2011, respectively.

For the period ended September 30, 2011, the Group decided to operate the condominium units and parcels of land in Boracay as hotels. These units were initially intended to be developed by the Group for resale. The Group reclassified these real estate for sale from Property Development Costs account to Property and Equipment under the line item Building and Land.

13. TRADE AND OTHER PAYABLES

This account consists of:

	2012	2011
Trade payables	**P1,325,109,697**	P1,134,189,541
Liabilities for land acquisition	**575,300,558**	375,325,778
Accrued expenses	**91,023,187**	65,193,504
Others	**14,985,375**	53,488,219
	P2,006,418,817	P1,628,197,042

Liabilities for land acquisition represent the unpaid portion of land for future development acquired by the Group.

Accrued expenses represent accruals for salaries and wages, utilities, professional fees, outside services and other expenses incurred in the normal operations of the Group.

Other payables consist primarily of unearned rentals and payables to government and other regulatory agencies.

Due to their short duration, the carrying amounts of current trade and other payables recognized in the statements of financial position are considered by management to be a reasonable approximation of fair value.

14. DUE TO JOINT VENTURE PARTNERS

This account represents the share of joint venture (JV) partners in the proceeds from the sale of certain projects in accordance with various JV agreements entered into by the Group.

The details of the account are as follows:

	2012	2011
Due to golf share partners and lot owners	**P 324,410,959**	P 324,410,959
Deferred interest expense	**(110,013,583)**	(129,861,592)
	P 214,397,376	P 194,549,367

The amortization of deferred interest amounting to P19.8 million, P5.0 million and P19.8 million for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011 is presented as part of Finance Costs under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 16.2).

15. REDEEMABLE PREFERRED SHARES

On September 4, 2012, the TLC's BOD approved the additional subscriptions of 1,258.0 million preferred shares out of TLC's authorized capital stock as partial payment for certain parcels of land with total fair value of P1,338.2 million. As of December 31, 2012, the SEC has not yet issued an approval on subscription to these redeemable preferred shares.

Generally non-voting, these preferred shares earn dividends at a fixed annual rate of 2.5% subject to the existence of TLC's unrestricted retained earnings. For the period ended December 31, 2012, TLC did not declare any dividends. The accrued dividends on these preferred shares is presented as part of Other Non-Current Liabilities account in the 2012 consolidated statement of financial position and presented under Finance Costs under the Finance Costs and Other Charges account in the 2012 consolidated statement of comprehensive income (see Note 16.2).

The preferred shares shall have a maturity of 10 years and shall be redeemed on every anniversary date beginning on the sixth anniversary date until expiration of the ten-year period. Only 1/5 of the aggregate face value of preferred shares may be redeemed per year during such redemption period, with all remaining shares to be redeemed on the 10th anniversary date.

The preferred shares are considered as financial liabilities. Accordingly, the redeemable preferred shares are recognized at fair value on the date of issuance and are classified as a non-current liability in the 2012 consolidated statement of financial position. The fair values of the redeemable preferred shares on the date of issuance approximate their par value.

16. FINANCE INCOME AND FINANCE COSTS

16.1 Finance and Other Income

Presented below are the details of this account.

	Notes	**December 31, 2012 (One Year)**	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Finance income	6, 9	**P 118,717,108**	P 31,665,977	P 139,635,283
Gain on refunds		**30,645,216**	-	-
Foreign currency gains – net		-	832	275,287
Guarantee income	20.2	-	-	50,000,000
Miscellaneous		**50,093,415**	40,197,776	22,102,735
		P 199,455,739	P 71,864,585	P 212,013,305

A gain or loss on refunds arises when the amount to settle a refund claimed by a customer is lower or higher than the total amount previously collected from the said customer.

In 2010, FEPI assumed certain liabilities of Fil-Estate Management, Inc. (FEMI) to Cameron Granville Asset Management, Inc. (CGAMI). In 2011, FEPI and CGAMI agreed that certain lots in Boracay owned by FEPI shall be sold to settle the advances amounting to P96.0 million. The proceeds from the sale amounting to P56.0 million were then used to settle the advances. CGAMI agreed that such payment will be considered as full settlement of the advances and that CGAMI will no longer collect the balance of P40.0 million, which amount is shown above as part of Miscellaneous income under Finance and Other Income account in the consolidated statement of comprehensive income for the period ended September 30, 2011.

16.2 Finance Costs and Other Charges

Presented below are the details of this account.

	Notes		**December 31, 2012 (One Year)**		December 31, 2011 (Three Months)		September 30, 2011 (One Year)
Finance costs	14, 20.5, 15	**P**	**74,060,080**	P	22,725,973	P	183,517,312
Impairment losses on trade and other receivables	6		**29,121,602**		-		10,349,736
Miscellaneous			**-**		2,411,923		9,644,891
		P	**103,181,682**	P	25,137,896	P	203,511,939

For the period ended September 30, 2011, finance costs include interest expense and additional charges amounting to P103.9 million from the Company's convertible bonds which were fully paid on February 1, 2011 (see Note 20.2) and P27.3 million from the loan and mortgage payable pertaining to a loan facility which was also paid in full in 2011 (see Note 20.5).

17. OPERATING EXPENSE BY NATURE

Presented below are the details of this account.

	Notes	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Cost of real estate sales		P 264,521,139	P 23,865,753	P 142,739,219
Cost of hotel operations		42,217,660	3,647,360	-
Salaries and employee benefits	18.1, 21	153,072,027	77,669,001	75,835,996
Taxes and licenses		65,763,025	9,987,884	112,554,176
Depreciation and amortization	11, 12	40,550,406	7,175,745	23,934,008
Commission		20,891,492	1,904,048	4,052,570
Professional fees and outside services		13,934,111	9,567,623	59,656,600
Utilities and supplies		9,269,476	2,859,581	26,285,748
Transportation		7,250,417	2,630,326	10,647,874
Loss on refund		5,581,395	11,943,889	21,777,361
Rent		4,694,971	1,588,289	13,492,437
Gas and oil		1,773,756	723,553	2,170,661
Representation		1,732,732	609,241	9,154,063
Repairs and maintenance		1,363,124	1,467,470	3,733,346
Advertising and promotions		1,351,427	3,985,533	6,894,023
Impairment losses on real estate and resort shares for sale	7	-	-	10,203,547
Miscellaneous		43,661,862	10,169,747	30,155,851
		P 677,629,020	P 169,795,043	P 553,287,480

These expenses are classified in the consolidated statements of comprehensive income as follows:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Cost of real estate sales	P 264,521,139	P 23,865,753	P 142,739,219
Cost of services	30,155,257	9,898,334	75,528,892
Cost of hotel operations	42,217,660	3,647,360	-
Operating expenses	340,734,964	132,383,596	335,019,369
	P 677,629,020	P 169,795,043	P 553,287,480

18. EMPLOYEE BENEFITS

18.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below (see Note 17).

	Note		December 31, 2012 (One Year)		December 31, 2011 (Three Months)		September 30, 2011 (One Year)
Short-term benefits		P	111,165,572	P	27,443,343	P	56,659,746
Share-based employee compensation	21.2		38,515,271		-		-
Post-employment benefits			3,391,184		488,435		19,176,250
Termination benefits			-		49,737,223		-
		P	153,072,027	P	77,669,001	P	75,835,996

18.2 Post-employment Benefits

The Group has an unfunded, non-contributory defined benefit plan covering all regular employees. The plan provides for lump-sum benefits equivalent to 85% to 150% of the employee's monthly salary for every year of service depending on the number of years of service. The normal retirement age is 60 years old and applicable upon completion of five years of faithful and continuous service to the Group. However, an employee who attains the age of 50 with the completion of no less than 10 years of service or has completed 15 years of service and opts for an early retirement is likewise entitled to the same benefits. Actuarial valuations are made annually to update the retirement benefit costs.

The amounts of retirement benefit obligation as of the end of the reporting periods, presented as non-current liability in the consolidated statements of financial position, are determined as follows:

		2012		2011
Present value of the obligation	P	35,231,633	P	44,505,135
Unrecognized actuarial loss		27,786,227		14,073,865
	P	63,017,860	P	58,579,000

The movements in present value of the retirement benefit obligation are as follows:

		2012		2011
Balance at beginning of period	P	44,505,135	P	43,982,504
Current service cost		2,079,073		100,447
Interest cost		2,752,111		387,988
Actuarial loss (gain)	(	14,104,686)		34,196
Balance at end of period	P	35,231,633	P	44,505,135

The amounts of post-employment benefit recognized in the consolidated statements of comprehensive income are as follows:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Current service cost	**P 2,079,073**	P 100,447	P 1,745,179
Interest cost	**2,752,111**	387,988	3,372,549
Net actuarial gain recognized during the period	**(1,440,000)**	-	(404,886)
Effects of settlement/curtailment	**-**	-	14,463,408
	P 3,391,184	P 488,435	P 19,176,250

The amounts of post-employment benefit expense are presented as part of Salaries and employee benefits under Operating Expenses in the consolidated statements of comprehensive income.

Presented below is the historical information related to the present value of the retirement benefit obligation.

	December 31, 2012	December 31, 2011	September 30, 2011	September 30, 2010	September 30, 2009
Present value of the obligation	**P 35,231,633**	P 44,505,135	P 43,982,504	P 50,966,535	P 50,839,336

In determining the amount of retirement benefit obligation, the following actuarial assumptions were used for the reporting periods:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Discount rates	**6.14%**	7.30%	7.30%
Expected rate of salary increase	**3.00%**	3.00%	3.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average expected working lives of an individual retiring at the age of 60 is 27 years for both males and females.

The Group is currently assessing the amount it will contribute to the plan in 2013.

19. TAXES

The components of tax expense as reported in the consolidated statements of comprehensive income are as follows:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	P 9,709,182	P -	P -
Minimum corporate income tax (MCIT) at 2%	5,633,157	5,889,369	7,216,886
Final tax at 20%	3,449,357	2,910,923	16,200,750
	18,791,696	8,800,292	23,417,636
MCIT applied during the year	(8,981,029)	-	-
Deferred tax expense relating to origination and reversal of temporary differences	44,877,521	4,775,310	22,189,970
	P 54,688,188	P 13,575,602	P 45,607,606

A reconciliation of tax on pretax profit computed at the applicable statutory rates to income tax expense reported in the consolidated statements of comprehensive income is as follows:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Tax on pretax profit at 30%	P 95,922,030	P 14,052,057	P 19,489,991
Adjustments for income subjected to lower income tax rates	(1,490,927)	(1,455,507)	(6,440,701)
Tax effects of:			
Income tax benefit from previously unrecognized deferred tax assets	(66,083,897)	-	-
Non-taxable income	(23,618,111)	(31,678,465)	(3,859,826)
Unrecognized deferred tax assets	19,885,418	27,218,298	22,504,523
Non-deductible expenses	15,585,782	370,303	13,118,973
Expired deferred tax assets	13,540,576	4,775,310	791,698
Non-deductible interest expense	947,317	293,606	2,948
	P 54,688,188	P 13,575,602	P 45,607,606

The Group's net deferred tax liabilities relate to the following as of December 31:

	2012	2011
Deferred tax liabilities:		
Unrealized gross profit on real estate sales	P 327,319,448	P 227,377,112
Capitalized interest	167,901,377	167,901,377
Deferred commission	17,768,660	18,277,256
	512,989,485	413,555,745
Deferred tax assets:		
Net-operating loss carry-over (NOLCO)	(179,396,467)	(161,050,170)
Allowance for impairment	(145,635,112)	(141,486,275)
Retirement benefit obligation	(18,905,358)	(17,573,700)
Gross profit per tax	(17,446,954)	-
MCIT	(14,870,526)	(13,142,634)
Share-based employee compensation	(11,554,581)	-
	(387,808,998)	(333,252,779)
	P 125,180,487	P 80,302,966

The details of NOLCO, which can be claimed as deduction from the respective entities' future taxable income within three years from the year the loss was incurred, are shown below.

Period Incurred	Original Amount	Applied During the Period	Expired During the Period	Remaining Balance	Valid Until
2012 (one year)	P 49,589,710	P -	P -	P 49,589,710	2015
2011 (3 months)	21,226,831	-	-	21,226,831	2014
2011 (one year)	12,221,017	-	-	12,221,017	2014
2010 (one year)	641,148,319	126,197,654	-	514,950,665	2013
2009 (one year)	44,491,541	-	44,491,541	-	2012
	P 768,677,418	P 126,197,654	P 44,491,541	P 597,988,223	

Majority of the entities within the Group are subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations. The total of the MCIT paid by certain subsidiaries, which can be applied as deduction from their respective future RCIT payable within three years from the year the MCIT was incurred, are shown below.

Period Incurred	Original Amount	Applied During the Period	Expired During the Period	Remaining Balance	Valid Until
2012 (one year)	P 5,439,088	P -	P -	P 5,439,088	2015
2011 (3 months)	3,997,268	-	-	3,997,268	2014
2011 (one year)	5,434,170	-	-	5,434,170	2014
2010 (one year)	8,981,029	8,981,029	-	-	2013
2009 (one year)	5,382,234	-	5,382,234	-	2012
	P 29,233,789	P 8,981,029	P 5,382,234	P 14,870,526	

Certain subsidiaries within the Group did not recognize the deferred tax assets on their NOLCO and MCIT in accordance with relevant accounting standards.

Management has assessed that for other entities within the Group, the net losses incurred as well as the related NOLCO, can be recovered through their respective future operations.

The Group opted to continue claiming itemized deductions for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011 in computing for its income tax due.

20. RELATED PARTY TRANSACTIONS

The Group's related parties include its associates, stockholders, the Company's key management personnel and others as described below.

Transactions with related parties are also discussed below.

20.1 Lease of Investment Property

The Company leases its investment property to certain related parties with rental payments mutually agreed before commencement of the lease. The revenues earned from these related parties, which are included as part of Rental Income in the consolidated statements of comprehensive income, are shown below.

	Amount of Transactions		
	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Associates	**P 1,174,635**	P 1,139,903	P 5,246,590
Other investee companies of shareholders	**77,943**	549,261	3,158,725
	P 1,252,578	P 1,689,164	P 8,405,315

The outstanding receivables from these transactions amounting to P0.8 million, P0.8 million, and P8.4 million as of December 31, 2012, December 31, 2011, and September 30, 2011, respectively, are presented as part of Others under Trade and Other Receivables (see Note 6). Outstanding receivables from these transactions are short-term, unsecured and noninterest-bearing. These are also generally settled in cash on a monthly basis. These receivables have been reviewed for indications of impairment. Based on management's evaluation, no impairment loss needs to be recognized for the periods ended December 31, 2012, December 31, 2011 and September 30, 2011.

20.2 Memorandum of Agreement with CJH Development Corporation

On July 1, 2008, the Company and FEUDC entered into a Memorandum of Agreement (MOA) with Camp John Hay Development Corporation (CJDEVCO). The MOA was entered into by the parties for the completion of the development of Camp John Hay Suites and Forest Cabins. CJDEVCO shall contribute leasehold rights over the projects and technical data undertaken in relation to the projects. FEUDC shall finance the completion of the projects and shall assume CJDEVCO's specific development obligations with respect to the projects while the Company shall guarantee the funding necessary to complete the projects by drawdowns from the bonds facility (see Note 16.2).

By virtue of the MOA and in consideration of the guarantee of the Company, CJDEVCO assigned to the Company the rights to construct the buildings for leisure homes over certain lots and rights to another development agreement previously entered into by CJDEVCO with a landowner including the right to be reimbursed for advances made to the landowner amounting to P50.0 million. The assigned development agreement with the landowners did not push through. In 2011, in accordance with the MOA, the landowners refunded to the Company the P50.0 million advances previously given to them by CJDEVCO. The Company recorded the amount it received as Guarantee Income which is shown under Finance and Other Income account in the consolidated statement of comprehensive income for the period ended September 30, 2011 (see Note 16.1).

20.3 Deed of Assignment

In June 2011, FEPI has agreed to assign to Empire East Land Holdings, Inc. (EELHI), a related party under common ownership, the right to develop the Pioneer lot project known as the "Central Park Place". In consideration of the assignment, EELHI shall pay FEPI a non-refundable cash consideration amounting to P60.0 million. The non-refundable cash consideration is presented as part of Income from Assignment of Development Rights in the consolidated statement of comprehensive income for the period ended September 30, 2011.

20.4 Advances to Related Parties

The Group grants advances to its associates and other related parties for working capital purposes. These advances to related parties are unsecured, noninterest-bearing and repayable upon demand. Settlement is generally made in cash. The balances of these advances, shown as Advances to Related Parties account in the consolidated statements of financial position as of December 31, are as follows:

	2012	2011
Associates	**P 246,293,062**	P 257,666,033
Other investee companies of shareholders	**683,879,459**	548,012,480
	P 930,172,521	P 805,678,513

A summary of transactions with these related parties are as follows:

	Amount of Transactions		
	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Associates:			
Balance at beginning of period	**P 257,666,033**	P 215,904,195	P 105,409,663
Cash advances granted	**103,266,123**	41,761,838	110,494,532
Collections	**(114,639,094)**	-	-
Balance at end of period	**P 246,293,062**	P 257,666,033	P 215,904,195

	Amount of Transactions		
	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Other investee companies of shareholders:			
Balance at beginning of period	**P 548,012,480**	P 525,848,631	P 1,145,471,491
Cash advances granted	**200,382,870**	219,174,980	265,420,679
Collections	**(64,515,891)**	(197,011,131)	(885,043,539)
Balance at end of period	**P 683,879,459**	P 548,012,480	P 525,848,631

As at December 31, 2012 and 2011, based on management's assessment, the outstanding balances of Advances to Related Parties are not impaired, hence, no allowance for impairment losses were recognized.

The Group also has short-term unsecured and noninterest-bearing outstanding Advances to Officers and Employees which are presented under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). These are settled through salary deductions or liquidation.

As at December 31, 2012 and 2011, based on management's assessment, the outstanding balances of Advances to Officers and Employees are not impaired, hence, no allowance for impairment losses were recognized.

20.5 Advances from Related Parties

Certain expenses of the entities within the Group are paid mainly by AGI and Megaworld Corporation, a company under common ownership, and by other related parties on behalf of the former. These advances are unsecured and repayable generally in cash upon demand. Also, except for a portion of the advances from Megaworld Corporation, these advances are non-interest bearing. The balances of these advances, shown as Advances from Related Parties account in the consolidated statements of financial position as of end of the reporting periods, are as follows:

	2012	2011
Parent company	**P 482,414,086**	P -
Related parties under common ownership	**257,333,256**	401,966,163
Other investee companies of shareholders	**306,106,184**	315,153,424
	P1,045,853,526	P 717,119,587

The advances from the parent company and a portion of the advances from related parties under common ownership bear annual interest of 8.5% and 6.0%, respectively. Interest expense from these advances totaling P9.3 million is presented as part of Finance Costs under Finance Costs and Other Charges account in the consolidated statement of comprehensive income for the period ended December 31, 2012 (see Note 16.2).

A summary of transactions with these related parties are as follows:

	Amount of Transactions		
	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Parent company:			
Balance at beginning of period	**P -**	P -	P -
Cash advances obtained	**479,765,080**	-	-
Interest expense	**2,649,006**	-	-
Balance at end of period	**P 482,414,086**	P -	P -
Related parties under common ownership:			
Balance at beginning of period	**P 401,966,163**	P 27,715,232	P -
Cash advances obtained	**83,273,493**	374,250,931	27,715,232
Repayments	**(234,572,057)**	-	-
Interest expense	**6,665,657**	-	-
Balance at end of period	**P 257,333,256**	P 401,966,163	P 27,715,232
Other investee companies of shareholders:			
Balance at beginning of period	**P 315,153,424**	P 311,724,127	P 844,383,010
Cash advances obtained	**60,127,397**	288,366,958	55,430,464
Repayments	**(69,174,637)**	(284,937,661)	(588,089,347)
Balance at end of period	**P 306,106,184**	P 315,153,424	P 311,724,127

20.6 Key Management Personnel Compensations

The Group's key management personnel compensation includes the following:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Share-based employee compensation	**P 38,515,271**	P -	P -
Short-term benefits	**10,351,675**	2,885,216	8,823,400
Post-employment benefits	**1,120,651**	411,426	1,151,950
	P 49,987,597	P 3,296,642	P 9,975,350

21. EQUITY

21.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	December 31, 2012	December 31, 2011	September 30, 2011	December 31, 2012	December 31, 2011	September 30, 2011
Common shares – P1 par value						
Authorized	10,000,000,000	10,000,000,000	10,000,000,000	P10,000,000,000	P 10,000,000,000	P 10,000,000,000
Issued and outstanding:						
Balance at beginning of period	8,356,000,000	8,356,000,000	3,350,000,000	8,356,000,000	8,356,000,000	3,350,000,000
Issued during the period	130,000,000	-	5,006,000,000	130,000,000	-	5,006,000,000
Balance at end of period	8,486,000,000	8,356,000,000	8,356,000,000	8,486,000,000	8,356,000,000	8,356,000,000
Subscriptions receivable:						
Balance at beginning of period				-	-	(283,122,036)
Collections during the period				-	-	283,122,036
Balance at end of period				-	-	-
				P 8,486,000,000	P 8,356,000,000	P 8,356,000,000

On August 28, 2010, the Company's stockholders approved the increase in the Company's authorized capital stock from P5.0 billion divided into 5.0 billion shares to P10.0 billion divided into 10.0 billion shares, both with P1 par value. The Company's application for increase in authorized capital stock was approved by the SEC on January 20, 2011. Thereafter, the Company issued 5.0 billion fully paid shares to AGI representing 60% of the outstanding capital stock of the Company.

On February 8, 2007, as part of the consideration for the private placement subscriptions made by Lim Asia Multi-Strategy Fund, Inc. (LAMSFI) and LIM Asia Alternative Real Estate Fund (LAAREF) and their agreement to provide a financial facility for ongoing and future real estate projects, the Company's BOD authorized the issuance of 136.0 million warrants resulting to 136.0 million unissued shares of common stock of the Company with an exercise price of P1 per share for which an exemptive relief was sought. The SEC issued a resolution dated February 16, 2007 confirming that issuance of the 136.0 million warrants is exempt from registration requirements of the Securities Regulation Code. There is no value assigned to the warrants since the interest rate of the loan granted is higher than the prevailing market rates at the time the loans were availed.

In September 2011, LAMSFI, a holder of the Company's warrants, converted 6.0 million of its holdings into 6.0 million common shares of the Company at an exercise price of P1.00 per share.

On May 18, 2012, LAMSFI converted another 62.0 million warrants into 62.0 million common shares of the Company at an exercise price of P1.00 per share.

On July 30, 2012, LAAREF converted 68.0 million warrants into 68.0 million common shares of the Company at an exercise price of P1.00 per share.

There are no outstanding warrants as of December 31, 2012.

On November 23, 1995, the SEC approved the listing of the Company's common shares totaling 150 million. The shares were initially issued at an offer price of P19.50 per common share. As of December 31, 2012 and 2011, there are 4,484 and 4,611 holders of the listed shares, respectively, which closed at P1.96 and P2.12 per share, respectively.

The Company also made additional listings of 2.2 billion and 5.0 billion shares on January 11, 2007 and January 20, 2011, respectively.

21.2 Employee Stock Option Plan

On September 23, 2011, the BOD of the Company approved an Executive Stock Option Plan (the ESOP) for its key executive officers. This was approved on November 8, 2011 by stockholders holding at least 2/3 of the outstanding capital stock. The purpose of the ESOP is to enable the key executives and senior officers of the Company, who are largely responsible for its further growth and development, to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The ESOP is being administered by the Executive Compensation Committee of the BOD.

Under the ESOP, the Company shall initially reserve for exercise of stock options up to 500.0 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Stock options may be granted within ten years from the adoption of the ESOP and may be exercised within seven years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for twelve months immediately preceding the date of grant. The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The Company shall receive cash for the stock options.

Pursuant to this ESOP, on February 16, 2012, the Company granted the options to its key company executives to subscribe to 100.0 million shares of the Company, at an exercise price of P1.93. As of December 31, 2012, no options have vested. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Grant date	February 16, 2012
Vesting period ends	February 15, 2015
Option life	Seven years
Share price at grant date	P 2.10
Exercise price at grant date	P 1.93
Average fair value at grant date	P 2.27
Average standard deviation of share price returns	57.10%
Average risk-free investment rate	2.46%

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

A total of P38.5 million share-based employee compensation is included as part of Salaries and employee benefits under Operating Expenses in the consolidated statement of comprehensive income for the period ended December 31, 2012 (see Note 17) and credited to Share Options Outstanding in the equity portion of the 2012 consolidated statement of financial position.

22. EARNINGS PER SHARE

Earnings per share amounts were computed as follows:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Basic:			
Net profit attributable to owners of the parent company	**P 294,859,072**	P 42,978,060	P 19,968,543
Divided by weighted number of outstanding common shares	**8,420,500,000**	8,356,000,000	6,592,959,321
	P 0.035	P 0.005	P 0.003
Diluted:			
Net profit attributable to owners of the parent company	**P 294,859,072**	P 42,978,060	P 19,968,543
Divided by weighted number of outstanding common shares	**8,420,500,000**	8,486,000,000	6,722,959,321
	P 0.035	P 0.005	P 0.003

In 2012, all 130 million outstanding warrants were exercised. Further, in relation to the approved ESOP for key executive officers during the year, no share options have vested yet as of December 31, 2012. Hence, there are no potentially dilutive shares as of December 31, 2012 (see Notes 21.1 and 21.2).

As of September 30, 2011, the convertible bonds were already settled and 6.0 million warrants were exercised out of the 136 million warrants, hence, there are 130 million remaining warrants that can be considered as potentially dilutive shares as of December 31, 2011 and September 30, 2011.

23. COMMITMENTS AND CONTINGENCIES

23.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering real estate properties for commercial use (see Note 11). The leases have terms ranging from 1 to 33 years, with renewal options, and include annual escalation rates of 5% to 10%. The average annual rental covering these agreements amounts to P29.5 million.

Future minimum lease payments receivable under these agreements are as follows:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Within one year	P 59,248,009	P 46,920,399	P 45,329,587
After one year but not more than five years	203,160,436	146,575,278	172,098,897
More than five years	665,907,844	393,188,047	403,944,228
	P 928,316,289	P 586,683,724	P 621,372,712

23.2 Operating Lease Commitments – Group as Lessee

The Group is a lessee under several operating leases covering condominium units for administrative use. The leases have terms ranging from 1 to 11 years, with renewal options, and include a 5% to 10% annual escalation rate. The average annual rental covering these agreements amounts to P1.2 million. The future minimum rental payables under these non-cancelable leases as of the end of the reporting periods are as follows:

	December 31, 2012 (One Year)	December 31, 2011 (Three Months)	September 30, 2011 (One Year)
Within one year	P 1,029,000	P 1,020,000	P 1,280,125
After one year but not more than five years	617,400	376,031	401,100
	P 1,646,400	P 1,396,031	P 1,681,225

23.3 Others

There are other commitment and contingent liabilities that may arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As of the end of the reporting period, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVTPL, AFS securities, bank loans, bonds, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures.

The Group does not actively engage in the trading of financial assets for speculative purposes.

24.1 Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents which have been used to fund new

Management assessed that the foreign currency risks related to these U.S. dollar-denominated cash and cash equivalents to be not material.

24.2 Interest Rate Risk

The Group has no significant exposure to interest rate risk as financial assets and liabilities are non-interest bearing (trade and other receivables and payables) or are carried at fixed interest rates (cash in banks).

24.3 Credit Risk

Generally, the Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to consolidated financial statements), as summarized below.

	Notes	2012	2011
Cash and cash equivalents	5	**P 466,229,767**	P 993,080,142
Trade and other receivables – net	6	**1,587,908,691**	1,449,006,386
Advances to related parties	20.4	**930,172,521**	805,678,513
		P 2,984,310,979	P3,247,765,041

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(b) *Trade and Other Receivables*

All trade and other receivables (excluding advances to contractors and suppliers) are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to Trade and Other Receivables as the amounts recognized resemble a large number of receivables from various customers. Certain receivables from trade customers are secured by titles to the real estate properties sold since these remain to the Group until such receivables are fully collected. Certain past due accounts are not provided with allowance for impairment to the extent of the expected market value of the property sold to the customer. The title to the real estate properties remains with the Group until the receivables are fully collected.

24.4 *Liquidity Risk*

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As of end of the reporting periods, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
December 31, 2012				
Trade and other payables	P 1,175,950,078	P 830,468,739	P -	P -
Advances from related parties	1,045,853,526	-	-	-
Due to joint venture partners	-	-	214,397,376	-
Redeemable preferred shares	-	-	1,352,336,993	-
Accrued interest on preferred shares	-	-	-	10,483,333
	P 2,221,803,604	P 830,468,739	P 1,566,734,369	P 10,483,333
December 31, 2011				
Trade and other payables	P 1,012,873,635	P 615,323,407	P -	P -
Advances from related parties	717,119,587	-	-	-
Due to joint venture partners	-	-	194,549,367	-
	P 1,729,993,222	P 615,323,407	P 194,549,367	P -

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

25. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

25.1 *Comparison of Carrying Amounts and Fair Values*

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below.

		December 31, 2012		December 31, 2011	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Loans and receivables:					
Cash and cash equivalents	5	P 466,229,767	P 466,229,767	P 993,080,142	P 993,080,142
Trade and other receivables - net	6	1,587,908,691	1,587,908,691	1,449,006,386	1,449,006,386
Advances to related parties	20.4	930,172,521	930,172,521	805,678,513	805,678,513
		2,984,310,979	2,984,310,979	3,247,765,041	3,247,765,041
AFS financial assets		1,250,000	1,250,000	1,250,000	1,250,000
		P 2,985,560,979	P2,985,560,979	P 3,249,015,041	P 3,249,015,041

	Notes	December 31, 2012 Carrying Values	December 31, 2012 Fair Values	December 31, 2011 Carrying Values	December 31, 2011 Fair Values
Financial liabilities					
Financial liabilities at					
amortized cost:					
Trade and other payables	13	P 1,997,466,325	P1,997,466,325	P 1,621,709,729	P 1,621,709,729
Advances from related parties	20.5	1,045,853,526	1,045,853,526	717,119,587	717,119,587
Due to joint venture partners	14	214,397,376	214,397,376	194,549,367	194,549,367
Redeemable preferred shares	15	1,257,987,900	1,257,987,900	-	-
Accrued interest on preferred shares		10,483,333	10,483,333	-	-
		P 4,526,188,460	P 4,526,188,460	P 2,533,378,683	P 2,533,378,683

See Notes 2.4 and 2.9 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 24.

25.2 Fair Value Hierarchy

The Group's AFS financial assets are comprised of golf club shares. Fair value measurements of these financial assets were determined directly by reference to published prices quoted in an active market (Level 1 of the fair value hierarchy).

26. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2012	2011
Total Liabilities	P 7,025,253,985	P 5,091,570,197
Total Equity	17,592,403,324	15,890,799,921
Debt-to-equity ratio	0.40:1.00	0.32:1.00

SEC Number **ASO94004462**
File Number ____________

GLOBAL-ESTATE RESORTS, INC.
(Company's Full Name)

6/F Renaissance Towers, Meralco Avenue, Pasig City
(Company's Address)

(632) 637-0100
(Tel. No.)

December 31, 2013
(Calendar Year Ending)

SEC FORM 17-Q (1st QUARTER)
(Form Type)

March 31, 2013
(Period ended date)

REGISTERED AND LISTED
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended ....: **March 31, 2013**
2. Commission identification number................: **ASO94004462**
3. BIR Tax Identification No...............................: **043-000-426-523-V**
4. Exact name of issuer as specified in its charter
   GLOBAL-ESTATE RESORTS, INC

5. Province, country or other jurisdiction of incorporation or organization
   Pasig City, Philippines

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

7. Address of issuer's principal office — Postal Code
   Renaissance Tower, Meralco Avenue, Pasig City — **1600**

8. Issuer's telephone number, including area code
   Tel. No. (632) 637-0100

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

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

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock	**8,486,000,000**
Loans payable	**₱ -**
Bonds payable	**₱ -**

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

    Yes [X] No [ ]

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

    Philippine Stock Exchange (PSE) — **Common stock**

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached Annex A-1 for the Consolidated Statements of Financial Position as of March 31, 2013 and December 31, 2012; Annex A-2 for the Consolidated Statements of Comprehensive Income for the period ended March 31, 2013 and March 31, 2012; Annex A-3 for Consolidated Statements of Changes in Stockholders' Equity for the three-month period ended March 31, 2013 and March 31, 2012; Annex A-4 for the Consolidated Statements of Cash Flows for the three-month period ended March 31, 2013 and March 31, 2012 and Annex A-5 for the Aging of Receivables for the 1st Quarter ended March 31, 2013.

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

Refer to attached Analysis of Operations.

PART II--OTHER INFORMATION

Not Applicable.

SIGNATURES

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

Principal Financial/Accounting Officer/ Controller/Authorized Representative	:	Mr. Roberto S. Roco
Title	:	Chief Financial Officer
Signature	:	Roberto S Roco
Date	:	5/15/13

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 1ST QUARTER ENDED March 31, 2013

REVIEW OF RESULTS OF OPERATIONS

Consolidated revenues for the three-month period ended March 31, 2013 amounted to ₱ 436.4 million with an increase of 15% compared to ₱ 378.9 million in March 31, 2012. The Company's real estate sale of ₱ 229.5 million came mainly from sale of lots in Newcoast Shophouse District and Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Ilo-Ilo City, and Twin Lakes Domaine Le Jardin in Laurel Batangas. Income from rentals and golf course maintenance contracts amounted to ₱ 48.5 million. Realized gross profit on prior years' real estate sales amounted to ₱ 27.2 million. Hotel revenues as of March 31, 2013 amounted to ₱ 72.6 million, an increase of 168% from ₱ 27.0 million as of March 31, 2012 due to expansion of hotel operations in Boracay. Balance of revenues was contributed by interest and other income of ₱58.7 million.

Cost and expenses posted an increase of ₱ 27.3 million or 8% from ₱ 328.1 million in March 31, 2012 to ₱ 355.4 million as of March 31, 2013 mainly due to deferred gross profit on real estate sales and cost of hotel operations.

The company posted a ₱80.9 million Net Income or 59% increase for the three-month period ended March 31, 2013, as compared to a Php50.8 million net income realized as of March 31, 2012, mainly due to increase in real estate sales and hotel revenue.

As a result, Earnings per share increased to Php 0.0098 from the previous year's level of Php 0.0068.

Major Movements of Income Statement Accounts are as follows:

- 20% Increase in Real Estate Sales - mainly due to increase in sales generated from new projects.
- 57% Decrease in Realized gross profit on prior years' real estate sales – due to majority of the deferred income from old projects were realized in 2012.

- 23% Decrease in Service and Rental Income – Due to decrease in revenue from golf course maintenance
- 168% Increase in Hotel Operations – due to expansion of hotel operations
- 68% Increase in Equity in Net Earnings of Associates, interest and other income – Primarily due to increase in interest and other income.
- 7% Decrease in Cost of Real Estate Sales - due to majority of the sales realized for the period came from sale of lots.
- 49% Increase in Deferred Gross Profit on Real Estate Sales– mainly due to sales realized for the period came from newly launched projects.
- 240% Increase in Cost of Hotel Operations – mainly due to increase in hotel revenue.
- 31% Decrease in Cost of Services – mainly due to decrease in service revenue.
- 12% Decrease in Operating Expenses – mainly due to decrease in registration fee and tax expense.
- 14% Decrease in Interest and other charges –_mainly due to decrease in other charges
- 68% Increase in Income Tax expense – due to increase in taxable income

REVIEW OF FINANCIAL CONDITION

The Group's financial position remained stable. Total assets as of March 31, 2013, Php25.2 billion compared to Php24.6 billion as of December 31, 2012, posted an increase of Php623 million or 3%.

Trade and other receivables increased by 7% due to the increase in installment sales booked for the period, from Php1.99 billion in December 2012 to Php2.13 billion in March 2013. Advances to related parties increased from Php930.2 million in December 2012 to Php973.6 million in March 2013. The 5% increase is because of the additional advances made to related parties. Real estate and resort shares for sale increased by 7% from Php 7.8 billion in December 2012 to Php8.3 billion in March 2013 due to increase in percentage of completion of on-going project. Property Development Cost increased by 6% due to development of new project.

Advances from related parties increased by 25% mainly due to additional advances from parent company. Reserve for property development cost increased by 6% due to increase in accrual of development cost for the period. Deferred Income on real estate sales increased by 6% due to deferred gross profit from sales recognized for the period. Deferred Tax Liability also increased from Php125.2 million in December 2012 to Php153.3 million in March 2013. The 22% increase is due to increase in taxable temporary difference.

Major movements of Balance Sheet Accounts are as follows:

- 7% Increase in Trade and other receivables – due to increase in installment sales booked during the period.
- 5% increase in Advances to Related Parties – mainly due to additional advances.

- 7% Increase in Real estate and resorts share for sale – due to increase in percentage of completion of on-going project.
- 6% Increase in Property development cost – due to increase in development of new project
- 25% Increase in Advances from related parties – mainly due to additional advances from parent company
- 6% Increase in Reserve for Property Development Cost – due to increase in accrual of development cost for the period
- 6% Increase in Deferred Income – due to deferred gross profit from real estate sales recognized for the period. .
- 22% Increase in Deferred Tax Liability – due to increase in taxable temporary difference.
- 16% Increase in Other non-current liability – mainly due to non-current portion of customer's deposit from sales reservation for the period.

KEY PERFORMANCE INDICATORS

LIQUIDITY RATIOS

	March 31, 2013	**December 31, 2012**
Current Ratio	3.22	3.33
Quick Ratio	0.38	0.40

Current Ratio (Current Assets/Current Liabilities)
Liquidity ratio measures a company's ability to pay short-term obligations.

Quick Ratio *(Cash and cash equivalents + Current Trade receivables/Current Liabilities)*
It measures a company's ability to meet its short-term obligations with its most liquid assets.

LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	March 31, 2013	December 31, 2012
Debt to Total Assets	30%	29%
Equity to Total Assets	70%	71%
Debt to Equity	42%	40%
Asset To Equity	1.42	1.40

Debt to Total Assets
It shows the creditors' contribution to the total resources of the organization.

Equity to Total Assets
It shows the extent of owners' contribution to the total resources of the organization.

Debt to Equity
It relates the exposure of the creditors to that of the owners.

Asset To Equity (Total Assets/Total Owner's Equity)
It measures the company's leverage.

PROFITABILITY RATIOS

	March 31, 2013	March 31, 2012
Return on Equity	0.58%	0.32%
Return on Assets	0.33%	0.27%
Earnings per Share	₱ 0.0098	₱ 0.0068

Return on Equity (Net Income/Equity Attributable to Parent Company's shareholders)
It tests the productivity of the owners' investments.

Return on Assets (Net Income/Total Assets)
This ratio indicates how profitable a company is relative to its total assets.

Earnings per Share (EPS)
It indicates the earnings for each of the common shares held.

ACTIVITY RATIOS

	March 31, 2013	March 31, 2012
Asset Turnover	0.91%	0.90%

Asset Turnover (Sales/Total Assets)
It measures the level of capital investment relative to sales volume.

OTHERS

As of the 1st quarter ended March 31, 2013, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.

1. GENERAL INFORMATION

1.1 Corporate Information

Global-Estate Resorts, Inc. (the Company or GERI) was incorporated in the Philippines on May 08, 1994, primarily to engage in the horizontal development of residential subdivision lots, integrated residential, golf and other leisure-related properties. The Company also engages in land acquisitions and maintains an inventory or raw land for future development.

The registered office of the Company, which is also its principal place of business, is located at the 7th Floor, Renaissance Towers, Meralco Avenue, Pasig City.

The ultimate parent company of the Group is Alliance Global Group Inc. (AGI) with office address at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan Quezon City.

The Company holds interests in the following subsidiaries and associates (collectively, together with the Company, hereinafter referred to as the Group):

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership March 31, 2013	December 31, 2012
Subsidiaries:			
Fil-Estate Properties, Inc. (FEPI)		**100%**	100%
Aklan Holdings Inc. (AHI)	(a)	**100%**	100%
Blu Sky Airways, Inc. (BSAI)	(a)	**100%**	100%
Fil-Estate Subic Development Corp. (FESDC)	(a)	**100%**	100%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	**100%**	100%
Golden Sun Airways, Inc. (GSAI)	(a)	**100%**	100%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(a)	**100%**	100%
MCX Corporation (MCX)	(a)	**100%**	100%
Pioneer L-5 Realty Corp. (PLRC)	(a)	**100%**	100%
Prime Airways, Inc. (PAI)	(a)	**100%**	100%
Sto. Domingo Place Development Corp. (SDPDC)	(a)	**100%**	100%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	**100%**	100%
Boracay Newcoast Hotel Group, Inc. (BNHGI)	(a)	96%	**100%**
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	**79%**	79%
Sherwood Hills Development Inc. (SHDI)	(a)	**55%**	55%

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership March 31, 2013	December 31, 2012
Subsidiaries:			
Fil-Estate Golf and Development, Inc. (FEGDI)		**100%**	100%
Golforce, Inc. (Golforce)	(b)	**100%**	100%
Fil-Estate Ecocentrum Corp. (FEEC)	(b)	**56%**	56%
Philippine Aquatic Leisure Corp. (PALC)	(c)	**56%**	56%
Fil-Estate Urban Development Corp. (FEUDC)		**100%**	100%
Novo Sierra Holdings Corp. (NSHC)		**100%**	100%
Megaworld Global-Estates, Inc. (MGEI)	(d)	**60%**	60%
Twin Lakes Corp. (TLC)	(e)	**50%**	50%
Oceanfront Properties, Inc. (OPI)	(f)	**50%**	50%
Associates:			
Fil-Estate Network, Inc. (FENI)		**20%**	20%
Fil-Estate Sales, Inc. (FESI)		**20%**	20%
Fil-Estate Realty and Sales Associates Inc. (FERSAI)		**20%**	20%
Fil-Estate Realty Corp. (FERC)		**20%**	20%
Nasugbu Properties, Inc. (NPI)		**14%**	14%
OPI	(f)	**-**	50%

Non-controlling interests (NCI) in 2013 and 2012 represent the interests not held by the Group in FEIPI, SHDI, FEEC, PALC, MGEI, TLC and PALC.

Explanatory notes:

a.).Subsidiaries of FEPI; percentage ownership represents effective ownership of GERI.

b.).Subsidiaries of FEGDI; percentage ownership represents effective ownership of GERI.

c.)Subsidiary of FEEC.

d.)Subsidiary acquired primarily to market the Group's projects.

e.)Subsidiary acquired in 2011; engaged in the real estate business.

f.)In 2012, the Company gained control over OPI's financial and reporting policies, hence, considered as a subsidiary starting 2012; engaged in the real estate business.

All subsidiaries and associates were incorporated in the Philippines, operate within the country and are engaged in businesses related to the main business of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income and expense in a single consolidated statement of comprehensive income. Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively or makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2012 that is Relevant to the Group

In 2012, the Group adopted the following amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012:

PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Transfers of Financial Assets
PAS 12 (Amendment)	:	Income Taxes – Deferred Taxes: Recovery of Underlying Assets

Discussed below are the relevant information about these amended standards.

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets.* The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its consolidated financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets.*

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets.* The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its consolidated financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets.* The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property,* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretation Committee (SIC) 21, *Income Taxes – Recovery of Revalued Non-Depreciable Assets,* is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment,* should always be measured on a sale basis of the asset. The amendment became effective for annual periods beginning on or after January 1, 2012 but has no significant impact on the Group's consolidated financial statements as its investment property only includes several properties measured at cost.

(b) Effective in 2012 that is not Relevant to the Group

PFRS 1, *First-time Adoption of PFRS,* was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Group's consolidated financial statements.

(c) *Effective Subsequent to 2012 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this amendment will change the current presentation of items in other comprehensive income [i.e., unrealized fair value gains and losses on available-for-sale (AFS) financial assets].

(ii) PAS 19 (Amendment), *Employee Benefits* (effective from January 1, 2013). The amendment made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all gains and losses arising in the reporting period;

- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of service costs, net interest on net defined benefit obligation or asset, and remeasurement; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

(iii) Consolidation Standards

The Group is currently reviewing the impact on its consolidated financial statements of the following consolidation standards which will be effective from January 1, 2013:

- PFRS 10, *Consolidated Financial Statements*. This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 11, *Joint Arrangements.* This standard provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. This standard replaces the three categories under PAS 31, *Interests in Joint Ventures*, mainly, jointly controlled entities, jointly controlled operations and jointly controlled assets, with two new categories – joint operations and joint ventures. Moreover, this also eliminates the option of using proportionate consolidation for joint ventures.

- PFRS 12, *Disclosure of Interest in Other Entities.* This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Amendment), *Separate Financial Statements.* This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *Investments in Associate and Joint Venture.* This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iv) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32, and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Group is yet to assess the impact of this new standard.

(vi) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business, in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and includes an example of a gross settlement system with characteristics that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(vii) PFRS 9, *Financial Instruments: Clarification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the Group's consolidated financial statements and is committed to conduct a comprehensive study of the potential impact of this standard in the last quarter of 2014 before its adoption in 2015 to assess the impact of all changes.

(viii) Philippine Interpretation IFRIC 15, *Agreements for Construction of Real Estate.* This Philippine interpretation is based on IFRIC interpretation issued by the IASB in July 2008 effective for annual periods beginning on or after January 1, 2009. The adoption of this interpretation in the Philippines, however, was deferred by the FRSC and Philippine SEC after giving due considerations on various application issues and the implication on this interpretation of the IASB's on-going revision of the Revenue Recognition standard. This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from the construction should be recognized. The main expected change in practice is a shift from recognizing revenue using the percentage of completion method (i.e., as a construction progresses, by reference to the stage of completion of the development) to recognizing revenue at completion upon or after delivery. The Group is currently evaluating the impact of this interpretation on its consolidated financial statements in preparation for its adoption when this becomes mandatorily effective in the Philippines.

(ix) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.3 Basis of Consolidation

The Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, shares of stock of the Company, if any, held by the subsidiaries are recognized as treasury stock and these are presented as deduction in the consolidated statement of changes in equity. Any changes in the market values of such shares as recognized separately by the subsidiaries are likewise eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The Company accounts for its investments in subsidiaries, associates, interests in jointly controlled operations and transactions with NCI as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Group obtains control, direct or indirect, until such time that such control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recognized as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss as gain.

(b) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associates is included in the amount recognized as investment in associates. All subsequent changes to the share of interest in the equity of the associate are recognized in the carrying amount of the Group's investment. Changes resulting from the profit or loss generated by the associate are shown as Equity Share in Net Profits Losses of Associates in the Group's consolidated statement of comprehensive income and therefore affect the net results of operations of the Group. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of the associate's assets and liabilities.

Changes resulting from other comprehensive income of the associates or items that have been directly recognized in the associate's equity, for example, resulting from the associate's accounting for AFS financial assets, are recognized in consolidated other comprehensive income or equity of the Group, as applicable. Any non-income related equity movements of the associate that arise, for example, from the distribution of dividends or other transactions with the associate's shareholders, are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognized in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeded the accumulated share of losses that has previously not been recognized.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Interests in Jointly Controlled Operations

For interest in jointly controlled operations, the Group recognizes in its consolidated financial statements its share of the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. No adjustment or other consolidation procedures are required since the assets, liabilities, income and expenses of the joint venture are recognized in the separate financial statements of the venturers.

(d) Transactions with NCI

The Group's transactions with NCI that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to NCI result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The financial asset categories currently relevant to the Group are as follows:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The Group's financial assets categorized as loans and receivables are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (except Advances to Contractors and Suppliers) and Advances to Related Parties. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are classified as non-current assets in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include proprietary golf club membership shares and are presented as part of the Other Non-current Assets account in the consolidated statement of financial position.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Unrealized Losses on AFS Financial Assets account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, if any, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, if any, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.5 Real Estate Transactions

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property to the Group, are charged to the Land for Future Development account. These costs are reclassified to Property Development Costs account when the development of the property starts. Related property development costs are then accumulated in this account. Borrowing costs on certain loans, if any, incurred during the development of the real estate properties are also capitalized by the Group as part of Property Development Costs.

The cost of real estate property sold before completion of the development, if any, is determined based on the actual costs incurred to date plus estimated costs to complete the development of the property. The estimated expenditures for the development of sold real estate property, as determined by the project engineers, are charged to the cost of residential and condominium units sold presented in the consolidated statement of comprehensive income with a corresponding credit to the liability account, Reserve for Property Development account.

Costs of properties and projects accounted for as Land for Future Development, Property Development Costs and Real Estate and Resort Shares for Sale are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

Revenue and cost relative to forfeited or back-out sales are reversed in the current year as they occur.

2.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.7 Property and Equipment

Property and equipment, except land, are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amount are not depreciated. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expenses as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building	50 years
Building and office improvements	5-10 years
Office furniture, fixtures and equipment	3-5 years
Transportation and other equipment	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount..

The residual values and estimated useful lives of property and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

2.8 Investment Property

Investment property consists of parcels of land and buildings held for lease. Buildings are carried at cost less accumulated depreciation and any impairment losses. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable expenditure. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Amortization is computed on a straight-line basis over the estimated useful life of the assets as follows:

Land development and improvements	20 years
Building and improvements	10-50 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Transfers to, or from, investment property shall be made when and only when there is a change in use.

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

2.9 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities, if any), Advances from Related Parties, Due to Joint Venture Partners and Redeemable Preferred Shares, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges, if any, incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost less settlement payments.

Preferred shares, which carry a mandatory coupon or are redeemable on specific date or at the option of the shareholder, are classified as financial liabilities and presented as a separate line item in the consolidated statement of financial position as Redeemable Preferred Shares.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD. The dividends on the redeemable preferred shares of a subsidiary are recognized in the consolidated statement of comprehensive income as interest expense on an amortized cost basis using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.10 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting .

Goodwill, if any, represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill, if any, is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, Provisions, Contingent Liabilities and Contingent Assets, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.11 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's BOD; its chief operating decision-maker. The BOD is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting is the same as those used in its consolidated financial statements. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.13 Offsetting of Financial Instruments

Financial assets and liabilities, particularly advances to and from related parties, are set-off and the resulting net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.14 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT).

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Real estate sales* – For financial reporting purposes, revenues from transactions covering sales of real estate are recognized under the percentage-of-completion method. Under

this method, realization of gross profit is recognized by reference to the stage of development of the properties, i.e., revenue is recognized in the period in which the work is performed. The unrealized gross profit on a period's sales is presented as Deferred Gross Profit on Real Estate Sales in the consolidated statement of comprehensive income; the cumulative unrealized gross profit as of the end of the year is shown as Deferred Income on Real Estate Sales in the consolidated statement of financial position.

The sale is recognized when a certain percentage of the total contract price has already been collected. If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of sale, payments received from buyer are initially recorded as part of Customers' Deposits account in the consolidated statement of financial position.

Revenues on sales of undeveloped land and golf and resort shares for sale, on the other hand, are recognized using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership in the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably. Revenues and costs relative to forfeited or back out sales are reversed in the current year as they occur.

Any adjustments relative to previous periods' sales are recorded in the current period as they occur.

For tax reporting purposes, a modified basis of computing the taxable income for the period based on collections from sales is used by the Group.

(b) *Maintenance income* – Revenue is recognized when performance of mutually agreed tasks has been rendered.

(c) *Rental income and hotel operations* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. Rental income is recognized on a straight-line basis over the lease term. Advance rentals received are recorded as deferred rental income. For tax purposes, rental income is recognized based on the contractual terms of the lease.

(d) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(e) *Dividends* – Revenue is recorded when the stockholders' right to receive the payment is established.

Cost of real estate sales before completion of the projects include the acquisition cost of the land, development costs incurred to date, applicable borrowing costs and estimated costs to complete the project, determined based on estimates made by the project engineers on the stage of completion of the real estate project.

Cost and expenses and other costs (other than costs of real estate sold) are recognized in profit or loss upon utilization of the services or goods or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

2.15 Operating Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) *Group as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.16 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of income or loss from operations.

2.17 Impairment of Non-financial Assets

The Group's Investments in Associates, Investment Property, Property and Equipment and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of impairment loss.

2.18 Employee Benefits

(a) Defined Benefit Plan

The Group has an unfunded, non-contributory defined benefit plan covering all regular employees.

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the entity, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit post-employment plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates derived from the interest rates of a zero coupon government bonds as published by the Philippine Dealing and Exchange Corporation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.19 Share-based Employee Remuneration

The Company grants share options to key executive officers eligible under a stock option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss and the corresponding share option is presented as Share Options Outstanding account in the equity section of the consolidated statement of financial position.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vest on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC), and the cost of the stock option under Share Options Outstanding account is reclassified to APIC.

2.20 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete. For income tax purposes, interest and other borrowing costs are charged to expense as incurred.

2.21 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

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

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

2.22 Equity

Capital stock represents the nominal value of shares that have been issued.

APIC represents premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Share options outstanding represents the corresponding credit upon recognition of share-based remuneration expense in profit or loss.

Unrealized losses on AFS financial assets represent losses recognized due to changes in fair values of these assets.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statements of comprehensive income, reduced by the amounts of dividends declared, if any.

2.23 Basic and Diluted Earnings Per Share

Basic earnings per share is determined by dividing the consolidated net profit by the weighted average number of common shares subscribed and issued during the year, after giving retroactive effect to any stock dividends, stock split or reverse stock split declared in the current year.

Diluted earnings per share is computed in the same manner as the basic earnings per share and assuming further that at the beginning of the year or at the time of issuance during the year, all outstanding convertible instruments were converted to common stock and the conversion would result to a decrease in the basic earnings per share or increase in the basic loss per share.

2.24 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. These are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

2.25 Events After the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. 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. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Distinction between Investment Property, Owner-occupied Properties and Land for Future Development

The Group determines whether an asset qualifies as an item of investment property, owner-occupied property or land for future development. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Group or for administrative purposes while Land for Future Development are properties intended solely for future development.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held 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.

(b) Distinction between Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(c) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Determining Net Realizable Value of Real Estate and Resort Shares For Sale, Property Development Costs and Land For Future Development

In determining the net realizable value of real estate and resort shares for sale, property development costs and land for future development, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation and uncertainty and may cause significant adjustments to the Group's Real Estate and Resort Shares for Sale, Property Development Costs and Land For Future Development within the next financial period.

Considering the Group's pricing policy, the net realizable values of real estate and resort shares for sale, property development costs and land for future development are higher than their related carrying values as of the end of the reporting periods.

(b) Fair Value of Stock Option

The Company estimates the fair value of the executive stock option by applying an option valuation model, taking into account the terms and conditions on which the executive stock option were granted.

The fair value of the executive stock option recognized as part of salaries and employee benefits shown under Operating Expenses in the consolidated statement of comprehensive income A corresponding credit to Share Options Outstanding of the same amount is presented in the equity portion of the consolidated statement of financial position.

(c) Fair Value of Measurement of Investment Property

Investment Property are measured using the cost model. The fair value disclosed in Note 11 to the consolidated financial statements is estimated by the Group using the fair value of similar properties in the same location and condition. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Estimating Useful Lives of Investment Property and Property and Equipment

The Group estimates the useful lives of investment property and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Trade and Other Receivables

Adequate amount of allowance is made and provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

(f) Determining the Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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. Management assessed that the deferred tax assets recognized as at March 31, 2013 and December 31, 2012 will be fully utilized within the next two to three years.

(g) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(h) *Valuation of Post-employment Benefit*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

(i) *Revenue Recognition Using the Percentage-of-Completion Method*

The Group uses the percentage-of-completion method in accounting for its realized gross profit on real estate sales. The use of the percentage-of-completion method requires the Group to estimate the portion completed using relevant information such as costs incurred to date as a proportion of the total budgeted cost of the project and estimates by engineers and other experts. There were no changes in the assumptions or basis for estimation during the period.

4. Segment revenue and segment results for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting.

The following table present revenue and income information for the 1st quarter ended March 31, 2013 and 2012.

March 31, 2013
(Amount in thousands)

	Sales of Real Estate	Service and Rental	Total
Revenue	₱229,482	₱48,503	₱277,985
Cost of sales and services	93,043	25,083	118,126
Gross profit	136,439	23,420	159,859
Realized gross profit – net	27,161	-	27,161
Realized gross profit	**₱163,600**	**₱23,420**	**₱187,020**

March 31, 2012
(Amount in thousands)

	Sales of Real Estate	Service and Rental	Total
Revenue	₱191,604	₱62,746	₱254,350
Cost of sales and services	99,655	36,228	135,883
Gross profit	91,949	26,518	118,467
Realized gross profit – net	62,610	-	62,610
Realized gross profit	**₱154,559**	**₱26,518**	**₱181,077**

5. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period.
   There have been no material events that happened subsequent to the interim period that need disclosure herein.

6. Effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operation.
   Not applicable.

7. Changes in contingent liabilities or contingent assets since the last annual balance sheet date
   The Company is a party to certain lawsuits or claims arising from the ordinary course of business and from several of its joint venture agreements. The Group's management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements, and thus, no provision has been made for these contingent liabilities.

8. Existence of material contingencies and any other events or transactions that are material to an understanding of current interim period.
   There have been no material contingencies and any other events or transactions that are material to an understanding of current interim period.

9. Any events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
   There have been no events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.

10. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
    There have been no material off-balance sheet transactions and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

11. Dividends paid separately for ordinary shares and other shares
    Not applicable.

12. Seasonality or cyclicality of interim operations
    Not applicable

13. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size and incidence.
    Not applicable

14. Issuances, repurchases, and repayments of debt and equity securities
    There have been no issuance, repurchase and repayment of debt and equity securities for the period.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise of cash, short-term bank deposits and investments.

Exposures to credit and liquidity risk arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

1. To identify and monitor such risks on an ongoing basis;
2. To minimize and mitigate such risks; and
3. To provide a degree of certainty about costs.

Credit Risk

The investment of the Group's cash resources is managed so as to minimize risk while seeking to enhance yield. The Group's holding of cash and marketable securities expose the Group to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations, and the Group consequently suffers financial loss. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing. The treasury policy sets aggregate credit limits of any one counterparty and annually reviews the exposure limits and credit ratings of the counterparties.

The Group has credit management policies in place to ensure that rental contracts are entered into with customers who have sufficient financial capacity and good credit history.

Sales to buyers of real estate which are collectible on installment are relatively risk-free. Sales to real estate buyers are documented under Contract to Sell agreements which allow cancellation of the sale and forfeiture of payments made in the event of default by buyers. Transfer of title is made to buyers only upon full payment of the account.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

Liquidity Risk

The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk.

The Group has no bank debt and has reduced payables to suppliers, contractors and other creditors via asset swap arrangements utilizing the Group's real estate and golf and resort shares inventory.

As a matter of policy, no new bank debt shall be secured unless for project development purposes which are expected to provide sufficient cash flows to ensure repayment.

Interest Rate Risk

The Group has no significant exposure to interest rate risk as financial assets and liabilities are non-interest bearing (trade and other receivables and payables).

Currently, the Group has no outstanding interest bearing loans from any financial institution.

Foreign Exchange Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. The currency exchange rates arise from Group's United States (U.S.) dollar-denominated cash and cash equivalents.

Management assessed that the foreign currency risks related to these U.S. dollar-denominated cash and cash equivalents to be not material.

CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	March 2013	December 2012
Total Liabilities	P 7,497,352,931	P7,025,253,985
Total Equity	17,743,631,568	17,592,403,324
Debt-to-equity ratio	0.42:1	0.40:1

CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial assets and liabilities.

The carrying amounts and fair value of the categories of financial assets and liabilities presented in the consolidated financial statement of financial position are shown below:

Figures in thousands

	March 31, 2013		December 31, 2012	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
Loans and receivables:				
Cash and cash equivalents	P 485,073	P 485,073	P 466,230	P 466,230
Trade and other receivables - net	2,131,668	2,131,668	1,986,921	1,986,921
Advances to related parties	973,614	973,614	930,172	930,172
	3,590,355	3,590,355	3,383,323	3,383,323
AFS financial assets	1,250	1,250	1,250	1,250
	P 3,591,605	P 2,591,605	P 3,384,573	P 3,384,573

	December 31, 2012		December 31, 2012	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial liabilities				
Financial liabilities at amortized cost:				
Trade and other payables	P 2,044,845	P 2,044,845	P 2,006,419	P 2,006,419
Advances from related parties	1,310,681	1,310,681	1,045,854	1,045,854
Due to joint venture partners	218,733	218,733	214,397	214,397
Redeemable preferred shares	1,257,988	1,257,988	1,257,988	1,257,988
Accrued interest on preferred shares	18,346	18,346	10,483	10,483
	P 4,850,593	P 4,850,593	P 4,535,141	P 4,535,141

See notes to financial statements 2.4 and 2.9 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in page 38.

The Group does not actively engage in the trading of financial assets for speculative purposes.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Annex A-1

AS OF MARCH 31, 2013

(Amount in Thousands)

	Unaudited Mar-13	Audited December 2012
ASSETS		
CURRENT ASSETS		
Cash and Cash equivalent	485,073	466,230
Trade and other receivables - net	1,141,386	1,127,461
Advances to related parties	973,614	930,172
Real estate, golf and resort shares for sale-net	8,323,663	7,802,354
Property Development Costs	2,068,542	1,943,663
Prepayments and other current assets	900,430	909,001
Total Current Assets	13,892,708	13,178,881
NON-CURRENT ASSETS		
Trade and other receivables - net	990,283	859,460
Advances to real estate property owners	1,073,257	1,066,413
Land for future development	7,391,487	7,644,655
Investment in associates	739,379	740,852
Investment Properties - net	358,792	359,864
Property and equipment - net	679,444	661,783
Other non-current assets	115,634	105,749
Total Non-current Assets	11,348,276	11,438,776
TOTAL ASSETS	**25,240,984**	**24,617,657**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	2,044,845	2,006,419
Customer's deposit	561,434	549,694
Advances from related parties	1,310,681	1,045,854
Reserve for property development	63,665	50,525
Deferred income on real estate sales	334,491	305,237
Total Current Liabilities	4,315,116	3,957,729
NON-CURRENT LIABILITIES		
Due to joint venture partners	218,733	214,397
Redeemable preferred shares	1,257,988	1,257,988
Reserve for property development	702,502	673,397
Deferred income on real estate sales	577,773	553,162
Deferred tax liabilities-net	153,265	125,180
Retirement benefit obligation	63,018	63,018
Other non-current liabilities	208,958	180,383
Total Non-current Liabilities	3,182,237	3,067,525
Total Liabilities	7,497,353	7,025,254
EQUITY		
Equity attributable to parent company's shareholder	14,182,335	14,089,008
Non-controlling interest	3,561,296	3,503,395
Total Equity	17,743,631	17,592,403
TOTAL LIABILITIES AND EQUITY	**25,240,984**	**24,617,657**

GLOBAL-ESTATE RESORT, INC. AND SUBSIDIARIES

Annex A-2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1Q2013 VS. 1Q2012
(Amount in Thousands)

	1st quarter 2013	1st quarter 2012
REVENUES		
Real Estate Sales	229,482	191,604
Realized gross profit on prior years' real estate sales	27,161	62,610
Service and rental income	48,503	62,746
Hotel Operations	72,564	27,038
Equity in net earnings (losses) of associates, interest and other income	58,650	34,922
	436,360	378,920
COST AND EXPENSES		
Cost of real estate sales	93,043	99,655
Deferred gross profit on real estate sales	88,221	59,066
Cost of hotel operations	22,857	6,727
Cost of services	25,083	36,228
Operating expenses	80,269	91,688
Interest and other charges	13,051	15,199
Income tax expense	32,882	19,568
	355,406	328,131
Net Profit (Loss)	**80,954**	**50,789**
Other Comprehensive Loss		
Revaluation reserve	(2,162)	(2,162)
Total Comprehensive Income (Loss)	78,792	48,627
Net profit (loss) attributable to:		
Parent Company's shareholder	82,927	56,904
Non-controlling interest	(1,973)	(6,115)
	80,954	**50,789**
Total Comprehensive Income(loss) attributable to:		
Parent Company's shareholders	80,765	54,742
Non-controlling interest	(1,973)	(6,115)
	78,792	48,627
Earnings per share	**0.0098**	**0.0068**

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amount in Thousands)

Annex A-3

	1st quarter 2013	1st quarter 2012
EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDER		
CAPITAL STOCK	8,486,000	8,356,000
ADDITIONAL PAID IN CAPITAL	1,597,739	1,597,739
SHARE OPTION OUTSTANDING	49,947	
REVALUATION RESERVE	(2,132)	(2,132)
RETAINED EARNINGS	4,050,781	3,729,898
	14,182,335	**13,681,505**
MINORITY INTEREST	**3,561,296**	**2,259,051**
TOTAL STOCKHOLDERS' EQUITY	**17,743,631**	**15,940,556**

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW

Annex A-4

(Amounts in Thousands)

	Mar-13	Mar-12
Net Income before tax	113,836	70,357
Add(less)		
Interest expense	8,089	5,857
Amortization of deferred interest	4,962	9,342
Depreciation and amortization	8,337	4,327
Interest income	(6,299)	(8,262)
Equity in net earnings (loss) of associates	1,473	1,767
Operating Income(loss) before working capital changes	130,398	83,388
Net Changes in Operating Assety and Liabilities		
Decrease(Increase) current and non current asset	(501,885)	(311,815)
(Decrease)Increase current and non current liabilities	161,800	128,215
Cash paid for income taxes	(4,798)	(6,958)
Cash from(used in) Operating Activities	(214,485)	(107,170)
Cash from(used in) Investing Activities	(31,499)	(91,851)
Cash from (used in) Financing Activities	264,827	(14,865)
Net Increase (decrease) in cash and cash equivalent	18,843	(213,886)
Cash and cash equivalent at the beginning of the year	466,230	993,080
Cash and cash equivalent at the end of the year	485,073	779,194

GLOBAL-ESTATE RESORTS, INC, AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE

Annex A-5

AS OF MARCH 31, 2013

(Amounts in Thousands)

1 Aging of Accounts Receivable

Type of receivables:	TOTAL	CURRENT/NOT YET DUE	1 Month	2-3 Months	4-6 Months	7 Months to 1 Year	1-2 Years	3-5 Years
a. Trade/Other Receivable	2,131,669	1,913,310	107,363	66,774	40,569	3,653		
Net Receivable	2,131,669							