COVER SHEET

SEC Registration Number

62893

Company Name

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

The Garage at Rockwell Center, Estrella St., Rockwell Center, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17A		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	793-0088	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
49,467	May 27	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Ellen V. Almodiel	ellena@rockwell.com.ph	793-0088	

Contact Person's Address

Ground Floor, East Podium, Joya Lofts & Towers, 28 Plaza Drive, Rockwell Center, Makati City 1200

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SEC Number: 62893
PSE Number:
File Number:

ROCKWELL LAND CORPORATION

(Company's Full Name)

The Garage at Rockwell Center, Estrella St.,
Rockwell Center, Makati City, Philippines

(Company's Address)

(632) 793-0088

(Telephone Number)

December 31, 2014

(Year Ending)

SEC Form 17-A Annual Report

(Form Type)

APR 15 2015

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE AND SECTION 141

OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal period ended **December 31, 2014**

2. Commission Identification Number **62893**

3. BIR Tax Identification Number **004-710-062-000**

4. Exact name of issuer as specified in its charter: **ROCKWELL LAND CORPORATION**

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

6. Industry Classification Code: ____________ (SEC Use Only)

7. Address of issuer's principal office and postal code:
   The Garage at Rockwell Center, Estrella St., Rockwell Center, Makati City 1200

8. Issuer's telephone number, including area code: **(632) 793-0088**

9. Former name, former address, former fiscal year, if changes since last report: **N/A**.

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 issued and outstanding
Common shares	**6,116,762,198 shares**

Amount of Debt Outstanding
PhP15,121,904,590

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [X] No [ ]

Stock Exchange:	**Philippine Stock Exchange**
Securities Listed:	**Common shares**

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 [ ]

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1 BUSINESS

Background

Rockwell Land is a premier property developer for residential and commercial projects that cater to the high-end and upper-mid markets mainly in Metro Manila. It is primarily engaged in the residential development of high-rise condominiums as well as in retail and office leasing.

The Company was incorporated on August 11, 1975 as First Philippine Realty and Development Corporation, which was later on changed to Rockwell Land Corporation in February 23, 1995. On September 27, 1996, the SEC approved the increase in capital stock of the Company from P1.0 million to P6.0 billion with three major shareholders subscribing to the increase, namely: Manila Electric Company (Meralco), First Philippine Holdings Corporation (FPHC) and Benpres Holdings Corporation (now Lopez Holdings Corporation or LPZ). During the increase, the Company also amended its articles of incorporation to include the increase in capital stock and the increase in number of directors from 5 to 11. On May 4, 2000, the SEC approved the articles of merger of the Company with Hubbard Realty Holdings Inc., Farragut Realty Holdings Inc., Mc Pherson Square, Inc., and Foggy Bottom, Inc., with the Company as the surviving entity. In July 2008, the SEC approved the Company's increase in authorized capital stock from P6.0 billion divided into 6,000,000,000 Common Shares with P1 par value each to P9.0 billion divided into 8,890,000,000 Common Shares with the same par value and 11,000,000,000 Preferred Shares with a P0.01 par value each with existing shareholders subscribing to the increase in capital. In August 2009, LPZ sold its share in the Company to FPHC therefore leaving the Company with only two (2) major shareholders, namely Meralco and FPHC.

On February 28, 2012, the SEC approved the amendment to the First Article of the Articles of Incorporation of the Company changing its name from "Rockwell Land Corporation" to: "ROCKWELL LAND CORPORATION doing business under the name and style of Powerplant Mall; Powerplant Cinemas; and Edades Serviced Apartments".

On February 27, 2012, the Board of Directors of Meralco approved the declaration of its 51% ownership in the Company as property dividend in favor of common stockholders of record as of March 23, 2012, except for foreign common shareholders who were paid the cash equivalent of the property dividend. Consequently the Company became a public company having more than 200 shareholders. The property dividend was paid on May 11, 2012 wherein FPHC received property dividends from Meralco in the form of 125,079,016 common shares of the Company. On the same date, the Company acquired 126,620,146 common shares from Meralco, representing the foreign shareholders' entitlement from the property dividend distribution, at ₱1.4637 per share. The Company was listed in the Philippine Stock Exchange (PSE) on May 11, 2012.

On June 28, 2012 and July 27, 2012, FPHC purchased additional shares of the Company from Beacon Electric Asset Holdings, Inc. and San Miguel Corporation, respectively. As of December 31, 2014, FPHC owns 86.58% of the Company

Subsidiaries and Affiliates

Rockwell Integrated Property Services, Inc. (RIPSI), a wholly owned subsidiary of the Company, was incorporated in 1999 to establish, own, manage, operate and carry on the business of maintaining and cleaning buildings and other facilities.

Rockwell Primaries Development Corporation ("Primaries", formerly Rockwell Homes Inc., and Primaries Development Corporation) a wholly owned subsidiary of the Company, was incorporated in September 2012 to primarily cater to the broader market under a 2nd brand

“Primaries”. The subsidiary envisions itself to be the preferred developer in terms of providing exceptional and quality living at a more affordable price.

Stonewell Development Corporation Inc., a wholly owned subsidiary of the Company, was also incorporated in September 2012 to develop socialized housing for the Parent Company.

Primaries Properties Sales Specialist Inc., a wholly owned subsidiary, was incorporated in November 2012 primarily to as act the sales and marketing arm of Primaries.

Rockwell Hotels & Leisure Management Corporation (Rockwell Hotels), a wholly owned subsidiary of the Company, was incorporated last June 20, 2013 for the management of hotel and resort operations.

Retailscapes Inc., a wholly owned subsidiary of the Company, was incorporated in November 2014 to develop and operate pocket retail projects of the Company.

The Company also has ownership in Rockwell Leisure Club Inc. (RLCI), owning 1,500 ordinary shares and 765 proprietary shares. RLCI is a non-profit premier leisure club created to complement Rockwell Land’s exclusive lifestyle concept. Opened in December 1999, the Rockwell Club offers its resident members and proprietary shareholders a first-class social, sports and recreational facility within the Rockwell Center.

Business Segments

Rockwell Land’s operations are divided into two (2) segments: residential development and commercial development.

RESIDENTIAL DEVELOPMENT

The residential development segment involves the development, sales and property management of all residential units under the Rockwell and Primaries brands. This segment currently accounts for 68% of the Company’s EBITDA. Its portfolio of completed projects comprises of the following:

West Block Residential Towers (2000)

Approximately 2.8 hectares, the West Block was the first residential development within Rockwell Center. It consists of four towers, each named after the country’s most prominent artists and national figures. The West Block has a total of 856 residential units as follows:

Hidalgo Place	251 units
Luna Gardens	131 units
Rizal Tower	169 units
Amorsolo Square	305 units

The Company completed and handed over these towers to the unit owners on time starting 1999.

The Manansala (2005)

After the completion of West Block, the Company introduced The Manansala in 2001 – the first residential project on the east side of Rockwell Center. It was launched to address the market requirement for smaller units. This 618-unit project was also the first project of the Company that was launched to the Filipino-American investor market. The project broke ground in May 2002 and was completed six months ahead of schedule in July 2005.

Joya Lofts and Towers (2008)

Following The Manansala, the 931-unit Joya Lofts and Towers were launched in late 2003. The distinguishing feature of the Joya Lofts and Towers is its loft design, featuring 20 foot ceilings and a “canvass” for the unit owners’ creative ideas. The project also includes more ground for retail spaces for tenants intended to service residents’ requirements. The twin tower project broke ground in August 2004 and was completed in June 2008, six months ahead of schedule.

One Rockwell (2011)

Riding on the sales momentum of Joya, the Company launched One Rockwell in 2005 – its largest development within Rockwell Center with 1,275 units. The distinguishing feature of One Rockwell is its Z-loft units, which provides residents with units crossing across the corridor for views from both sides of the building. This two (2) – tower project (East and West Towers) commenced construction in February 2007 and was completed in November 2011. Turnover to unit owners started in November 2010.

The Grove by Rockwell – Towers A & B (2012)

The Grove by Rockwell is the Company’s first project outside of Rockwell Center in Makati and its first venture into the upper mid-market segment. The project is situated on a 5.4 hectare prime property along the major thoroughfare of E. Rodriguez Jr. Ave. in Pasig and will consist of six residential towers with a small retail and commercial area. The Grove’s master plan intends to retain 75% of its area for open-space and landscaped environment with a resort-inspired design for its 2,400 unit owners.

The project was introduced to the market in late 2008 with the launch of Phase 1 (Towers A, B & Podium). Its construction was completed by end of 2012 while the turnover to unit owners started on July 2012.

Edades Tower and Garden Villas (2015)
Following The Grove, a 50-storey development Edades Tower and Garden Villas was launched on December 2009. It has Garden Villas which are extension of the tower and are composed of a landscaped cluster of bi-level units while the Garden Loft is a loft unit located within the residential tower that spills out to a generous garden deck. It also features six floors of serviced apartments which has a dedicated lobby and set of amenities. The construction of this masterpiece started on April 2011 and was fully completed last March 2015. Turnover to unit owners started in April 2014.

In addition to the above completed projects, the Company has the following ongoing projects;

The Grove by Rockwell – Towers C & D (2015)

Following the launch of the Phase 1 of The Grove by Rockwell, Phase 2 (Towers C & D) was introduced to the market on November 2010, respectively. Its construction will be completed by June 2015 while turnover to unit owners will start on April 2015.

53 Benitez (2015)

Primaries launched its first project called the 53 Benitez in July 2013. Situated on a one (1) hectare lot in Quezon City, this project has 365 1BR, 2BR and 3BR units. The primary target market for this project is end-users like young and start-up families. This is Rockwell Land’s first midrise project.

The Grove by Rockwell – Towers E & F (completion by 2015)

The final phase of the Company's first project outside of Rockwell Center was launched last July 2011. The completion of the last 2 towers this December 2015 will stand as a testament of Rockwell's expansion within the metro.

205 Santolan by Rockwell (2015)

To expand its portfolio of products, the Company launched its first townhouse community venture – the 205 Santolan in 2012. It is situated on a 1.8 hectare property located near the Santolan-Ortigas Avenue intersection that has quick access to major thoroughfares. This 105-unit low-density project comes complete with master-planned landscaping and amenities. It broke ground in February 2012 and the turnover to the buyers started February 2014.

The Proscenium (completion by 2020)

The Proscenium is a mixed-use development project situated on a 3.6 hectare property adjacent to Rockwell Center. The development will consist of five (5) residential towers which will be anchored on a cultural component with a 600-seater performing arts theater and the Lopez Museum to be located on the south-west corner of the property.

The first two residential towers, Sakura and Kirov, were launched on November 2012 featuring 367 large size units ranging from 2 to 4 bedrooms. The third residential tower, Lincoln, was launched in February 2013 and the fourth residential tower, Lorraine, will be re-launched in 2015 to offer bigger-sized units than originally intended. The fifth and final tower will also be launched in the same year. These are scheduled for turnover between 2018-2020.

The Alvendia (2015)

Coming from the success of its 1st townhouse development, Rockwell Land launched another townhouse project on a 0.5 has site in San Juan City in July 2013. With only 28 units, the project was almost sold out within the first month of its launch. Construction started in August 2013 and will be completed by May 2015.

32 Sanson (completion by 2018)

The Company acquired a 3.1 hectare lot in Lahug, Cebu City in 2012 to expand to other strategic urban centers in the Philippines. This is the Company's first venture outside the region of Luzon and Cebu City is one of the most progressive provincial cities in the country. The primarily residential project will have 2 phases; the 135 units for the 1st phase and 220 units for the 2nd phase for a total of 355 units. The project was launched in January 2014 and the 1st phase is scheduled for completion in November 2016.

COMMERCIAL DEVELOPMENT

The Commercial development segment of the Company develops leases and manages its retail, office and serviced apartment developments. As of end- 2014, the Company has a total portfolio of 120,877 sqm of leasable space.

Power Plant Mall

The Power Plant Mall is a four-level shopping center of 41,699 sqm. leasable area with three (3) levels of parking. The Power Plant Mall provides the leisure component for the occupants of the residential towers and offices within the Rockwell Center. It contributes about 24% to the total income of the Company.

Other Retail Spaces

The Company also maintains 6,610 sqm of retail spaces on the ground floor of its residential and office projects, providing services, convenience and dining choices to residents/ tenants and non-residents/ non-tenants alike.

Rockwell Business Center (RBC)

The Company established an unincorporated joint venture, Rockwell Business Center, with Meralco for the development and operations of an office complex within the Meralco headquarters in Ortigas.
Rockwell Business Center is the Company's first venture into the office market. It contains three towers that have a total leasable area of 76,831 sqm of office and retail space.

Aruga by Rockwell

The Company launched its first entry into the hotel business last July 2014 that consists of 114 serviced apartments to cater to the undying demand of room rentals. The hotel tower was fully completed by February 2015.

8 Rockwell

The ongoing construction of the 19-storey 8 Rockwell with a total floor area of 31,793 sqm will add 25,516 sqm of leasable office space to the Company's commercial leasing portfolio starting 2015, while the remaining area were held for sale.

Customers and Distribution Methods of Products

The Company caters to a wide range of customers, not any one of whom account for 20% or more of its revenues. Its residential projects are sold to both local individuals and corporations and foreign individuals with the local market accounting for about 68% of sales in the last three years. For its commercial leasing business, its customers are individuals and institutions. Residential projects are sold to clients primarily through the Company's in-house sales team which exclusively sells Rockwell projects, complemented by a network of licensed brokers. Its in-house sales team, now numbering 84, consists of regular employees and is headed by licensed brokers. The Company also has an in-house leasing team which handles leasing of tenants for its retail and office business.

The Company maintains websites and various model units which serve as touch points for its customers. Beginning in late 2011, it has tapped the Filipinos living overseas or abroad through international roadshows. Since 2013, the Company formally organized an International Sales team who is focused on servicing the current international markets as well as establishing new markets.

Competition

Rockwell Land operates in a highly competitive industry. The industry consists of two sets of players: (a) the major players who are present in all segments of the market (residential, retail, office and tourism) and generally have nationwide presence and (b) the niche players who only operate in certain segments of the market.

The Company is a niche player which is mainly into vertical residential projects in Metro Manila primarily targeting the high-end and the upper-mid markets and more recently the broader market with its 2nd brand, Primaries. For its residential development business, the Company competes on the basis of location, product quality, amenities and price. On the other hand, competition for the commercial development business is based on location, quality and availability of space. Rockwell Land believes that it mainly competes with Ayala Land Inc. ("ALI"), Shang Properties Inc. ("Shang Properties") and Century Properties Group Inc. ("CPG") for its residential business and ALI and Shang Properties for its retail business. For its office segment, the Company competes with Robinsons Land Corp. ("RLC") and the office building developers in Fort Bonifacio Global City. ALI and RLC are both major players present in the whole spectrum of the property market segments nationwide. On the other hand, Shang Properties and CPG are also niche players, similar to the Company, focused mainly on residential and retail (for Shang Properties) and residential (for CPG).

With its strong brand name and its track record of project innovations and successful delivery, the Company believes that it can effectively compete in its current niche and is in a solid position to enter new markets. In 2012, the Company decided to enter into horizontal residential development with the launch of its first townhouse project, 205 Santolan. Although the Company had no track record in managing this type of project as compared to its competitors, it believes that its experience in vertical residential projects will be useful. The Company followed that with the launch of its second townhouse development, the Alvendia, in June 2013. These projects target the high-end and the upper-mid markets that the Company is very familiar with.

In 2013, the Company entered the broader market segment with the launch of its "Primaries" brand through the 53 Benitez project. The brand aims to tap into the upper end of the broader market segment and offers unique product feature such as floating corridors and private bridgeways. It targets young families and professionals by offering more than the basics in modern functional living spaces with its spacious two and three bedroom units.

The newest business which the Company entered into in 2014 was the operations of serviced apartments with Aruga.

Suppliers

The Company's raw material requirements for its business are widely available from local and international sources. It generally enters into fixed- sum agreements with reputable general contractors for the construction and development works of its projects except in instances when it believes that it can benefit from the direct procurement of certain materials and packages. Awarding of construction contracts and packages go through the following selection process: pre-qualification (based on project track record, including previous works done for Rockwell, and financial capacity, among others), submission of sealed bids, evaluation of accepted bids (technical and commercial) and a final bidding. It maintains a wide base of suppliers and is not dependent on one or a limited number. Rockwell Land also continues to seek new suppliers as well as explore ways of effectively partnering with its contractors and subcontractors to ensure the quality, on time delivery and the cost-effectiveness of its projects.

Rockwell Land maintains an in-house project development team that it has built over the past three completed residential projects. This team of about 139 employees with specialization in various engineering and architectural disciplines is tasked to ensure that projects are delivered on time according to a specified quality and budget. It manages the different projects by strictly monitoring project milestones in coordination with the general contractors and ensuring that issues during construction are resolved timely.

Some of Rockwell Land's manpower requirements for its retail, office and property management operations are outsourced to accredited services providers. This includes housekeeping, janitorial, security and maintenance personnel, among others. The service providers also go through a selection and accreditation process and regular evaluation in order to maintain the required service level.

Intellectual Property

The Company currently owns following registered trademarks, namely:

1. ROCKWELL & (stylized letter "R") LOGO
TM Registration No. 4-1995-104847
Issued on 28 April 2013, valid until 28 April 2023

2. THE GROVE BY ROCKWELL
TM Registration No. 4-2007-013661
Issued on 6 October 2008, valid until 6 October 2018

3. POWER PLANT MALL
TM Registration No. 4-2012-003100
Issued on 7 June 2012, valid until 7 June 2022

4. POWER PLANT CINEMA
TM Registration No. 4-2012-003101
Issued on 7 June 2012, valid until 7 June 2022

5. THE PROSCENIUM AT ROCKWELL
TM Registration No. 4-2012-003496
Issued on 14 June 2012, valid until 14 June 2022

6. 205 SANTOLAN BY ROCKWELL
TM Registration No. 4-2012-003497
Issued on 14 June 2012, valid until 14 June 2022

7. PROSCENIUM LOGO
TM Registration No. 4-2012-000114355
Issued on 25 April 2013, valid until 25 April 2023

8. PRIMARIES A ROCKWELL COMPANY
TM Registration No. 4-2012-00014881
Issued on 4 July 2013, valid until 4 July 2023

9. KIROV AT THE PROSCENIUM
TM Registration No. 4-2013-00003552
Issued on 5 September 2013, valid until 5 September 2023

10. ICONIQUE AT THE PROSCENIUM
    TM Registration No. 4-2013-00003553
    Issued on 5 September 2013, valid until 5 September 2023

11. LORRAINE AT THE PROSCENIUM
    TM Registration No. 4-2013-00003554
    Issued on 5 September 2013, valid until 5 September 2023

12. LINCOLN AT THE PROSCENIUM
    TM Registration No. 4-2013-00003555
    Issued on 18 July 2013, valid until 18 July 2023

13. SAKURA AT THE PROSCENIUM
    TM Registration No. 4-2013-00003556
    Issued on 18 July 2013, valid until 18 July 2023

At the time of this writing, the Company has the following pending trademark applications:

1. EDADES TOWER AND GARDEN VILLAS
   TM Appl. No. 4-2010-011100 filed on 8 October 2010

2. PROSCENIUM (WORD MARK)
   TM Appl. No. 4-2012-014354 filed on 23 November 2012

The following registered trademark is owned by Rockwell Hotels and Leisure Corporation, a subsidiary of the Company:

1. ARUGA BY ROCKWELL
   TM Registration No. 4-2014-00001617
   Issued on 30 October 2014, valid until 30 October 2024
   Registrant: Rockwell Hotels and Leisure Corporation

The following trademark was applied for registration by Rockwell Primaries Development Corporation, a subsidiary of the Company:

1. ROCKWELL PRIMARIES
   TM Appl. No. 4-2014-00001621 filed on 7 February 2014
   Applicant: Rockwell Primaries Development Corporation

As trademark owner, the Company (and its subsidiaries) has the sole right to use the trademarks in the real estate development business, and to exclude any person or entity from exploiting the trademarks in the same business, or in the manner that will dilute or diminish the distinctiveness of the trademarks.

The Company also owns business name registrations for the trademarks below:

TRADEMARK	DATE FILED	STATUS
POWER PLANT MALL	12-Mar-12	REGISTERED
POWER PLANT CINEMA	12-Mar-12	REGISTERED
THE PROSCENIUM AT ROCKWELL	20-Mar-12	REGISTERED
205 SANTOLAN BY ROCKWELL	20-Mar-12	REGISTERED

PROSCENIUM (LOGO)	23-Nov-12	REGISTERED
PRIMARIES A ROCKWELL COMPANY	10-Dec-12	REGISTERED
LINCOLN AT THE PROSCENIUM	18-Jul-13	REGISTERED
SAKURA AT THE PROSCENIUM	18-Jul-13	REGISTERED
KIROV AT THE PROSCENIUM	5-Sep-13	REGISTERED
ICONIQUE AT THE PROSCENIUM	5-Sep-13	REGISTERED
LORRAINE AT THE PROSCENIUM	5-Sep-13	REGISTERED

Registering a business name with the Department of Trade and Industry precludes another entity engaged in the same or similar business from using the same business name as one that has been registered. A registration of a business name with Department of Trade and Industry shall be effective for five years from the initial date of registration.

The Company also recently amended its Articles of Incorporation in February 2012 to include in its corporate name "Doing business under the name and style of Powerplant Mall; Powerplant Cinemas; And Edades Serviced Apartments."

On March 25, 2008, Meralco and Rockwell Land entered into a Joint Venture Agreement with respect to the property in the Meralco-Ortigas complex, Pasig City covered by TCT No. (210867) 12101 also known as the Rockwell Business Center. Under the Joint Venture agreement, Meralco and Rockwell Land entered into agreements on property management over the property, the allocation of the ownership and the sharing of the rentals over the project development. Sharing of earnings is on an 80:20 basis (80% for the Company and 20% for Meralco) until 2014 or until certain operational indicators are reached, whichever comes first, after which sharing will be on a 70:30 basis. The agreement to operate is effective for 25 years.

Research and Development

Although the expense for research and development did not amount to a significant percentage versus revenues, extra measures are being taken by the Company to improve its research and development function. The Company, along with its plans for expansion, has made several efforts to engage with industry consultants and research services last year. The Company's efforts to pursue research and development led its incorporation in the various business units.

Employees

As of December 31, 2014, Rockwell Land and its subsidiary had a total of 1,456 employees, including 767 organic employees and 689 non-organic (contractual and agency) employees. The breakdown of organic employees per business unit is as follows:

Business Units	Number of Employees
Residential Development	520
Commercial Leasing	68
Shared	128
Hotels	51
TOTAL	**767**

The organic employees can be broken down by function as follows:

Function	Number of Employees
Operational	413
Technical	255
Administrative	99
TOTAL	**767**

The Company has no collective bargaining agreements with employees and none of the Company's employees belong to a union.

The Company provides employees with training and other development programs to effectively carryout their jobs and to prepare them for career advancement in the Company.

Item 2 PROPERTIES

The Company, in the course of its business, has invested in various properties for its existing and future development projects. It has also entered into a joint venture with Meralco for Rockwell Business Center, an office development project in Ortigas.

Following is the list of properties owned by the Company as of December 31, 2013. The list excludes properties which have been completed or have been launched as development projects since titles of properties in these projects have already been or will be transferred to the buyers and/or the respective condominium corporations.

	Location	Description and use
Land and improvements		
Power Plant Mall	Rockwell Center, Makati	Retail
Estrella lots	Estrella St., Makati City	Company use (office & storage)
Grove retail	The Grove, Pasig City	Company use (office and retail)
Block 4	Rockwell Center, Makati	Company use (office)
8 Rockwell	Rockwell Center, Makati	Under construction (office)
Various retail spaces	The Manansala, Joya Lofts and Towers, One Rockwell, #38 Rockwell Drive -- all within Rockwell Center, Makati	Retail
Land for development		
Proscenium	Makati City	Mixed-use development
J.P Rizal property	Makati City	Residential development
Sto. Tomas	Sto. Tomas, Batangas	Residential development
Kapitolyo	Pasig City	Residential development
Tribeca Sucat	Muntinlupa City	Residential development

Investment in Shares of Stock	No. of Shares	Par or Market Value and Description
Rockwell Primaries Development Corporation	500,000,000 Common Stock	₱500.0 Million
Stonewell Property Development Corporation	12,500,000 Common Stock	₱12.5 Million

Primaries Properties Sales Specialists Inc.	2,500,000 Common Stock	₱2.5 Million
Rockwell Integrated Property Services Inc.	20,000,000 Common Stock	₱20.0 Million
Rockwell Leisure Club Inc.	765 Proprietary Shares available for sale and 1,500 Ordinary Shares	₱228.6 Million
Rockwell Hotels & Leisure Management Corp.	5,000,000 Common Stock	₱5.0 Million
Retailscapes Inc.	31,250,000 Common Stock	P31.3 Million

Item 3 LEGAL PROCEEDINGS

To the best of the Company's knowledge, there has been no occurrence during the past five years and as of the date of this information statement of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two (2) years prior to that time;

- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and

- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Item 4 SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters discussed during the Annual Stockholder's meeting, there was no other submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5 MARKET FOR ISSUER'S COMMON SHARE EQUITY and RELATED STOCKHOLDERS

(1) Market Information

(a) The registrant's common equity is being traded at the Philippine Stock Exchange.

(b) STOCK PRICES

	Common	
	High	Low
2014		
First Quarter.........................	1.84	1.53
Second Quarter	2.06	1.64
Third Quarter	1.94	1.75
Fourth Quarter	2.29	1.68

ROCK was trading at ₱ 1.76 per share as of April 14, 2015.

(c) DIVIDENDS PER SHARE – The Company declared cash dividends in July 02, 2014 of P0.0459 per Common Share to stockholders of record as of July 18, 2014, payable on or before August 11, 2014.

The number of common and preferred shareholders of record as of December 31, 2014 was 49,467 and 1, respectively. As of December 31, 2014, common and preferred shares issued and subscribed were 6,243,382,344 shares (inclusive of 126,620,146 treasury shares) and 2,750,000,000 respectively.

Top 20 Stockholders of Common Shares as of December 31, 2014:

	Name	No. of Shares Held	% to Total
1.	First Philippine Holdings Corporation	5,296,015,375	86.58200%
2.	PCD Nominee Corporation (Filipino)	503,925,897	8.23844%
3.	PCD Nominee Corporation (Foreign)	142,535,738	2.33025%
4.	Padilla, Nestor J.	21,000,001	0.34332%
5.	Lopez, Manuel M., &/Or Ma. Teresa L. Lopez	8,869,411	0.14500%
6.	Lopez, Manuel M.	2,807,269	0.04589%
7.	Concepcion, Raul Joseph &/Or Raul Anthony Concepcion &/or Raul Patrick Concepcion &/or Raul Stephen Concepcion &/or Rica C. Araneta	2,182,018	0.03567%
8.	Yan, Lucio W.	1,136,324	0.01858%
9.	Cheng, Charlotte Cua	886,422	0.01449%
10.	Avesco Marketing Corporation	801,574	0.01310%
11.	B.P. Insurance Agency, Inc.	792,139	0.01295%
12.	Makati Supermarket Corporation	677,238	0.01107%
13.	Croslo Holdings Corporation	584,297	0.00955%
14.	Tan, Simeon Y.	458,804	0.00750%
15.	Carlos, Jose Ignacio A.	455,667	0.00750%
16.	Tan, Lozano	422,730	0.00691%
17.	Flordeliza, Virgilio C.	398,550	0.00652%
18.	Aquino, Antonio T., &/Or Evelina S. Aquino	377,231	0.00617%
19.	BP Insurance Agency, Inc.	328,969	0.00538%
20.	Concepcion, Raul Joseph	316,854	0.00518%

Stockholders of Preferred Shares as of December 31, 2014:

Name	No. of Shares Held	% to Total
1. First Philippine Holdings Corporation	2,750,000,000	100%

Recent Sales of Unregistered Securities

<u>ISSUANCE OF SECURITIES AND RECENT SALES OF EXEMPT SECURITIES –</u>

On December 12, 2007, the Board of Directors and the stockholders representing at least two-thirds of the Company's outstanding capital stock approved the increase in authorized capital stock from ₱ 6.0 billion to ₱ 9.0 billion divided into 8,890,000,000 Common shares with a par value of ₱1.00 each and 11,000,000,000 Preferred shares with a par value of ₱0.01 each. The increase in authorized capital stock was approved by the SEC on July 28, 2008.

Subscription for shares of capital stock of a corporation in pursuance of an increase in its authorized capital stock, when no expense is incurred, no commission, compensation or remuneration is paid or given in connection with the sale or disposition of such securities, and only when the purpose for soliciting, giving or taking of such subscriptions is to comply with the required minimum 25% subscribed capital stock, is exempt from registration under the SRC. No notice or confirmation of exemption is required to be filed for the issuance of shares pursuant to an increase in authorized capital stock.

Exempt Transactions and Securities

ROCK also issued the following securities:

Date	Amount	Type of Security	Issued to:
January 2013	₱4,000,000.00	Fixed Rate Corporate Notes	Primary institutional lenders
March 2013	₱2,000,000.00		
May 2013	₱1,000,000.00		
July 2013	₱1,500,000.00		
August 2013	₱1,500,000.00		

Item 6 MANAGEMENT DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited consolidated financial statements, including the related notes thereto, annexed to this Annual Report .

INTRODUCTION

Rockwell Land Corporation's net income after tax in 2014 amounted to ₱1.6 billion. The Company's net income grew by 18% compounded annually since 2012. As a percentage to revenues, this year's net income was 18% for 2014 and 2013.

Total revenues grew to ₱8.9 billion in 2014, growing at a compounded annual rate of 14% since 2012. Residential development accounts for 84% of the total revenues in 2014 which is lower from its 87% share in 2013 due to having substantial completion in 2013 for projects, namely Edades and 205 Santolan which contributed higher residential revenues on that year. On the other hand, Commercial development accounts for 16% of the total revenues, higher compared to 13% in 2013.

EBITDA in 2014 amounted to ₱3.1 billion representing 35% of total revenues, slightly higher compared to 33% in 2013 and 31% in 2012. This is due to higher accretion on interest income of Proscenium projects and higher margins on other ongoing residential projects. EBITDA is derived by adding interest expense, depreciation and amortization and provision for income tax to Net Income. EBITDA has grown annually by 21% since 2012, where the Residential Development grew faster at a rate of 28% vs. the growth reported for Commercial development. Residential development accounts for 68% of total EBITDA in 2014 and 2013.

The ratio of cost of real estate and selling to total revenues registered at 57% vs. the previous year's ratio of 58% as a result of accretion of interest income of Proscenium and recognition of cost adjustments from residential projects as it is nearing completion.

Besides the recent acquisitions, the Company is not aware of any event that could materially affect the statement of comprehensive income reported in this Annual Report.

By the end of 2014, Net debt level was at ₱9.0 billion and stands at 0.70 of total equity. The debt is composed of P10.0 billion corporate notes drawn in portion from January to August 2013, P5.0 billion proceeds from bond issuance and P0.5 billion notes payable arising from land acquisition. Below is a table showing the key performance indicators of the Company for 2011-2013.

KPI	2014	2013	2012
EBITDA (P)	3.1 billion	2.6 billion	2.1 billion
Current Ratio (x)	2.47	4.13	2.88
Net DE Ratio (x)	0.70	0.52	0.39
Asset to Equity Ratio (x)	3.04	3.03	2.05
Interest coverage ratio (x)	5.60	8.03	10.57
ROA	4.2%	5.1%	5.8%
ROE	12.9%	13.1%	11.7%
EPS (P)	0.26	0.23	0.18

Notes:
(1) EBITDA [Net Income + (Interest Expense, Provision for Income Tax, Depreciation & Amortization)]
(2) Current ratio [Current assets/Current liabilities]
(3) Net debt to equity ratio [(Total Interest bearing debt)-(Cash and cash equivalents) / Total Equity]
(4) Assets to Equity Ratio [Total Assets/Total Equity]
(5) Interest coverage ratio [EBITDA/ Total interest payments]
(6) ROA [Net Income/Average Total Assets]
(7) ROE [Net Income/ Average Total Equity]
(8) EPS [Net Income/number of common shares outstanding]

RESULTS OF OPERATIONS

The following section provides information on the results of operations and financial condition for the periods 2012-2014.

Revenues

The following table shows the breakdown of the revenues by business segment for the periods 2012-2014.

	2014	% to Total	2013	% to Total	2012	% to Total
Residential Development [1]	7,410	84%	6,815	87%	5,876	86%
Commercial Development [2]	1,443	16%	1,015	13%	966	14%
Total Consolidated Revenues	**8,853**	**100%**	**7,830**	**100%**	**6,842**	**100%**
Share in Net Income (Losses) in JV [3]	*103*		*93*		*98*	

Note:

1. *Revenues from this segment consist of the following projects in the years indicated: The Grove Phase 1 (2012 to 2014), Edades (2012 to 2014), 205 Santolan (2012 to 2014), The Grove Phases 2 & 3(2012 to 2014), Alvendia (2013 to 2014), Proscenium Towers (2013 to 2014), 53 Benitez (2013 to 2014), 32 Sanson Phase 1 (2014)*
2. *Revenues from this segment include leasing income, cinema revenues and revenue from sale of office units from 8 Rockwell project, formerly "Lopez Tower. The amounts exclude revenues from RBC. Under the Accounting policy for a jointly controlled entity, results of operations of RBC is not consolidated line by line.*
3. *These amounts represent the Company's share in the net income after tax of RBC.*

Below is another table showing the breakdown of revenues by type of revenue for the periods 2012-2014.

	2014	% to Total	2013	% to Total	2012	% to Total
Residential Sales[1]	7,092	80%	6,573	84%	5,625	82%
Commercial Leasing	735	8%	727	9%	688	10%
Office Sales[2]	336	4%				
Others[3]	692	8%	530	7%	529	8%
Total Consolidated Revenues	**8,855**	**100%**	**7,830**	**100%**	**6,842**	**100%**

Note:

1. *Pertains only to sales of condominium units (at present value) and related interest income.*
2. *Pertains to sale of office units (at present value) and related interest income.*
3. *Includes income from Cinema, parking and other income.*

Review of 2014 versus 2013

Total revenues amounting to ₱8.9 billion grew by 13% vs. last year's ₱7.9 billion. About 80% of the revenues came from sale of condominium units, including accretion of interest income, amounting to ₱7.1 billion. Reservation sales reached ₱12.9 billion achieving a growth of 2% from previous year's ₱ 12.6 billion. More than half of the Reservation Sales came from new project Proscenium with its towers Sakura & Kirov (November 2012), Lincoln (February 2013), Lorraine and Garden Villa (April 2014) and Proscenium Tower (September 2014).

Total EBITDA amounted to ₱3.1 billion, which is 19% higher than last year's ₱2.6 billion. This year's growth was driven by both Residential and Commercial Development with growth of 19% vs. last year. Total EBITDA margin registered at 35% of total revenues in 2014, slightly higher than 2013's 33%. This is due to accretion on interest income of Proscenium in 2014 and higher margins on other ongoing residential projects. Contributions to total EBITDA from residential development and commercial leasing are currently at 68% and 32%, respectively.

Resulting net income after tax amounts to ₱1.6 billion, up by 11% from previous year's net income of ₱1.4 billion. The net income after tax margin remained at 18% of total revenues. The effective income tax rate is lower than the statutory rate of 30% in 2014 due to the Company's share in the income of RBC, which is no longer subject to income tax.

Business Segments

The details of the individual performance of each business segment, in terms of revenues and EBITDA, are discussed as follows:

Residential Development contributed 84% of the total revenues of 2014. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱7.4 billion. The 9% growth in this segment's revenue was primarily attributable to the full year construction completion of Alvendia, start of revenue recognition from completion for Proscenium Lincoln, and higher accretion of interest income mainly from newly launched projects, Proscenium Tower, Lorraine and Garden Villa.

EBITDA from this segment amounted to ₱2.1 billion and contributed 68% to the total EBITDA of ₱3.1 billion. EBITDA grew 19% due mainly from higher accretion of interest income and cost savings recognition for the projects nearing completion.

Commercial Development revenues amounted to ₱1.4 billion, which is 42% higher than last year's revenues of ₱1.02 billion mainly due to sale of some units in 8 Rockwell. This segment contributes 16% to total revenues. This excludes the share in the joint venture (RBC) as this is reported as "Share in Net Losses (Income) of JV" under Other Income (Expenses) and not consolidated line by line in the consolidated financial statements.

The details of the performances per source of revenue stream are explained as follows:

- Revenues from Retail operations amount to ₱825.0 million and accounts for 9% of total revenues. It grew by 4% vs. last year's revenues of ₱794.5 million. This mainly resulted from rental escalation and the replacement of underperforming stores with new and better performing tenants.

- Cinema Operations amounted to ₱ 194.4 million and accounting for 2% of the total revenues. It dropped by 12% from last year's ₱220.5 million due to lower ticket sales and renovation of two cinema on the 4th quarter pf 2014.

- Revenue from sale of office units amount to ₱335.5 million. This revenue pertains to revenue recognized based on completion and related interest income recognized from sale of office units of 8 Rockwell project.

- Office Leasing, operated under the Rockwell-Meralco BPO Venture, generated gross revenues of ₱324.4 million, which is higher by 10% than last year's ₱295.3 million due to higher average occupancy of the first two towers from 99% to 100%. The third tower, which is 27% occupied as of end of the year, also contributed to higher revenue. At its 80% share, the Company generated revenues of ₱259.5 million and share in net income of ₱102.8 million. To reiterate, only the ₱102.8 million share in net income of RBC is reflected in the Company's consolidated statements of comprehensive income as "Share in Net Losses (Income) of JV".

The segment's EBITDA amounted to ₱981.2 million, which accounts for 32% of the total EBITDA of ₱3.1 billion. EBITDA grew by 18% from last year's ₱830.5 million mainly resulting from sale of office units and improved performance of Retail and Office operations.

Costs and Expenses

Cost of real estate and selling amounted to ₱5.1 billion in 2014. The percentage to total revenues is at 57%, slightly down from last year's 58% ratio. The lower cost of real estate and selling ratio was due to higher income from interest accretion in 2014 and recognition of cost savings for the projects nearing completion.

General and administrative expenses (G&A) amounted to ₱1.1 billion and represents 13% of the total revenues. The level of expenses grew by 6% vs. last year's ₱1.0 billion. Higher G&A expenses were reported for depreciation & amortization expenses and taxes & licenses. Depreciation & amortization expenses grew by 29% as the Company had additional expenditures for property and equipment. The increase in taxes & licenses is mainly due to higher business permit incurred arising from higher collection for The Grove towers C-F, Proscenium Lincoln, Kirov, Lorraine and Edades projects.

Interest Expense amounted to ₱603.8million, which is 75% higher than last year's ₱345.2 million. The increase was mainly due to full year recognition of interest expense for P10.0 billion corporate notes drawn in tranches in 2013 and issuance of P5.0 bonds on November 2013. The corporate notes was secured to partially fund development costs of the ongoing projects and land acquisition while the P5.0 billion bonds issuance was to partially finance the capital expenditures of the Proscenium project. By end of 2014, total debt amounting to P15.0 billion has an average interest rate of 4.8%, same from last year's average interest rate.

Share in Net Losses (Income) of JV recorded a net income of ₱102.8 million. This is a 10% increase from last year's net income of ₱93.3 million. At 80% share, the gross revenues increased by 10% to P259.5 million due to higher average occupancy rate of the first two towers and the start of leasing income recognition for the 3rd tower. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Provision for Income Tax

Provision for income tax amounted to ₱613.4 million, which is 5% higher than last year's provision of ₱582.2 million. The decrease in effective tax rate is attributable to non-grant of ESOP expenses which is a non-deductible expense.

Project and capital expenditures

The Company spent a total of ₱8.7 billion for project and capital expenditures in 2014, which is 16% lower than same period last year. The increase was primarily due on development costs of ongoing projects.

FINANCIAL CONDITION

Total Assets as of December 31, 2014 amounted to ₱39.2 billion, which increased by ₱4.8 billion from last year's amount of ₱34.4 billion. Assets mainly grew from land acquisitions, recognition of receivables from ongoing projects and higher development costs..

Total Liabilities as of December 31, 2014 amounted to P26.3 billion, higher than 2013's ₱23.0 billion. The increase in liabilities was primarily attributable to additional payables for construction costs of the ongoing projects and increase in deposits from preselling of Proscenium and 32 Sanson units. The deposits from preselling represent cash received from buyers of the said projects pending recognition of revenue to be applied against receivable from sale of condominium units the following year.

Current ratio as of December 31, 2014 is 2.47x from 4.13x the previous year while Net debt to equity ratio increased to 0.70x in 2014 from 0.52x in 2013.

Other Matters

The Company's subsidiary Rockwell Primaries acquired 60% ownership in ATR KimEng Land, Inc in December 2014.

Retailscapes, a new wholly owned subsidiary of the Company, was incorporated in November 2014 to develop and operate pocket retail projects of the Company.

Causes for any material changes (+/- 5% or more) in the financial statements

Statement of Comprehensive Income Items – 2014 vs. 2013

14% increase in Sale of Condominium Units
Mainly due to full year construction completion of Alvendia and start of revenue recognition from completion for Proscenium Lincoln

14% increase in Interest Income
Mainly due to higher interest income accretion arising from The Grove C-F, Alvendia, 53 Benitez and Proscenium residential towers.

13% decrease in Cinema revenues
Due to lower occupancy rate and renovation of two cinemas in December 2014.

53% increase in Other revenues
Primarily due to revenues derived from the operations of serviced apartments.

13% increase in Cost of Real Estate
Mainly due to corresponding increase from construction completion from The Grove C-F and Alvendia projects, as well as 53 Benitez and Proscenium Lincoln which started recognition for completion on February 2014 and December 2014, respectively.

6% increase in General and Administrative Expenses
Primarily attributable to higher depreciation & amortization expenses and taxes & licenses.

12% decrease in Selling Expenses
Mainly due to lower amortization of prepaid marketing costs and commission expenses.

75% increase in Interest Expense
Due to full year recognition of interest expense for P10.0 billion corporate notes drawn in tranches in 2013 and P5.0 bonds issued in November 2013

10% increase in Share in Net Income of Joint Venture
Due to higher average occupancy rate of the first two towers and the start of leasing income recognition for the 3rd tower on the 4th quarter of the year.

6% increase in Foreign Exchange Gain
Due to higher dollar assets and peso depreciation in 2014

85% decrease in Comprehensive Loss
Mainly due to remeasurement of gains (loss) on employee benefits based on Revised PAS 19 in 2013

Balance Sheet items – 2014 vs. 2013

33% decrease in Cash and Cash Equivalents
Primarily due to capital expenditures for the construction of ongoing projects and investment properties.

61% increase in Trade and Other Receivable
Mainly due to recognition of receivables of The Grove C-F, Alvendia, 8 Rockwell and 53 Benitez projects as it follows % completion, partially offset by substantial collection from Edades and 205 Santolan projects.

28% decrease in Advances to Contractors
Primarily due to recoupment and recognition as part of development costs as it follows % completion.

180% increase in Condominium Units for Sale
Due to completion of 205 Santolan which resulted to reclassification from land & development costs to condominium units for sale.

30% increase in Land and development costs
Due to additional construction costs incurred for The Grove Towers C&D and E & F, Proscenium, 53 Benitez and 32 Sanson projects.

30% increase in Other Current Assets
Mainly due to higher prepaid sales & marketing costs for Proscenium and 32 Sanson projects.

44% decrease in Non-current Trade Receivables
Due to reclassification to current year for accounts receivable due within one year.

25% increase in Investment Properties
Mainly attributable to the increase in construction of 8 Rockwell.

25% increase in Investment in Joint Venture
Mainly due to construction costs of RBC Tower 3 and the Company's share in net income of joint venture.

15% increase in Property, Plant & Equipment
Due to increase in construction costs incurred for Edades and The Grove Serviced Apartments and acquisition of additional property & equipment.

28% decrease in Deferred Tax Asset
Decrease in DTA balance of advanced rental income and unamortized past service cost.

8% increase in Other Non-Current Assets
Due to advance payment for land acquisition.

79% increase in Trade and Other Payables
Mainly attributable to additional payables for the construction costs of the ongoing projects and increase in deposit from preselling of Proscenium and 32 Sanson units.

83% decrease in Income Tax Payable
Due to payment of income tax for the year 2014.

319% increase in Current Portion of Interest Bearing Loan and Borrowings
Due to additional P1.2 billion loan amortization due within one year.

8% decrease in Non-current Portion of Interest Bearing Loan and Borrowings
Due to reclassification to current portion of loan amortization.

60% decrease in Non-current Portion of Installment Payable
Payment of installment in 2014 and reclassification to current portion of the amount payable in June 2015.

128% increase in Deferred Tax Liabilities
Primarily due to unrealized gain on real estate for The Grove towers A-D, 8 Rockwell, Alvendia and Proscenium Lincoln

20% increase in Pension Liability and other employee benefits
Due to provision for retirement benefits for the year 2014. Additional contribution to the Plan was made during the second half of the year.

52% decrease in Deposits and other liabilities
Due to reclassification to current portion of the deposit from preselling of Proscenium and 32 Sanson units

26% increase in Retained Earnings
Due to net income after tax of ₱1.6 billion, net of dividends paid to preferred and common shares amounting to P284.4 million.

Review of 2013 versus 2012

Total revenues amounting to ₱7.8 billion grew by 14% vs. last year's ₱6.8 billion. About 84% of the revenues came from sale of condominium units, including accretion of interest income, amounting to ₱6.6 billion. Reservation sales reached ₱12.6 billion achieving a growth of 37% from previous year's ₱ 9.2 billion. More than half of the Reservation Sales came from new project Proscenium with its towers Sakura & Kirov which were launched on November 2012 and Lincoln which was launched on February 2013.

Total EBITDA amounted to ₱2.6 billion, which is 24% higher than last year's ₱2.1 billion. This year's growth was driven by Residential Development with growth of 38% vs. last year. Total EBITDA margin registered at 33% of total revenues in 2013, slightly higher than 2012's 31%. This is due to accretion on interest income of Proscenium in 2013 and higher margins on other ongoing residential projects. Contributions to total EBITDA from residential development and commercial leasing are currently at 68% and 32%, respectively.

Resulting net income after tax amounts to ₱1.4 billion, up by 25% from previous year's net income of ₱1.1 billion.

The net income after tax margin is at 18% of total revenues vs. previous year's 16%. This is caused by the impact of lower cost of real estate and selling ratio compared to 2012. The effective income tax rate is lower than the statutory rate of 30% in 2013 due to the Company's share in the income of RBC, which is no longer subject to income tax.

Business Segments

The details of the individual performance of each business segment, in terms of revenues and EBITDA, are discussed as follows:

Residential Development contributed 87% of the total revenues of 2013. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱6.6 billion. The 16% growth in this segment's revenue was primarily attributable to the full year construction completion of 205 Santolan and The Grove Phase 2, start of recognition of Alvendia in August 2013, and accretion of interest income from new project Proscenium.

Sales take up grew substantially by 37% to ₱12.6 billion from last year's ₱9.2 billion; with more than half of the sales coming from newly launched projects Kirov, Sakura and Lincoln Towers of Proscenium. The Company expects strong reservation sales to continue in 2014 with the launch of the fourth tower of Proscenium and the launch of 32 Sanson project in Cebu.

EBITDA from this segment amounted to ₱1.8 billion and contributed 68% to the total EBITDA of ₱2.6 billion. EBITDA grew 38% due mainly from higher sales and construction completion of the ongoing projects and cost savings recognition for Edades and 205 Santolan as it nears completion.

Commercial Leasing revenues amount to ₱1.02 billion, which is 5% higher than last year's revenues of ₱965.7 million. This segment contributes 13% to total revenues. This excludes the share in the joint venture (RBC) as this is reported as "Share in Net Losses (Income) of JV" under Other Income (Expenses) and not consolidated line by line in the consolidated financial statements.

The details of the performances per source of revenue stream are explained as follows:

- Revenues from Retail operations amount to ₱794.5 million and accounts for 10% of total revenues. It grew by 5% vs. last year's revenues of ₱760.3 million. This mainly resulted from rental escalation and the replacement of underperforming stores with new and better performing tenants.

- Cinema Operations amounted to P220.5 million and accounting for 3% of the total revenues. It grew by 7% from last year's ₱205.5 million. This was driven by higher occupancy in 3D and 2D titles compared to last year and increase in ticket price effective last quarter of 2012.

- Office Leasing, operated under the Rockwell-Meralco BPO Venture, generated gross revenues of ₱295.3 million, which is slightly higher by 2% than last year's ₱289.7 million due to higher average occupancy of the buildings from 97% to 99%. At its 80% share, the Company generated revenues of ₱234.0 million and share in net income of ₱93.3 million. To reiterate, only the ₱93.3 million share in net income of RBC is reflected in the Company's consolidated statements of comprehensive income as "Share in Net Losses (Income) of JV".

The segment's EBITDA amounted to ₱830.5 million, which accounts for 32% of the total EBITDA of ₱2.6 billion. EBITDA grew by 2% from last year's ₱810.8 million mainly resulting from improved performance of Retail operations.

Costs and Expenses

Cost of real estate and selling amounted to ₱4.6 billion in 2013. The percentage to total revenues is at 58%, down from last year's 62% ratio. The lower cost of real estate and selling ratio was due to higher income from interest accretion in 2013.

General and administrative expenses (G&A) amounted to ₱1.04 billion and represents 13% of the total revenues. The level of expenses grew by 19% vs. last year's ₱871.7 million. Higher G&A expenses were reported for manpower costs and professional fees. Manpower costs increased mainly due to cost of employee stock option plan (ESOP) granted in January 2013. The increase in professional fees is mainly due to expenses related the issuance of P5.0 billion bonds.

Interest Expense amounted to ₱345.2 million, which is 30% higher than last year's ₱266.2 million. The increase was mainly due to additional ₱6.0 billion corporate notes secured to partially fund development costs of the ongoing projects and land acquisition. The Company also issued P5.0 billion bonds on November 2013 to partially finance the capital expenditures of the Proscenium project. By end of 2013, total debt amounting to P14.9 billion has an average interest rate of 4.9% which improved from last year's 6.6%.

Share in Net Losses (Income) of JV recorded a net income of ₱93.3 million. This is a 5% decrease from last year's net income of ₱98.5 million. At 80% share, the gross revenues slightly increased by 1% to P236.2 million due to higher average occupancy rate, however, it recognized higher depreciation expense and lower other income for 2013, thus resulting to a slight decrease in share in net income. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Provision for Income Tax

Provision for income tax amounted to ₱582.2 million, which is 33% higher than last year's provision of ₱437.6 million. The increase in effective tax rate is primarily attributable to higher taxable income from residential development in 2013 and the ESOP expenses which is a non-deductible expense.

Project and capital expenditures

The Company spent a total of ₱6.7 billion, net of VAT, for project and capital expenditures in 2013, which is 15% lower than same period last year. The decrease was primarily due to lower land acquisition on 2013.

FINANCIAL CONDITION

Total Assets as of December 31, 2013 amounted to ₱34.4 billion, which increased by ₱13.7 billion from last year's amount of ₱20.7 billion. Assets mainly grew from the cash proceeds from additional loans, recognition of receivables from ongoing projects and higher development costs.

Total Liabilities as of December 31, 2013 amounted to P23.1 billion, higher than 2012's ₱10.6 billion. The increase in liabilities mainly came from the ₱11 billion additional debt issued in 2013. By the end of 2013, Net debt level was at ₱5.9 billion and stands at 0.52 of total equity. Deposits from pre-selling of condominium units also increased from 2012's ₱3.2 million to ₱1.5 billion mainly from pre-selling of the first three towers of Proscenium.

Current ratio as of December 31, 2013 improved to 4.06x from 2.88x the previous year. Likewise, Net debt to equity ratio increased to 0.52x in 2013 from 0.39x in 2012.

Other Matters

The Company launched its first midrise development project called 53 Benitez (under the Company's 2nd brand, "Primaries by Rockwell") last July 2013, which had sales take up amounted to ₱ 936.3 million by end of 2013.

The Company also acquired 2,000 sqm property beside the Rockwell Center on June 2013 in addition to its landbank.

Causes for any material changes (+/- 5% or more) in the financial statements

<u>Statement of Comprehensive Income Items</u> – 2013 vs. 2012

13% increase in Sale of Condominium Units
Mainly due to full year construction completion from The Grove Phase 2 and 205 Santolan and start of revenue recognition for Alvendia project in San Juan.

53% increase in Interest Income
Mainly due to higher interest income accretion arising from The Grove Phases 2 and 3 as well as interest accretion from Proscenium which started on December 2012.

6% increase in Lease Income
Mainly resulted from rental escalation and the replacement of underperforming stores with new and better performing tenants

8% increase in Cinema revenues
Due to higher occupancy in 3D and 2D titles compared to 2012 and increase in ticket price effective last quarter of 2012

13% decrease in Other revenues
Primarily attributable to lower cancellation charges.

5% increase in Cost of Real Estate
Mainly due to recognition of higher completion from The Grove Phase 2 and 205 Santolan projects, as well as Alvendia which started recognition for completion on August 2013.

19% increase in General and Administrative Expenses
Mainly due to ESOP expenses and professional fees related to bond issuance.

38% increase in Selling Expenses
Mainly due to higher marketing expenses coming from ad placements, sales commissions and prepaid cost amortization for The Grove Phase 2 and recognition of expenses from Proscenium project.

30% increase in Interest Expense
Primarily due to borrowing costs of additional ₱ 6.0 billion corporate notes and ₱5.0 billion bonds to fund land acquisitions and capital expenditures of ongoing projects.

5% decrease in Share in Net Income of Joint Venture
Due to higher depreciation caused by increase in capital expenditures and recognition of lower other income.

33% decrease in Foreign Exchange Gain
Due to lower dollar assets.

78% decrease in Gain on sale of property and equipment
Due to sale of a condominium asset in 2012 which was not present in 2013.

254% decrease in Comprehensive Loss
Mainly due to remeasurement of gains (loss) on employee benefits based on Revised PAS 19, as restated in 2012.
<u>Balance Sheet items – 2013 vs. 2012</u>

₱8.4 billion increase in Cash and Cash Equivalents
Primarily due to proceeds from corporate notes and bonds issued in 2013.

76% increase in Trade and Other Receivable
Mainly due to recognition of receivables of Edades, 205 Santolan and The Grove Phases 2 & 3 projects as it follows % completion, partially offset by substantial collection from The Grove Phase 1 project.

61% increase in Advances to Contractors
Primarily due to downpayment to contractors for The Grove Phases 2 & 3 and Lopez Tower projects.

23% increase in Condominium Units for Sale
Mainly due to completion of The Grove Phase 1 which resulted to reclassification from land & development costs to condominium units for sale.

85% increase in Other Current Assets
Mainly due to higher prepaid sales & marketing costs and deferred Input VAT arising from arising from the construction of The Grove, Proscenium and Lopez Tower.

16% increase in Non-current Trade Receivables
Due to higher sales with payment terms extending to more than 1 year.

122% increase in Property, Plant & Equipment
Mainly due to construction in progress of Edades and The Grove serviced apartments.

100% increase in Land held for future development
Due to acquisition of lot located in Sto. Tomas, Batangas and near Rockwell center which were acquired in April and June 2013, respectively.

100% decrease in Pension Asset
Due to remeasurement of employee benefits based on PAS 19 – Revised.

23% decrease in Other Non-Current Assets
Due to decrease in deferred input vat.

51% increase in Trade and Other Payables
Primarily due to increase in accrued development costs and VAT payable for deferred sales.

93% increase in Income Tax Payable
Mainly due to higher taxable income in 2013.

259% increase in Non-current Portion of Interest Bearing Loan and Borrowings
The increase due to drawdown of additional P6.0 billion corporate notes and P5.0 billion from bond issuance.

37% decrease in Non-current Portion of Installment Payable
Mainly due to the reclassification to current liability of the installment payment relating to the acquisition of Proscenium, due in June 2014.

100% increase in Non-current Deposits from pre-selling of condominium units
Mainly coming from collection of receivables from Proscenium towers.
103% increase in Deferred Tax Liabilities
Primarily due to increase in revenue recognition from 205 Santolan and The Grove Phases 2 and Alvendia projects.

385% increase in Pension Liability and other employee benefits
Mainly due to remeasurement of gains (loss) on employee benefits based on Revised PAS 19.

323% increase in Deposits and other liabilities
Primarily due to increase in deposit from preselling of Proscenium units and retention payable for Edades, 205 Santolan and Lopez Tower projects.

100% increase in Additional paid-in capital
Mainly due to exercise of ESOP at purchase price above par.

100% increase in Share-based payments
Due to recognition of ESOP related expenses.

31% increase in Retained Earnings
Due to net income after tax of ₱1.4 billion, net of dividends paid to preferred shares of P224.5 million and P52.8 million adjustment from the remeasurements loss on employee benefits based on Revised PAS 19.

Item 7 FINANCIAL STATEMENTS

The consolidated financial statements as of December 2014 and 2013 and for each of the three years in the period ended December 31,2014 and the Supplementary Schedules per SRC Rule 68, as amended are hereto attached as Exhibit A and Exhibit B, respectively.

Item 8 CHANGES in and DISAGREEMENTS with ACCOUNTANTS on ACCOUNTING and FINANCIAL DISCLOSURE

The external auditor of the Company is the accounting firm of Sycip, Gorres, and Velayo and Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company's Independent Public Accountants for the last 5 years. There was no event in the past 5 years where SGV & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Company has engaged SGV & Co., with Mr. Roel E. Lucas as the engagement partner, for the audit of the Company's books starting 2014. The Company has complied with SRC Rule 68, paragraph 3(b)(ix) re: five year rotation requirement for the signing partner.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholder's Meeting. 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.

Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last two fiscal years for professional services rendered by SGV & Co.

Year ended 31 December	2013	2014
Audit and Audit-related fees	Php 2.3 million	Php 3.0 million

The Audit Committee is composed of Mr. Vicente R. Ayllón as Chairman and Mr. Manuel N. Tordesillas, Mr. Francis Giles B. Puno and Mr. Manuel L. Lopez, Jr. as members.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9 DIRECTORS and EXECUTIVE OFFICERS of the ISSUER

The overall management and supervision of the Company is undertaken by the Board of Directors. There are 11 members of the Board of Directors. The regular directors were elected during the annual meeting of the stockholders held on May 28, 2014 to serve for a term of one year and until their successors are elected and qualified. The composition of the Company's Board of Directors is as follows:

Manuel M. Lopez
Oscar M. Lopez
Federico R. Lopez
Eugenio L. Lopez III
Nestor J. Padilla
Miguel Ernesto L. Lopez
Manuel L. Lopez, Jr.
Francis Giles B. Puno
Ferdinand Edwin S. CoSeteng
Vicente R. Ayllón (Independent Director)
Manuel N. Tordesillas (Independent Director)

The Company's key executive officers as of December 31, 2014 are as follows:

Nestor J. Padilla	President & Chief Executive Officer
Miguel Ernesto L. Lopez	Senior Vice-President - Property Management & Treasurer
Valerie Jane L. Soliven	Senior Vice-President - Sales and Marketing
Ma. Lourdes L. Pineda	Senior Vice-President - New Business
Ellen V. Almodiel	Senior Vice-President – Finance and Accounting & Chief Finance Officer
Estela Y. Dasmarinas	Vice-President - Human Resources
Adela D. Flores	Vice-President - Property Management
Julius A. Marzona	Vice-President - Project Development
Davy T. Tan	Vice-President – Business Development
Abel L. Roxas	Vice-President – Project Development
Antonette O. Marquez	Vice-President – Project Development
Divino M. Villanueva, Jr.	Vice-President – Sales and Marketing for Broker Relations
Enrique I. Quiason	Corporate Secretary
Esmeraldo C. Amistad	Assistant Corporate Secretary

The following discussion presents a brief description of the business experience of each of the Company's Directors and key executive officers for the last five years:

Manuel M. Lopez - 72, Filipino

Mr. Lopez has served as the Chairman of Rockwell Land since 1995. He is currently the Chairman and CEO of Lopez Holdings Corporation. Concurrently, he is the Chairman of the Board of Indra Philippines Inc., Bayan Telecommunications Holdings Corporation and Rockwell Leisure Club. He is the Vice Chairman of FPH and Lopez Inc. He is a Director of ABS-CBN Corp., Manila Electric Company (MERALCO), Sky Cable Corp., among others. He is also the current Philippine Ambassador to Japan. He served as the Chairman of the Board of MERALCO from July 2010 to June 2012 after his retirement as Chairman and CEO for nearly 10 years since 2001. Mr. Lopez holds a Bachelor of Science degree in Business Administration from the University of the East and attended the Program for Management Development at the Harvard Business School.

Oscar M. Lopez - 85, Filipino

Mr. Lopez has served as Vice-Chairman of Rockwell Land from 1995 to 2012 until he became Chariman Emeritus in 2012. He is currently the Chairman Emeritus of FPH, Lopez Holdings and Energy Development Corporation (EDC). Prior to this, he was the Chairman of FPH from 1986 to 2010. Mr. Lopez is also the Chairman of Asian Eye Institute, ABS-CBN Corporation and Lopez Group Foundation and Knowledge Channel Foundation, Inc. He is a member of Management Association of the Philippines and Trustee to Asia Society Philippines Foundation and Philippine

Business for Education. He was the President of Lopez Holdings Corp. (formerly Benpres Holdings Corp.) from 1973 to 1986. He studied at the Harvard College and graduated cum laude (Bachelor of Arts) in 1951. He finished his Masters of Public Administration at the Littauer School of Public Administration, also at Harvard in 1955.

Federico R. Lopez – 53, Filipino

Mr. Lopez is the Vice-Chairman of Rockwell Land since August 2012. He is also the Chairman and Chief Executive Officer of FPH, First Gen Corporation and Energy Development Corporation. He is a member of the World Presidents Organization, Asia Business Council, Management Association of the Philippines, Philippine Chamber of Commerce and Industry, European Chamber of Commerce of the Philippines and Makati Business Club. Mr. Lopez graduated with a Bachelor of Arts Degree with a Double Major in Economics & International Relations (Cum Laude) from the University of Pennsylvania in 1983.

Eugenio L. Lopez III - 62, Filipino

Mr. Lopez has been a Director at Rockwell Land since 1995. He is the Chairman of the Board and CEO of ABS-CBN Corporation since 1997 and its President from 1993-1997. He is also the Vice Chairman and Director of Lopez Holdings Corporation. He is also the Chairman and President of Bayan Telecommunications, Chairman of Sky Cable Corporation, President of Sky Vision Corporation and Director of FPH and First Gen Corporation. Mr. Lopez holds a Bachelor of Arts degree in Political Science from Bowdoin College and a Master's degree in Business Administration from the Harvard Business School.

Nestor J. Padilla - 60, Filipino

Mr. Padilla has been a Director at Rockwell Land since 1997, and has been the President and Chief Executive Officer since 1995. He is currently a Senior Vice-President of First Philippine Holdings Corp. He is also serving as a Director of First Philippine Realty Corporation and First Batangas Hotel Corporation. He has also served as a Director in Rockwell Club and has served as a Trustee of the Rockwell Residential Towers Condominium Corporation. Prior to 1995, he held the position of Chief Executive Officer in Lippo Land in Indonesia and was the Executive Director of Indo Ayala Leasing. Mr. Padilla holds a Bachelor of Science degree in Business Management from the Ateneo de Manila University.

Miguel Ernesto L. Lopez - 46, Filipino

Mr. Lopez has been a Director at Rockwell Land since 2009 and was also elected as Treasurer since 2009. He also serves as Senior Vice President for Property Management of Rockwell Land. He is currently the Senior Vice President and Head of Corporate Affairs of Lopez Holdings Corporation. He is also a Director of Philippine Commercial Capital, Inc. (PCCI) and Rockwell Leisure Club, Inc. He is a trustee of Eugenio Lopez Foundation, Inc. He was previously part of the Board of Directors for Indra, Outsourced Telleserve Corporation and Meralco Millenium Foundation, Inc. and Trustee of Lopez Group Foundation, Inc. He held several executive and management positions at Meralco from 2002-2010. Mr. Lopez holds a Bachelor of Science degree in Business Administration from Menlo College of California, USA and attended the Executive Development Program of the Asian Institute of Management.

Manuel L. Lopez, Jr. - 47, Filipino

Mr. Lopez has been a Director at Rockwell Land since 2011. He is currently the Chairman and CEO of PacificHub Corporation, serves as a Director of Lopez Inc., Philippine Trade Foundation, Inc., Stargate Media, and Philippine Commercial Capital, Inc. He is also presently the Executive Vice President of Benpres Insurance Agency, Inc. He has served as a Director of ABS-CBN Broadcasting Corporation, ABS-CBN Holdings Corporation, Sky Cable Corporation, and Pilipino Cable Corporation, Call Center Association of the Philippines (CCAP), among others. Mr. Lopez holds a Bachelor of Science degree in Business Administration from De La Salle University.

Francis Giles B. Puno - 50, Filipino

Mr. Puno has been a Director of Rockwell Land since 2013. He was appointed Chief Finance Officer and Treasurer of FPH in October 2007 and was promoted to Executive Vice-President in September 2011. He is currently the President and Chief Operating Officer (COO) of First Gen. He is also a director of FPHC, First Gen and EDC. Before joining FPHC, he worked with The Chase Manhattan Bank as Vice President for Global Power and Environment Group. He has a Bachelor of Science degree in Business Management from the Ateneo de Manila University and a Master in Business Administration degree from Northwestern University's Kellogg Graduate School of Management in Chicago, Illinois.

Ferdinand Edwin S. CoSeteng - 52, Filipino

Mr. CoSeteng has been a Director of Rockwell Land since 2013. He is the President of First Philippine Industrial Park since 2013 and a Senior Vice-President of FPH since November 2011. His professional experience includes being a Tax Consultant at Arthur Andersen & Company, New York USA from 1988-1990; Engagement Manager at McKinsey & Company, Hong Kong from 1990-1993; President of Mariwasa Manufacturing, Inc. from 1993-2006 and Chairman of the Board & President of Mariwasa Siam Ceramics, Inc. from 1996-2006. In 2007, Mr. CoSeteng joined LF Logistics in Hong Kong as Executive Vice-President and headed the international logistics and freight forwarding business. He is a BS Electrical Engineering graduate from the University of the Philippines and holds a Master of Business Administration with Distinction from the Johnson Graduate School of Management, Cornell University, New York USA.

Manuel N. Tordesillas – 61, Filipino

Mr. Tordesillas has been an Independent Director of Rockwell Land since May of 2012. He currently serves as Chairman of Maybank ATR Kim Eng Land, President and CEO and Director of Maybank ATR Kim Eng Capital Partners, Inc., ATR Kim Eng AMG holdings, Inc. and ATR Holdings, Inc., and Director and Vice Chairman of Asian Life Financial Assurance Corporation. He is also Landco Pacific Corporation's independent director. Mr. Tordesillas is also a regular Director of Tullet Prebon Philippines and Executive Directors of Citicorpo International Limited, among others. Mr. Tordesillas holds a Bachelor of Science degree in Industrial Management Engineering from De La Salle University and a Master's degree in Business Administration from the Harvard Business School.

Vicente R. Ayllón - 83, Filipino

Mr. Ayllón has been an Independent Director of Rockwell Land since May of 2012. He currently serves as Chairman of the Board & CEO of The Insular Life Assurance Co., Ltd., Chairman of the Board and President of Insular Life Property Holdings, Inc., Chairman of the Board of Insular Investment Corporation, Insular Health Care, Insular Foundation, Insular Management and Development Corporation, and Home Credit Mutual Building and Loan Association, He is the

Vice-Chairman of the Board of Union Bank of the Philippines and Mapfre Insular Insurance Corporation. Mr. Ayllón also serves as a regular Director of Pilipinas Shell Petroleum Corporation and Shell Co. of the Philippines, Ltd.. He serves as an independent Director of The Palms Country Club. Mr. Ayllón holds a Bachelor of Science degree in Commerce from the University of the East.

Valerie Jane L. Soliven – 46, Filipino

Ms. Soliven served the Company for 18 years and is currently Senior Vice-President for Sales and Marketing. Before joining Rockwell Land, she worked at the Manila Garden Suites, EDSA Shangri-La Hotel and the Shangri-La Hotel in Singapore. Ms. Soliven, a licensed broker, holds a Bachelor of Science degree in Hotel and Restaurant Administration from the University of the Philippines. She completed a Management Development Program from the Asian Institute of Management in 2006.

Ma. Lourdes L. Pineda - 45, Filipino

Ms. Pineda has been with the Company for 14 years and is currently Senior Vice-President for New Business. She previously served as Vice-President for Retail, and General Manager of the Power Plant Mall and other retail developments of Rockwell Land. Prior to joining Rockwell Land, she worked for four years at Jewelmer International, a French-Filipino company specializing on exquisite jewellery. Ms. Pineda holds a Bachelor of Science degree in Hotel and Restaurant Management from the University of the Philippines. She completed a Management Development Program from the Asian Institute of Management in 2006.

Ellen V. Almodiel - 41, Filipino

Ms. Almodiel has been Senior Vice-President for Finance since 2014. She started as Finance Manager in 2004 and briefly served as Manager of the Business Development Team. Prior to joining Rockwell Land, she was a Financial Analyst and later an Assistant to the Group Chief Finance Officer of the Alcantara Group of Companies and Finance Manager of NextStage, Inc.. Ms. Almodiel, a Certified Public Accountant, holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines, where she graduated cum laude.

Estela Y. Dasmariñas – 54, Filipino

Ms. Dasmarinas is currently Vice-President for Human Resources of the Company and its subsidiaries. Prior to joining Rockwell Land, she was Vice-President for Human Resources of AMA-DDB Needham Worldwide, Inc., a multinational advertising and communications organization. She was also Director for Human Resources of property development firm Metro Asia Resources Corporation and Manager for Human Resources of Mitsubishi Motor Corporation Philippines, Inc. Ms. Dasmarinas holds a Bachelor of Science degree in Political Science and a Master of Arts degree in Industrial Relations specializing in Human Resource from the University of the Philippines.

Adela D. Flores - 61, Filipino

Ms. Flores is currently Vice President of Property Management. She rejoined Rockwell Land Corporation as Vice-President – Retail and General Manager of the Power Plant Mall in 2012 after 8 years in Malaysia managing The Curver shopping mall. Prior to her stint abroad, she was with Rockwell Land - Retail for almost a decade, following her work at CMG as Brand Manager and at

Araneta Center as Marketing Manager. Ms. Flores is a graduate of the University of the Philippines with a Bachelor's Degree in Mass Communications. She is also a certified Associate Coach.

Julius A. Marzoña – 53, Filipino

Mr. Marzona has been with the company for 9 and a half years and is currently Vice-President for Project Development. From 1994 to 1996, he served as Project Management Officer for project management consulting company SPCastro and Associates Sdn. Berhad and later became Project Manager in the Philippines for the same company in 1997 until 2005. Mr. Marzona, a Licensed Civil Engineer, holds a Bachelor of Science degree in Civil Engineering from the Central Philippine University. He is a Certified Project Manager by the Construction Manpower Development Foundation.

Abel C. Roxas – 51, Filipino

Mr. Roxas has been with Rockwell Land for 6 years and is currently Vice President for Project Development. Prior to joining the company, Mr. Roxas served SKI Construction Group Incorporated as Department Head of Planning and Formworks, and CitramegahKaryaGemilang (CKG) as Engineering Manager. Mr. Roxas first joined Rockwell Land as a Senior Manager for Project Development. Mr. Roxas, a Licensed Civil Engineer, holds a Bachelor of Science degree in Civil Engineering from Mapua Institute of Technology.

Antonette O. Marquez – 48, Filipino

Ms. Marquez joined Rockwell Land Corporation in 2012 as Vice President for Construction. She has a total of 25 years of experience in project management ranging from engineering, cost and procurement, and construction management in industries, namely: energy, industrial, and chemical facilities, food and beverage plants and real estate development both locally and overseas. She also held an assistant vice president position in Japan Gas Corporation where she worked for 15 years. She is a licensed civil engineer and has taken units in Master of Science in civil engineering from University of the Philippines after completing her undergraduate degree from University of Santo Tomas. She has also taken a Leadership and Management Development Program in Ateneo Graduate School of Business and is a Certified Professional and Assessor for BERDE.

Davy T. Tan – 41, Filipino

Mr. Tan joined Rockwell Land in 2007 as Financial Analyst and Budget Manager and in 2012 became Vice-President for Business Development. Prior to joining Rockwell Land, he spent six years with Filinvest Alabang, Inc., a subsidiary of Filinvest Development Corporation, as Proof and Control Officer of the Festival Supermall and later as Finance Analyst. He was also an Accounting Officer at D.M. Consunji, Inc. and Junior Auditor at Punongbayan and Araullo. Mr. Tan, a Certified Public Accountant, holds a Bachelor of Science degree in Accountancy from the University of the East.

Divino M. Villanueva, Jr. – 60, Filipino

Mr. Villanueva joined Rockwell Land as a consultant in 2009 and, in 2014, became the Vice-President of Sales and Marketing for Broker Relations in 2014. He is also the President of Terra Prime, Inc. a position he has held since 2012. Prior to joining Rockwell, Mr. Villanueva was the Executive Vice President and Chief Operating Officer for Red Ribbon Foods Corp. and a Vice President of McDonalds Philippines. He has also worked for Sara Lee in the Philippines and

Indonesia as a Vice President and Marketing director, respectively. Mr. Villanueva holds a Bachelor of Science degree in Management from the Ateneo de Manila University.

Enrique I. Quiason - 54, Filipino

Mr. Quiason has been the Corporate Secretary at Rockwell Land since 1995. He is a Senior Partner of the Quiason Makalintal Barot Torres Ibarra & Sison Law Firm. He is also the Corporate Secretary of FPH and Lopez Holdings and Assistant Corporate Secretary of ABS-CBN and various subsidiaries and affiliates of FPH and Lopez Holdings. Mr. Quiason, a Member of the Integrated Bar of the Philippines, graduated with a B.S. Business Economics (Cum Laude) degree in 1981 and with a Bachelor of Laws degree in 1985 from the University of the Philippines. He received his LL.M. in Securities Regulation from Georgetown University in 1991.

Esmeraldo C. Amistad – 48, Filipino

Mr. Amistad has been with First Philippine Holdings (FPH) as corporate legal counsel since 1997. He is the Assistant Corporate Secretary of FPH and acts as Corporate Secretary or Assistant Corporate Secretary of various FPH subsidiaries and affiliates. He holds a Bachelor of Arts in English (1987) and a Bachelor of Laws (1992) degree both from the University of the Philippines. He has completed the Managerial Leadership Program (2003) and attended the Executive Master's in Business Administration (2011) both at the Asian Institute of Management. He has authored books on contracts, e-laws and has been published in the Philippine Law Journal (Disclosures: The Corporate Striptease, 2004).

Significant Employees

The Board of Directors and members of the senior management of Rockwell Land have been an integral part of its success. Their knowledge, experience, business relationships and expertise greatly contribute to Rockwell Land's operating efficiency and financial performance.

Rockwell Land maintains that it considers the collective efforts of the Board of Directors and all of the Company's employees as instrumental to its overall success. The business of Rockwell Land is not dependent on any individual person. No employee is indispensable in the organization. Rockwell Land has institutionalized through documentation, its processes, procedures and training to ensure continuity and scalability of the business without relying on any particular employee.

Item 10 EXECUTIVE COMPENSATION

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The Company's amended by-laws provide that the Board of Directors shall not receive any salary for their services as director other than an honorarium not exceeding P7,500.00 for their attendance in each regular or special meeting of the Board of Directors, or Executive Committee but this provision shall not preclude any director from serving the Company in any other capacity and receiving compensation therefore.

The Company's amended by-laws also provide that the Board of Directors, officers and employees may participate in the unrestricted profits or earnings from the operations of the Company, after taxes, to be distributed in the manner, amounts and proportions as the Board of Directors may determine.
Summary of Compensation Table (Annual Compensation)

(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other annual compensation
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (Vice-President, Finance and Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	2013	P47.7 million	P4.0 million	P170.6 thousand
All other Officers and Directors	2013	P11.0 million	P0.9 million	P0.9 million
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (Senior Vice-President, Finance and Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	2014	P51.8 million	P 4.2 million	P111.8 thousand
All other Officers and Directors	2014	P11.6 million	P 0.9 million	P0.6 million
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (Senior Vice-President, Finance and Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and	2015 (estimate)	P57.0 million	P 4.6 million	P423.5 thousand

CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice- President – Sales and Marketing)				
All other Officers and Directors	2015 (estimate)	P12.8 million	P 1.0 million	P2.6 million

Alphabetically arranged

Employment Contracts between the Company and Executive Officers

Options Outstanding

On May 2, 2012 and August 3, 2012, the BOD and the stockholders, respectively, approved the implementation of the ESOP to be offered to all regular employees of the Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock of the Company on a fully diluted basis. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested.

The outstanding options are as follows:

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
CEO + 4 most highly compensated executive officers* Almodiel, Ellen V. (Senior Vice-President, Finance & Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	32,127,000	various	P1.46	various
All Other Officers & directors	10,712,000	various	P1.46	various
Total	42,839,000			

Alphabetically arranged

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the Company's directors and officers are compensated, or are to be compensated, directly or indirectly.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 11 SECURITY and OWNERSHIP of CERTAIN BENEFICIAL OWNERS and MANAGEMENT

(a) Security Ownership of Certain Record and Beneficial Owners and Management as of 31 December 2014

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding Shares
Common Shares	First Philippine Holdings Corporation 4th Floor Benpres Bldg., Exchange Road, Ortigas Center, Pasig City Stockholder	First Philippine Holdings Corporation is the beneficial and record owner of the shares indicated	Filipino	5,296,015,375	86.5820%
Common Shares	PCD Nominee Corporation 37/F Enterprise Tower I, Ayala Ave., cor. Paseo de Roxas, Makati City Stockholder	PCD Nominee Corporation is the record owner but not the beneficial owner which are owned beneficially by the investing public	Filipino	563,700,900	9.2156%
TOTAL OUTSTANDING COMMON SHARES				6,116,762,198	100.0%
Preferred Shares	First Philippine Holdings Corporation 4th Floor Benpres Bldg., Exchange Road, Ortigas Center, Pasig City, stockholder	First Philippine Holdings Corporation is the beneficial and record owner of the shares indicated	Filipino	2,750,000,000	100.0%
TOTAL OUTSTANDING PREFERRED SHARES				2,750,000,000	100.0%

(b) Security Ownership of Management as of 31 December 2014

To the best of knowledge of the Company, the following are the shareholdings of the directors and officers:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common Shares	Manuel M. Lopez Chairman	11,676,680 (direct/indirect)	Filipino	0.1909%
Common Shares	Oscar M. Lopez Director	174,898 (direct/indirect)	Filipino	0.0029%
Common Shares	Nestor J. Padilla Director and President	21,000,001 (direct/indirect)	Filipino	0.3433%
Common Shares	Miguel Ernesto L. Lopez Director, Treasurer & Senior Vice President, Property Management	68,694 (direct/indirect)	Filipino	0.0011%
Common Shares	Eugenio L. Lopez III Director	1 (indirect)	Filipino	0.0000%
Common Shares	Manuel L. Lopez, Jr. Director	1 (indirect)	Filipino	0.0000%
Common Shares	Federico R. Lopez Vice Chairman	1 (indirect)	Filipino	0.0000%
Common Shares	Francis Giles B. Puno Director	5,656 (direct)	Filipino	0.0001%
Common Shares	Ferdinand Edwin S. CoSeteng Director	1 (direct)	Filipino	0.0000%
Common Shares	Manuel N. Tordesillas Independent Director	1 (indirect)	Filipino	0.0000%
Common Shares	Vicente R. Ayllón Independent Director	1 (indirect)	Filipino	0.0000%
Common Shares	Enrique I. Quiason Corporate Secretary	3,575 (direct)	Filipino	0.0001%
N.A.	Esmeraldo C. Amistad Asst. Corporate Secretary	None	Filipino	N.A.
N.A.	Valerie Jane L. Soliven Senior Vice-President Sales and Marketing	None	Filipino	N.A.
Common Shares	Ma. Lourdes L. Pineda Senior Vice-President, New Business	141,272 (direct/indirect)	Filipino	0.0023%
N.A.	Ellen V. Almodiel Senior Vice-President, Finance and Accounting & Chief Financial Officer	None	Filipino	N.A.
Common Shares	Estela Y. Dasmariñas Vice-President, Human Resources	1,882 (direct)	Filipino	0.0000%
Common Shares	Adela D. Flores Vice –President & General Manager, Retail	4,340 (direct)	Filipino	0.0001%
N.A.	Julius A. Marzoña Vice-President, Project Development	None	Filipino	N.A.
N.A.	Abel L. Roxas Vice-President, Construction	None	Filipino	N.A.

N.A.	Antonette O. Marquez Vice President-Construction	None	Filipino	N.A.
N.A.	Davy T. Tan Vice-President, Business Development	None	Filipino	N.A.

Change in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

The Company's amended articles of incorporation or amended by-laws do not contain provisions that would delay, defer or prevent a change in control of the Company. Under the Company's amended articles of incorporation and amended by-laws, holders of Preferred Shares are entitled to voting rights. Further, Preferred shares can only be transferred to (a) Philippine citizens and (b) to a corporation of which at least 60% of the total outstanding equity capital is beneficially owned by Philippine citizens and which is not in competition with Meralco, Benpres Holdings Corporation (now "Lopez Holdings Corporation"), FPHC, or any of their affiliates. Upon completion of the Dividend Distribution and Listing, the Preferred Shares constitute 31.01% of the Company's outstanding capital stock. As of 31 December 2014, FPHC's combined ownership of the Company's Preferred Shares and Common Shares was 90.74% of the total outstanding voting capital stock.

Item 12 CERTAIN RELATIONSHIPS and RELATED TRANSACTIONS

Other than the following family relationships, there are no other family relationships within the Board of Directors and executive officers of the Company:

- Chairman Manuel M. Lopez and Chairman Emeritus Oscar M. Lopez are brothers.
- Treasurer Miguel Ernesto L. Lopez and Manuel L. Lopez Jr. are brothers, sons of the Chairman Manuel M. Lopez and nephews of Chairman Emeritus Oscar M. Lopez.
- Vice-Chairman Federico R. Lopez is the son of Chairman Emeritus Oscar M. Lopez and nephew of Chairman Manuel M. Lopez.
- Eugenio Lopez III is the nephew of the Chairman, Manuel L. Lopez and Chairman Emeritus, Oscar M. Lopez.
- Vice-Chairman Federico R. Lopez, Eugenio Lopez III, and Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr. are cousins.
- Vice-Chairman Federico R. Lopez is the brother in law of Francis Giles B. Puno.

Item 13 COMPLIANCE with LEADING PRACTICE on CORPORATE GOVERNANCE

Please refer to attached Annual Corporate Governance Report

PART V – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS and REPORTS on SEC FORM 17-C

(a) **Exhibits**

The following exhibits are filed as a separate section of this report:

Exhibit "A" - Audited Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013

Exhibit "B" - Supplementary Schedules as per SRC Rule 68, As Amended

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) **Reports on SEC Form 17-C**

The corporation disclosed the following matters on the dates indicated:

January 30, 2014	Rockwell Land Corporation submitted the Board of Directors' attendance to the company's board meetings.
March 28, 2014	The Company's Board of Directors, in its regular meeting held on March 27, 2014 approved the following: 1. The Company's Consolidated Audited Financial Statements for the year ended December 31, 2014. 2. The schedule of the Annual Stockholders' Meeting on May 28, 2014 at 9:00 a.m. in the Rockwell Tent.
March 28, 2014	Rockwell Land Corporation submitted a press release on the financial performance for the year ended December 31, 2013 which is based on the company's audited financial statements approved by the Board of Directors in its regular meeting on March 27, 2014.
March 28, 2014	Rockwell Land Corporation reported the appointment of Mr. Divino M. Villanueva, Jr. as Vice President of Sales and Marketing for Broker Relations.
March 28, 2014	Rockwell Land Corporation reported the amendment of the third article of the Articles of Incorporation to reflect the complete address of the principal office of the Corporation.
March 31, 2014	Rockwell Land Corporation submitted their Corporate Governance Disclosure Survey covering the year 2013.
April 3, 2014	Rockwell Land Corporation submitted the initial beneficial ownership (SEC Form 23-A) of Mr. Divino M. Villanueva, Jr, who were designated as key officer last March 28, 2014.
May 28, 2014	Rockwell Land had its annual stockholders' meeting and elected its Board of Directors for the ensuing year 2014 to 2015.

Mr. Vicente R. Ayllon
Mr. Ferdinand Edwin S. CoSeteng
Mr. Eugenio L Lopez III
Mr. Federico R. Lopez
Amb. Manuel M. Lopez
Mr. Manuel L Lopez, Jr.
Mr. Miguel L. Lopez
Mr. Oscar M. Lopez
Mr. Nestor J. Padilla
Mr. Francis Giles B. Puno
Mr. Manuel N. Tordesillas

Mr. Ayllon and Mr. Tordesillas were elected as independent directors.

The stockholders approved the minutes of the annual meeting of the stockholders, approved annual report of management and the audited financial statements for 2013, ratified the acts and resolutions of the Board, its committees and management for 2013 and re-appointed the external auditors, Sycip Gorres Velayo & Co.

An organizational meeting was immediately held after the annual stockholders meeting for the election and appointment of the following as officers of the Company.

Name	Position
Manuel M. Lopez	Chairman of the Board
Oscar M. Lopez	Chairman Emeritus
Federico R. Lopez	Vice Chairman
Nestor J. Padilla	President & Chief Executive Officer
Miguel Ernesto L. Lopez	Treasurer & Senior Vice President, Property Management)
Valerie Jane Lopez-Soliven	Senior Vice President, Sales & Marketing
Maria Lourdes Lacson-Pineda	Senior Vice President, Primaries
Ellen V. Almodiel	Senior Vice President, Finance & Accounting and Chief Financial Officer
Estela Y. Dasmariñas	Vice President, Human Resources
Adela D. Flores	Vice President, Property Management
Engr. Julius A. Marzoña	Vice President, Project Development
Abel L. Roxas	Vice President, Project Development
Antonette O. Marquez	Vice President, Project Development
Davy T. Tan	Vice President, Business Development
Divino M. Villanueva, Jr.	Vice President, Sales and Marketing
Enrique I. Quiason	Corporate Secretary
Rodolfo R. Waga, Jr.	Asst. Corporate Secretary

The Board also appointed the members of the following committees:

<u>Audit Committee</u>

Name	Position
Vicente R. Ayllon	Chairman
Manuel N. Tordesillas	Member
Manuel L. Lopez, Jr.	Member
Francis Giles B. Puno	Member

Risk Management Committee

Name	Position
Eugenio L. Lopez III	Chairman
Ferdinand Edwin S. CoSeteng	Member
Nestor J. Padilla	Member
Manuel L. Tordesillas	Member

Nominations and Elections Committee

Name	Position
Manuel M. Lopez	Chairman
Oscar M. Lopez	Member
Eugenio L. Lopez III	Member
Vicente R. Ayllon	Member

Projections disclosed during the press briefing are the following:

1. Projected NIAT growth for 2014 is 16-25%
2. Target Capital Expenditures for 2014 is Php 10 billion.
3. Estimated revenues for 2014 is between Php 9 billion to Php 9.5 billion

May 28, 2014 — Rockwell Land Corporation submitted a press release on the launch of Aruga Serviced Apartments, the company's first venture in into Hotel and Leisure.

June 2, 2014 — Rockwell Land Corporation reported the stockholders approval of the amendment of the third article of the Articles of Incorporation to reflect the complete address of the principal office of the Corporation.

July 3, 2014 — At the regular meeting of the Board of Directors (BoD) of the Corporation, the BoD approved the declaration of a regular cash dividend of P0.0459 per share to all common shareholders and P0.0013 per share to preferred shareholders of record as of July 18, 2014, payable on or before August 11, 2014.

September 15, 2014 — Rockwell Land Corporation reported the resignation of Atty. Rodolfo R. Waga, Jr., as Assistant Corporate Secretary. The Board elected Atty. Esmeraldo C. Amistad as Assistant Corporate Secretary.

September 18, 2014 — Rockwell Land Corporation submitted the initial beneficial ownership (SEC Form 23-A) of Atty. Esmeraldo C. Amistad, who were designated as key officer last September 15, 2014.

October 14, 2014 — Rockwell Land Corporation reported SEC approval of the amendment of the third article of the Articles of Incorporation to reflect the complete address of the principal office of the Corporation.

November 24, 2014 — Rockwell Land Corporation, through its Senior Vice-President for Finance and Chief Finance Officer Ellen V. Almodiel, confirmed that the company is in preliminary discussions with Boulevard Holdings, Inc. for a possible acquisition in the Puerto Azul area.

December 22, 2014 — Rockwell Land Corporation reported that Rockwell Primaries Development Corp. (Rockwell Primaries), a wholly owned subsidiary of Rockwell Land Corporation, has entered into a Memorandum of Agreement (MOA) with ATR Holdings Inc., (ATRH) and Dragon Eagle

	International Limited (Dragon Eagle) to jointly and collectively invest in and acquire all the outstanding common shares of Maybank ATR Kim Eng Capital Partners, Inc. (MATRKE Capital) in ATR Kim Eng Land, Inc. (ATRKE Land). ATRKE Land and Landco Pacific Corporation (Landco) jointly developed the mixed residential/commercial condominium complex in Muntinlupa, Metro Manila known as the Tribeca Project. Under a Termination Agreement of their joint venture, ATRKE Land will become the sole owner and developer of the Tribeca Project. After the acquisition of the shares in ATRKE Land, Rockwell Primaries, Dragon Eagle and ATRH will own 60%, 20%, 20% of the outstanding shares of ATRKE Land, respectively.
December 22, 2014	Rockwell Land Corporation reported that Rockwell Primaries will acquire 60% of the outstanding shares of ATRKE Land through a Deed of Absolute Sale of Shares agreement with MATRKE Capital.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Rockwell Land Corporation by the undersigned, thereunto duly authorized, in the City of MAKATI CITY.

ROCKWELL LAND CORPORATION
By:

MANUEL M. LOPEZ
Chairman of the Board

NESTOR J. PADILLA
President

ELLEN V. ALMODIEL
Chief Financial Officer / Comptroller

ENRIQUE I. QUIASON
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 13 2015 day of ____, 2015, affiant exhibiting to me his/their Passport Nos. as follows:

Names	**Passport No.**	**Date of Issue**	**Place of Issue**
Manuel M. Lopez	DE0003367	10 June 2013	PE TOKYO
Nestor J. Padilla	EB7323729	07 February 2013	DFA MANILA
Ellen V. Almodiel	EC3260629	26 January 2015	DFA NCR CENTRAL
Enrique I. Quiason	EC1299905	03 June 2014	DFA NCR CENTRAL

Doc. No. 41;
Page No. 10;
Book No. XXX;
Series of 2015

Notary Public

MA. VICTORIA O. POLLISCO
Notary Public
For and in Makati Until Dec. 31, 2016
Roll of Attorneys No. 36149
PTR No. 4760152/01-09-15/Makati
IBP No. 974962/01-06-15/La Union
MCLE Compliance No. IV- 0007598

ROCKWELL LAND CORPORATION

INDEX TO EXHIBITS
Form 17-A, Item 7

No.		
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	n.a .
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	n.a.
(8)	Voting Trust Agreement	n.a.
(9)	Material Contracts	n.a.
(10)	2014 Consolidated Financial Statements: Rockwell Land Corporation and Subsidiaries (with notarized Statement of Management Responsibility)	Attached as Exhibit A
(13)	Letter re: Change in Certifying Accountant	n.a.
(16)	Report Furnished to Security Holders	n.a.
(18)	Subsidiaries of the Registrant	46
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	n.a.
(20)	Consent of Experts and Independent Counsel	n.a.
(21)	Power of Attorney	n.a.
(29)	Additional Exhibits	n.a.

EXHIBIT 18: SUBSIDIARIES OF THE REGISTRANT

As of December 31, 2014, Rockwell Land Corporation has six (6) consolidated subsidiaries as stated below:

Name of Subsidiary	Percentage of Ownership
Rockwell Leisure Club, Inc.	75%
Rockwell Integrated Property Services, Inc	100%
Primaries Development Corporation	100%
Stonewell Property Development Corporation	100%
Primaries Properties Sales Specialists Inc.	100%
Rockwell Hotels & Leisure Management Corp.	100%
Retailscapes Inc.	100%

ROCKWELL LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **ROCKWELL LAND CORPORATION** is responsible for the preparation and fair presentation of the consolidated financial statements as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards.

This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements and submits the same to the stockholders or members.

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

MANUEL M. LOPEZ	**NESTOR J. PADILLA**	**ELLEN V. ALMODIEL**
Chairman of the Board	Chief Executive Officer	Chief Financial Officer

Signed this 13th day of March 2015.

NAME	**PASSPORT NO.**	**DATE ISSUED**	**PLACE ISSUED**
Manuel M. Lopez	DE0003367	10 June 2013	PE TOKYO
Nestor J. Padilla	EB7323729	07 February 2013	DFA MANILA
Ellen V. Almodiel	EC3260629	26 January 2015	DFA NCR CENTRAL

Doc No. 51;
Page No. 12;
Book No. XXX;
Series of 2015.

MA. VICTORIA O. POLLISCO
Notary Public
For and in Makati Until Dec. 31, 2016
Roll of Attorneys No. 36149
PTR No. 4760152/01-09-15/Makati
IBP No. 974962/01-06-15/La Union
MCLE Compliance No. IV-0007598

BUREAU OF INTERNAL REVENUE
Date APR 15 2015 SDS
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CRISTINA C. DE GUZMAN

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	8	9	3

Company Name

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

The Garage at Rockwell Center, Estrella St., Rockwell Center, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	793-0088	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
49,467	May 27	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Ellen V. Almodiel	ellena@rockwell.com.ph	793-0088	N/A

Contact Person's Address

Ground Floor, East Podium, Joya Lofts & Towers, 28 Plaza Drive, Rockwell Center, Makati City 1200

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Rockwell Land Corporation
The Garage at Rockwell Center
Estrella St., Rockwell Center
Makati City

We have audited the accompanying consolidated financial statements of Rockwell Land Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, 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.

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

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

BUREAU OF INTERNAL REVENUE
Date APR 15 2015 SDS

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rockwell Land Corporation and Subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
SEC Accreditation No. 1079-AR-1 (Group A),
March 4, 2014, valid until March 3, 2017
Tax Identification No. 191-180-015
BIR Accreditation No. 08-001998-95-2014,
January 22, 2014, valid until January 21, 2017
PTR No. 4751294, January 5, 2015, Makati City

March 13, 2015

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 29 and 30)	**₱5,995,706**	₱8,972,015
Trade and other receivables (Notes 8, 29 and 30)	**9,869,935**	6,121,588
Land and development costs (Notes 6, 9, 12, 14, 15, 16, 18 and 28)	**9,106,944**	6,992,692
Advances to contractors (Note 9)	**1,219,827**	1,696,598
Condominium units for sale	**110,859**	39,636
Other current assets (Notes 10, 16, 29 and 30)	**1,237,624**	954,009
Total Current Assets	**27,540,895**	24,776,538
Noncurrent Assets		
Noncurrent trade receivables (Notes 8, 29 and 30)	**28,989**	51,591
Investment properties (Notes 12 and 15)	**6,147,124**	4,934,200
Investment in joint venture (Note 13)	**2,859,619**	2,282,152
Property and equipment (Notes 14 and 15)	**1,988,169**	1,723,145
Available-for-sale investments (Notes 11, 29 and 30)	**15,308**	15,308
Land held for future development (Note 9)	**353,081**	358,187
Deferred tax assets - net (Note 25)	**2,691**	3,732
Other noncurrent assets (Note 16)	**300,835**	279,286
Total Noncurrent Assets	**11,695,816**	9,647,601
	₱39,236,711	₱34,424,139

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 4, 9, 17, 18, 24, 29 and 30)	**₱8,717,558**	₱4,872,876
Current portion of interest-bearing loans and borrowings (Notes 6, 9, 12, 14, 15, 29 and 30)	**1,693,781**	404,050
Current portion of installment payable (Note 16)	**710,536**	677,169
Income tax payable	**8,485**	48,867
Total Current Liabilities	**11,130,360**	6,002,962
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Notes 9, 12, 14, 15, 29 and 30)	**13,342,103**	14,463,058
Installment payable - net of current portion (Note 16)	**467,007**	1,177,543
Deferred tax liabilities - net (Note 25)	**843,959**	370,860
Pension liability (Note 24)	**105,641**	88,162
Deposits and other liabilities (Notes 9, 17, 18, 24, 29 and 30)	**455,970**	955,473
Total Noncurrent Liabilities	**15,214,680**	17,055,096
Total Liabilities	**26,345,040**	23,058,058

(Forward)

	December 31	
	2014	2013
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Notes 19 and 20)	**₱6,270,882**	₱6,270,882
Additional paid-in capital (Notes 19 and 20)	**28,350**	28,350
Unrealized gain on available-for-sale investments (Note 11)	**4,743**	4,743
Other equity adjustments (Note 20)	**291,162**	288,659
Share-based payments (Note 19)	**69,700**	69,700
Retained earnings (Note 20)	**6,089,792**	4,818,757
	12,754,629	11,481,091
Less cost of treasury shares (Notes 1 and 20)	**(185,334)**	(185,334)
Total Equity Attributable to Equity Holders of the Parent Company	**12,569,295**	11,295,757
Non-Controlling Interests	**322,376**	70,324
Total Equity	**12,891,671**	11,366,081
	₱39,236,711	₱34,424,139

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
Date APR 1-5 2015 SDS
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ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Years Ended December 31		
	2014	2013	2012
REVENUE			
Sale of condominium units	**₱6,413,046**	₱5,642,149	₱5,011,156
Interest income (Note 21)	**1,116,922**	983,404	641,826
Lease income (Note 12)	**734,864**	727,017	688,184
Cinema revenue	**188,847**	216,712	201,178
Others (Notes 13 and 14)	**399,108**	260,231	299,427
	8,852,787	7,829,513	6,841,771
EXPENSES			
Cost of real estate (Notes 9, 12, 22 and 27)	**4,743,429**	4,182,824	3,986,685
General and administrative expenses (Notes 8, 14, 19, 22, 23, 24 and 27)	**1,107,406**	1,040,881	871,724
Selling expenses (Notes 21, 22 and 23)	**327,134**	372,896	269,940
	6,177,969	5,596,601	5,128,349
INCOME BEFORE OTHER INCOME(EXPENSES)	**2,674,818**	2,232,912	1,713,422
OTHER INCOME (EXPENSES)			
Interest expense (Notes 15 and 22)	**(603,848)**	(345,223)	(266,214)
Share in net income of joint venture (Note 13)	**102,819**	93,261	98,470
Foreign exchange gain - net (Note 29)	**2,902**	2,726	4,049
Gain on sale of property and equipment (Note 14)	**–**	2,436	11,189
	(498,127)	(246,800)	(152,506)
INCOME BEFORE INCOME TAX	**2,176,691**	1,986,112	1,560,916
PROVISION FOR INCOME TAX (Note 25)	**613,391**	582,156	437,635
NET INCOME	**1,563,300**	1,403,956	1,123,281
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on available-for-sale investments (Note 11)	**–**	–	4,600
Income tax effect	**–**	–	(460)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on employee benefits (Note 24)	**(7,438)**	(74,550)	46,057
Income tax effect	**5**	24,514	(13,787)
	(7,433)	(50,036)	36,410
TOTAL COMPREHENSIVE INCOME	**₱1,555,867**	₱1,353,920	₱1,159,691
Net Income Attributable To			
Equity holders of the Parent Company	**₱1,562,600**	₱1,402,138	₱1,123,221
Non-controlling interests	**700**	1,818	60
	₱1,563,300	₱1,403,956	₱1,123,281
Total Comprehensive Income Attributable To			
Equity holders of the Parent Company	**₱1,555,456**	₱1,351,455	₱1,159,631
Non-controlling interests	**411**	2,465	60
	₱1,555,867	₱1,353,920	₱1,159,691
Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)			
Basic	**₱0.2552**	₱0.2293	₱0.1825
Diluted	**₱0.2548**	₱0.2284	₱0.1825

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

(Amounts in Thousands)

			Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 20)	**Additional Paid-in Capital** (Notes 18 and 19)	**Unrealized Gain on Available-for-Sale Investments** (Notes 3, 5 and 11)	**Other Equity Adjustments** (Notes 4 and 20)	**Share-based Payments** (Note 19)	**Retained Earnings** (Notes 3 and 20)	**Treasury Shares** (Notes 1 and 20)	**Total**	**Non-Controlling Interests** (Note 4)	**Total Equity**
Balance at December 31, 2013	**₱6,270,882**	**₱28,350**	**₱4,743**	**₱288,659**	**₱69,700**	**₱4,818,757**	**(₱185,334)**	**₱11,295,757**	**₱70,324**	**₱11,366,081**
Net income	–	–	–	–	–	**1,562,600**	–	**1,562,600**	**700**	**1,563,300**
Other comprehensive loss	–	–	–	–	–	**(7,144)**	–	**(7,144)**	**(289)**	**(7,433)**
Total comprehensive income	–	–	–	–	–	**1,555,456**	–	**1,555,456**	**411**	**1,555,867**
Non-controlling interests of an acquired subsidiary (Note 6)	–	–	–	–	–	–	–	–	**251,641**	**251,641**
Sale to non-controlling interests	–	–	–	**2,503**	–	–	–	**2,503**	–	**2,503**
Cash dividends (Note 20)	–	–	–	–	–	**(284,421)**	–	**(284,421)**	–	**(284,421)**
Balance at December 31, 2014	**₱6,270,882**	**₱28,350**	**₱4,743**	**₱291,162**	**₱69,700**	**₱6,089,792**	**(₱185,334)**	**₱12,569,295**	**₱322,376**	**₱12,891,671**
Balance at December 31, 2012	₱6,255,882	₱–	₱4,743	₱286,850	₱–	₱3,691,847	(₱185,334)	₱10,053,988	₱67,217	₱10,121,205
Net income	–	–	–	–	–	1,402,138	–	1,402,138	1,818	1,403,956
Other comprehensive income (loss)	–	–	–	–	–	(50,683)	–	(50,683)	647	(50,036)
Total comprehensive income	–	–	–	–	–	1,351,455	–	1,351,455	2,465	1,353,920
Share-based payments (Note 19)	15,000	28,350	–	–	69,700	–	–	113,050	–	113,050
Sale to non-controlling interests	–	–	–	1,809	–	–	–	1,809	642	2,451
Cash dividends (Note 20)	–	–	–	–	–	(224,545)	–	(224,545)	–	(224,545)
Balance at December 31, 2013	₱6,270,882	₱28,350	₱4,743	₱288,659	₱69,700	₱4,818,757	(₱185,334)	₱11,295,757	₱70,324	₱11,366,081
At December 31, 2011	₱6,255,882	₱–	₱603	₱284,111	₱–	₱2,540,481	₱–	₱9,081,077	₱66,056	₱9,147,133
Acquisition of treasury shares (Note 20)	–	–	–	–	–	–	(185,334)	(185,334)	–	(185,334)
Net income	–	–	–	–	–	1,123,221	–	1,123,221	60	1,123,281
Other comprehensive income	–	–	4,140	–	–	32,270	–	36,410	–	36,410
Total comprehensive income	–	–	4,140	–	–	1,155,491	–	1,159,631	60	1,159,691
Sale to non-controlling interests	–	–		2,739	–	–	–	2,739	1,101	3,840
Cash dividends (Note 20)	–	–	–	–	–	(4,125)	–	(4,125)	–	(4,125)
Balance at December 31, 2012	₱6,255,882	₱–	₱4,743	₱286,850	₱–	₱3,691,847	(₱185,334)	₱10,053,988	₱67,217	₱10,121,205

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,176,691**	₱1,986,112	₱1,560,916
Adjustments for:			
Interest income (Note 21)	**(1,116,922)**	(983,404)	(641,826)
Interest expense (Note 22)	**603,848**	345,223	266,214
Depreciation and amortization (Note 22)	**307,491**	265,206	260,434
Share in net income of joint venture (Note 13)	**(102,819)**	(93,261)	(98,470)
Share-based payment expense (Note 19)	–	91,150	–
Gain on sale of property and equipment (Note 14)	–	(2,436)	(11,189)
Unrealized foreign exchange loss (gain) - net	**1,464**	748	(1,512)
Operating income before working capital changes	**1,869,753**	1,609,338	1,334,567
Pension costs (Note 24)	**34,041**	26,827	28,188
Decrease (increase) in:			
Trade and other receivables	**(2,715,344)**	(1,709,446)	(337,425)
Land and development costs	**(1,226,054)**	(562,184)	(1,060,606)
Advances to contractors	**476,771**	(641,200)	(232,510)
Condominium units for sale	**13,424**	19,971	31,403
Other current assets	**(283,615)**	(438,166)	2,022
Increase in trade and other payables	**3,838,441**	1,553,934	548,577
Net cash generated from (used for) operations	**2,007,417**	(140,926)	314,216
Interest paid	**(551,531)**	(323,375)	(197,454)
Income taxes paid	**(418,346)**	(347,771)	(334,152)
Net cash provided by (used in) operating activities	**1,037,540**	(812,072)	(217,390)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment properties (Note 12)	**(1,277,718)**	(840,090)	(366,424)
Property and equipment (Note 14)	**(466,110)**	(183,363)	(108,816)
Investment in joint venture (Note 13)	**(474,648)**	–	–
Interest received	**106,521**	41,726	27,426
Proceeds from sale of property and equipment	–	12,163	22,803
Dividends received (Note 13)	–	–	12,681
Net cash used in investing activities	**(2,111,955)**	(969,564)	(412,330)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Sale to non-controlling interests (Note 20)	**2,932**	2,451	3,840
Availments of loans and borrowings (Note 15)	–	14,861,807	1,885,318
Proceeds from exercise of stock options (Note 19)	–	21,900	–
Payments of:			
Interest-bearing loans and borrowings (Note 15)	**(412,000)**	(4,458,954)	(328,418)
Installment payable	**(799,755)**	(714,067)	(630,314)
Dividends (Note 20)	**(284,421)**	(221,797)	(4,125)
Acquisition of treasury shares (Note 20)	–	–	(185,334)
Increase (decrease) in deposits and other liabilities	**(407,186)**	729,905	(52,564)
Net cash provided by (used in) financing activities	**(1,900,430)**	10,221,245	688,403

(Forward)

	Years Ended December 31		
	2014	2013	2012
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(₱1,464)**	(₱748)	₱1,512
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,976,309)**	8,438,861	60,195
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**8,972,015**	533,154	472,959
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱5,995,706**	₱8,972,015	₱533,154

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Number of Shares, Earnings Per Share Value and Unless Otherwise Specified)

1. Corporate Information

Rockwell Land Corporation (Rockwell Land or the Parent Company) is incorporated in the Philippines and is engaged in real estate development and sale or lease of condominium and commercial units and lots.

On October 8, 2014, the Securities and Exchange Commission approved the amendment of the Articles of Incorporation of the Parent Company for the change in principal office address to The Garage at Rockwell Center, Estrella St., Rockwell Center, Makati City.

Rockwell Land became a public company in 2012 following the declaration of 51% ownership by Manila Electric Company (Meralco) as property dividend in favor of common stockholders, except for foreign common shareholders who were paid the cash equivalent of the property dividend (see Note 20).

As at December 31, 2014 and 2013, First Philippine Holdings Corporation owns 86.58% of Rockwell Land and the rest by public. Lopez, Inc. is the ultimate parent company.

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 13, 2015.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency and all values are rounded to the nearest thousands, except when otherwise indicated.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Rockwell Land and its subsidiaries (collectively referred to as the "Company"). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

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

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

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

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

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

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Parent Company and are presented in the profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.

The consolidated financial statements comprise the financial statements of Rockwell Land and the following subsidiaries it controls:

		Percentage of Ownership		
Subsidiaries	Nature of Business	**2014**	2013	2012
Rockwell Integrated Property Services, Inc.	Service provider	**100.0**	100.0	100.0
Rockwell Primaries Development Corporation (formerly, Rockwell Homes, Inc.)	Real estate development	**100.0**	100.0	100.0
Stonewell Property Development Corporation	Real estate development	**100.0**	100.0	100.0
Primaries Properties Sales Specialists Inc.	Marketing	**100.0**	100.0	100.0
Rockwell Hotels & Leisure Management Corp.	Hotel Management	**100.0**	100.0	–
Rockwell Leisure Club, Inc. ("Rockwell Club")	Leisure club	**75.0**	68.6	68.9
Retailscapes Inc. *	Commercial development	**100.0**	–	–
ATR KimEng Land, Inc.**	Real estate development	**60.0**	–	–

**Incorporated in November 2014*
***Indirect subsidiary acquired in 2014*

All subsidiaries are incorporated in the Philippines.

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

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the accompanying consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new and amended Philippine Accounting Standards (PAS), PFRSs and Philippine Interpretations which were adopted as at January 1, 2014. The adoption of the following amendments and interpretations did not have material effect on the accounting policies, financial position or performance of the Company, unless otherwise indicated.

- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements* (Amendments). These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Company, since none of the entities within the Company qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments). These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Company.

- PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (Amendments). These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Company as the Company has not novated its derivatives during the current or prior periods.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments). These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Company's consolidated financial statements.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21). IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

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

  In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Company.

- Annual Improvements to PFRSs (2011-2013 cycle).

  In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Company as it is not a first time PFRS adopter.

Standards, Interpretations and Amendments to Existing Standards Not Yet Effective
The Company did not early adopt the following amendments to existing standards and interpretations that have been approved but are not yet effective as at December 31, 2014. Except as otherwise indicated, the Company does not expect the adoption of these amendments and interpretations to have an impact on its consolidated financial statements.

Effective in 2015

- PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version). PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The amendment has no impact on the Company's financial position or performance.

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)*. The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendment has no impact on the Company's financial position or performance.

- Annual Improvements to PFRSs (2010-2012 cycle). The Annual Improvements to PFRSs (2010–2012 cycle) are effective for annual periods beginning on or after January 1, 2015. They include:

  - PFRS 2, *Share-based Payment – Definition of Vesting Condition*

    This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

    a. A performance condition must contain a service condition
    b. A performance target must be met while the counterparty is rendering service
    c. A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
    d. A performance condition may be a market or non-market condition
    e. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

    The Company will assess the impact of this amendment.

  - PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*

    The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Company shall consider this amendment for future business combinations.

  - PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

    The amendments are applied retrospectively and clarify that:

    a. An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

    b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

The amendment has no impact on the Company’s financial position or performance.

- PAS 16, *Property, Plant and Equipment and PAS 38, Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment has no impact on the Company’s financial position or performance.

- PAS 24, *Related Party Disclosures – Key Management Personnel*

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments affect disclosures only and have no impact on the Company’s financial position or performance.

▪ Annual Improvements to PFRSs (2011-2013 cycle). The Annual Improvements to PFRSs (2011–2013 cycle) are effective for annual periods beginning on or after January 1, 2015. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*

  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  a. Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.

  b. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The amendment has no impact on the Company’s financial position or performance.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*

  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. The amendment has no significant impact on the Company’s financial position or performance.

- PAS 40, *Investment Property*

  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment has no significant impact on the Company’s financial position or performance.

Effective in 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments). The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that it has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments). The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments). The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

- PFRS 14, *Regulatory Deferral Accounts.* PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

- Annual Improvements to PFRSs (2012-2014 cycle). The Annual Improvements to PFRSs (2012–2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Company. They include:

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*

    The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits – regional market issue regarding discount rate*

  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*

  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- PFRS 9, *Financial Instruments* – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version). PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The adoption of PFRS 9 is not expected to have any significant impact on the Company's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version). In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The adoption of PFRS 9 is not expected to have any significant impact on the Company's consolidated financial statements.

- IFRS 15, *Revenue from Contracts with Customers*. IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is engaged in selling activities of real estate projects while construction is on progress or even before it has started. The standard is expected to impact the revenue recognition on these pre-completed real estate sales whether revenue will be recognized at a point-in-time or over time. If there will be a change in revenue recognition, this will also impact the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings account.

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*. This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Company is currently assessing the impact of IFRIC 15 and plans to adopt the new standard on the required effective date once adopted locally. Adoption of this interpretation will result to a change in the revenue and cost recognition of the Company on sale of condominium units and accounting for certain pre-selling costs.

The Company continues to assess the impact of the above new, amended and improved accounting standards and interpretations effective subsequent to December 31, 2014. Additional disclosures required by these amendments will be included in the consolidated financial statements when these are adopted.

4. **Summary of Significant Accounting Policies**

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less from date of acquisition and are subject to an insignificant risk of change in value.

Financial Assets and Financial Liabilities
Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss.

The Company recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

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

Financial assets and financial liabilities are classified into the following categories: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this classification at each financial year-end.

Financial Assets

Financial Assets at Fair Value through Profit or Loss. Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognized in the consolidated statement of comprehensive income.

Financial assets may be designated by management at initial recognition as at fair value through profit or loss when any of the following criteria is met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis; or

- the assets are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivative instruments are also classified under this category unless they are designated as effective hedges under hedge accounting. Assets classified under this category are carried at fair value in the consolidated statement of financial position.

Derivative Financial Instruments. Derivative instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Company has opted not to designate its derivative transactions as accounting hedges. Consequently, gains and losses from changes in fair value of these derivatives are recognized immediately in the consolidated statement of comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The Company has no bifurcated embedded derivatives as at December 31, 2014 and 2013.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. The effective interest amortization is recorded in "Interest income" account in the consolidated statement of comprehensive income. Assets in this category are included in the current assets, except for maturities more than 12 months after the end of the reporting period, which are classified as noncurrent assets.

This category includes the Company's cash and cash equivalents, trade receivables from sale of condominium units and lease, advances to officers and employees, other receivables, refundable deposits and restricted cash (see Notes 7, 8 and 10).

Held-to-Maturity Investments. Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the EIR method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized as interest expense in the consolidated statement of comprehensive income.

The Company has no held-to-maturity investments as at December 31, 2014 and 2013.

Available-for-sale Financial Assets. Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs of liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are measured at fair value with unrealized gains or losses being recognized as other comprehensive income in the consolidated statement of comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income section is transferred to expenses (income) section of the consolidated statement of comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are valued at cost. Assets under this category are classified as current assets if the Company intends to hold the assets within 12 months from financial reporting date and as noncurrent assets if it is more than a year from financial reporting date.

This category includes mainly the Parent Company's investment in Manila Polo Club shares and Meralco preferred shares (see Note 11).

Financial Liabilities

Financial Liabilities at Fair Value through Profit or Loss. Financial liabilities are classified in this category if these result from trading activities or derivatives transaction that are not accounted for as accounting hedges, or when the Company elects to designate a financial liability under this category.

The Company has no financial liabilities at fair value through profit or loss as at December 31, 2014 and 2013.

Other Financial Liabilities. The Company's financial liabilities classified under this category include mainly interest-bearing loans and borrowings. All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs, if any.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

This category also includes the Company's trade and other payables, interest-bearing loans and borrowings, installment payable, retention payable and security deposits (see Notes 15, 16, 17 and 18).

Fair Value Measurement

The Company measures financial instruments at fair value at each financial reporting date. The fair value information of certain financial and nonfinancial assets and liabilities are also required to be disclosed in the consolidated financial statements.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

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

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

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

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

The Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

Day 1 Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the difference between the transaction price and fair value (a Day 1 profit) is recognized in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 profit amount. The Company has determined that the discounted cash flow analysis using credit-adjusted Philippine Dealing and Exchange Corporation (PDEx) interest rates is appropriate in determining the fair value of retention payable, with the Day 1 profit treated as a reduction from "Land and development costs" as these are directly related to project development (see Notes 9 and 18).

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

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, when applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Impairment of Financial Assets
The Company assesses at each financial reporting date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in the consolidated statement of comprehensive income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The Company considers breach of contract, such as default or delinquency in interest or principal payments as objective evidence that a financial asset or group of assets is impaired. For both specific and collective assessment, any collateral and credit enhancement are considered in determining the amount of impairment loss. The carrying amount of an impaired financial asset is reduced through an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Financial assets, particularly trade receivables, are written off to the extent of the amount determined by management to be uncollectible. Those with pending cases in court are recommended for write-off, subject to management's approval.

Assets Carried at Cost. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-Sale Financial Assets. The Company treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of comprehensive income, is transferred from other comprehensive income to profit or loss in the consolidated statement of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognized as part of profit or loss but as part of other comprehensive income in the consolidated statement of comprehensive income. Reversals of impairment losses on debt instruments are generally reversed through the consolidated statement of comprehensive income as part of profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income.

<u>Land and Development Costs and Condominium Units for Sale</u>
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land cost
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs of completion and the estimated costs of sale. As at year-end, condominium units for sale are stated at cost.

Advances to Contractors

Advances to contractors represent advance payments on services to be incurred in connection with the Company's operations. These are capitalized to projects under "Land and development costs" account in the consolidated statement of financial position, upon actual receipt of services, which is normally within 12 months or within the normal operating cycle. These are considered as nonfinancial instruments as these will be applied against future billings from contractors normally within one year.

Investment Properties

Investment properties represent land, building, structures and improvements of the mall (the "Power Plant"), 8 Rockwell (formerly Lopez Tower), other structures held for lease within the Rockwell Center and The Grove, and land held for appreciation. These, except land, are measured initially at cost, including transaction costs, less accumulated depreciation and any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of investment properties, except for land. Investment properties are estimated to have a useful life of 5 to 35 years.

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

The investment properties' estimated useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively if appropriate, at each financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment properties.

When each major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment property at the date of change in use.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Investment property in progress pertains to “8 Rockwell” under construction and is stated at cost which includes cost of construction and other direct costs. Investment property in progress is not depreciated until such time that the relevant assets are completed and become available for operational use.

Property Acquisition
When property is acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Investment in Joint Venture
The Parent Company recognizes its interest in a joint venture as an investment and accounts for the investment using the equity method. Under the equity method, the investment in joint venture is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Parent Company’s share in net assets of the joint venture, less any impairment in value. The consolidated statement of comprehensive income reflects the Parent Company’s share in the results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Unrealized gains arising from transactions with the joint venture are eliminated to the extent of the Parent Company’s interest in the joint venture against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred. The financial statements of the joint venture are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Upon loss of joint control, the Parent Company measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

Property and Equipment
Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, net of accumulated depreciation and/or impairment in value, if any. Such cost includes the cost of replacing part of such property and equipment, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value.

Depreciation and amortization is calculated for each significant item or part of an item of property and equipment on a straight-line basis over the following estimated useful lives:

Buildings and improvements	15–40 years
Office furniture and other equipment	1–10 years
Transportation equipment	3–5 years

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

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed at each financial year end, and adjusted prospectively if appropriate.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Construction in progress pertains to serviced apartments under construction and is stated at cost which includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and become available for operational use. Upon completion, it will be depreciated over a period of 25 years.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that a nonfinancial asset (e.g., investment properties, investment in joint venture and property and equipment) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. Those budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amounts, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

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

Revenue from sale of completed real estate projects is accounted for using the full accrual method.

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

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers is recognized as "Deposits from pre-selling of condominium units" account under "Trade and other payables" and "Deposits and other liabilities" accounts in the consolidated statement of financial position (see Notes 17 and 18).

Any excess of collections over the recognized receivables are presented as part of "Trade and other payables" account in the consolidated statement of financial position (see Note 17).

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

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Contract costs include all direct materials and labor costs and those direct costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Other costs incurred during the pre-selling stage to sell real estate are capitalized as prepaid costs and shown as part of "Other current assets" account in the consolidated statement of financial position if they are directly associated with and their recovery is reasonably expected from the sale of real estate that are initially being accounted for as deposits (see Note 10). Capitalized selling costs shall be charged to expense in the period in which the related revenue is recognized as earned.

Interest. Revenue is recognized using the effective interest, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Lease. Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms or based on the terms of the lease, as applicable.

Cinema, Mall and Other Revenues. Revenue is recognized when services are rendered.

Membership Dues (presented under Other Revenue). Membership dues are recognized as revenue in the applicable membership period. Membership dues received in advance are recorded as part of "Trade and other payables - others" under the current liabilities section of the consolidated statement of financial position.

Income from Recreational Facilities (presented under Other Revenue). Revenue is recognized as the services are provided to or the rights are used by the members.

Room Revenue (presented under Other Revenue). Room revenues are recognized when services are performed. Deposits received from customers in advance on rooms or other services are recorded as liabilities until services are provided to the customers.

<u>Operating Leases</u>
Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as lease income.

Equity
When the Company issues its par value shares, the proceeds shall be credited to the "Capital stock" account in the consolidated statement of financial position to the extent of the par value, with any excess being reflected as "Additional paid-in-capital" account in the consolidated statement of financial position. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Other equity adjustments represent the difference between the fair value of the consideration and the book value of the shares sold of the non-controlling interests.

Retained earnings represent the Company's accumulated earnings, net of dividends declared.

Treasury Shares
Acquisitions of treasury shares are recorded at cost. Own equity instruments which are reacquired are deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issuance or the cancellation of the Parent Company's own equity instruments.

Share-based Payment Transactions
Employees (including directors) of the Parent Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled Transactions. The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date the option is granted. The fair value is determined using Binomial Pricing Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than the conditions linked to the price of the shares of the Parent Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized in profit or loss with a corresponding increase in "Share-based payments" account in equity, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest at that date. The cost of share-based payment is recognized in the consolidated statement of comprehensive income as part of "Personnel expenses" account under "General and administrative expenses".

No expense is recognized for awards that do not ultimately vest.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled with payment, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 31).

Pension Costs and Other Employee Benefits

The Company has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of general and administrative expenses in the consolidated statements of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized under general and administrative expenses in the consolidated statements of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. Employee entitlements beyond 12 months are recognized as part of the noncurrent portion of other employee benefits liability.

Income Tax

Current Income Tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

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

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

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax on share-based payments is recognized directly in equity.

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

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT except: where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from and payable to the tax authority is included as part of “Other current assets” and “Trade and other payables” accounts in the consolidated statement of financial position. Deferred output VAT, however, is shown separately under “Trade and other payables” account in the consolidated statement of financial position.

Deferred input VAT related to the unpaid portion of the acquisition cost of the asset expected to be settled beyond the succeeding year is recognized under “Other noncurrent assets” account in the consolidated statement of financial position.

Foreign Currency-Denominated Transactions
The consolidated financial statements are presented in Philippine peso, which is the Company’s functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. All other borrowing costs are expensed in the period in which they occur.

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

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

Events After the Reporting Period
Post-year-end events that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Basic/Diluted Earnings Per Share
Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding.

Diluted earnings per share attributable to equity holders of the Parent Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of convertible stock options. Outstanding convertible stock options will have a dilutive effect only when the average market price of the underlying common shares during the ear exceeds the exercise price of the option. Where the outstanding convertible stock options have no dilutive effect, diluted earnings per share is the same as basic earnings per share attributable to equity holders of the Parent Company.

Segment Reporting
The Company's operating businesses are organized and managed separately into two business activities. Such business segments are the bases upon which the Company reports its operating segment information. The Company operates in one geographical area where it derives its revenue. Financial information on segment reporting is presented in Note 32.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Asset Acquisition. In 2014, Rockwell Primaries Development Corporation (Rockwell Primaries) acquired 60% ownership interest in ATR KimEng Land, Inc. (ATRKE Land). Management considered the substance of the assets and activities of the acquired entity and assessed that the acquisition of a subsidiary does not represent a business, but rather an acquisition of the undeveloped land, the remaining asset of the subsidiary at the date of acquisition (see Notes 6 and 9). The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

The acquisition cost of 60% interest in ATRKE Land substantially allocated to the land amounted to ₱561.6 million as at December 31, 2014 (see Note 6).

Operating Lease Commitments. The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, which are leased out under operating lease arrangements.

Lease income earned from investment properties amounted to ₱734.9 million, ₱727.0 million and ₱688.2 million in 2014, 2013 and 2012, respectively (see Note 12).

Transfers of Investment Properties. The Company has made transfers to investment properties after determining that there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

Transfers made from investment properties amounted to ₱10.8 million and ₱723.5 million in 2014 and 2013, respectively. Transfers made to investment properties amounted to ₱73.3 million in 2014 (see Notes 9, 12 and 14).

Interest in a Joint Venture. Management has assessed that it has joint control in its joint venture agreement and both parties have rights to the net assets of the arrangement. Under the Joint Venture Agreement, each party's share in any proceeds, profits, losses, and other economic value derived under the Joint Venture as well as any economic benefits and losses derived from the utilization of the access ways and open spaces of the joint venture property shall be proportional to the respective financial contributions made by each party (see Note 13).

Fair Value of Financial Assets and Financial Liabilities. Entities are required to disclose for each class of financial assets and liabilities the fair value of that class of assets and liabilities in a way that permits it to be compared with the corresponding carrying amount in the Company's consolidated statement of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would affect the disclosures made by management.

The fair values of the Company's financial assets and liabilities are set out in Note 30.

Contingencies. The Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material effect on the financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 28).

No provision for contingencies was recognized in 2014, 2013 and 2012.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue and Cost Recognition. The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Company's revenue from sale of real estate is recognized using the percentage-of-completion method.

This is measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. There is no assurance that such use of estimates may not result to material adjustments in future periods.

Impairment of Financial Assets

a. Loans and Receivables

   The Company maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible trade receivables. The level of this allowance is evaluated by management based on the results of the specific and collective assessments of impairment of financial assets, considering the Company's collection experience and other factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers, the customers' payment behavior and known market factors. The amount and timing of recorded expenses for any period would therefore differ depending on the judgments and estimates made for each year.

   Provision for doubtful accounts amounted to nil, ₱0.1 million and ₱0.4 million in 2014, 2013 and 2012, respectively (see Note 22). Trade and other receivables, net of allowance for doubtful accounts, amounted to ₱9.9 billion and ₱6.1 billion as at December 31, 2014 and 2013, respectively (see Note 8).

b. Available-for-sale Financial Assets

   The Company considers available-for-sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant" generally as 20% or more and "prolonged" as period more than 12 months for quoted equity securities. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

   Available-for-sale investments amounted to ₱15.3 million as at December 31, 2014 and 2013 (see Note 11). No impairment loss was recognized in 2014, 2013 and 2012.

Net Realizable Value of Condominium Units for Sale. Condominium units for sale are carried at the lower of cost or NRV. The carrying value of condominium units for sale is adjusted when the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell. Condominium units for sale, stated at cost, amounted to ₱110.9 million and ₱39.6 million as at December 31, 2014 and 2013, respectively.

Estimated Useful Lives of Investment Properties and Property and Equipment. The useful life of each of the Company's investment properties and property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any items of property and equipment, and investment properties would increase the recorded depreciation expense and decrease investment properties and property and equipment accounts.

There were no changes in the estimated useful lives of investment properties and property and equipment in 2014, 2013 and 2012.

Investment properties, net of accumulated depreciation, amounted to ₱6.1 billion and ₱4.9 billion as at December 31, 2014 and 2013, respectively (see Note 12).

Property and equipment, net of accumulated depreciation and amortization, amounted to ₱2.0 billion and ₱1.7 billion as at December 31, 2014 and 2013, respectively (see Note 14).

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

Determining the recoverable amounts of investment properties, investment in joint venture and property and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that investment properties, investment in joint venture and property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations of the Company.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under PFRS.

Noncurrent assets that are subject to impairment testing when impairment indicators are present are as follows:

	2014	2013
Investment properties (see Note 12)	**₱6,147,124**	₱4,934,200
Investment in joint venture (see Note 13)	**2,859,619**	2,282,152
Property and equipment (see Note 14)	**1,988,169**	1,723,145

The fair value of the investment properties amounted to ₱12.7 billion and ₱10.9 billion as at December 31, 2014 and 2013, respectively (see Note 12).

No impairment loss was recognized in 2014, 2013 and 2012.

Deferred Tax Assets. Management uses judgment in reviewing the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred tax assets to be utilized. However, there is no assurance that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets recognized in the consolidated statements of financial position amounted to ₱81.6 million and ₱104.9 million as at December 31, 2014 and 2013, respectively. Unrecognized deferred tax assets amounted to ₱14.8 million and ₱18.2 million as at December 31, 2014 and 2013, respectively (see Note 25).

Pension Costs and Other Employee Benefits. The determination of the Company's obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24 and include, among others, discount rate and expected rate of salary increase. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability and other employee benefits amounted to ₱110.8 million and ₱98.8 million as at December 31, 2014 and 2013, respectively. Since there is no minimum funding requirement, the resulting net asset or net liability recognized in the consolidated statement of financial position was determined as the lower of the surplus of the plan and the present value of the future service cost to the Company (see Note 24).

6. Acquisition of Majority Interest in ATR KimEng Land, Inc.

On December 22, 2014, Rockwell Primaries entered into a Memorandum of Agreement with ATR Holdings, Inc. and Dragon Eagle International Limited for the joint and collective investment in and acquisition of all of the outstanding common shares of Maybank ATR KimeEng Capital Partners, Inc. (Maybank ATR) in ATRKE Land. Rockwell Primaries acquired 1,860,000 common shares, equivalent to 60% ownership interest, through a Deed of Absolute Sale for a consideration of ₱561.6 million. Initial payment representing 25% of the purchase price was made at closing date and the remaining 75% shall be payable over five years with 5% interest per annum (see Notes 5 and 9). The unpaid purchase price of ₱421.2 million is presented as part of "Notes payable" under "Interest-bearing loans and borrowings" account in the 2014 consolidated statement of financial position (see Note 15). Non-controlling interest in ATRKE Land amounted to ₱251.6 million as at December 31, 2014.

7. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash on hand and in banks	**₱466,706**	₱255,289
Short-term investments	**5,529,000**	8,716,726
	₱5,995,706	₱8,972,015

Cash in banks earn interest at the respective bank deposit rates. Short-term investments consist of peso and dollar-denominated placements made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱98.4 million, ₱40.4 million and ₱12.4 million in 2014, 2013 and 2012, respectively (see Note 21).

8. Trade and Other Receivables

This account consists of:

	2014	2013
Trade receivables from:		
Sale of condominium units - net of noncurrent portion of ₱29.0 million in 2014 and ₱51.6 million in 2013	**₱9,589,882**	₱5,883,695
Lease	**126,111**	106,110
Advances to officers and employees (see Note 27)	**43,454**	20,127
Others - net of allowance for doubtful accounts of ₱5.2 million in 2014 and 2013	**110,488**	111,656
	₱9,869,935	₱6,121,588

Trade receivables from sale of condominium units are noninterest-bearing long-term receivables with terms ranging from 1 to 5 years. Unamortized unearned interest on these receivables amounted to ₱5.6 billion and ₱4.2 billion as at December 31, 2014 and 2013, respectively.

Movements of unearned interest on trade receivables from sale of condominium units are as follows:

	2014	2013
Trade receivables at nominal amount	**₱15,174,935**	₱10,162,943
Less unearned interest:		
Balance at beginning of year	**4,227,657**	3,124,272
Unearned interest	**2,342,389**	2,035,190
Amortization (see Note 21)	**(1,013,982)**	(931,805)
Balance at end of year	**5,556,064**	4,227,657
Trade receivables at discounted amount	**₱9,618,871**	₱5,935,286

Trade receivables from lease represents short-term receivables from the “Power Plant” Mall tenants and from other commercial establishments on properties held for lease within the Rockwell Center and The Grove.

Advances to officers and employees mainly representing cash advances to be used for operations are noninterest-bearing and will be liquidated within one year.

Other receivables mainly consist of claims from contractors and receivable from various third parties.

The movements in the allowance for doubtful accounts of other receivables are as follows:

	2014	2013
Balance at beginning of year	**₱5,181**	₱5,885
Provision (see Note 22)	**–**	70
Reversal of provision	**–**	(774)
Balance at end of year	**₱5,181**	₱5,181

9. **Land and Development Costs**

This account consists of land and development costs for the following projects:

	2014	2013
Proscenium (see Note 16)	**₱5,231,947**	₱4,588,970
The Grove Phases 2 & 3	**1,359,263**	1,282,088
Tribeca (see Note 6)	**1,032,268**	–
32 Sanson	**601,299**	–
53 Benitez	**341,454**	294,192
8 Rockwell	**298,460**	–
Edades	**9,386**	102,836
Alvendia	**6,350**	113,324
205 Santolan	**–**	49,284
Others	**226,517**	561,998
	₱9,106,944	₱6,992,692

A summary of the movements in land and development costs is set out below:

	2014	2013
Balance at beginning of year	**₱6,992,692**	₱6,752,411
Construction/development costs incurred	**5,519,011**	3,964,023
Cost of real estate sold (shown as part of cost of real estate)	**(4,616,172)**	(4,046,599)
Land acquired during the year (see Note 6)	**1,082,611**	284,142
Borrowing costs capitalized (see Notes 15, 16 and 18)	**205,115**	245,852
Reclassification to condominium units for sale	**(84,647)**	(27,506)
Net transfers to investment properties (see Note 12)	**(62,463)**	–
Reclassification from land held for future development	**49,945**	–
Reclassifications from (to) property and equipment (see Note 14)	**20,852**	(179,631)
Balance at end of year	**₱9,106,944**	₱6,992,692

Details related to these on-going projects are as follows:

Project	Structure and Location	Expected Completion Date	Construction Stage*	Estimated Cost to Complete 2014	2013
Proscenium:					
Sakura	Highrise condominium, Rockwell Center	2018	Substructure	**₱3,967,157**	₱4,101,435
Kirov	Highrise condominium, Rockwell Center	2018	Substructure	**4,786,202**	4,948,202
Lorraine	Highrise condominium, Rockwell Center	2018	Substructure	**3,464,097**	3,581,348
Lincoln	Highrise condominium, Rockwell Center	2017	Substructure	**3,303,946**	3,415,776
The Grove:					
Phase 2	Highrise condominium, Pasig City	2015	Superstructure	**200,120**	1,924,553
Phase 3	Highrise condominium, Pasig City	2015	Superstructure	**654,461**	2,591,594
32 Sanson	Low rise residential buildings	2017	Substructure	**862,837**	–
8 Rockwell	Office spaces, Rockwell Center	2015	Superstructure	**371,034**	–
53 Benitez	Midrise condominium, Quezon City	2015	Superstructure	**336,220**	1,109,820
Alvendia	Townhouse, San Juan City	2015	Superstructure	**10,773**	156,807
Edades	Highrise condominium, Rockwell Center	2015	Superstructure	**13,105**	152,980
205 Santolan	Townhouse, Quezon City	2014	Superstructure	–	10,527
				₱17,969,952	₱21,993,042

** Construction state as at December 31, 2014*

Other land and development costs mainly pertain to land acquisitions in Cebu City for project launched in 2014 and Sto. Tomas, Batangas for project expected to be launched in 2015.

Other land acquisitions expected to be launched beyond the following year are presented as "Land held for future development" in the consolidated statements of financial position.

Advances to contractors, shown separately in the consolidated statements of financial position, mainly pertain to advances related to the development of "The Grove", "Edades", "8 Rockwell", "32 Sanson" and "Proscenium" projects.

General borrowing costs from interest-bearing loans and borrowings capitalized as part of development costs amounted to ₱97.3 million and ₱107.9 million in 2014 and 2013, respectively. Average capitalization rate used is 4.6% and 4.9% in 2014 and 2013, respectively. Amortization of discount on retention payable, capitalized as part of development costs, amounted to ₱14.8 million and ₱14.7 million in 2014 and 2013, respectively (see Note 18).

Total cash received from pre-selling activities amounted to ₱2.6 billion and ₱1.5 billion as at December 31, 2014 and 2013, respectively (see Notes 17 and 18).

10. **Other Current Assets**

This account consists of:

	2014	2013
Prepaid costs (see Notes 4, 16 and 22)	**₱711,256**	₱503,525
Input VAT (see Note 16)	**213,404**	305,768
Refundable deposits	**147,519**	33,493
Creditable withholding tax	**40,925**	11,683
Supplies	**18,525**	6,988
Restricted cash	–	14,693
Others (see Note 27)	**105,995**	92,552
	₱1,237,624	₱954,009

Refundable deposits mainly consist of deposits for various planned property acquisitions for future development.

11. Available-for-sale Investments

As at December 31, 2014 and 2013, this account consists of:

Quoted	₱12,000
Unquoted	3,308
	₱15,308

Quoted Equity Shares
This consists of investment in Manila Polo Club shares. Movement in the balance in 2012 follows:

Balance at beginning of year	₱7,400
Unrealized gain on fair value adjustments (excluding tax effect of ₱460)	4,600
Balance at end of year	₱12,000

There was no movement in quoted equity shares in 2014 and 2013.

Unquoted Equity Shares
Unquoted equity securities consist mainly of investments in Meralco preferred shares, which do not have a quoted market price, hence, valued at cost. These shares were issued to the Company when Meralco meters were connected and will only be disposed of upon termination of service. As at financial reporting date, the Company has no plans of disposing the unquoted equity securities.

12. Investment Properties

The rollforward analysis of this account follows:

	2014			
	Land	**Buildings and Improvements**	**Investment Properties in Progress**	**Total**
At January 1, 2014, net of accumulated depreciation	**₱1,870,844**	**₱2,444,516**	**₱618,840**	**₱4,934,200**
Additions	**–**	**11,256**	**1,266,462**	**1,277,718**
Transfers (to) from land and development costs (see Note 9)	**(10,847)**	**73,310**	**–**	**62,463**
Depreciation (see Note 22)	**–**	**(127,257)**	**–**	**(127,257)**
At December 31, 2014, net of accumulated depreciation	**₱1,859,997**	**₱2,401,825**	**₱1,885,302**	**₱6,147,124**

	2014			
	Land	**Buildings and Improvements**	**Investment Properties in Progress**	**Total**
At January 1, 2014:				
Cost	**₱1,870,844**	**₱4,033,425**	**₱618,840**	**₱6,523,109**
Accumulated depreciation	**–**	**(1,588,909)**	**–**	**(1,588,909)**
Net carrying amount	**₱1,870,844**	**₱2,444,516**	**₱618,840**	**₱4,934,200**
At December 31, 2014:				
Cost	**₱1,859,997**	**₱4,117,991**	**₱1,885,302**	**₱7,863,290**
Accumulated depreciation	**–**	**(1,716,166)**	**–**	**(1,716,166)**
Net carrying amount	**₱1,859,997**	**₱2,401,825**	**₱1,885,302**	**₱6,147,124**

	2013			
	Land	Buildings and Improvements	Investment Properties in Progress	Total
At January 1, 2013, net of accumulated depreciation	₱1,870,844	₱2,573,621	₱509,417	₱4,953,882
Additions	–	7,120	832,970	840,090
Transfers to property and equipment (see Note 14)	–	–	(723,547)	(723,547)
Depreciation (see Note 22)	–	(136,225)	–	(136,225)
At December 31, 2013, net of accumulated depreciation	₱1,870,844	₱2,444,516	₱618,840	₱4,934,200
At January 1, 2013:				
Cost	₱1,870,844	₱4,026,305	₱509,417	₱6,406,566
Accumulated depreciation	–	(1,452,684)	–	(1,452,684)
Net carrying amount	₱1,870,844	₱2,573,621	₱509,417	₱4,953,882
At December 31, 2013:				
Cost	₱1,870,844	₱4,033,425	₱618,840	₱6,523,109
Accumulated depreciation	–	(1,588,909)	–	(1,588,909)
Net carrying amount	₱1,870,844	₱2,444,516	₱618,840	₱4,934,200

Investment properties are valued at cost. Investment properties consist of the "Power Plant" Mall (₱3.0 billion as at December 31, 2014 and 2013), other investment properties held for lease within the Rockwell Center and The Grove (₱2.3 billion as at December 31, 2014 and ₱901.3 million as at December 31, 2013) and land held for appreciation (₱800.6 million as at December 31, 2014 and ₱981.5 million as at December 31, 2013).

Investment properties in progress includes costs incurred for the construction of 8 Rockwell. Borrowing costs capitalized as part of investment properties amounted to ₱58.0 million and ₱21.4 million in 2014 and 2013, respectively (see Note 15). Capitalization rates used are 4.6% and 3.9% in 2014 and 2013, respectively. As at December 31, 2014 and 2013, unamortized borrowing costs capitalized as part of investment properties amounted to ₱322.0 million and ₱264.0 million, respectively.

Lease income earned from investment properties amounted to ₱734.9 million, ₱727.0 million and ₱688.2 million in 2014, 2013 and 2012, respectively. Direct operating expenses incurred amounted to ₱384.4 million, ₱301.5 million and ₱245.6 million in 2014, 2013 and 2012, respectively.

The aggregate fair value of the Company's mall amounted to ₱7.6 billion and ₱7.2 billion as at December 31, 2014 and 2013, respectively. The aggregate fair value of other investment properties held for lease within the Rockwell Center and The Grove, and land held for appreciation amounted to ₱5.1 billion and ₱3.7 billion as at December 31, 2014 and 2013, respectively.

The fair value was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.

The value of the mall was arrived at through the use of the "Income Approach," particularly the "Discounted Cash Flow Analysis" which is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property being valued. In an operating property, periodic cash flow is typically estimated as gross revenue less operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value.

The value of other investment properties held for lease within the Rockwell Center and The Grove, and land held for appreciation was arrived at through the use of the "Market Data Approach." "Market Data Approach" is based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute parcel or site. This approach is primarily based on sales and listings, which are adjusted for time of sale, location, and general characteristics of comparable lots in the neighborhood where the subject lot is situated.

13. Investment in Joint Venture

JV Agreement

On March 25, 2008, the Parent Company entered into a 25-year JV Agreement with Meralco to form an unincorporated and registered JV (70% for the Parent Company and 30% for Meralco), referred to as "unincorporated JV." Under the JV Agreement, the parties agreed to pool their allocated areas in the first two towers of the BPO Building, including the right to use the land, and to operate and manage the combined properties for lease or any similar arrangements to third parties under a common property management and administration. Consequently, the Parent Company's contribution to the unincorporated JV is presented as "Investment in joint venture" account in the consolidated statements of financial position. The unincorporated JV started commercial operations in July 2009.

In accordance with the terms of the JV Agreement, the Parent Company acts as the Property Manager of the unincorporated JV. Management fees recognized by the Parent Company, which is shown as part of "Others" account in the consolidated statements of comprehensive income, amounted to ₱1.3 million, ₱1.2 million and ₱1.1 million in 2014, 2013 and 2012, respectively. The unincorporated JV will be managed and operated in accordance with the terms of the JV Agreement and with the Property Management Plan provided for in the JV Agreement. The principal place of business of the unincorporated JV is at Meralco Compound, Ortigas Center, Pasig City.

On November 25, 2009, Meralco and the Parent Company agreed to revise the sharing of earnings before depreciation and amortization to 80% for the Parent Company and 20% for Meralco until 2014 or until certain operational indicators are reached, whichever comes first. Sharing of depreciation and amortization is proportionate to their contribution.

On December 6, 2013, Meralco and the Parent Company entered into a Supplemental Agreement to the JV Agreement to include their respective additional rights and obligations, including the development and construction of the third tower of the BPO Building. Under the Supplemental Agreement, Meralco shall contribute the corresponding use of the land where the third BPO Building will be constructed while the Parent Company shall provide the additional funds necessary to cover the construction costs.

The joint venture's statements of financial position include the following:

	2014	2013
Current assets	**₱906,359**	₱786,854
Noncurrent assets	**3,503,517**	2,595,671
Current liabilities	**226,302**	115,417
Noncurrent liabilities	**132,624**	108,840
Cash and cash equivalents	**492,739**	467,862
Current financial liabilities (excluding trade and other payables and provisions)	**15,482**	5,935
Noncurrent financial liabilities (excluding trade and other payables and provisions)	**115,490**	74,916

The joint venture's statements of comprehensive income include the following:

	2014	2013	2012
Revenue	**₱320,748**	₱288,863	₱278,541
General and administrative expenses	**18,436**	17,462	1,368
Depreciation and amortization expense	**122,298**	117,431	117,431
Interest income	**3,655**	6,471	11,194
Interest expense	**3,732**	2,116	3,691
Provision for income tax	**66,701**	56,805	58,837
Total comprehensive income/net income	**113,236**	101,520	108,408

The carrying value of the Parent Company's investment in joint venture consists of:

	2014	2013
Balance at beginning of year	**₱2,062,043**	₱2,062,043
Additions	**474,648**	–
Balance at end of year	**2,536,691**	2,062,043
Accumulated share in net income:		
Balance at beginning of year	**220,109**	126,848
Share in net income	**102,819**	93,261
Balance at end of year	**322,928**	220,109
Carrying value	**₱2,859,619**	₱2,282,152

Additional investment pertains to the construction cost of the third tower of the BPO Building. The construction was completed in December 2014.

Below is the reconciliation of the summarized financial information of the unincorporated JV to the carrying amount of the Parent Company's investment therein:

	2014	2013
Net asset of the unincorporated JV	**₱4,050,950**	₱3,158,268
Interest of the Parent Company in the net asset of the unincorporated JV	**70%**	70%
	2,835,665	2,210,788
Effect of difference between the Parent Company's percentage share in net income as previously discussed	**23,954**	71,364
Carrying amount of the investment in joint venture	**₱2,859,619**	₱2,282,152

14. **Property and Equipment**

The rollforward analysis of this account follows:

	2014					
	Land	**Buildings and Improvements**	**Office Furniture and Other Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
At January 1	**₱20,852**	**₱803,779**	**₱1,085,994**	**₱141,868**	**₱903,178**	**₱2,955,671**
Additions	**107,558**	**87,268**	**223,560**	**29,064**	**18,660**	**466,110**
Reclassifications to land and development costs (see Note 9)	**(20,852)**	–	–	–	–	**(20,852)**
Reclassifications	**199,070**	**695,055**	–	–	**(894,125)**	–
At December 31	**306,628**	**1,586,102**	**1,309,554**	**170,932**	**27,713**	**3,400,929**
Accumulated Depreciation and Amortization						
At January 1	–	**310,170**	**817,462**	**104,894**	–	**1,232,526**
Depreciation and amortization (see Note 22)	–	**99,930**	**61,849**	**18,455**	–	**180,234**
At December 31	–	**410,100**	**879,311**	**123,349**	–	**1,412,760**
Net Book Value at December 31	**₱306,628**	**₱1,176,002**	**₱430,243**	**₱47,583**	**₱27,713**	**₱1,988,169**

	2013					
	Land	Buildings and Improvements	Office Furniture and Other Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
At January 1	₱20,852	₱770,152	₱962,854	₱134,352	₱–	₱1,888,210
Additions		33,627	123,140	26,596		183,363
Reclassifications from land and development costs (see Note 9)	–	–	–	–	179,631	179,631
Reclassifications from investment properties (see Note 12)	–	–	–	–	723,547	723,547
Disposals	–	–	–	(19,080)	–	(19,080)
At December 31	20,852	803,779	1,085,994	141,868	903,178	2,955,671
Accumulated Depreciation and Amortization						
At January 1	–	287,682	725,169	100,047	–	1,112,898
Depreciation and amortization (see Note 22)	–	22,488	92,293	14,200	–	128,981
Disposals	–	–	–	(9,353)	–	(9,353)
At December 31	–	310,170	817,462	104,894	–	1,232,526
Net Book Value at December 31	₱20,852	₱493,609	₱268,532	₱36,974	₱903,178	₱1,723,145

The cost related to the development of the Edades and The Grove Serviced Apartments included in property and equipment account amounted to ₱1.0 billion and ₱903.2 million as at December 31, 2014 and 2013, respectively. Construction of Edades Serviced Apartments was completed on November 15, 2014 (see Note 26). As at December 31, 2014, construction of The Grove Serviced Apartments is still on-going.

Borrowing costs capitalized as part of property and equipment amounted to ₱23.8 million and ₱25.8 million in 2014 and 2013, respectively (see Note 15). Capitalization rate used is 4.6% and 4.9% in 2014 and 2013, respectively.

15. **Interest-bearing Loans and Borrowings**

This account consists of:

	Effective Interest Rate	**2014**	2013
Current			
Corporate notes	4.9%, 4.6%, 4.5% fixed	**₱1,612,000**	₱412,000
Notes payable	5.0% fixed	**96,624**	–
		1,708,624	412,000
Less unamortized loan transaction costs (see Note 22)		**14,843**	7,950
		₱1,693,781	₱404,050
Noncurrent			
Corporate notes	4.9%, 4.6%, 4.5% fixed	**₱7,976,000**	₱9,588,000
Bonds payable	5.0932% fixed	**5,000,000**	5,000,000
Notes payable	5.0% fixed	**437,281**	–
		13,413,281	14,588,000
Less unamortized loan transaction costs (see Note 22)		**71,178**	124,942
		₱13,342,103	₱14,463,058

<u>Corporate Notes</u>
On November 27, 2012, the Parent Company entered into a Fixed Rate Corporate Notes Facility Agreement (“the Agreement”) with First Metro Investment Corporation (FMIC), PNB Capital and Investment Corporation, Metropolitan Bank and Trust Company (MBTC) - Trust Banking Group, and Philippine National Bank – Trust Banking Group for the ₱10.0 billion Notes for the purpose of refinancing the existing ₱4.0 billion fixed rate corporate notes and to finance the Parent Company’s capital expenditures and land acquisitions. The Notes are comprised of Tranche 1, Tranche 2 and Tranche 3, amounting to ₱4.0 billion, ₱2.0 billion and ₱4.0 billion, respectively. Tranches 1 and 2 were availed on January 7, 2013 and March 7, 2013, respectively. Tranche 3 was availed in three drawdowns amounting to ₱1.0 billion, ₱1.5 billion and ₱1.5 billion on May 27, 2013, July 26, 2013 and August 27, 2013, respectively. The Notes are payable in 22 quarterly payments starting October 2014. A portion of Tranche 2 amounting to ₱1.2 billion will be paid annually at 1% of the principal amount from the issue date for six (6) years while the remaining 94% of the principal amount is payable in 2020. The Corporate Notes contain a negative pledge.

Interest is fixed up to maturity at 75 to 90 bps over the seven-year PDST-F, grossed-up for GRT.

Covenants. The loan contains, among others, covenants regarding incurring additional debt and dividend, to the extent that such will result in a breach of the required debt-to-equity ratio and current ratio. As at December 31, 2014 and 2013, the Parent Company has complied with these covenants (see Note 29).

Bonds Payable
On November 15, 2013, the Parent Company issued ₱5.0 billion unsecured fixed rate retail peso bonds. The bonds have a term of seven (7) years and one (1) quarter from the issue date, with fixed interest rate equivalent to 5.0932% per annum. Interest on the bonds will be payable quarterly in arrears commencing on February 15, 2014.

The bonds were offered to the public at face value and were issued in scripless form, with the Philippine Depository & Trust Corporation maintaining the Electronic Registry of Bondholders, as the Registrar of the Bonds. On issue date, the bonds were listed in Philippine Dealing & Exchange Corporation to facilitate secondary trading.

The bonds shall be redeemed at par (or 100% of face value) on February 15, 2021, its maturity date, unless the Parent Company exercises its early redemption option in accordance with certain conditions. The embedded early redemption is clearly and closely related to the host debt contract; thus, does not require to be bifurcated and accounted for separately from the host contract.

Covenants. The loan contains, among others, covenants regarding incurring additional long-term debt and paying out dividends, to the extent that such will result in a breach of the required debt-to-equity ratio and current ratio. As at December 31, 2014 and 2013, the Parent Company has complied with these covenants (see Note 29).

Peso-Denominated Loans from Various Local Banks and Financial Institutions
The Parent Company had peso-denominated loans from various local banks which have been fully settled in 2013.

Interest expense on interest-bearing loans and borrowings amounted to ₱546.3 million, ₱298.1 million and ₱232.5 million in 2014, 2013 and 2012, respectively (see Note 22). Interest expense capitalized as part of land and development costs amounted to ₱97.3 million and ₱107.9 million in 2014 and 2013, respectively (see Note 9). Interest expense capitalized as part of investment properties amounted to ₱58.0 million and ₱21.4 million in 2014 and 2013, respectively (see Note 12). Interest expense capitalized as part of property and equipment ₱23.8 million and ₱25.8 million 2014 and 2013, respectively (see Note 14).

Loan Transaction Costs. As at December 31, 2014 and 2013, loan transaction costs consisting of documentary stamp tax and underwriting fees on the corporate notes and bonds were capitalized and presented as a deduction from the related loan balance.

The movements in the balance of the capitalized loan transaction costs are as follows:

	2014	2013
Balance at beginning of year	**₱132,892**	₱26,966
Additions	**–**	138,193
Amortization (see Note 22)	**(46,871)**	(32,267)
Balance at end of year	**₱86,021**	₱132,892

Notes Payable
On December 22, 2014, Rockwell Primaries issued promissory notes to Maybank ATR for the remaining unpaid balance of the acquisition cost of 60% interest in ATRKE Land amounting to ₱421.2 million.

On December 23, 2014, ATRKE Land obtained a loan from Maybank ATRKE Capital in the aggregate principal amount of ₱112.7 million to pay off its obligations to a third party pursuant to the termination of the existing Joint Venture Agreement.

Both notes payable are payable over five years and bear interest of 5% per annum and are not secured by collateral.

The repayments of loan principal based on existing terms are scheduled as follows:

Year	Amount
2015	₱1,708,624
2016	1,713,454
2017	6,470,527
2018	111,854
2019 and onwards	5,117,446
	₱15,121,905

16. **Installment Payable**

In November 2011, the Parent Company entered into a Deed of Sale with Futura Realty, Inc. for the purchase of land for development adjacent to the Rockwell Center. This will house the latest condominium project of the Parent Company called “Proscenium” project (see Note 9).

Under the Deed of Sale, the Parent Company will pay for the cost of the property in installment until year 2015 and a one-time payment in year 2020. Schedule of payments of the remaining installment payable based on undiscounted amounts are as follows:

June 2015	₱799,755
June 2020	655,799
	₱1,455,554

The installment payable and the corresponding land held for development were recorded at present value using the discount rate of 8%. Accretion of interest expense amounted to ₱122.6 million and ₱152.7 million in 2014 and 2013, respectively, and was capitalized as part of land and development costs (see Note 9).

As at December 31, 2014 and 2013, the carrying value of the installment payable amounted to ₱1.2 billion and ₱1.9 billion, respectively.

Installment payable is secured by Stand-By Letters of Credit (SBLC) from MBTC and FMIC totaling ₱2.4 billion, until year 2020. These SBLC provides for a cross default provision wherein the SBLC shall automatically be due and payable in the event the Company’s other obligation is not paid when due or a default in any other agreement shall have occurred, entitling the holder of the obligation to cause such obligation to become due prior to its stated maturity. As at December 31, 2014 and 2013, the Parent Company has not drawn from the facility. Unamortized prepaid premium on the SBLC as at December 31, 2014 and 2013 amounting to ₱1.9 million and ₱7.0 million, respectively, is presented as part of "Prepaid costs" under "Other current assets" account in the consolidated statements of financial position (see Note 10).

The related deferred input VAT amounting to ₱70.3 million and ₱156.0 million, net of current portion of ₱72.5 million and ₱85.7 million in 2014 and 2013, respectively (see Note 10), is recognized as part of "Other noncurrent assets" account in the consolidated statements of financial position. This deferred input VAT will be claimed against output VAT upon payment of the related installment payable.

17. Trade and Other Payables

This account consists of:

	2014	2013
Trade	**₱211,043**	₱111,630
Accrued expenses:		
Project costs	**3,280,869**	1,996,667
Taxes and licenses	**337,571**	241,127
Interest	**151,439**	145,993
Management fee	**23,114**	–
Utilities	**22,265**	23,644
Repairs and maintenance	**14,373**	7,672
Producers' share	**11,550**	18,596
Marketing and promotions	**7,356**	9,048
Others (see Notes 18 and 24)	**292,254**	169,873
Deferred output VAT	**938,896**	515,101
Due to related parties (see Note 27)	**18,155**	138,155
Current portions of:		
Deposits from pre-selling of condominium units (see Notes 9 and 18)	**2,581,566**	994,624
Security deposits (see Note 18)	**240,449**	182,283
Retention payable (see Note 18)	**170,875**	234,359
Deferred lease income (see Note 18)	**83,955**	58,695
Excess collections over recognized receivables (see Note 4)	**284,153**	–
Advance payments from members and customers	**37,260**	8,683
Output VAT	**2,201**	–
Others	**8,214**	16,726
	₱8,717,558	₱4,872,876

Trade payables and accrued project costs are noninterest-bearing and are normally settled on a 30-day term.

Accrued taxes mainly consist of transfer fees payable and taxes payable other than income tax.

Accrued expenses are normally settled within 12 months.

Deposits from pre-selling of condominium units represent cash received from buyers of "Proscenium" in 2014 and 2013 and "32 Sanson" in 2014, pending recognition of revenue expected to be applied against receivable from sale of condominium units the following year (see Note 9).

Excess collections over recognized receivables pertain to "Proscenium Lincoln" project.

Advance payments from members and customers mainly include membership dues received but are not yet due as at reporting period.

18. Deposits and Other Liabilities

This account consists of:

	2014	2013
Retention payable - net of current portion of ₱170.9 million in 2014 and ₱234.4 million in 2013 (see Note 17)	**₱400,283**	₱283,902
Security deposits - net of current portion of ₱240.4 million in 2014 and ₱182.3 million in 2013 (see Note 17)	**38,637**	79,665
Deferred lease income - net of current portion of ₱84.0 million in 2014 and ₱58.7 million in 2013 (see Note 17)	**9,240**	31,755
Deposits from pre-selling of condominium units - net of current portion of ₱2.6 billion in 2014 and ₱994.6 million in 2013 (see Notes 9 and 17)	–	511,754
Others (see Notes 17 and 24)	**7,810**	48,397
	₱455,970	₱955,473

Retention payable is the portion of the amount billed by contractors that is being withheld as security in case the Parent Company incurs costs during the defects and liability period, which is one year after a project's completion. This is subsequently released to the contractors after the said period.

As discussed in Note 4, the Company uses discounted cash flow analysis to measure the fair value of retention payable. The resulting difference between the transaction price and fair value at initial recognition is recognized in the consolidated statement of financial position as a reduction from "Land and development costs". The retention payable is carried at amortized cost using effective interest method. The amortization of discount on retention payable is capitalized as part of land and development costs while the related project's construction is in progress (see Note 9).

The following table shows a reconciliation of unamortized discount on retention payable as at year-end.

	2014	2013
Balance at beginning of year	**₱17,253**	₱19,683
Additions during the year	**21,883**	12,248
Amortization during the year (see Note 9)	**(14,810)**	(14,678)
Balance at end of year	**₱24,326**	₱17,253

Security deposits mainly consist of the four months deposits paid by mall tenants at the beginning of the lease term, to be refunded at the end of the contract.

Deferred lease income pertains to two months advance rent included in the initial billing to mall tenants, which shall be applied to the monthly rental at the end of the lease term.

Deposits from pre-selling of condominium units represent cash received from buyers of "Proscenium" project in 2013 pending recognition of revenue expected to be applied against receivable from sale of condominium units beyond 2014 (see Note 9).

19. Share-based Payment Plans

The Parent Company has an Employee Stock Option Plan (ESOP) that was approved by the BOD and stockholders on May 2, 2012 and August 3, 2012, respectively. The ESOP is offered to all regular employees of the Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock or 192,630,881 common shares of the Company on a fully diluted basis and may be issued upon the exercise by the eligible participants of the stock option plans. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested. The ESOP was approved by the SEC on December 6, 2012 and was communicated to the employees on January 3, 2013.

The terms of the ESOP include, among others, a limit as to the number of shares a qualified regular employee Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include may purchase. Options are expected to be granted annually over a period of 5 years. Options granted are vested after one year. All qualified participants are given until 10th year of the grant date to exercise the stock option.

The primary terms of the grants follow:

Grant date	January 3, 2013
Number of options granted	63,740,000
Offer price per share	1.46
Option value per share	1.43

The fair value of equity-settled share options granted is estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option grants:

Expected volatility (%)	36.94
Exercise price (₱)	1.46
Spot price (₱)	2.52
Risk-free interest rate (%)	4.19
Term to maturity (years)	10.0
Dividend yield (%)	1.91

The expected volatility reflects the average historical volatility of peer companies based on a lookback period consistent with the term to maturity of the option. This may likewise not necessarily be the actual volatility outcome. The effects of expected early exercise, including the impact of the vesting period and blackout periods, are captured in the binomial model. No other features of the option grants were incorporated into the measurement of the fair value of the options.

In 2013, there were 63.7 million stock options granted and 15.0 million stock options exercised. Total share-based payment expense recognized amounting to ₱91.1 million is presented as part of "Personnel expenses" under "General and administrative expenses" account in the consolidated statement of comprehensive income for the year ended December 31, 2013 (see Note 22).

The following table shows the movements in share options in 2014 and 2013:

	2014	2013
Outstanding at beginning of year	**48,740,000**	–
Granted during the year	–	63,740,000
Exercised during the year	–	(15,000,000)
Outstanding at end of year	**48,740,000**	48,740,000

As at December 31, 2014 and 2013, total share-based payment transactions, net of applicable tax, amounting to ₱69.7 million are presented as "Share-based payments" account under the equity section of the consolidated statements of financial position.

20. **Equity**

a. Capital Stock

	2014		2013	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized				
Common - ₱1 par value	**8,890,000,000**	**₱8,890,000**	8,890,000,000	₱8,890,000
Preferred - ₱0.01 par value	**11,000,000,000**	**110,000**	11,000,000,000	110,000
	19,890,000,000	**₱9,000,000**	19,890,000,000	₱9,000,000
Issued				
Common - ₱1 par value	**6,243,382,344**	**₱6,243,382**	6,243,382,344	₱6,243,382
Preferred - ₱0.01 par value	**2,750,000,000**	**27,500**	2,750,000,000	27,500
	8,993,382,344	**₱6,270,882**	8,993,382,344	₱6,270,882

The preferred shares are of equal rank, preference and priority with the common shares and are identical in all respects regardless of series, except as to the issue value which may be specified by the BOD from time to time. It has voting rights and are non-participating in any other or further dividends beyond that specifically on such preferred shares. Each preferred share shall not be convertible to common shares. Other features of the preferred shares shall be at the discretion of the BOD at the time of such issuance. All preferred shares currently outstanding earn 6% cumulative dividend per annum. On January 31, 2012, the Parent Company fully redeemed these preferred shares at par value, including dividends in arrears of ₱4.1 million. On February 28, 2012, the BOD authorized the reissuance of these preferred shares at a later date. On April 10, 2012, the Parent Company issued to FPHC all preferred shares at par value.

Below is the movement of the common stock of the Parent Company:

Date of SEC Approval	Authorized Capital Stock	New Subscriptions/ Issuances	Issue/ Offer Price
May 2012, listing by way of introduction	8,890,000,000	6,228,382,344	₱1.46
Exercise of ESOP shares (see Note 19)	–	15,000,000	
	8,890,000,000	6,243,382,344	

b. Dividends

On July 2, 2014, BOD approved the declaration of a regular cash dividend of ₱0.0459 per share to all common shareholders of record as at July 18, 2014 and 6% per annum cumulative cash dividend from April 10, 2012 to June 30, 2014 to all preferred shareholders. Payments of cash dividends for common shares were made on August 11, 2014.

On July 4, 2013, the BOD of the Company approved the declaration of regular cash dividends of ₱0.0368 per share to all common stockholders of record as at July 25, 2013. Payments were made on August 20, 2013.

On January 16, 2012, the BOD approved the declaration of dividends for preferred shares at 6% cumulative per annum amounting to ₱4.1 million or ₱0.0015 per share. Payments were made on January 26, 2012. As at December 31, 2014 and 2013, unpaid cumulative dividends on preferred shares amounted to ₱3.7 million.

c. Other Equity Adjustments

This account represents the difference between the consideration received from the sale of the proprietary shares and the carrying value of the related interest. In 2014 and 2013, the Parent Company sold proprietary shares, equivalent to 0.3% and 0.5% interest in Rockwell Club, respectively.

	2014	2013
Balance at beginning of year	**₱288,659**	₱286,850
Acquisition by the non-controlling interests:		
Consideration received	**2,932**	2,451
Carrying value	**(429)**	(642)
	2,503	1,809
Balance at end of year	**₱291,162**	₱288,659

d. Treasury Shares

On May 2012, Rockwell Land acquired 126,620,146 common shares from Meralco, representing the foreign shareholders' entitlement from property dividend distribution made by Meralco, at ₱1.4637 per share (see Note 1).

21. **Interest Income**

This account consists of:

	2014	2013	2012
Interest income from:			
Amortization of unearned interest on trade receivables (see Note 8)	**₱1,013,982**	₱931,805	₱614,347
Cash and cash equivalents (see Note 7)	**98,382**	40,382	12,441
Interest and penalty charges	**2,149**	8,474	12,622
In-house financing	**2,409**	2,743	2,416
	₱1,116,922	₱983,404	₱641,826

22. **Expenses**

Depreciation and amortization expense included in the consolidated statements of comprehensive income is as follows:

	2014	2013	2012
Included in:			
Cost of real estate (see Note 12)	**₱127,257**	₱136,225	₱137,342
General and administrative expenses (see Note 14)	**180,234**	128,981	123,092
	₱307,491	₱265,206	₱260,434

General and administrative expenses pertain to the following businesses:

	2014	2013	2012
Real estate	**₱860,861**	₱863,791	₱708,712
Cinema	**164,054**	177,090	163,012
Hotel	**82,491**	–	–
	₱1,107,406	₱1,040,881	₱871,724

<u>Real Estate</u>

	2014	2013	2012
Personnel (see Notes 19, 23 and 24)	**₱242,599**	₱314,160	₱197,276
Taxes and licenses	**172,936**	158,828	159,669
Depreciation and amortization (see Note 14)	**160,216**	118,296	115,092
Entertainment, amusement and recreation	**61,270**	34,686	33,318
Marketing and promotions	**32,204**	25,833	23,450
Utilities (see Note 27)	**52,813**	41,296	36,499
Professional fees	**20,631**	40,590	12,869
Contracted services	**29,745**	27,668	25,368
Insurance	**9,566**	9,279	9,762
Fuel and oil	**10,837**	12,015	8,289

(Forward)

	2014	2013	2012
Dues and subscriptions	**₱8,448**	₱18,911	₱13,701
Transportation and travel	**3,862**	3,612	1,174
Security services	**8,772**	7,081	4,458
Provision for doubtful accounts (see Note 8)	**–**	70	379
Others	**46,962**	51,466	67,408
	₱860,861	₱863,791	₱708,712

Cinema

	2014	2013	2012
Producers' share	**₱78,441**	₱89,221	₱81,181
Utilities (see Note 27)	**26,148**	26,306	25,758
Amusement tax	**13,811**	15,652	14,610
Snack bar	**12,706**	15,396	13,728
Contracted services	**11,831**	11,401	4,618
Depreciation and amortization (see Note 14)	**10,626**	10,685	8,000
Personnel (see Notes 23 and 24)	**2,668**	2,126	8,129
Advertising	**2,506**	2,451	2,654
Others	**5,317**	3,852	4,334
	₱164,054	₱177,090	₱163,012

Hotel

	2014
Rental expense	₱27,145
Personnel (see Notes 19, 23 and 24)	18,956
Depreciation and amortization (see Note 14)	9,392
Professional fees	6,058
Utilities	6,432
Accommodations	4,791
Dues and subscriptions	3,581
Contracted services	1,923
Security services	1,780
Others	2,433
	₱82,491

Selling expenses are comprised of:

	2014	2013	2012
Commissions and amortization of prepaid costs (see Notes 4 and 10)	**₱189,590**	₱218,752	₱168,506
Personnel (see Notes 23 and 24)	**69,450**	58,619	44,095
Marketing and promotions	**35,072**	73,243	30,175
Usufruct	**8,391**	3,301	–
Utilities (see Note 27)	**7,452**	8,287	11,162

(Forward)

	2014	2013	2012
Contracted services	**₱6,707**	₱2,629	₱8,465
Entertainment, amusement and recreation	**276**	614	2,448
Others	**10,196**	7,451	5,089
	₱327,134	₱372,896	₱269,940

Interest expense is comprised of:

	2014	2013	2012
Interest expense on loans (see Note 15)	**₱546,342**	₱298,116	₱232,513
Amortization of loan transaction costs (see Note 15)	**46,871**	32,267	8,432
Bank charges	**10,635**	14,840	25,269
	₱603,848	₱345,223	₱266,214

23. Personnel Expenses

Personnel expenses included in general and administrative expenses and selling expenses are comprised of:

	2014	2013	2012
Salaries and wages (see Note 22)	**₱299,632**	₱348,078	₱221,312
Pension costs (see Note 24)	**34,041**	26,827	28,188
	₱333,673	₱374,905	₱249,500

24. Pension Costs and Other Employee Benefits

a. Pension Costs

The Company has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of the net pension costs recognized in the consolidated statements of comprehensive income and the fund status and amounts recognized in the consolidated statements of financial position for the plan:

Net Pension Costs

	2014	2013	2012
Current service cost	**₱29,971**	₱27,435	₱26,629
Interest cost	**4,070**	(608)	1,559
Net pension cost	**₱34,041**	₱26,827	₱28,188

Pension Liability

	2014	2013
Present value of benefit obligation	**₱383,076**	₱310,663
Fair value of plan assets	**(277,435)**	(222,501)
Pension liability	**₱105,640**	₱88,162

The changes in the present value of benefit obligation are as follows:

	2014	2013
Defined benefit obligation at beginning of year	**₱310,663**	₱259,838
Current service cost	**29,971**	27,435
Interest cost	**15,993**	13,476
Actuarial loss due to:		
Experience adjustments	**6,412**	8,209
Change in assumptions	**23,307**	9,793
Benefits paid	**(3,270)**	(8,088)
Defined benefit obligation at end of year	**₱383,076**	₱310,663

The changes in the fair values of plan assets of the Company are as follows:

	2014	2013
Fair values of plan assets at beginning of year	**₱222,501**	₱258,394
Actual return excluding amount included in net interest cost	**22,281**	(41,889)
Interest income included in net interest cost	**11,923**	14,084
Actual contributions	**24,000**	–
Benefits paid	**(3,270)**	(8,088)
Fair values of plan assets at end of year	**₱277,435**	₱222,501

The Company expects to contribute ₱35.2 million to its pension plan in 2015.

The major categories of plan assets as percentage of the fair value of total plan assets are as follows:

	2014	2013
Investments in:		
Government securities	**32.55%**	24.53%
Loans and debt instruments	**7.20%**	10.42%
Other securities	**60.25%**	65.05%
	100.00%	100.00%

The principal assumptions used as at December 31, 2014 and 2013 in determining pension cost obligation for the Company's plans are as follows:

	2014	2013
Discount rate	**4-5%**	5-7%
Future salary rate increases	**10.00%**	10.00%

The plan assets of the Company are maintained by the trustee banks, BDO Unibank, Inc. (BDO) and MBTC.

As at December 31, 2014 and 2013, the carrying values of the plan approximate their fair values:

	2014	2013
Cash in banks:		
MBTC	**₱9,341**	₱6,561
BDO	**1,549**	1,628
Receivables - net of payables:		
MBTC	**(29)**	637
BDO	**754**	688
Investments held for trading:		
MBTC	**153,068**	112,912
BDO	**112,752**	100,075
	₱277,435	₱222,501

Cash in banks are composed of current account, savings deposits and special savings deposits.

Receivables - net of payables are composed of loans receivables, interest receivables and accrued trust fees.

Investments held for trading are investments in government securities, corporate bonds and stocks.

i. Government securities' maturities range from 5 to 25 years with interest rates ranging from 3.20% to 7.89%.
ii. The Corporate bonds are certificates of indebtedness issued by top and usually listed corporations exhibiting sound financial performance and enjoying good credit from reputable/accredited agencies. Maturity dates range from 5 to 7 years with interest rates ranging from 7.75% to 8.85%.
iii. Investment in stocks represents equity securities of companies listed in the PSE.

The Retirement Plan has investment in shares of stock of the Company amounting to ₱20.2 million and ₱59.6 million as at December 31, 2014 and 2013, respectively.

The Company's retirement fund is exposed to a short term risk since 50% of it is in equities. On the long term, should there be any major corrections in the local equities market, the correction should have a positive impact of the fund since historically the equities market have always out-performed the fixed income market in the long term.

There are no outstanding balances arising from transactions between the Retirement Plan and the Company as at December 31, 2014 and 2013. Except as stated above, there were no other transactions entered into during the year by the Retirement Plan relating to the Company.

In 2014, the sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+100	(₱325,892)
	-100	390,953
Future salary increases	+100	387,482
	-100	(327,842)
Turnover rate	+100	(343,941)
	-100	368,582

The Company does not currently employ any asset-liability matching.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

Year	**2014**	2013
Less than 1 year	**₱374**	₱–
More than 1 year to 5 years	**162,164**	160,079
More than 5 years to 10 years	**45,739**	44,178
More than 10 years to 15 years	**185,823**	171,331
More than 15 years to 20 years	**191,511**	168,927
More than 20 years	**1,492,696**	587,024

a. Other Employee Benefits

Other employee benefits consists of accumulated employee sick and vacation leave entitlement amounting to ₱5.2 million, ₱10.6 million and ₱2.7 million for the years ended December 31, 2014, 2013 and 2012, respectively (see Notes 22 and 23). The present value of the defined benefit obligation of other employee benefits amounted to ₱50.1 million and ₱25.9 million as at December 31, 2014 and 2013, respectively (see Notes 17 and 18).

In 2014, the sensitivity analysis below has been determined based on reasonably possible changes of salary increase rate on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
Future salary increases	+200	₱31,982
	-300	22,705

25. Income Taxes

The components of provision for income tax for the years ended December 31 follow:

	2014	2013	2012
Current income tax	**₱377,964**	₱371,294	₱326,809
Deferred income tax	**235,427**	210,862	110,826
	₱613,391	₱582,156	₱437,635

The current provision for income tax represents the regular corporate income tax (RCIT) of the Parent Company and certain subsidiaries and minimum corporate income tax (MCIT) of Rockwell Club.

For income tax purposes, full revenue recognition is applied when greater than 25% of the selling price has been collected in the year of sale, otherwise, the installment method is applied.

The components of the Company's deferred tax assets and liabilities shown in the consolidated statements of financial position are as follows:

	2014	2013
Deferred tax liabilities:		
Unrealized gain on real estate	**₱609,344**	₱395,857
Fair value increment on the real estate inventories	**159,610**	–
Difference between financial gross profit over taxable gross profit	**79,108**	–
Capitalized interest	**72,529**	75,646
Overfunded pension costs	**1,776**	–
Unrealized gain on available-for-sale investments	**527**	527
	922,894	472,030
Deferred tax assets:		
Unfunded pension costs	**24,627**	21,621
Share-based payment expense	**22,574**	22,574
Other employee benefits	**16,883**	15,031
Unamortized past service cost	**7,966**	10,755
Allowance for doubtful accounts and others	**4,353**	4,165
NOLCO	**2,677**	3,729
Deferred lease income	**2,163**	26,803
Unrealized foreign exchange loss	**383**	224
	81,626	104,902
	₱841,268	₱367,128

The details of the subsidiaries' deductible temporary differences, NOLCO and MCIT for which no deferred tax assets are recognized since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized are as follows:

	2014	2013
Unfunded pension costs	**₱26,320**	₱16,092
NOLCO	**10,751**	35,107
Allowance for doubtful accounts	**4,977**	2,274
MCIT	**2,150**	2,173
	₱44,198	₱55,646

As at December 31, 2014, MCIT of a subsidiary which can be claimed as deduction from regular taxable income due as follows:

Date Paid	Expiry Date	Amount
December 31, 2012	December 31, 2015	₱335
December 31, 2013	December 31, 2016	1,540
December 31, 2014	December 31, 2017	275
		₱2,150

MCIT amounting to ₱0.3 million, ₱0.2 million and ₱0.1 million expired in 2014, 2013 and 2012, respectively.

As at December 31, 2014, NOLCO of certain subsidiaries can be carried forward and claimed as deduction against regular taxable income as follows:

Date Incurred	Expiry Date	Amount
December 31, 2012	December 31, 2015	₱8,923
December 31, 2014	December 31, 2017	10,751
		₱19,674

The reconciliation of the statutory income tax rate to effective income tax rate as shown in the consolidated statements of comprehensive income is summarized as follows:

	2014	2013	2012
Statutory income tax rate	**30.0%**	30.0%	30%
Additions to (deductions from) income tax resulting from:			
Share in net income of joint venture	**(1.4)**	(1.4)	(1.9)
Nondeductible expenses	**1.1**	0.7	1.8
Nontaxable income and others	**(1.5)**	–	(1.9)
Effective income tax rate	**28.2%**	29.3%	28.0%

Revenue Memorandum Circular (RMC) No. 35-2012

On August 3, 2012, RMC No. 35-2012 was issued to clarify the taxability of clubs organized and operated exclusively for pleasure, creation and non-profit purposes.

In accordance with this RMC, Rockwell Club pays output VAT under protest starting August 3, 2012 and income tax effective January 1, 2013.

26. Registration with the Board of Investments

On June 6, 2013, the Board of Investments approved the Parent Company’s registration as new operator of Tourist Accommodation Facility for its Edades Serviced Apartments in accordance with the provisions of Omnibus Investments Code of 1987 with entitlement to Income Tax Holiday (ITH) of six years reckoning on February 2014.

On June 20, 2013, the Parent Company incorporated Rockwell Hotels & Leisure Management Corp. (RHLMC) for the Parent Company's future hotel operations. Accordingly, the Company reclassified the costs related to the development of the Edades and The Grove Serviced Apartments that will be used for their hotel business, from investment properties and land and development cost accounts to property and equipment (see Note 14).

On May 27, 2014, the BOI approved the amendments of specific terms and conditions under the Certificate of Registration particularly the registered capacity to cover 94 serviced apartment units and the corresponding change in projections.

Commercial operations of Edades Serviced Apartments started on July 1, 2014. ITH incentive enjoyed by the Parent Company amounted to ₱1.5 million in 2014 (see Note 25).

27. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The following table summarizes these significant transactions with related parties:

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts Owed from (to) Related Parties)	Terms	Conditions
Rockwell - Meralco BPO	Joint venture	Advances (see Note 17)	**2014**	**₱–**	**₱–**	90-day; noninterest-bearing	Unsecured
			2013	–	(120,000)		
			2012	120,000	(120,000)		
		Advances (see Note 10)	**2014**	**42,455**	**42,455**	90-day; noninterest-bearing	Unsecured; no impairment
			2013	39,098	39,098		
			2012	3,150	3,150		
Advances to officers and employees		Advances (see Note 8)	**2014**	**31,844**	**43,454**	30-day; noninterest-bearing	Unsecured; no impairment
			2013	49,910	20,127		
			2012	65,775	12,448		
FPHC	Parent	Charges for construction of 8 Rockwell (see Note 17)	**2014**	**18,155**	**(18,155)**	On demand; noninterest-bearing	Unsecured
			2013	18,155	(18,155)		
			2012	–	–		
Meralco	Parent company until May 2012; JV Partner	Utilities	**2014**	–	–	30-day; noninterest-bearing	Unsecured
			2013	–	–		
			2012	86,781	(18,733)		

Other transactions with related parties pertain to the Project Development and JV Agreement with Meralco (see Note 13).

Terms and Conditions of Transactions with Related Parties

Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2014, 2013 and 2012, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examination of the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel of the Company

	2014	2013	2012
Short-term employee benefits	**₱68,500**	₱63,984	₱62,249
Post-employment pension and other benefits	**18,612**	15,836	12,202
Total compensation attributable to key management personnel	**₱87,112**	₱79,820	₱74,451

28. **Commitments and Contingencies**

Operating Lease Commitments
The Company has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining terms of between two and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum lease revenue is as follows:

Year	Amount
2015	₱432,227
2016	87,210
2017	56,861
2018	48,379
2019 and after	8,267
	₱632,944

Capital Commitments

a. The Company entered into a contract with Hilmarc's Construction Corporation in 2011 covering superstructure works related to "Edades" Project. The contract amounted to a fixed fee of ₱1.9 billion, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of the works. Superstructure works commenced in 2011 and is nearing completion. As at December 31, 2014, ₱1.8 billion has been incurred and paid.

b. The Company entered into contract covering superstructure works related to "The Grove" project with Hilmarc's Construction Corporation. The contract sum for the work amounted to ₱1.8 billion, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of the work. Superstructure works commenced in 2010 and is currently nearing its completion. As at December 31, 2014, total amount paid related to this contract amounted to ₱1.8 billion.

c. The Company entered into contract covering substructure works related to "The Grove Phases 2 and 3" with Hilmarc's Construction Corporation. The contract sum for the work is ₱256.5 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Substructure works commenced in May 2012 and were completed in November 2013. As at December 31, 2014, ₱245.1 million has been incurred and paid.

d. The Company entered into contract covering superstructure works related to “The Grove Phase 2 Podium and Towers C and D” with Hilmarc’s Construction Corporation. The contract sum for the works is ₱1.8 billion, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in December 2012. As at December 31, 2014, ₱1.4 billion has been incurred and paid.

e. The Company entered into contract covering superstructure works related to “The Grove Phase 2 Towers E and F” with Millennium Erectors Corporation. The contract sum for the works is ₱788.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in November 2013. As at December 31, 2014, ₱319.9 million has been incurred and paid.

f. The Company entered into various contracts covering superstructure works related to “205 Santolan” project with Pacific Summit Construction Group Inc., Omicron Construction, Hi Integra Incorporated and Interfield Construction Corporation. The contract sum for the work amounted to ₱450.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of the work. Superstructure works commenced in July 2012. Construction is completed in 2014. As at December 31, 2014, total amount paid related to this contract amounted to ₱412.8 million.

g. The Company entered into contract covering superstructure works related to “8 Rockwell” with Hilmarc’s Construction Corporation. The contract sum awarded for the work amounted to ₱655.4 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in January 2013. As at December 31, 2014, ₱653.1 million has been incurred and paid.

h. The Company entered into contract covering Earthworks, Site Development and Townhouse related to “Alvendia” withPacific Summit Construction Group Inc. The contract sum awarded for the work amounted to ₱125.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Earthworks, Site Development and Townhouse works commenced in July 2013. As at December 31, 2014, ₱121.2 million has been incurred and paid.

i. The Company entered into contract covering Superstructure works related to “RBC Tower 3” with Megawide Construction Corporation. The contract sum awarded for the work amounted to ₱347.6 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in July 2013. As at December 31, 2014, ₱270.4 million has been incurred and paid.

j. The Company entered into contract covering excavation works related to “Proscenium” with IPM Construction and Development Corp. The contract sum awarded for the work amounted to ₱157.8 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Excavation works commenced in June 2013. As at December 31, 2014, ₱120.8 million has been incurred and paid.

k. The Company entered into contract covering site clearing and excavation works related to "32 Sanson" with Cigin Construction and Development Corp. The contract sum awarded for the works amounted to ₱26.5 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Site clearing and excavation commenced in March 2014. As at December 31, 2014, ₱11.3 million has been incurred and paid.

l. The Company entered into contract covering site development works related to "32 Sanson" with Omicron Construction. The contract sum awarded for the works amounted to ₱53.6 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Site development commenced in October 2014. As at December 31, 2014, ₱8.0 million has been incurred and paid.

m. Rockwell Primaries entered into various contracts covering superstructure works related to "53 Benitez" project with HM Sanchez Builders in 2013. The contract sum for the work amounted to ₱106.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of the work. Superstructure works commenced in September 2013 and is currently ongoing. As at December 31, 2014, total amount paid related to this contract amounted to ₱71.9 million.

n. The Company entered into contract covering piling works with test piles related to "Proscenium" with Advanced Foundation Construction Systems Corp. The contract sum awarded for the works amounted to ₱96.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Piling works with test piles commenced in July 2013. As at December 31, 2014, ₱96.0 million has been incurred and paid.

o. The Company entered into contract covering general construction works for substructure and podium related to "Proscenium" with Megawide Construction Corporation. The contract sum awarded for the work amounted to ₱980 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. General construction works commenced in August 2014. As at December 31, 2014, ₱186.7 million has been incurred and paid.

<u>Contingencies</u>
The Company is contingently liable for lawsuits or claims filed by third parties, which are either pending decision by the courts or under negotiations, the outcomes of which are not presently determinable. It is the opinion of management and its outside legal counsel that it is possible, but not probable that the lawsuits and claims will be settled. Accordingly, no provision for any liability has been made in the parent company financial statements.

29. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents, available-for-sale investments, and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade and other receivables, refundable deposits, trade and other payables, installment payable, retention payable and security deposits which arise directly from its operations.

The Company also occasionally enters into derivative transactions, specifically foreign currency forward contracts to sell US$. The primary purpose was to manage currency risks arising from its foreign currency-denominated receivables from sale of condominium units.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Cash Flow Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of the changes in market interest rates. The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's interest-bearing loans and borrowings.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at December 31, 2014 and 2013, approximately 100% of the Company's borrowings are at a fixed rate of interest.

The following tables set out the principal amounts, by maturity, of the Company's interest-bearing financial instruments.

	2014				
	Within 1 Year	**1–2 Years**	**2–3 Years**	**More than 3 Years**	**Total**
Fixed Rate					
Interest-bearing loans and borrowings	**₱1,688,225**	**₱1,692,036**	**₱6,448,038**	**₱5,180,891**	**₱15,009,190**
Short-term investments	**5,529,000**	**–**	**–**	**–**	**5,529,000**

	2013				
	Within 1 Year	1–2 Years	2–3 Years	More than 3 Years	Total
Fixed Rate					
Interest-bearing loans and borrowings	₱412,000	₱1,612,000	₱1,612,000	₱11,364,000	₱15,000,000
Short-term investments	8,716,726	–	–	–	8,716,726

Interest on financial instruments is fixed until the maturity of the instrument. The other financial instruments of the Company that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

The Company has no floating rate loans as at December 31, 2014 and 2013.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future value of the financial instruments will fluctuate because of changes in foreign exchange rates. As a result of the Company's significant marketing operations in the United States in the past, the Company's consolidated statement of financial position can be affected significantly by movements in the US$ exchange rates.

Foreign Currency-Denominated Asset

	2014		2013	
	US$	**Peso**	US$	Peso
Cash and cash equivalents	**US$256**	**₱11,460**	US$138	₱6,227

As at December 31, 2014 and 2013, the exchange rate was ₱44.72 to US$1.00 and ₱44.4 to US$1.00, respectively. Net foreign exchange gain amounted to ₱2.9 million, ₱2.7 million and ₱4.0 million in 2014, 2013 and 2012, respectively.

The following tables demonstrate the sensitivity to a reasonably possible change in the US$ exchange rate with respect to Peso, with all other variables held constant, of the Company's December 31, 2014 and 2013 income before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company's equity other than those already affecting the income.

	2014	
	Increase/Decrease in US$ Rate (in %)	**Effect on Income Before Income Tax**
Foreign currency-denominated financial assets	**+5%**	**₱0.58 million**
	-5%	**(₱0.58 million)**

	2013	
	Increase/Decrease in US$ Rate (in %)	Effect on Income Before Income Tax
Foreign currency-denominated financial assets	+5%	₱0.31 million
	-5%	(₱0.31 million)

Foreign exchange gain or loss is computed for the year based on management's best estimate that the Peso-US$ conversion rate may strengthen or weaken using the year end balances of dollar-denominated cash and cash equivalents. An increase in the US$ rate means a weaker peso while a decrease in the US$ rate means a stronger peso. There has been no change in the methods and assumptions used by management in the above analyses.

<u>Credit Risk</u>
Credit risk is the risk that a counterparty will meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risks from its operating activities (primarily from trade receivables and loans) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Default or delinquency on the part of buyers of condominium units are being monitored on an ongoing basis to enable the Company to determine the appropriate action, usually cancelling the sale and holding the units open for sale. Lease receivables are closely monitored based on aging of the accounts. Accounts determined to be uncollectible are recommended for write off. With regard to the other financial assets of the Company, these are also monitored regularly with the result that the Company's exposure to bad debts is not significant.

Trade receivables from sale of condominium units are secured with pre-completed condominium units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

The table below summarizes the maximum exposure to credit risk of each class of financial assets.

	2014		
	Gross Maximum Exposure	**Net Exposure**	**Financial Effect of Collateral or Credit Enhancement**
Cash and cash equivalents*	**₱5,995,231**	**₱5,978,092**	**₱17,139**
Trade receivables from:			
Sale of condominium units	**9,618,871**	**146,417**	**9,472,454**
Lease	**126,111**	**–**	**126,111**
Advances to officers and employees	**43,454**	**–**	**43,454**
Other receivables**	**98,465**	**98,465**	**–**
Available-for-sale investments:			
Quoted	**12,000**	**12,000**	**–**
Unquoted	**3,308**	**3,308**	**–**
Refundable deposits***	**147,519**	**147,519**	**–**
	₱16,044,959	**₱6,385,801**	**₱9,659,158**

	2013		
	Gross Maximum Exposure	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Cash and cash equivalents*	₱8,971,621	₱8,944,566	₱27,055
Trade receivables from:			
Sale of condominium units	5,935,286	59,432	5,875,854
Lease	106,110	–	106,110
Advances to officers and employees	20,127	–	20,127
Other receivables**	102,042	102,042	–
Available-for-sale investments:			
Quoted	12,000	12,000	–
Unquoted	3,308	3,308	–
Refundable deposits***	33,428	33,428	–
Restricted cash	14,693	14,693	–
	₱15,198,615	₱9,169,469	₱6,029,146

**Excluding cash on hand amounting to ₱475 and ₱394 as at December 31, 2014 and 2013, respectively.*
***Excluding other receivables, which are nonfinancial assets, amounting to ₱3,995 and ₱9,614 as at December 31, 2014 and 2013, respectively.*
**** Presented as part of "Other current assets" account in the consolidated statements of financial position. Excluding other deposits, which are nonfinancial assets, amounting to ₱22 and ₱65 as at December 31, 2014 and 2013, respectively.*

There are no significant concentrations of credit risk because the Company trades with various third parties.

The tables below show the credit quality by class of financial asset based on the Company's credit rating system.

	2014		
	A Rating	**B Rating**	**Total**
Cash and cash equivalents	**₱5,995,706**	**₱–**	**₱5,995,706**
Trade receivables from:			
Sale of condominium units	**6,520,155**	**2,952,299**	**9,472,454**
Lease	**81,841**	**38,135**	**119,976**
Advances to officers and employees	**43,454**	**–**	**43,454**
Other receivables	**100,790**	**–**	**100,790**
Available-for-sale investments:			
Quoted	**12,000**	**–**	**12,000**
Unquoted	**3,308**	**–**	**3,308**
Refundable deposits	**10,206**	**4,585**	**14,791**
	₱12,767,460	**₱2,995,019**	**₱15,762,479**

	2013		
	A Rating	B Rating	Total
Cash and cash equivalents	₱8,972,015	₱–	₱8,972,015
Trade receivables from:			
Sale of condominium units	4,756,177	1,141,931	5,898,108
Lease	52,030	50,974	103,004
Advances to officers and employees	20,127	–	20,127
Other receivables	102,042	–	102,042
Available-for-sale investments:			
Quoted	12,000	–	12,000
Unquoted	3,308	–	3,308
Restricted cash	14,693	–	14,693
Refundable deposits	–	10,661	10,661
	₱13,932,392	₱1,203,566	₱15,135,958

For trade receivables from sale of condominium units, customers who have no history of delayed payment are classified as having a credit rating of "A" while customers who have history of delayed payment but is currently updated are given a credit rating of "B".

Trade receivables from lease are classified as having a credit rating of "A" when tenants pay within the discount period and "B" when tenants pay on or before due date.

As at December 31, 2014 and 2013, the analyses of the age of financial assets are as follows:

	2014						
	Neither Past Due nor Impaired	**Past Due but not Impaired**				**Impaired Financial Assets**	**Total**
		Less than 30 Days	**31 to 60 Days**	**61 to 90 Days**	**More than 90 Days**		
Cash and cash equivalents	**₱5,995,706**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱5,995,706**
Trade receivables from:							
Sale of condominium units	**9,472,454**	**10,789**	**33,238**	**1,621**	**100,769**	**–**	**9,618,871**
Lease	**119,976**	**3,605**	**1,211**	**768**	**551**	**–**	**126,111**
Advances to officers and employees	**43,454**	**–**	**–**	**–**	**–**	**–**	**43,454**
Other receivables	**100,790**	**–**	**–**	**–**	**–**	**5,181**	**105,971**
Available-for-sale investments:							
Quoted	**12,000**	**–**	**–**	**–**	**–**	**–**	**12,000**
Unquoted	**3,308**	**–**	**–**	**–**	**–**	**–**	**3,308**
Refundable deposits	**14,791**	**9,720**	**70**	**160**	**122,778**	**37,374**	**184,893**
	₱15,762,479	**₱24,114**	**₱34,519**	**₱2,549**	**₱224,098**	**₱42,555**	**₱16,090,314**

	2013						
	Neither	Past Due but not Impaired				Impaired	
	Past Due nor Impaired	Less than 30 Days	31 to 60 Days	61 to 90 Days	More than 90 Days	Financial Assets	Total
Cash and cash equivalents	₱8,972,015	₱–	₱–	₱–	₱–	₱–	₱8,972,015
Trade receivables from:							
Sale of condominium units	5,898,108	33,560	579	216	2,823	–	5,935,286
Lease	103,004	2,484	580	42	–	–	106,110
Advances to officers and employees	20,127	–	–	–	–	–	20,127
Other receivables	102,042	–	–	–	–	5,181	107,223
Available-for-sale investments:							
Quoted	12,000	–	–	–	–	–	12,000
Unquoted	3,308	–	–	–	–	–	3,308
Refundable deposits	10,661	7,651	54	570	14,492	–	33,428
Restricted cash	14,693	–	–	–	–	–	14,693
	₱15,135,958	₱43,695	₱1,213	₱828	₱17,315	₱5,181	₱15,204,190

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of condominium units and club shares are recoverable since the legal title and ownership of the condominium units and club shares will only be transferred to the customers upon full payment of the contract price. In case of cancellation, the condominium units and club shares become available for sale. The fair value of the condominium units amounted to ₱28.5 billion and ₱18.3 billion as at December 31, 2014 and 2013, respectively. The fair value of the club shares amounted to ₱6.3 million and ₱6.6 million as at December 31, 2014 and 2013, respectively.

Past due accounts pertaining to lease are recoverable because security deposits and advance rent paid by the tenants are sufficient to cover the balance in case of default or delinquency of tenants.

No provision for impairment was made for trade receivables from sale of condominium units and club shares which are subjected to collective assessment since these assets are secured with collateral.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. 11% and 3% of the Company's debt will mature in less than one year as at December 31, 2014 and 2013, respectively.

The liquidity risk of the Company arises from their financial liabilities. The tables below summarized the maturity profile of the Company's financial liabilities at December 31, 2014 and 2013 based on contractual undiscounted payments.

	2014				
	On Demand	**Due Within 3 Months**	**Due Between 3 and 12 Months**	**Due After 12 Months**	**Total**
Trade and other payables*	**₱–**	**₱956,942**	**₱4,420,017**	**₱–**	**₱5,376,959**
Interest-bearing loans and borrowings**	**–**	**593,273**	**1,815,725**	**15,724,501**	**18,133,499**
Installment payable	**–**	**–**	**799,755**	**655,799**	**1,455,554**
Retention payable***	**–**	**3,053**	**167,822**	**424,609**	**595,484**
Security deposits***	**–**	**71,141**	**253,263**	**47,877**	**372,281**
	₱–	**₱1,624,409**	**₱7,456,582**	**₱16,852,786**	**₱25,933,777**

	2013				
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due After 12 Months	Total
Trade and other payables*	₱–	₱260,512	₱4,127,825	₱–	₱4,388,337
Interest-bearing loans and borrowings*	–	193,289	946,985	17,541,306	18,681,580
Installment payable	–	–	799,755	1,455,554	2,255,309
Retention payable***	–	7,002	227,357	301,155	535,514
Security deposits***	17,747	13,158	210,073	111,420	352,398
	₱17,747	₱473,961	₱6,311,995	₱19,409,435	₱26,213,138

**Excluding the current portion of retention payable and security deposits.*
***Principal plus interest payments.*
****Presented as part of "Trade and other payables" and "Deposits and other liabilities" accounts in the consolidated statements of financial position.*

Maturity Profile of Financial Assets Held for Liquidity Purposes

The table below shows the maturity profile of the Company's financial assets based on contractual undiscounted cash flows as at December 31:

	2014					
	On Demand	**Within 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Total**
Cash and cash equivalents	**₱563,631**	**₱5,188,092**	**₱243,983**	**₱–**	**₱–**	**₱5,995,706**
Trade receivables from:						
Sale of condominium units	**12,554,389**	**103,007**	**190,328**	**260,641**	**2,066,570**	**15,174,935**
Lease	**119,976**	**3,605**	**1,211**	**768**	**551**	**126,111**
Available-for-sale investments	**–**	**–**	**–**	**–**	**15,308**	**15,308**
	₱13,237,996	**₱5,294,704**	**₱435,522**	**₱261,409**	**₱2,082,429**	**₱21,312,060**

	2013					
	On Demand	Within 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Cash and cash equivalents	₱372,909	₱8,437,418	₱161,688	₱–	₱–	₱8,972,015
Trade receivables from:						
Sale of condominium units	3,972,639	179,656	1,883,271	77,733	4,049,645	10,162,944
Lease	103,003	2,484	580	43	–	106,110
Available-for-sale investments	–	–	–	–	15,308	15,308
	₱4,448,551	₱8,619,558	₱2,045,539	₱77,776	₱4,064,953	₱19,256,377

Capital Management Policy

The primary objective of the Company's capital management is to maximize shareholder value by maintaining a healthy balance between debt and equity (capital) financing in support of its business requirements.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2014 and 2013.

The Company monitors its capital adequacy using the net debt-to-equity ratio, which is interest-bearing loans and borrowings less cash and cash equivalents divided by equity. The Company's policy is to limit the net debt-to-equity ratio to 1.0x.

The Company is required to maintain debt-to-equity ratio as set forth in the Fixed Rate Corporate Notes Facility Agreement and Bonds. The Agreement provides for a higher debt to equity ratio than the internal limit set by the Company (see Note 15).

	2014	2013
Interest-bearing loans and borrowings	**₱14,923,169**	₱14,867,108
Less cash and cash equivalents	**5,995,706**	8,972,015
Net	**8,927,463**	5,895,093
Equity	**12,891,671**	11,366,081
Net debt-to-equity ratio	**0.69**	0.52

30. Fair Value Measurement

Set out below is a comparison by class of carrying values and fair values of the Company's assets and liabilities that are carried in the consolidated financial statements as at December 31, 2014 and 2013.

			2014		
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Loans and receivables:					
Sale of condominium units (including noncurrent portion)	**₱9,818,671**	**₱18,635,612**	**₱–**	**₱18,635,612**	**₱–**
Investment properties	**6,147,124**	**12,665,000**	**–**	**1,867,000**	**10,798,000**
Available-for-sale financial assets	**12,000**	**12,000**	**12,000**	**–**	**–**
	₱15,977,795	**P31,312,612**	**₱12,000**	**₱20,502,612**	**₱10,798,000**
Liabilities					
Other financial liabilities:					
Interest-bearing loans and borrowings (including noncurrent portion)	**₱14,923,169**	**₱18,133,499**	**₱–**	**₱–**	**₱18,133,499**
Installment payable	**1,177,543**	**1,455,554**	**–**	**–**	**1,455,554**
Retention payable (including noncurrent portion)	**571,158**	**552,887**	**–**	**–**	**552,887**
Security deposits (including noncurrent portion)	**279,086**	**363,900**	**–**	**–**	**363,900**
	₱16,950,956	**₱20,505,840**	**₱–**	**₱–**	**₱20,505,840**

			2013		
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Loans and receivables:					
Trade receivables from:					
Sale of condominium units (including noncurrent portion)	₱5,935,286	₱9,228,782	₱–	₱9,228,782	₱–
Investment properties	4,934,200	10,853,100	–	1,817,000	9,036,100
Available-for-sale financial assets	12,000	12,000	12,000	–	–
	₱10,881,486	₱20,093,882	₱12,000	₱11,045,782	₱9,036,100

	2013				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities					
Other financial liabilities:					
Interest-bearing loans and borrowings (including noncurrent portion)	₱14,867,108	₱15,586,075	₱–	₱–	₱15,586,075
Installment payable	1,854,712	2,056,454	–	–	2,056,454
Retention payable (including noncurrent portion)	518,261	501,682	–	–	501,682
Security deposits (including noncurrent portion)	261,948	256,051	–	–	256,051
	₱17,502,029	₱18,400,262	₱–	₱–	₱18,400,262

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

Cash and Cash Equivalents, Trade Receivables from Lease, Advances to Officers and Employees, Other Receivables, Restricted Cash, Refundable Deposits and Trade and Other Payables. Due to the short-term nature of transactions, the carrying values of these instruments approximate the fair values as at financial reporting period.

Trade Receivables from Sale of Condominium Units. The fair values of trade receivables from sale of condominium units were calculated by discounting the expected future cash flows at prevailing credit adjusted PDEx interest rates ranging from 2.4% to 7.7% as at December 31, 2014 and 0.3% to 4.6% as at December 31, 2013.

Available-for-Sale Investments. The fair values of quoted equity securities were determined by reference to published two-way quotes of brokers as at financial reporting date. Unquoted equity securities for which no other reliable basis for fair value measurement is available, were valued at cost, net of impairment, if any.

Interest-bearing Loans and Borrowings. The fair values of fixed rate loans were calculated by discounting the expected future cash flows at prevailing credit adjusted PDEx interest rates ranging from 2.4% to 4.7% as at December 31, 2014 and 4.2% to 5.3% as at December 31, 2013.

Installment Payable. The fair value of installment payable were calculated by discounting the expected cash flows at prevailing credit adjusted PDEx interest rates ranging from 2.4% to 4.1% as at December 31, 2014 and 1.2% to 4.4% as at December 31, 2013.

Retention Payable and Security Deposits. The fair values were calculated by discounting the expected future cash flows at prevailing credit adjusted PDEx interest rates ranging from 2.4% to 4.3% as at December 31, 2014 and 1.0% to 4.7% as at December 31, 2013.

For the years ended December 31, 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

31. **Basic/Diluted Earnings Per Share Computation**

	2014	2013	2012
Net income attributable to the Parent Company	**₱1,562,600**	₱1,402,138	₱1,123,221
Dividends on preferred shares	**(1,650)**	(1,650)	(1,338)
Net income attributable to common shares (a)	**1,560,950**	1,400,488	1,121,883
Common shares at beginning of year	**6,116,762,198**	6,101,762,198	6,228,382,344
Weighted average of 126,620,146 treasury shares acquired on May 11, 2012	**–**	–	(81,175,655)
Weighted average of 15,000,000 stock options exercised in September 2013	**–**	5,000,000	–
Weighted average number of common shares – basic (b)	**6,116,762,198**	6,106,762,198	6,147,206,689
Dilutive potential common shares under the ESOP	**9,306,853**	26,297,085	–
Weighted average number of common shares – diluted (c)	**6,126,069,051**	6,133,059,283	6,147,206,689
Per share amounts:			
Basic (a/b)	**₱0.2552**	₱0.2293	₱0.1825
Diluted (a/c)	**₱0.2548**	₱0.2284	₱0.1825

32. **Segment Information**

PFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker.

For management purposes, the Company's operating segments is determined to be business segments as the risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company manages its operations under the following business segments:

- *Residential Development* is engaged in the development, selling, and property management of all residential projects of the Company. It also includes the operations of the Rockwell Club.

- *Commercial Development* is engaged in the sale, leasing and other related operations in the course of the management of commercial buildings or spaces used for retail and office leasing, including cinema operations. Commercial buildings in its portfolio include the Power Plant Mall in Makati City and Rockwell Business Center in Ortigas, Pasig. Other retail spaces are found at several of the high-rise condominiums developed by the Company.

The Company does not have any customers which constitutes 10% or more of the Company's revenue.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Performance is evaluated based on net income for the year and earnings before interest, taxes and depreciation and amortization, or *EBITDA*. Net income for the year is measured consistent with consolidated net income in the consolidated financial statements. *EBITDA* is measured as net income excluding depreciation and amortization, interest expense and provision for income tax. *EBITDA* is a non-GAAP measure.

The Company centrally manages cash and its financing requirements, income taxes and resource allocation. Resource allocation are measured against profitability among potential investments and made in view of the Company's existing business portfolio.

The President, the Company's chief operating decision maker, monitors operating results of its business segments separately for the purpose of performance assessment and making recommendations to the Board about resource allocation. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

Disclosure of the geographical information regarding the Company's revenues from external customers and total assets have not been provided since all of the Company's consolidated revenues are derived from operations within the Philippines.

Business Segments

The following tables present information regarding the Company's residential development and commercial development business segments:

	2014		
	Residential Development	**Commercial Development**	**Total**
Revenue	**₱7,410,213**	**₱1,444,899**	**₱8,855,112**
Costs and expenses	**(5,311,542)**	**(561,261)**	**(5,872,803)**
Share in net income of joint venture	**–**	**102,819**	**102,819**
Other income - net	**2,902**	**–**	**2,902**
EBITDA	**2,101,573**	**986,457**	**3,088,030**
Depreciation and amortization			**(307,491)**
Interest expense			**(603,848)**
Provision for income tax			**(613,391)**
Consolidated net income	**₱2,101,573**	**₱986,457**	**₱1,563,300**
Assets and Liabilities			
Segment assets	**₱26,977,210**	**₱1,264,589**	**₱28,241,799**
Investment properties	**800,614**	**5,346,510**	**6,147,124**
Investment in joint venture	**–**	**2,859,619**	**2,859,619**
Property and equipment	**1,888,624**	**99,545**	**1,988,169**
Total assets	**₱29,666,448**	**₱9,570,263**	**₱39,236,711**
Segment liabilities	**₱25,897,584**	**₱447,456**	**₱26,345,040**

	2013		
	Residential Development	Commercial Development	Total
Revenue	₱6,814,488	₱1,015,025	₱7,829,513
Costs and expenses	(5,053,611)	(277,784)	(5,331,395)
Share in net income of joint venture	–	93,261	93,261
Other income - net	5,162	–	5,162
EBITDA	1,766,039	830,502	2,596,541
Depreciation and amortization			(265,206)
Interest expense			(345,223)
Provision for income tax			(582,156)
Consolidated net income	₱1,766,039	₱830,502	₱1,403,956
Assets and Liabilities			
Segment assets	₱24,901,128	₱583,514	₱25,484,642
Investment properties	1,600,380	3,333,820	4,934,200
Investment in joint venture	–	2,282,152	2,282,152
Property and equipment	1,595,290	127,855	1,723,145
Total assets	₱28,096,798	₱6,327,341	₱34,424,139
Segment liabilities	₱22,621,107	₱436,951	₱23,058,058

	2012		
	Residential Development	Commercial Development	Total
Revenue	₱5,876,030	₱965,741	₱6,841,771
Costs and expenses	(4,614,449)	(253,466)	(4,867,915)
Share in net income of joint venture	–	98,470	98,470
Other income - net	15,238	–	15,238
EBITDA	1,276,819	810,745	2,087,564
Depreciation and amortization			(260,434)
Interest expense			(266,214)
Provision for income tax			(437,635)
Consolidated net income	₱1,276,819	₱810,745	₱1,123,281
Assets and Liabilities			
Segment assets	₱11,479,176	₱1,328,787	₱12,807,963
Investment properties	1,490,957	3,462,925	4,953,882
Investment in joint venture	–	2,188,891	2,188,891
Property and equipment	604,732	170,580	775,312
Total assets	₱13,574,865	₱7,151,183	₱20,726,048
Segment liabilities	₱9,793,048	₱811,795	₱10,604,843

33. **Supplemental Disclosure of Cash Flow Information**

In 2014, the Company’s non-cash investing activity pertains to Rockwell Primaries’ acquisition of 60% interest to ATRKE Land with unpaid purchase price of ₱421.2 million as at year-end (see Note 6).

ROCKWELL LAND CORPORATION

INDEX TO SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Rockwell Land Corporation
The Garage at Rockwell Center
Estrella St., Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Rockwell Land Corporation and its Subsidiaries as at December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, and have issued our report thereon dated March 13, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
SEC Accreditation No. 1079-AR-1 (Group A),
March 4, 2014, valid until March 3, 2017
Tax Identification No. 191-180-015
BIR Accreditation No. 08-001998-95-2014,
January 22, 2014, valid until January 21, 2017
PTR No. 4751294, January 5, 2015, Makati City

March 13, 2015

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
As of December 31, 2014

Name of Issuing Entity and Association of Each Issue	Number of Share or Principal Amount	Amount in the Balance Sheet	Value based on Market Quotation at end of reporting period	Income Received and Accrued
Not applicable				

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPIAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
As of December 31, 2014

Name	Beginning balance	Additions	Deductions	Ending balance		Total
				Current	Non-Current	
Accounts Receivable						
Officers & Directors	₱232,919,799	₱43,862,159	₱38,721,490	₱89,478,894	₱148,581,574	₱238,060,468
Employees	95,001,514	35,033,491	22,793,332	47,173,966	60,067,705	107,241,672
TOTAL	**₱327,921,313**	**₱78,895,650**	**₱61,514,822**	**₱136,652,860**	**₱208,649,279**	**₱345,302,140**

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE C – ACCOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION PERIOD
As of December 31, 2014

Name and Designation of Debtor	Beginning balance	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Ending balance
Rockwell Leisure Club Inc.	₱2,086,104	₱19,417,353	₱14,584,824	₱–	₱6,918,633	₱–	₱6,918,633
Rockwell Integrated Property Services, Inc.	₱2,713,543	₱47,271,658	₱25,203,648	₱–	₱24,781,553	₱–	₱24,781,553
Rockwell Primaries Development Corporation	₱533,981	₱580,962,762	₱–	₱–	₱581,496,743	₱–	₱581,496,743
Stonewell Property Development Corporation	₱699,511	₱1,010	₱–	₱–	₱700,521	₱–	₱700,521
Primaries Properties Sales Specialists Inc.	₱–	₱17,132	₱–	₱–	₱17,132	₱–	₱17,132
Rockwell Hotels & Leisure Management Corp	₱11,258,776	₱15,968,918	₱–	₱–	₱27,227,694	₱–	₱27,227,694
Retailscapes, Inc.	₱–	₱3,779,822	₱–	₱–	₱3,779,822	₱–	₱3,779,822

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS – OTHER ASSETS
As of December 31, 2014

Description	Beginning balance	Additions at Cost	Charged to Cost & Expenses	Charged to Other Accts	Other Changes	Ending balance
Not applicable						

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
As of December 31, 2014

Title of Issue & Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-Term Debt	Long-Term Debt (net of Current Portion)	Average Interest Rate	No. of Periodic Installments	Maturity Date
Philippine Peso, 7-Year FRCN due 2020	₱10,000,000,000	₱1,612,000,000	₱7,976,000,000	4.70%	22	1/7/2020
Philippine Peso, 7-year & 1 quarter fixed-rate retail peso bonds due on 2021	₱5,000,000,000	₱--	₱5,000,000,000	5.09%	1	2/15/2021
Philippine Peso, 5-Year fixed-rate notes due 2019	₱533,904,590	₱96,623,275	₱437,281,315	5.00%	5	12/22/2019

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
As of December 31, 2014

Name of Related Party	Beginning balance	Ending balance
Not applicable		

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2014

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed & Outstanding	Amount owed by Person for which Statement is filed	Nature of Guarantee
Not Applicable				

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
As of December 31, 2014

				Number of Shares Held By		
Title of Issue	**Number of Shares Authorized**	**Number of Shares Issued and Outstanding**	**Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights**	**Related Parties**	**Directors, Officers and Employees**	**Others**
Common Shares	8,890,000,000	6,116,762,198	48,740,000	5,296,015,375	33,077,004	787,669,819
Preferred Shares	11,000,000,000	2,750,000,000	0	2,750,000,000	0	0

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE I – LIST OF APPLICABLE STANDARDS AND INTERPRETATIONS
As of December 31, 2014

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		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendment to PFRS 1: Meaning of Effective PFRSs	Not early adopted		
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendment to PFRS 2: Definition of Vesting Condition	Not early adopted		
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	Not early adopted		
	Amendment to PFRS 3:Scope Exceptions for Joint Arrangements	Not early adopted		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	Not early adopted		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	Not early adopted		
	Amendment to PFRS 13: Portfolio Exception	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation	Not early adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	Not early adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	Not early adopted		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities	Not early adopted		
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	Not early adopted		
PAS 33	Earnings per Share	✓		

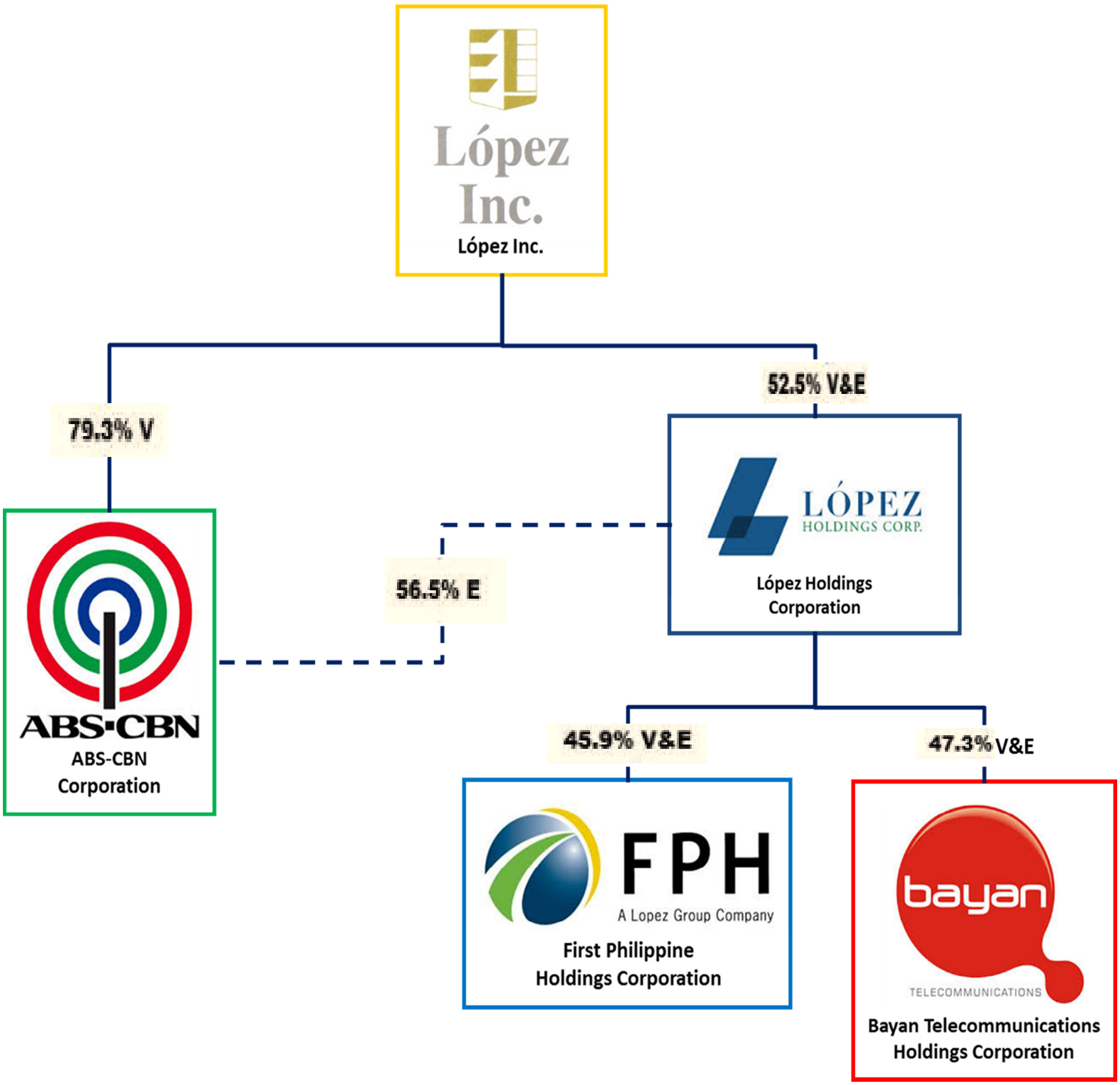
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	Not early adopted		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Amortization	Not early adopted		
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			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	Not early adopted		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Investment Property	Not early adopted		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29, Financial*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Reporting in Hyperinflationary Economies			
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
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			✓
IFRIC 21	Levies	Not early adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

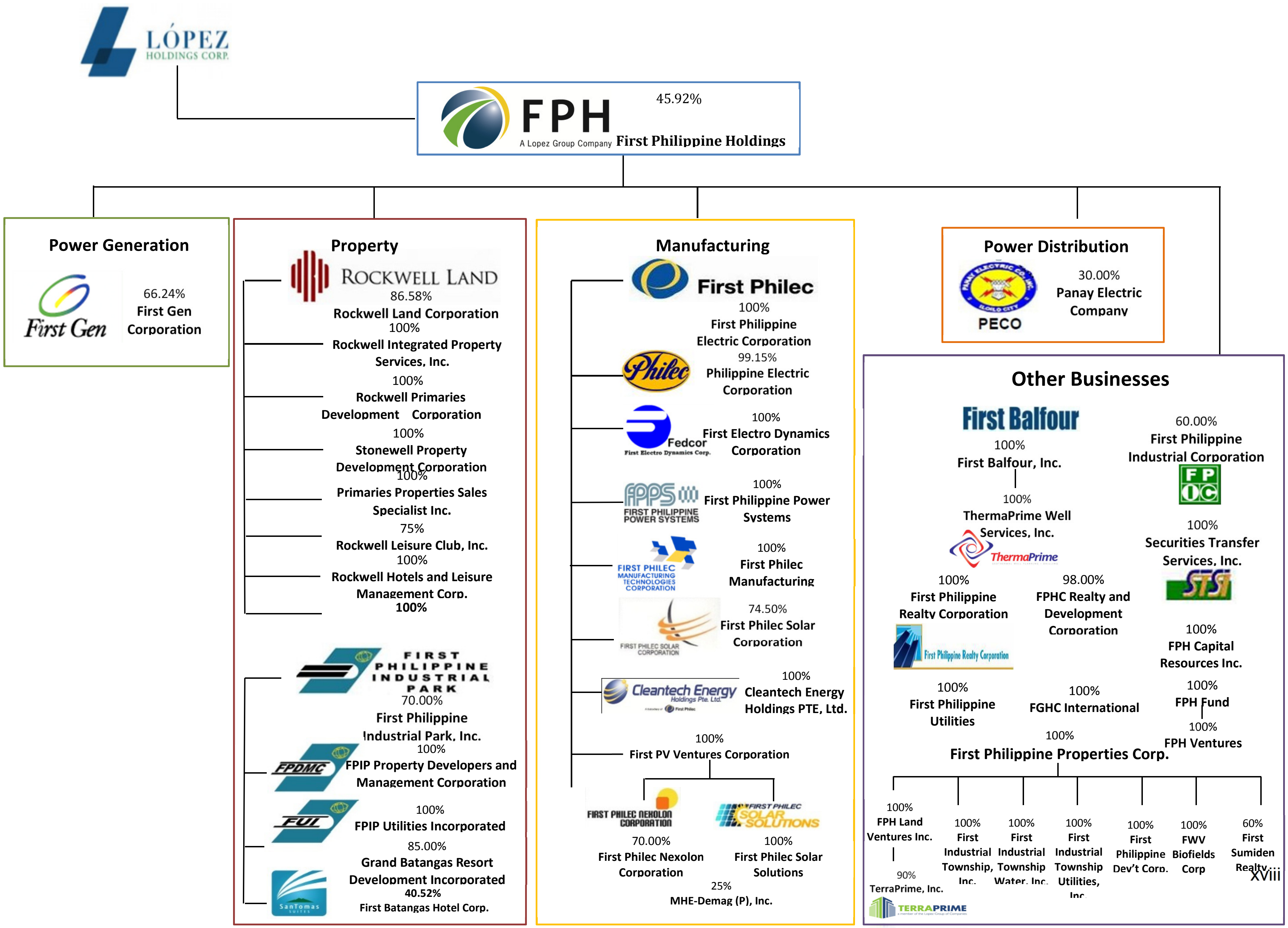
ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE J – RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2014
Amount in thousands

	2014	2013	2012
Unappropriated Retained Earnings, beginning	₱4,934,121	₱3,892,234	₱2,808,720
Adjustments:			
Cumulative dividend on preferred shares	(1,650)	(1,650)	(1,338)
Effect of adoption of revised PAS 19 – remeasurement gain	(12)	(36,410)	--
Unappropriated Retained Earnings, as adjusted, beginning	4,932,459	3,854,174	2,807,382
Net Income based on the face of AFS	1,418,813	1,323,631	1,055,369
Less: Non-actual/unrealized income net of tax			
• Equity in net income of associate/joint venture	–	–	–
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	–	–	–
• Fair value adjustment (M2M gains)	–	–	–
• Fair value adjustment of Investment Property resulting to gain Adjustment due to deviation from PFRS/GAAP-gain	–	–	–
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	–	–
Add: Non-actual losses			
• Depreciation on revaluation increment (after tax)	–	–	–
• Adjustment due to deviation from PFRS/GAAP – loss			
Loss on fair value adjustment of investment property (after tax)	–	–	–
Net Income Actual/Realized	1,418,813	1,323,631	1,055,369
Unappropriated Retained Earnings, as adjusted, ending	**₱6,351,272**	₱5,177,805	₱3,862,751

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE K – MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP
As of December 31, 2014



ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE K – MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP
As of December 31, 2014



ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE K – MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP
As of December 31, 2014

ROCKWELL LAND

- 100% Rockwell Integrated Property Services Inc.
- 100% Rockwell Primaries Development Corp.
  - 60% ATR KimEng Land, Inc.
- 100% Stonewell Property Development Corp.
- 100% Primaries Properties Sales Specialists Inc.
- 100% Rockwell Hotels & Leisure Management Corp.
- 75% Rockwell Leisure Club, Inc.
- 100% Retailscapes Inc.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE L – FINANCIAL RATIOS
As of December 31, 2014

Key Performance Indicators	2014	2013	2012
EBITDA (P)	3.1 billion	2.6 billion	2.1 billion
Current Ratio (x)	2.47	4.13	2.88
Net DE Ratio (x)	0.70	0.52	0.39
Asset to Equity Ratio (x)	3.04	3.03	2.05
Interest Coverage Ratio (x)	5.60	8.03	10.57
ROA	4.2%	5.1%	5.8%
ROE	12.9%	13.1%	11.7%
EPS (P)	0.26	0.23	0.18

Notes:
(1) EBITDA [Net Income + (Interest Expense, Provision for Income Tax, Depreciation & Amortization)]
(2) Current ratio [Current assets/Current liabilities]
(3) Net debt to equity ratio [(Total Interest bearing debt)-(Cash and cash equivalents) / Total Equity]
(4) Assets to Equity Ratio [Total Assets/Total Equity]
(5) Interest coverage ratio [EBITDA/ Total interest payments]
(6) ROA [Net Income/Average Total Assets]
(7) ROE [Net Income/ Average Total Equity]
(8) EPS [Net Income/number of common shares outstanding]

Rockwell Land

Report of the Audit Committee

(For the year ended December 31, 2014)

The Audit Committee's roles and responsibilities are defined in the Corporate Governance Manual of Rockwell Land Corporation and the Audit Committee Charter. It assists the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: a) financial statements; b) financial reporting process and systems of internal controls; and c) audit plan, scope, and performance of independent auditors. We confirm that:

1. An Independent Director chairs the Audit Committee;
2. We had four (4) Committee meetings during the year, all of which were in-person meetings;
3. We have reviewed and discussed Rockwell Land's quarterly unaudited financial statements and year-end audited financial statements with Management and SyCipGorres Velayo & Co., the independent auditor of Rockwell Land.
   These activities were performed in the following context:
   - The management has the primary responsibility for the financial statements and the financial reporting process; and
   - That SyCip Gorres Velayo & Co. is responsible for expressing an opinion on the conformity of Rockwell Land's consolidated financial statements with the Philippine Financial Reporting Standards.
4. We have discussed and approved the overall scope of SyCip Gorres Velayo & Co.'s engagement and the Internal Audit's annual plan and have also discussed the results of their audits;
5. For the year ended December 31, 2014, Rockwell Land has engaged its independent auditor, SyCip Gorres Velayo & Co. to do other audit related and non-audit services aside from the conduct of year-end financial audit. Such engagements were presented to and reviewed by the Audit Committee and concluded that the nature and scope are not incompatible with their role as independent auditor and the related fees are not significant to impair their independence; and
6. We have reviewed the report on regulatory compliance and ensured that appropriate timely actions are taken and requirements are complied with.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2014 for filing with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

March 5, 2015

VICENTE R. AYLLON
Chairman

MANUEL N. TORDESILLAS
Member

FRANCIS GILES B. PUNO
Member

MANUEL L. LOPEZ, JR.
Member

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year ....2014....................................

2. Exact Name of Registrant as Specified in its Charter ...ROCKWELL LAND CORPORATION...

3. ...THE GARAGE AT THE ROCKWELL CENTER ESTRELLA ST., MAKATI CITY.... ....1200................
   Address of Principal Office Postal Code

4. SEC Identification Number ....62893..................... 5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number ....004 710 062 000.......

7. ....(632) 793 0088...............................
   Issuer's Telephone number, including area code

8. ....
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11

Actual number of Directors for the year	11

(a) Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Manuel M. Lopez	NED	n/a	First Phil. Holdings Corp.	1995	May 28, 2014	Annual Meeting	19
Oscar M. Lopez	NED	n/a	First Phil. Holdings Corp.	1995	May 28, 2014	Annual Meeting	19
Federico R. Lopez	NED	n/a	First Phil. Holdings Corp.	2012	May 28, 2014	Annual Meeting	2.4
Eugenio L. Lopez III	NED	n/a	First Phil. Holdings Corp.	1995	May 28, 2014	Annual Meeting	19
Nestor J. Padilla	ED	n/a	First Phil. Holdings Corp.	1997	May 28, 2014	Annual Meeting	17
Francis Giles B. Puno	NED	n/a	First Phil. Holdings Corp.	2013	May 28, 2014	Annual Meeting	2.7
Ferdinand Erwin S. CoSeteng	NED	n/a	First Phil. Holdings Corp.	2013	May 28, 2014	Annual Meeting	2.7
Miguel Ernesto L. Lopez	ED	n/a	First Phil. Holdings Corp.	2009	May 28, 2014	Annual Meeting	6
Manuel L. Lopez, Jr.	NED	n/a	First Phil. Holdings Corp.	2011	May 28, 2014	Annual Meeting	4
Manuel N. Tordesillas	ID	n/a	Victoria A. Martinez	2012	May 28, 2014 (0.58 years)	Annual Meeting	2.7
Vicente R. Ayllón	ID	n/a	Victoria A. Martinez	2012	May 28, 2014 (0.58 years)	Annual Meeting	2.7

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

As part of the Company's commitment to institutionalize good corporate governance principles, the Company formulated and executed the Company's Manual of Corporate Governance ("Corporate Governance Manual") which was adopted by the Board of Directors on May 2, 2012.

The Corporate Governance Manual provides for, among others, the following:

- Appointment of a compliance officer, who shall directly report to the Chairman of the Board of Directors, and monitor compliance with the provisions and requirements of the Corporate Governance Manual. Subject to the further review and approval of the Board of Directors, the compliance officer shall also determine violations of the Corporate Governance Manual and recommend to the Chairman of the Board of Directors the appropriate actions for such violations;

- Identification of the general duties and responsibilities of the Board of Directors who shall be responsible for the Company's compliance with all relevant laws, regulations and codes of best business practices in order to sustain the Company's competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Corporate Governance Manual also directs the Board of Directors to adopt a system of internal checks and balances, identify and monitor key risk areas and key performance indicators with due diligence, and also monitor the effectiveness of management policies and decisions;

- Creation of Board Committees, such as the Audit Committee, the Nomination and Election Committee and Risk Management Committee;

- Appointment of an External Auditor and Internal Auditor. The External Auditor shall ensure the independence of the audit of the Company in order to provide an objective assurance on the manner by which the financial statements of the Company will be prepared and presented to the stockholders. The Internal Auditor, on the other hand, shall have in place an independent audit system which shall provide with reasonable assurance that key organizational and procedural controls are effective, appropriate and complied with, taking into account the nature and complexity of the Company's business and the business culture, the volume, size and complexity of the transactions, the degree of risks, the degree of centralization and delegation of authority, the extent and effectiveness of information technology and the extent of regulatory compliance;

- Conduct of a training process for the purpose of conducting an orientation program to operationalize the Corporate Governance Manual;

- Procedures for monitoring and assessing compliance with the Corporate Governance Manual; and

- Penalties for non-compliance with the Corporate Governance Manual.

Investor's Rights and Protection (Section 15)

- The shareholders have the right to receive timely and transparent information about the Corporation.

- The Board recognizes and shall respect the rights of the stockholders under the law, the articles of incorporation and the by-laws, specifically the stockholders' right to vote, pre-emptive rights, power of inspection, right to dividend and appraisal rights.

- Stockholders' meetings shall be conducted fairly and in a transparent manner and the stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubts about the validity of a proxy should be resolved in the stockholders' favor.

- The Board shall promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for the breach of their rights.

- The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether by in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration and approval.

- The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.

Disclosure and Transparency (Section 16)

All material information about the corporation which could adversely affect its viability or the interest of the stockholders shall be publicly and timely disclosed. Such information shall include among others, earning results, acquisition and dispositions of assets, off-balance sheet transactions, related party transactions, and direct and indirect remuneration of the members of the Board and Management. All such information shall be disclosed through the appropriate submissions to the SEC.

Composition, Duties and Responsibilities of the Board

Composition
In accordance with the Articles of Incorporation, the Board shall be composed of at least five but not more than fifteen members who are elected by the stockholders. There shall be at least two independent directors or such number of independent directors that constitutes 20% of the members of the Board, whichever is lesser, but in no case less than two.

General Duties and Responsibilities of the Board

- The Board represents the shareholders' interest in perpetuating a successful business, including optimizing long-term financial returns. The Board shall be responsible for determining that the Corporation is managed in such a way to ensure the result.

- It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders, and other stakeholders.

- The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. It shall implement the values of the Corporation.

- The Board may delegate its duties and/or responsibilities to a committee or Management.

Duties and Responsibilities of a Director

- A director has the duty to be diligent and loyal to the Corporation.

- A director must exercise the degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in honest belief that the action was taken in the best interest of the Corporation.

- A director is a fiduciary of the Corporation and shall not take advantage of the Corporation by means of fraudulent or unfair transactions. He must act honestly and in good faith in the interest of the Corporation. He must avoid actual and potential conflicts of interest and shall disclose fully and fairly his interests in contacts with the Corporation.

- The directors must act only within corporate powers.

- A director shall devote time and attention necessary to properly and effectively perform his duties and responsibilities. A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work.

- A director shall act judiciously. Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- A director shall exercise independent judgment. A director should view each problem or situation objectively.

- A director shall have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulation of the SEC and, where applicable, the requirements of relevant regulatory agencies.

- A director should keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

- A director shall observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.

Specific Duties and Responsibilities of the Board to Implement Corporate Governance Principles

- Determine the Corporation's purpose and values, its vision and mission, determine the strategies to achieve this purpose and to implement its values in order to ensure that the Corporation survives and thrives.

- Ensure that adequate procedures, systems and practices that protect the Corporation's assets and reputation are in place and are maintained.

- Monitor the effectiveness of management policies and decisions.

- Have a process for the selection of qualified and competent directors and officers and adopt an effective succession planning program for management.

- Ensure the Corporation communicates with shareholders and other stakeholders effectively by providing them with relevant, accurate and timely information, including periodic and other reports submitted to regulatory authorities, and an annual report of its performance.

- Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation.

- Identify the sectors in the community in which the corporation operates or are affected by its operations and formulate a relevant communications policy affecting them.

- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such a system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.

- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.

- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation, and its parent Company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

- As may be deemed proper by the Board, it may establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.

- The Board shall keep its activities and decisions within its authority under the articles of incorporation and by-laws and in accordance with existing laws, rules and regulations.

- Appoint a Compliance Office with the rank of at least vice-president. In the absence of such appointment, the Corporate Secretary or Assistant Corporate Secretary, preferably a lawyer, shall act as the Compliance Officer.

- Constitute the proper committees to assist it in good corporate governance.

(c) How often does the Board review and approve the vision and mission?

The Board annually reviews and updates the vision and mission of Rockwell Land. The latest vision and mission was disseminated in the Annual Report last May 28, 2014.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Manuel M. Lopez	First Philippine Holdings Corp. Lopez Group Foundation, Inc First Philippine Realty Corporation Lopez Holdings Corp Manila Electric Company	(NED) (NED) (NED) Chairman (ED) (NED)
Oscar M. Lopez	First Philippine Holdings Corporation Lopez Holdings Corporation First Gen Corp Energy Development Corp FPHC International, Inc First Balfour, Inc. First Philippine Conservation, Inc Lopez Group Foundation, Inc First Philippine Electric Corporation First Philec Solar Solutions Corp First Philippine Industrial Park, Inc.	Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman (ED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman (ED) Chairman Emeritus (NED) Chairman Emeritus (NED) (NE)

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	FPIP Property Developers & Management Corp FPIP Utilities, Inc. First Philippine Realty Corporation Grand Batangas Resort, Inc. Asian Eye Institute, Inc FPH Capital Resources, Inc. First Philippine Industrial Corporation First Philippine Properties Corporation First Philippine Utilities, Corp. (Formerly: First Philippine Union Fenosa, Inc.) Securities Transfer Services, Inc. OML Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc.	Chairman (NED) Chairman (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman (ED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED)
Federico R. Lopez	First Philippine Holdings Corporation First Balfour, Inc. Terraprime, Inc. Thermaprime Well Services, Inc. First Philippine Conservation, Inc. Lopez Group Foundation, Inc. First Philippine Electric Corporation First Philec, Inc. (formerly First Electro Dynamics Corp.) First Philec Manufacturing Technologies Corp. First Philec Solar Solutions Corp. First Philippine Power Systems, Inc. First Philippine Industrial Park, Inc. First Philippine Realty Corporation Grand Batangas Resort Development, Inc. FPH Capital Resources, Inc. First Philippine Industrial Corporation First Philippine Properties Corporation First Philippine Utilities, Corp (Formerly: First Philippine Union Fenosa, Inc.) Securities Transfer Services, Inc. Sibulan Ice Plant Cold Storage, Inc. First Gen Corp. Energy Development Corp. FPHC International, Inc. OML Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc.	Chairman (ED) Chairman (ED) Chairman (ED) (ED) Chairman (ED) (NED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman & CEO (ED) Chairman & CEO (ED) (NED) Chairman
Eugenio L. Lopez III	First Philippine Holdings Corporation Lopez Holdings Corporation First Gen Corp. OML Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc, First Philippine Realty Corp.	(NED) (NED) (NED) (NED) (NED)
Nestor J. Padilla	First Philippine Realty Corporation First Batangas Hotel Corporation First Philippine Industrial Park Terraprime, Inc. FPIP Property Developers & Management Corporation FPIP Utilities Inc. Grand Batangas Resort Development, Inc.	(NED) (NED) (NED) (NED) (NED) (NED) (NED)
Miguel Ernesto L.	Rockwell Leisure Club, Inc.	(NED)

Lopez		
Francis Giles B. Puno	First Philippine Holdings Corporation Capital Ventures FGHC International Limited FPH Ventures FPHC International, Inc. First Balfour, Inc. Terraprime, Inc. Thermaprime Well Services, Inc. First Philippine Electric Corporation First Philec, Inc. (formerly First Electro Dynamics Corp) First Philec Manufacturing Technologies Corp First Philippine Power Systems, Inc. First Philippine Industrial Park, Inc. FPIP Property Developers & Management Corp. FPIP Utilities Inc. First Philippine Realty Corporation Grand Batangas Resort Development, Inc. First Philippine Properties Corporation First Philippine Utilities, Corp. (Formerly: First Philippine Union Fenosa, Inc.) First Gen Corp Energy Development Corp. First Philippine Development Corp. OML Center for Climate Change Adaption and Disaster Risk Management, Inc.	(ED) Acting Chairman (ED) (ED) Chairman (ED) (ED) (NED) (NED) (NED) (NED) (NED) (NED) (NED) (NED) (NED) (NED) (NED) (NED) Treasurer, (ED) (ED) (ED) (ED) (ED) (NED)
Manuel L. Lopez, Jr.	ABS-CBN Corporation, ABS-CBN Holdings Corporation Sky Cable Corporation	(NED (NED) (NED)

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Manuel N. Tordesillas	Maybank Kim Eng Group Executive Committee Landco Pacific Corporation Asian Life and General Assurance Corporation Maybank ATR Kim Eng Land ATR Holdings, Inc. Maybank ATR Kim Eng Capital Partners, Inc. ATR Kim Eng AMG Holdings, Inc. Tullett Prebon Philippines	(NED) (ID) (NED) Chairman (NED) (ED) (ED) (ED) (NED)
Vicente R. Ayllon	The Insular Life Assurance Co., Ltd. Insular Life Property Holdings, Inc. Insular Investment Corporation Insular Health Care Insular Foundation Insular Life Management & Development Corp. Home Credit Mutual Building & Loan	Chairman (ED) Chairman (ED) Chairman (NED) Chairman (NED) Chairman (NED) Chairman (NED) Chairman (NED)

	Association Unionbank of the Philippines Mapfre Insular Insurance Corporation Pilipinas Shell Petroleum Corporation Shell Co. of the Philippines, Ltd.	 (NED) (NED) (NED) (NED)

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Oscar M. Lopez & Manuel M. Lopez	Oscar M. Lopez – Chairman Emeritus Manuel M. Lopez - Chairman	Oscar M. Lopez and Manuel M. Lopez are brothers.
Eugenio L. Lopez III	Eugenio L. Lopez III, Oscar M. Lopez and Manuel M. Lopez	Eugenio L. Lopez III is the nephew of Oscar M. Lopez and Manuel M. Lopez.
Manuel L. Lopez Jr. Miguel Ernesto L. Lopez	Miguel L. Lopez Jr. and Miguel Ernesto Lopez	Manuel L. Lopez Jr. and Miguel Ernesto L. Lopez are brothers and sons of Manuel M. Lopez.
Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr.	Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr.	Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr. are cousins of Federico R. Lopez, Eugenio Lopez III
Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez is the brother-in-law of Francis Giles B. Puno

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The company reminds directors that they should exercise sound judgment in accepting other directorships outside the Corporation.

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel M. Lopez	11,676,679	1, FPH	0.1909%
Oscar M. Lopez	174,897	1, FPH	0.0029%
Federico R. Lopez	-	1, FPH	0.0000%
Eugenio L. Lopez III	-	1, FPH	0.0000%
Nestor J. Padilla	21,000,000	1, FPH	0.3433%
Francis Giles B. Puno	5,656	1, FPH	0.0000%
Miguel Ernesto L. Lopez	68,693	1, FPH	0.0011%
Manuel L. Lopez, Jr.	-	1, FPH	0.0000%

Manuel N. Tordesillas	-	1, FPH	0.0000%
Vicente R. Ayllón	-	1, FPH	0.0000%
Ferdinand Edwin S. CoSeteng	-	1, FPH	0.0000%
TOTAL	**32,925,925**	**11**	**0.5383%**

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [x] No [ ]

Identify the Chair and CEO:

Chairman of the Board	Manuel M. Lopez
CEO/President	Nestor J. Padilla

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

<table>
<tr><th></th><th>Chairman</th><th>Chief Executive Officer</th></tr>
<tr><td>Role and Accountabilities</td><td>Section3 of Article IV of Company By-Laws

"The Chairman of the Board – The Chairman shall preside at all meetings of the stockholders and of the board of Directors. He shall do and perform such duties as may be from time to time assigned to him by the Board of Directors. The Board may elect a Director as Vice Chairman.

Section 8 of Corporate Governance Manual defines its role as:

"The Chairman

The roles of the Chairman of the Board and the President shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.

A clear delineation of functions should be made between the Chairman and the President. If the positions of Chairman and President are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The Corporation shall disclose the relationship between the Chairman and the President, if any, in its annual report to the Securities and Exchange Commission or such other regulatory agency as may be required by law."</td><td>Section 4 of Article IV of Company By-Laws

"The President – The President may be the chief executive officer of the Corporation. In the absence of the Chairman or the Vice Chairman, he shall preside at all meetings of the stockholders and of the Board of Directors. He shall have general charge, direction, and supervision of the business and affairs of the Corporation. He shall from time to time make such reports on the affairs of the Corporation as the Board of Director may require and shall annually present a report of the preceding year's business at the stockholder's meeting. He shall sign all certificates of stock and all instruments required to be executed on the part of Corporation, except as otherwise provided by the By-Laws or by the Board of Directors. He shall do and perform such other duties as may be from time to time assigned to him by the Board of Directors."</td></tr>
<tr><td>Deliverables</td><td>A well-functioning Board.</td><td>The CEO, together with management, proposes strategies, policies and general directions to the Board.

The CEO oversees the implementation of the approved strategies, policies and general directions.</td></tr>
</table>

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

Section 2 of Corporate Governance provides:

"The Board shall have a process for the selection of qualified and competent directors and officers and adopt an effective succession planning program for management."

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Our board is comprised of three finance professionals (please see details below) and eight business executives.

Mr. Manuel N. Tordesillas is the President and CEO and Director of Maybank ATR Kim Eng Capital Partners, Inc., ATR Kim Eng AMG Holdings, Inc., ATR Holdings, and Asian Life Financial Assurance Corporation, which are into investment and banking and insurance (financial) industry.

Mr. Vicente R. Ayllon is currently the Chairman of the Board & CEO of The Insular Life Assurance Co., Ltd., Chairman of the Board and President of Insular Property Holdings, Inc., Chairman of the Board of Asian Hospital, Inc., Insular Investment Corporation, Insular Health Care, Insular Foundation, Insular Management and Development Corporation, Home Credit Mutual Building and Loan Association, which are in the business of insurance and health care.

Mr. Francis Giles B. Puno is the Chief Finance Officer and Treasurer of FPHC. He is currently the President and Chief Operating Officer (COO) of First Gen. He is also a director of FPHC, First Gen and EDC. Before joining FPHC, he worked with The Chase Manhattan Bank as Vice President for Global Power and Environment Group.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes, our non-executive directors are experienced in sectors relating to real property. Please refer to details below:

1. Mr. Federico R. Lopez is the Chairman of First Balfour, Inc., Terraprime, Inc., First Philippine Industrial Park, Inc., and First Philippine Realty Corporation, companies engaged in construction and property development.

2. Mr. Ayllon is a director of Insular Life Property Holdings, Inc.

3. Mr. Tordesillas is an Independent Director of Landco Pacific Corporation and Maybank ATR Kim Eng Land.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	The CEO is the Chief Implementer; the COO manages the day-to-day matters; the CFO attends to the financials of the Company.	The Non-Executive directors draw from their management experience and knowledge of the business to enhance decision-making, as well as the working relationship, between management/ executive directors and	Independent directors provide impartial guidance and advice to the board based on their competence and expertise

		independent directors.	
Accountabilities	It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders, and other stakeholders.		
Deliverables	The Executive directors propose strategies, policies and general directions to the Board. They oversee the implementation of the approved strategies, policies and general directions.	The Non-Executive Directors provide assurance of the fairness and reasonableness of management plans, proposals and actions.	The Independent Directors provide stronger assurance of the fairness and reasonableness of management plans, proposals and actions.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Section 3 of Corporate Governance Manual provides the definition of an Independent Director:

"Qualifications of the independent director

An independent director shall mean a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgement in carrying out the responsibilities of a Director.

If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director."

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company elects its directors, in accordance with the Corporation Code, Securities Regulation Code, its by-laws and its Manual of Corporate Governance.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
n/a	n/a	n/a	n/a

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria

a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	The nominees are presented to the Nomination, Election and Governance Committee (NOMELEC) by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board. A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.	Manual on Corporate Governance: Section 3: Qualifications of a Director: • Holder of at least one (1) share of stock of the Corporation • Personal integrity, capacity to read and understand financial statements, absence of conflicts of interest with the Corporation (subject to the discretion of the Board), time availability and motivation.
b. Re-appointment		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	The nominees for re-appointment are presented to the Nomination, Election and Governance Committee (NOMELEC) by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board. A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.	Personal integrity, capacity to read and understand financial statements, absence of conflict of interest with the Corporation (subject to the discretion of the Board), time availability and motivation and performance the previous year.
c. Permanent Disqualification		
(i) Executive Directors	The director/s who are	*Manual on Corporate*

(ii) Non-Executive Directors (iii) Independent Directors	proposed to be permanently disqualified are presented to the Nomination, Election and Governance Committee (NOMELEC) by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board. A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.	*Governance:* Section 3: Disqualifications of Directors a. Conviction by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliate person or any of them; b. Final judgment or order of the Securities and Exchange Commission or any court or administrative body of competent jurisdiction which enjoins a person, by reason of misconduct, from (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the subject of an order of the Commission or ay court or administrative

		body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member of participant of the organization; c. Conviction by final judgment or order by a court for competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation , perjury or other fraudulent acts; d. Final judgment or order of the Securities and Exchange Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Securities and Exchange Commission or BSP, or any of its rule, regulation or order; e. Employment as officer or employee or engagement as consultant of the corporation where he has been elected as an independent director. f. Judicial declaration of

		insolvency; g. Final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs a to e above; h. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;
d. Temporary Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	The director/s who are proposed to be temporary disqualified are presented to the Nomination, Election and Governance Committee (NOMELEC) by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board. A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.	*Manual on Corporate Governance:* Section 3: Disqualifications of Directors • Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; • Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election; • Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall

		be in effect until he has cleared himself of any involvement in the alleged irregularity; • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election. The Board shall have the final decision to determine the qualifications of a Director.
e. Removal		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Section 28 of the Corporation Code provides: “Sec. 28. Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on	*Manual on Corporate Governance:* Section 3: Disqualifications of Directors • Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; • Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election; • Dismissal or termination

	order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of this Code.	from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity; • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election. The Board shall have the final decision to determine the qualifications of a Director
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	The director/s who are proposed to be reinstated are presented to the Nomination, Election and Governance Committee NOMELEC by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board. A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies	*Manual on Corporate Governance:* Section 3: Disqualifications of Directors • Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; • Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special,

	(as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.	of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election; • Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity; • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election. The Board shall have the final decision to determine the qualifications of a Director
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	The director/s who are proposed to be suspended are presented to the Nomination, Election and Governance Committee NOMELEC by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board. A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After	*Manual on Corporate Governance:* Section 3: Disqualifications of Directors • Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; • Absence or non-participation for

	discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.	unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election; • Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity; • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election. The Board shall have the final decision to determine the qualifications of a Director

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Manuel M. Lopez	8.274%
Oscar M. Lopez	8.274%
Federico R. Lopez	8.274%
Eugenio L. Lopez III	8.274%
Nestor J. Padilla	8.274%
Francis Giles B. Puno	8.274%
Ferdinand Edwin S. CoSeteng	8.274%
Miguel Ernesto L. Lopez	8.274%
Manuel L. Lopez, Jr.	8.274%
Manuel N. Tordesillas	8.274%
Vicente R. Ayllón	8.274%

6) **Orientation and Education Program**

(a) Disclose details of the company's orientation program for new directors, if any.

Section 13 of the Manual for Corporate Governance provides:

New directors should be familiarized with the Corporation's operations, senior management and its business environment and be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the Board's expectations. If new directors have no board experience, they should receive orientation in their unaccustomed responsibility. Opportunities for orientation for existing and potential directors shall be identified and appropriate development undertaken.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:

Participants	Year	Training	Provider
VPs to CEO and Board of Directors	Sept 2014	Corporate Governance Seminar	SGV & Co.
Senior Managers to CEO and Board of Directors	Aug 2014	Executive Learning Session on Adaptive Leadership by Dr. Ronald A. Heifetz	Professor, Harvard Kennedy School
AVPs to VPs	2013	Fundamentals of Finance	FPH
AVPs to SVPs	2013	Crisis and Media Handling Presentation Skills	Richard Greene
Senior Managers to CEO	2013	Negotiations Skills	FPH
BOD, CEO, SVPs and VPs	2012	Learning Sessions with Ranjay Gulati	Jaime & Josefina Chua Tiampo, Professor, Harvard Business School
HR Vice-President	April 2012	Managing Organization Development Essentials for Breakthrough Results	De la Salle College of St. Benilde

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Federico R. Lopez	November 25, 2014	Corporate Governance Seminar	SGV & Co.
Francis Giles B. Puno Ferdinand Edwin S. CoSeteng	November 21, 2014	Corporate Governance Seminar	SGV & Co.
Manuel M. Lopez Oscar M. Lopez Eugenio L. Lopez III Manuel M. Lopez, Jr. Miguel L. Lopez Nestor J. Padilla	September 15, 2014	Corporate Governance Seminar	SGV & Co.

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Manuel N. Tordesillas Vicente R. Ayllon Enrique I. Quiason Esmeraldo C. Amistad Valerie Jane L. Soliven Ma. Lourdes L. Pineda Ellen V. Almodiel Estela Y. Dasmariñas Adela D. Flores Julius A. Marzoña Abel L. Roxas Antonette O. Marquez Davy T. Tan Divino M. Villanueva Jr.			
Federico R. Lopez Francis Giles B. Puno Nestor J. Padilla Miguel L. Lopez Valerie Jane L. Soliven Ma. Lourdes L. Pineda Ellen V. Almodiel Davy T. Tan	August 2014	Executive Learning Session on Adaptive Leadership by Dr. Ronald A. Heifetz	Professor, Harvard Kennedy School

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Section 2 of the Manual for Corporate Governance: A director is a fiduciary of the Corporation and shall not take advantage of the Corporation by means of fraudulent or unfair transactions. He must act honestly and in good faith in the interest of the Corporation. He must avoid actual and potential conflicts of interest and shall disclose fully and fairly his interests in contracts with the Corporation.	Section F of Code of Discipline: 19. Engaging in the same business activities which are of the same nature with the operations or business of Rockwell Land Corporation: First Offense – Dismissal 20. Competing with or acting against the business of the Company established goodwill, or any act of disloyalty: First Offense – Dismissal	
(b) Conduct of Business and Fair Dealings	Section 2 of the Manual for Corporate Governance: A director must exercise that degree of	Code of Discipline: 23. Failure to disclose business ventures and endeavors to Rockwell Land Corporation: First Offense - Dismissal	

	skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in honest belief that the action was taken in the best interest of the Corporation. A director is a fiduciary of the Corporation and shall not take advantage of the Corporation by means of fraudulent or unfair transactions. He must act honestly and in good faith in the interest of the Corporation. He must avoid actual and potential conflicts of interest and shall disclose fully and fairly his interests in contracts with the Corporation. The directors must act only within corporate powers.	
(c) Receipt of gifts from third parties	No written policy yet.	
(d) Compliance with Laws & Regulations	Section 2 of the Manual for Corporate Governance: A director shall have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies.	Section 2 of the Manual of Corporate Governance The Board shall ensure that adequate procedures, systems and practices that protect the Corporation's assets and reputation are in place and are maintained. The Board shall be guided by best business practices. The Board shall ensure the Corporation's faithful compliance with all applicable laws, regulations and be guided by best business practices.
(e) Respect for Trade Secrets/Use of Non-	Section 2 of the Manual for Corporate	Section H of Code of Discipline:

public Information	Governance: A director shall observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.	4. Disclosure of confidential information. First Offense – Dismissal 8. Unauthorized use of computer passwords or use of computer passwords of other employees. First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal 10. Unauthorized disclosure of confidential information, trade secrets related to the Company's affairs or unauthorized reproduction of Company records, documents, etc. known by employee(s) but unknown to outsiders which may benefit any competitor or any other party to the prejudice of the Company. First Offense - Dismissal
(f) Use of Company Funds, Assets and Information	Section 2 of the Manual for Corporate Governance: A director shall observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.	Section F of Code of Discipline: 9. Sabotage of Company materials and / or equipment: First Offense – Dismissal 15. Using Company or its properties as part of illegal activities or making use of the Company's name for personal gain or profit, or entering into transactions which are grossly disadvantageous to the Company, misrepresenting himself as duly authorized: First Offense – Dismissal 21. Misappropriation, conversion, embezzlement or malversation of funds, assets, or property belonging to the company or co-employee: First Offense – Dismissal 24. Stealing or attempting to steal private or Company property: First Offense – Dismissal 25. Conniving or participating in any manner in the act of pilferage, theft or robbery of the Company property or other. Unauthorized possession of Company keys; First Offense – Dismissal 26. Falsifying personal or any other Company records, either when applying for employment or during employment; First Offense – Dismissal
(g) Employment & Labor Laws & Policies	Section 18 of the Manual for Corporate Governance: To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and	Section I of Code of Discipline: This policy is created to set forth the Company's Code of Discipline and the disciplinary process that the Company must utilize to address unacceptable behavior and related employment problems in the workplace, or outside the workplace when conduct impacts an employee's ability to do his/her job and/or influence the company's overall performance.

	employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation. The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.	
(h) Disciplinary action	Section 18 of the Manual for Corporate Governance: To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation. The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.	Section III of Code of Discipline: 3.1 Administrative Procedures 3.1.1 These procedures accompany the Code of Discipline and are designed to assist functional units and Human Resources in the administration of the Company's disciplinary system. 3.1.2 Corrective actions, whether informal or formal, must depend upon the nature, consequence/s, or potential consequence/s of the employee's conduct of performance and the surrounding circumstances and mitigating factors, if any. Management should apply corrective actions consistently, while taking into consideration the specific circumstances of each individual case. Prior to taking any corrective action it is suggested that Management considers the following: Whether the corrective action is consistent with Company standards of conduct. The nature, severity, and consequences of the offense. Whether, the offense constitutes a violation of a policy, procedure, or law. Previous counseling, whether informal or formal that addressed the same or similar misconduct or performance. Previous disciplinary actions that addressed the same o similar misconduct or performance. Whether the offense relates to the employee's job duties and the employee's ability to perform satisfactorily. How issues with similarly situated employees have been addressed. Mitigating factors that would compel a reduction in the disciplinary action to promote the interests of fairness and objectivity. If the corrective action is appropriate for a specific offense. Procedures include:

		3.2.3 Preliminary Investigation 3.2.4 Preventive Suspension 3.2.5 Administrative Hearing 3.2.6 Disciplinary Action 3.2.6.1 Written Reprimand 3.2.6.2 Suspension 3.2.6.3 Dismissal
(i) Whistle Blower	No written policy yet	Written policy is currently being finalized.
(j) Conflict Resolution	Section 2 of the Manual for Corporate Governance: As may be deemed proper by the Board, it may establish and maintain an alternative dispute resolution system that can amicably settle conflicts and differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.	No written policy yet

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

While a Code of Ethics is not formally in place, the company has a code of discipline disseminated to all employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Section 17 of the Manual on Corporate Governance states:

"The Committees shall report to the Board in such manner as the Board may require

This Manual shall be subject to annual review or at such frequency as may be determined by the Board."

Section 18 of the Manual on Corporate Governance states:

"To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation.

The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship."

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses,

children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company (2) Joint Ventures (3) Subsidiaries (4) Entities Under Common Control (5) Substantial Stockholders (6) Officers including spouse/children/siblings/parents (7) Directors including spouse/children/siblings/parents (8) Interlocking director relationship of Board of Directors	Note 27 of the Audited FS: <u>Terms and Conditions of Transactions with Related Parties:</u> Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2014, 2013 and 2012, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examination of the financial position of the related party and the market in which the related party operates.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Not Applicable
Name of Officer/s	Not Applicable
Name of Significant Shareholders	Not Applicable

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company Group	The Audit Committee has been created to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders. The External Auditor is engaged to review the related party transactions. The Company submits itself to oversight by government and regulatory institutions and agencies. The Company engages third-party institutions to evaluate the fairness of major related party transactions.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Oscar M. Lopez & Manuel M. Lopez	Oscar M. Lopez – Chairman Emeritus Manuel M. Lopez - Chairman	Oscar M. Lopez and Manuel M. Lopez are brothers.
Eugenio L. Lopez III	Eugenio L. Lopez III, Oscar M. Lopez and Manuel M. Lopez	Eugenio L. Lopez III is the nephew of Oscar M. Lopez and Manuel M. Lopez.
Manuel L. Lopez Jr. Miguel Ernesto L. Lopez	Miguel L. Lopez Jr. and Miguel Ernesto Lopez	Manuel L. Lopez Jr. and Miguel Ernesto L. Lopez are brothers and sons of Manuel M. Lopez.
Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr.	Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr	Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr. are cousins of Federico R. Lopez, Eugenio Lopez III
Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez is the brother-in-law of Francis Giles B. Puno

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

None, FPH is the only significant holder of equity.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

There are no shareholder agreements that may impact on the control, ownership and strategic direction of the company.

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company, through its stock transfer agent, investor relations unit, Office of the Corporate Secretary and legal department, attends to the needs of the stockholders.
Corporation & Third Parties	Alternative Dispute Resolution systems, including senior management consultations, mediations, conciliations and arbitration, are provided in Joint Venture Agreements and similar contractual arrangements.
Corporation & Regulatory Authorities	Regular consultations with regulatory and government agencies.

C. BOARD MEETINGS & ATTENDANCE

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

1) **Are Board of Directors' meetings scheduled before or at the beginning of the year?**

Article II Section 6 of the Corporate By-Laws provides:

The organizational meetings of the Board of Directors shall be held without notice immediately after the annual meeting of the stockholders as provided in Section 1, Article I hereof, and thereafter all meetings of the Board of Directors shall be on such dates as may fixed by resolution of the Board of Directors. Special meetings of the Board may be called by the President or by written request of any three (3) directors, upon at least one day's notice of the time and place of holding the same, given personally or by letter, telegram, or telephone, facsimile transmission, electronic mail or short messaging system (SMS). Meetings may be held at any time and place without notice if all the Directors are present or if those not present waive notice in writing before or after the meeting. The Board of Directors may meet by video conference or teleconference or through other similar electronic means.

2) **Attendance of Directors (January 1, 2014 to December 31, 2014)**

Board	Name	Date of Election	Jan 1 – Dec 31, 2014		
			No. of Meetings Held	No. of Meetings Attended	%
Chairman	Manuel M. Lopez	5/28/2014	8	8	100%
Member	Oscar M. Lopez	5/28/2014	8	8	100%
Member	Federico R. Lopez	5/28/2014	8	6	75%
Member	Eugenio L. Lopez III	5/28/2014	8	7	88%
Member	Nestor J. Padilla	5/28/2014	8	8	100%
Member	Miguel L. Lopez	5/28/2014	8	8	100%
Member	Manuel L. Lopez, Jr.	5/28/2014	8	8	100%
Member	Francis Giles B. Puno	5/28/2014	8	7	88%
Member	Ferdinand Erwin S. CoSeteng	5/28/2014	8	7	88%
Independent	Vicente R. Ayllon	5/28/2014	8	8	100%
Independent	Manuel N. Tordesillas	5/28/2014	8	7	88%

3) **Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?**

Yes, the audit committee, which is composed of 2 non-executive directors and 2 independent directors, held quarterly meetings on March 20, 2014, May 8, 2014, August 13, 2014 and November 11, 2014.

4) **Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.**

No, but majority of the board meetings are attended by at least two-thirds of the board members.

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

Board papers for board of directors meetings are provided at least one business day in advance

This is in accordance with Section 11 of the Manual on Corporate Governance which provides:

Adequate and Timely information

To enable the members of the Board to properly fufill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Members of the Board should be given independent access to Management and the Corporate Secretary.

The information that the Board may seek may include the background or explanation on matters brought to before the Board, disclosures, budgets, forecasts and internal financial documents.

The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes

Section 11 of the Manual on Corporate Governance which provides:

Adequate and Timely information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Members of the Board should be given independent access to Management and the Corporate Secretary.

The information that the Board may seek may include the background or explanation on matters brought to before the Board, disclosures, budgets, forecasts and internal financial documents.

The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

"Section 6 of Article IV of Company By-Laws

The Secretary – The Secretary, who must be a citizen and resident of the Philippines, shall keep the minutes of all meetings of the stockholders. He shall attend to the giving and serving of all notices of the Corporation. He shall have the charge of such books and papers as the Board of Directors, may direct, and shall perform all the duties as may be assigned to him by the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, who may perform the duties of the Secretary, if the latter is absent , or when

[5] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

such duties may be allowed or delegated by the Board of Directors, or by the Manual of Corporate Governance."

Section 8 of the Manual on Corporate Governance states:

"The Corporate Secretary and the Assistant Corporate Secretary shall have the following duties and responsibilities:

Assist the Board in the preparation of the agenda of meetings and the management in the preparation and gathering of materials to be presented to the Board or the shareholders.

Implement such methods adopted by the Board to efficiently and timely inform and brief the board members prior to board meetings.

Attend Board meetings and take down the minutes of special and regular meetings of the Board and shareholders.

Be loyal to the mission, vision and objectives of the Corporation.

Work fairly and objectively with the Board, Management and stockholders.

Have appropriate administrative and interpersonal skills.

If he is not at the same time the Corporation's legal counsel, be aware of the law, rules and regulations necessary in the performance of his duties and responsibilities.

Have a working knowledge of the operations of the Corporation.

If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer provided for in this Manual.

Issue a certification every January 30th of the year on the attendance of directors in meetings of the Board, countersigned by the Chairman of the Board."

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. Enrique I. Quiason has been the Corporate Secretary of the Corporation since 1995. He is a Senior Partner of the Quiason Makalintal Barot Torres Ibarra & Sison Law Firm. He is the Corporate Secretary of Lopez Holdings and First Philippine Holdings Corp. and Assistant Corporate Secretary of ABS-CBN. He is also the Corporate Secretary and Assistant Corporate Secretary of various subsidiaries or affiliates of FPH and Lopez Holdings. He graduated with a B.S. Business Economics (cum laude) degree in 1981 and with a Bachelor of Laws degree in 1985 from the University of the Philippines. He received his LL.M. in Securities Regulation from Georgetown University in 1991. His law firm has acted as legal counsel to the Lopez group for the last five (5) years.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [X] No [ ]

Section 11 of the Manual for Corporate Governance provides:

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Members of the Board should be given independent access to Management and the Corporate Secretary.

The information that the Board may seek may include the background or explanation on matters brought to before the Board, disclosures, budgets, forecasts and internal financial documents.

The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.

Committee	Details of the procedures
Executive	Upon the request of the director, the Office of the Corporate Secretary and Management provides the relevant information.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Last paragraph of Section 11 of the Manual for Corporate Governance states:

"The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable."

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Not applicable

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Through the Board as implemented by the Chairman	CEO gives the salary increase based on approved guidelines
(2) Variable remuneration	Based on approved guidelines	Based on approved guidelines
(3) Per diem allowance	Based on approved guideline	Based on approved guideline
(4) Bonus	By-Laws and approved guidelines	By-Laws and approved guidelines
(5) Stock Options and other financial instruments	Based on approved Stock Option Plan	Based on approved Stock Option Plan
(6) Others (specify)	-	-

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Per Diem	P10,000.00 per attendance	
Non-Executive Directors	Per Diem	P10,000.00 per attendance	

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

On May 2, 2012 and August 3, 2012, the BOD and the stockholders, respectively, approved the implementation of the ESOP to be offered to all regular employees of the Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock of the Company on a fully diluted basis. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested.

The outstanding options are as follows:

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
CEO + 4 most highly compensated executive officers* Almodiel, Ellen V. (Senior Vice-President, Finance & Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	32,127,000	various	P1.46	various
All Other Officers & directors	10,712,000	various	P1.46	various
Total	42,839,000			

**Alphabetically arranged*

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P42.3 million	0	0
(b) Variable Remuneration	0	0	0

(c) Per diem Allowance	P111.8 thousand	P364.7 thousand	P147.1 thousand
(d) Bonuses	P3.8 million	0	0
(e) Stock Options and/or other financial instruments	0	0	0
(f) Others (Specify)	0	0	0
Total	**P46.2 million**	**P364.7 thousand**	**P147.1 thousand**

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	0	0	0
2) Credit granted*	P88.5 million	P153.6 million	0
3) Pension Plan/s Contributions	0	0	0
(d) Pension Plans, Obligations incurred**	P9.9 million	0	0
(e) Life Insurance Premium	P67.5 thousand	0	0
(f) Hospitalization Plan	0	0	0
(g) Car Plan	0	0	0
(h) Others (Specify)	0	0	0
Total	**P98.5 million**	**P153.6 million**	**0**

*Represents receivables from sale of units done in the ordinary course of business.

**Note 24 of the Audited FS: The Company has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

On May 2, 2012 and August 3, 2012, the BOD and the stockholders, respectively, approved the implementation of the ESOP to be offered to all regular employees of the Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock of the Company on a fully diluted basis. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested.

The outstanding options as of December 2014 are as follows:

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
CEO + 4 most highly compensated executive officers* Almodiel, Ellen V. (Senior Vice-President, Finance & Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	32,127,000	various	P1.46	various
All Other Officers & directors	10,712,000	various	P1.46	various
Total	42,839,000			

**Alphabetically arranged*

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Not applicable

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Senior Vice President, Sales and Marketing	P16.1 million
Senior Vice President, New Business	
Senior Vice President, Finance & Accounting	
Vice President, Human Resources	
Vice President, Provincial Development	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	Not applicable						
Audit	-	2	2	Please refer to attached Audit Committee Charter.	To assist the Board of Directors in fulfilling its oversight responsibilities for the management and financial reporting process, the system of internal control, the maintenance of an effective audit process, and the process for monitoring compliance with the code of conduct.	The committee will have the following responsibilities: V.1.Financial Statements The review of the financial statements of the company shall be done by the Audit Committee in the following context: a) Management has the primary responsibility for the financial statements and the financial reporting process; and b) The External Auditors is responsible for expressing an opinion on the conformity of the company's consolidated financial statements with the Philippine Financial Reporting Standards Review the quarterly financial statements with management and the annual financial statements with the external auditors, focusing	II.AUTHORITY The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. In the performance of its functions, the Committee is empowered to: II.1. Recommend to the Board appointment, compensation, and oversee the work of any registered public accounting firm employed by the organization (i.e. external auditors); II.2.Resolve any disagreements between management and the auditor regarding financial reporting; II 3. Provide oversight over Management's activities in managing credit, market,

						particularly on: •Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements; •Review with management and external auditors (annual financial statements) the results of audit, including any difficulties encountered; •Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles; •Review interim financial reports with management before filing with regulators, and consider whether they are complete and consistent	liquidity, operational, legal and other risks of the corporation; II.4.Pre-approve all auditing and non-audit services; II.5.Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation; II.6.Seek any information it requires from employees – all of whom are directed to cooperate with the committee’s requests – or external parties; II.7.Meet with company officers, external auditors, or outside counsel as necessary; and II.8.Receive, review, and discuss reports or updates by internal and external counsels and regulatory agencies, when applicable, and ensure that

						with the information known to committee members; •Review of disclosures of material information, related party transactions, and subsequent events; •Review and approval of management representation letter before submission to external auditor.; and •Recommend to the Board of Directors the approval of the Audited Financial Statements V.2.External Audit •Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with internal audit; •Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors; •Review and confirm the independence of	management is taking appropriate actions to address regulatory issues as well as on of litigations, claims, and contingencies, if any.

						the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors; •Ensure that auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions without inferring scope limitation; •Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately; •Review and approve audit related and permitted non-audit services to be rendered by the external auditors. •The Committee shall regularly review and assess external auditors' fees and shall ensure that the fees charged by the	

						company's external auditors shall be commensurate with their reputation, level of expertise, and required scope of work, and shall be in accordance with current industry standards. V.3.Internal Control System •Consider the effectiveness of the company's internal control system, including information technology security and control; •Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses; •Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security; and	

						•Review frameworks for fraud prevention and detection including whistle blower program, if any. V.4.Internal Audit •The Committee shall ensure the existence of a working internal audit group, which shall be headed by a competent business manager, to identify audit issues, propose resolutions to these issues, and provide reasonable assurance that key organizational and procedural controls as promulgated by Management are effective, appropriate, and enforced; •The Committee shall establish a direct reporting line of the internal audit to the Committee to prevent impediments in the conduct of internal audit activities and the conveyance/presentation of audit findings. The internal audit shall functionally report directly to the Audit Committee; •Review with	

						management and the Internal Audit Head the plans, activities, staffing and organizational structure of the internal audit function. The annual internal audit plan must conform to the objectives of the corporation and shall include the audit scope, resources and budget necessary to implement it; •Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Audit Head; •Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; •On a regular basis, meet separately with the Internal Audit Head to discuss any matters that the committee or internal audit believes should be discussed privately; and	

						•The Committee shall periodically review the internal audit charter and amend any revisions thereto as applicable; V.5.Reporting responsibilities •Regularly report to the board of directors about committee activities, issues, and related recommendations. •Report annually to the shareholders, describing the committee's composition responsibilities, and how they were discharged, and any other information required by rule, including approval of non-audit services. •Review any reports (e.g. to SEC and PSE) the company issues that relate to committee responsibilities. Coordinate, monitor and facilitate compliance with laws, rules and regulations. V.6. Other Responsibilities •Perform other activities related to this charter as	

						requested by the Board of Directors; •Institute and oversee special investigations as needed; •Review and assess the adequacy of committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation; •Conduct an assessment on the performance of the Audit Committee on an annual basis or in such shorter intervals as may be set by the Board of Directors and in compliance with the relevant regulatory requirements; and •Confirm annually that all responsibilities outlined in this charter have been carried out. V.7. Review and Amendments The Committee shall periodically revisit and/or review this Charter specifically for the purpose of	

						adapting changes hereto in accordance with the Rockwell Land Corporation's Manual on Corporate Governance and in keeping with new standards and emerging trends.	
Nomination and Elections	-	3	1		The Nomination and Election Committee shall have the function of reviewing and evaluating the qualification of all persons nominated to the Board and other requirements that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors, selecting directors and passing upon their qualifications.		

2) **Committee Members**

(a) **Executive Committee – Not Applicable**

(b) **Audit Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Vicente R. Aylon	May 2014	4	3	75%	2.33 years
Member (ID)	Manuel N. Tordesillas	May 2014	4	4	100%	1.58 years
Member (NED)	Manuel L. Lopez, Jr.	May 2014	4	2	50%	1.58 years
Member (NED)	Francis Giles B. Puno	May 2014	4	3	75%	1.58 years

Disclose the profile or qualifications of the Audit Committee members.

Indicated in SEC 20-IS 2014

Vicente R. Ayllón - 83, Filipino

Mr. Ayllón has been an Independent Director of Rockwell Land since May of 2012. He currently serves as Chairman of the Board & CEO of The Insular Life Assurance Co., Ltd., Chairman of the Board and President of Insular Life Property Holdings, Inc., Chairman of the Board of Insular Investment Corporation, Insular Health Care, Insular Foundation, Insular Management and Development Corporation, and Home Credit Mutual Building and Loan Association, He is the Vice-Chairman of the Board of Union Bank of the Philippines and Mapfre Insular Insurance Corporation. Mr. Ayllón also serves as a regular Director of Pilipinas Shell Petroleum Corporation and Shell Co. of the Philippines, Ltd.. He serves as an independent Director of The Palms Country Club. Mr. Ayllón holds a Bachelor of Science degree in Commerce from the University of the East.

Manuel N. Tordesillas – 61, Filipino

Mr. Tordesillas has been an Independent Director of Rockwell Land since May of 2012. He currently serves as Chairman of Maybank ATR Kim Eng Land, President and CEO and Director of Maybank ATR Kim Eng Capital Partners, Inc., ATR Kim Eng AMG holdings, Inc. and ATR Holdings, Inc., and Director and Vice Chairman of Asian Life Financial Assurance Corporation. He is also Landco Pacific Corporation's independent director. Mr. Tordesillas is also a regular Director of Tullet Prebon Philippines and Executive Directors of Citicorpo International Limited, among others. Mr. Tordesillas holds a Bachelor of Science degree in Industrial Management Engineering from De La Salle University and a Master's degree in Business Administration from the Harvard Business School.

Manuel L. Lopez, Jr. - 47, Filipino

Mr. Lopez has been a Director at Rockwell Land since 2011. He is currently the Chairman and CEO of PacificHub Corporation, serves as a Director of Lopez Inc., Philippine Trade Foundation, Inc., Stargate Media, and Philippine Commercial Capital, Inc. He is also presently the Executive Vice President of Benpres Insurance Agency, Inc. He has served as a Director of ABS-CBN Broadcasting Corporation, ABS-CBN Holdings Corporation, Sky Cable Corporation, and Pilipino Cable Corporation, Call Center Association of the Philippines (CCAP), among others. Mr. Lopez holds a Bachelor of Science degree in Business Administration from De La Salle University.

Francis Giles B. Puno - 50, Filipino

Mr. Puno has been a Director of Rockwell Land since 2013. He was appointed Chief Finance Officer and

Treasurer of FPH in October 2007 and was promoted to Executive Vice-President in September 2011. He is currently the President and Chief Operating Officer (COO) of First Gen. He is also a director of FPHC, First Gen and EDC. Before joining FPHC, he worked with The Chase Manhattan Bank as Vice President for Global Power and Environment Group. He has a Bachelor of Science degree in Business Management from the Ateneo de Manila University and a Master in Business Administration degree from Northwestern University's Kellogg Graduate School of Management in Chicago, Illinois.

Describe the Audit Committee's responsibility relative to the external auditor.

Audit Committee charter section V.2 on External Audit provides;

- Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with external audit;

- Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors.

- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors.

- Ensure that the auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions without inferring scope limitation.

- Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

- Review and approve audit related and permitted non-audit services to be rendered by the external auditors.

- The Committee shall regularly review and assess external auditors' fees and shall ensure that the fees charged by the company's external auditors shall be commensurate with their reputation, level of expertise, and required scope of work, and shall be in accordance with current industry standards."

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Manuel M. Lopez	05/28/2014	1	1	100%	2.4 years
Member (NED)	Oscar M. Lopez	05/28/2014	1	1	100%	2.4 years
Member (NED	Eugenio L. Lopez III	05/28/2014	1	1	100%	2.4 years
Member (ID)	Vicente R. Ayllon	05/28/2014	1	1	100%	2.4 years

(d) Remuneration Committee – not applicable

(e) Risk Management Committee

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Eugenio L. Lopez III	05/28/2014	0	0	0	1.4 year
Member (ED)	Nestor J. Padilla	05/28/2014	0	0	0	1.4 year
Member (NED)	Ferdinand Edwin S. CoSeteng	05/28/2014	0	0	0	1.4 year
Member (ID)	Manuel L. Tordesillas	05/28/2014	0	0	0	1.4 year

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

There were no changes in committee membership that occurred during the year.

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Not applicable	
Audit	• Review and approval of quarterly unaudited FS and 2013 Audited FS • 2014 FS Audit Planning • Review of 2013 Annual Internal Audit results and approval of 2014 Annual Audit Plan (Mar 20, 2014) • Approval of revised Internal Audit Charter (Mar 20, 2014) • Review of 2014 Internal Audit results: • 1st quarter – May 8, 2014 • 2nd quarter – Aug 13, 2014 • 3rd quarter – Nov 11, 2014	Issues presented to the audit committee have a criticality level rating of “medium” to “high” based on internal audit assessment. Internal audit recommendations have been discussed with the respective auditees and monitoring of agreed actions is being done on a quarterly basis. Status of agreed actions on critical issues is reported to the audit committee during the quarterly meetings.
Nomination		
Remuneration	Not applicable	
Risk Management	Review of corporate risks	
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Not applicable	
Audit	Continue regular quarterly audit committee meetings to discuss internal audit and finance-related issues.	Internal audit Issues to be addressed will depend on engagements to be performed and their resulting observations and issues .
Nomination		

Remuneration	Not applicable	
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Section 7 of the Manual for Corporate Governance provides:

"The Risk Management Committee shall have the following powers and functions:

- Oversee the formulation and establishment of an enterprise-wide risk management system.
- Review, analyze and recommend the policy, framework, strategy, method and/or system of or used by the Corporation to manage risks, threats or liabilities.
- Review and assess the likelihood and magnitude of the impact of material events on the Corporatiobn and/or to recommend measures, responses or solutions to avoid or reduce risks or exposures.
- Perform such other duties and functions and/or assume such responsibilities as may be delegated by the Board of Directors."

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

Management regularly reviews and updates the risks faced by the Company and presents it to the Board. The Risk Management Committee met in November 5, 2013.

(c) Period covered by the review;

Year 2014

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The risk management system and governance structure is reviewed on an annual basis.

(e) Where no review was conducted during the year, an explanation why not.

The Risk Management Committee last met in November 5, 2013. In any event, there has been no need for formal meetings of the RMC as the risks facing the company have been extensively discussed by the board as a whole and by the audit committee.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
a. Regulatory Risk	Rockwell regularly monitors its exposures and compliance to laws	To comply with all applicable laws and regulations

	and regulations to ensure the continuity of its operations	
b. Business Interruption Risk	Rockwell continuously enhances its operations and support systems to reduce the likelihood of unscheduled interruptions and, in the case of actual interruptions, to reduce the impact to the company's financial performance.	To ensure continuity of services to its customers.
c. Interest Rate Risk	The Company's policy is to manage its interest cost using a mix of fix and variable rate debts.	To manage the exposure to floating interest rates in a cost-efficient manner.
d. Foreign Currency Risk	Rockwell monitors its exposures to foreign currency fluctuations.	To manage and minimize the exposure to foreign currency risk.
e. Credit Risk	The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to verification procedures. Default or delinquency on the part of the buyers of condominiums units or club shares are being monitored on an ongoing basis to enable the Company to determine the appropriate action – usually, cancelling the sale and holding the units and club shares open for sale. Lease receivables are closely monitored based on aging of the accounts. Accounts determined to be uncollectible are recommended for write-off. With regard to other financial assets of the Company, these are also monitored regularly with the result that the Company's exposure to bad debts is significant. Trade receivables from sale of condominium units are secured with pre-completed condominium units. The legal title and ownership of these units will only be transferred to customers upon full payment of the contract price. Receivables from lease are guaranteed by security deposits. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.	To manage the credit exposures with its customers and/or other third parties

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each

kind of risk:

Not applicable

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Article I of the Corporate By-Laws provides: Section 5. Quorum – At all meetings of stockholders, annual or special, in order to constitute a quorum, there shall be present either in person or by proxy the holders of record of the majority of the stock issued and outstanding and entitled to vote of a greater proportion. In the absence of a quorum, the holders of record of the majority of the shares present and entitled to vote may adjourn the meeting from time to time until a quorum shall be present, and no notice of such adjourned meeting shall be required. Section 6. Voting – Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock and transfer books of the Corporation, which vote may be given personally or by power of attorney or proxy authorized in writing. The instrument authorizing a proxy to act shall be exhibited to the Secretary if so requested. In the election of Directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Corporation Code.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
1. Regulatory Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of changes or updates to relevant laws and regulations • Close monitoring of the Company's compliance to applicable legal and regulatory • Close coordination with regulatory agencies
2. Business Interruption Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of operations • Regular repair and maintenance of key equipment, systems and processes • Regular review, revision and practice of Business Continuity Management plans
3. Interest Rate Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of the interest rates • Identify, assess and enter into interest hedging, whenever necessary
4. Foreign Currency Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of the foreign

		currency rates • Identify, assess and enter into derivative transactions, whenever necessary
5. Credit Risk	Annual risk identification, evaluation, and monitoring	• Regular review and analysis of customer financial and credit performances • Close coordination with customers to discuss emerging risks
6. Liquidity Risk	Regular monitoring of available cash and credit facilities within maintained debt service ratio.	Maintain enough cash sufficient to finance operations and obligations.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
1. Regulatory Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of changes or updates to relevant laws and regulations • Close monitoring of the Company's compliance to applicable legal and regulatory • Close coordination with regulatory agencies
2. Business Interruption Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of operations • Regular repair and maintenance of key equipment, systems and processes • Regular review, revision and practice of Business Continuity Management plans
3. Interest Rate Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of the interest rates • Identify, assess and enter into interest hedging, whenever necessary
4. Foreign Currency Risk	Annual risk identification, evaluation, and monitoring	• Regular monitoring of the foreign currency rates • Identify, assess and enter into derivative transactions, whenever necessary
5. Credit Risk	Annual risk identification, evaluation, and monitoring	• Regular review and analysis of customer financial and credit performances • Close coordination with customers to discuss emerging risks
6. Liquidity Risk	Regular monitoring of available cash and credit facilities within maintained debt service ratio.	Maintain enough cash sufficient to finance operations and obligations.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Section 7 of the Manual on Corporate Governance states

"The Board shall create a Risk Management Committee composed of at least three (3) members of the Board, or such other number as may be prescribed by the Board. The Chairman of the Board shall designate the Chairman of the Committee.

Duties and Responsibilities

The Risk Management Committee shall have the following powers and functions:

a. Oversee the formulation and establishment of an enterprise-wide risk management system;
b. Review, analyze and recommend the policy, framework, strategy, method and/or system of or used by the Corporation to manage risks, threats or liabilities;
c. Review and assess the likelihood and magnitude of the impact of material events on the Corporation and/or to recommend measures, responses or solutions to avoid or reduce risks or exposures; and
d. Perform such other duties and functions and/or assume such responsibilities as may be delegated by the Board of Directors."

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control is defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Annual Internal Control Assessment has been presented to the Audit Committee. Overall, internal controls over the engagements reviewed are adequate. However, some existing controls need to be improved to help some processes operate more efficiently and effectively.

(c) Period covered by the review;

Year 2014

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

Internal Audit presents its findings and recommendations for its Audit Engagements which includes evaluation of controls to the audit committee on a quarterly basis.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
To provide an independent, objective assurance and consulting services designed to add value and improve the organization's operations. It assists the organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.	As provided in the duly approved Internal Audit Charter: The scope of work of the Internal Audit is to determine whether the organization's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure that: • Risks are appropriately identified and managed; • Significant financial, managerial, and operating information is accurate, reliable and timely; • Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations; • Resources are acquired economically, used efficiently,	In-house	Romeo G. del Mundo Jr.	The Internal Audit Group, reports functionally to the Audit Committee and administratively to the Management, Its activities are guided and performed in accordance with the revised "International Standards for the Professional Practice of Internal Auditing" and "Code of Ethics" developed by the Institute of Internal Auditors (IIA) and/or any other auditing standards as may be adopted by the Internal Audit.

	and adequately protected; • Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately; and • Interaction with various governance groups occurs as needed; Opportunities for improving management control, profitability, and the organization's image which are identified during the audits shall be communicated to the management.			

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Internal Auditor(s) appointment or removal is vested in the Audit Committee. For other services, Section II.1 of the Audit Committee Charter provides that the Audit committee: Recommend to the Board appointment, compensation, and oversee the work of any registered public accounting firm employed by the organization (i.e. external auditors);

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The following are provided in Section V.4 of the Audit Committee Charter:

- The Committee shall ensure the existence of a working internal audit group, which shall be headed by a competent business manager, to identify audit issues, propose resolutions to these issues, and provide reasonable assurance that key organizational and procedural controls as promulgated by Management are effective, appropriate, and enforced.

- The Committee shall establish a direct reporting line of the internal audit to the Committee to prevent impediments in the conduct of internal audit activities and the conveyance/presentation of audit findings. The internal audit shall functionally report directly to the Audit Committee;

- The Committee shall periodically review the internal audit charter and amend any revisions thereto as applicable;

- Review with management and the chief audit executive the charter, plans, activities, staffing and organizational structure of the internal audit function;

- Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive;

- Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and

- On a regular basis, meet separately with the chief audit executive to discuss any matters that the committee or internal audit believes should be discussed privately

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

There were two resignations in 2014, both Junior Audit Associates with less than six months tenure.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	The progress of Annual Internal Audit Plan vs. Actual is being monitored on a semi-annual basis and is reported to Audit Committee and Management
Issues[6]	Issues are discussed with the Auditee during closing or exit meetings and their responses are incorporated in an audit report. The audit report contains a summary of observations, recommendations and agreed actions.
Findings[7]	Findings are reported to the Management and to Audit Committee through the Quarterly and Annual Internal Audit Reports.
Examination Trends	Examinations are being done mostly on high risk areas/processes and taking into consideration inputs and suggestions from Management and the Audit Committee.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;

   The Internal Audit Process includes Managing the Internal Audit Activities, part of which is the preparation of the Annual Internal Audit Plan.

   Planning and managing the internal audit activity
   1.1. Understanding the business and control environment
   1.2. Risk Assessment
   1.3. Managing the internal audit activity
      1.3.1. Planning work schedules
      1.3.2. Staffing and budgets
      1.3.3. Approval by Board (Audit Committee) and Senior Management

   The Annual Internal Audit Plan is being submitted to the Audit Committee for approval.

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

2) Conduct of examination based on the plan;

The process of conducting the examination based on the plan is also part of the Internal Audit Process under "Internal audit engagement". It includes the following:

2.1. Engagement planning
- 2.1.1. Familiarization, preliminary survey/research and setting of initial objectives and scope
- 2.1.2. Opening conference with auditee
- 2.1.3. Preparation of audit engagement work program and allocation of audit resources

2.2. Performing the Engagement
- 2.2.1. Identifying, gathering data
- 2.2.2. Analyzing/Evaluating data/information
- 2.2.3. Documenting/recording data/information

2.3. Communicating Results
- 2.3.1. Draft audit report
- 2.3.2. Review of draft audit report
- 2.3.3. Exit conference with auditee
- 2.3.4. Preparation of final audit report
- 2.3.5. Disseminate approved audit report

2.4 Follow-up and monitoring
- 2.4.1. Audit follow-up
- 2.4.2. Disseminate approved report

3) Evaluation of the progress in the implementation of the plan;

The progress in the implementation of the plan is being monitored on a regular basis by the Internal Audit Head. The audit plan or schedule/list of audit engagements together with the Quarterly/Annual Internal Audit results are also presented to the audit committee.

4) Documentation of issues and findings as a result of the examination;

Documentation of the audit engagement (including issues and findings) is done thru the auditor's work papers. There is a duly approved process and procedures for the proper preparation of audit's work papers. Portion of the approved work paper preparation process/procedures are shown below:

4.1. Work Paper preparation

The work paper file documents the work the auditor has done. The work papers serve as the connecting link between the audit assignment, the auditor's fieldwork and the final report. Work papers contain the records of planning and preliminary surveys, the audit program, audit procedures, fieldwork and other documents relating to the audit. Most importantly, the work papers document the auditor's conclusions and the reasons those conclusions were reached. The disposition of each audit finding identified during the audit and its related corrective action should be documented.

4.1.1. In the preparation of the audit work papers, the following should be observed:

- ➢ Work papers should be completed throughout the audit;
- ➢ The work papers should provide a basis for evaluating the Internal Audit's quality assurance program and demonstrate compliance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA);
- ➢ Work papers should be economical to prepare and not difficult to review.
- ➢ Work papers should be complete but concise--a usable record of work performed. Auditors should include in their work papers only what is essential;

and, they should ensure that each work paper included serves a purpose that relates to an audit procedure. Work papers that are created and later determined to be unnecessary should be deleted.

Also, the findings, issues and other relevant information in the audit engagement are further documented in the minutes of the closing meeting, and the final internal audit engagement report.

5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;

   Through the follow up and monitoring process, the status of the audit findings and issues are tracked as to the Auditee's committed implementation plans.

6) Conduct of the foregoing procedures on a regular basis.]

   As evidenced by quarterly and annual internal audit reports, audit engagements including the necessary audit engagement procedures are performed / implemented on a regular basis.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Internal Audit Charter	Revisions to the Internal Audit Charter have been presented and approved by the Audit Committee during the year.
Internal Audit Policies on the following: 1. Independence and Objectivity 2. Proficiency and Due Professional Care 3. Quality Assurance and Improvement	These policies have been formally documented and implemented. Annual review of these processes is also in place to make the necessary revisions if applicable.
Internal Audit Processes on the following: 1. Planning and managing the Internal Audit activity 1.1. Understanding the business and control environment 1.2. Risk Assessment 1.3. Managing the internal audit activity 2. Internal Audit Engagement 2.1. Engagement planning 2.2. Conducting fieldwork 2.3. Communicating Results 2.4. Follow-up and monitoring 3. Quality Control/Assurance	These processes have been formally documented and implemented. Annual review of these processes is also in place to make the necessary revisions if applicable.

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares

and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

<table>
<tr><th>Auditors
(Internal and External)</th><th>Financial Analysts</th><th>Investment Banks</th><th>Rating Agencies</th></tr>
<tr><td>1. Direct Reporting to the Audit Committee</td><td colspan="3" rowspan="4">Section 10 of Manual on Corporate Governance:

Internal Auditor:

The Corporation shave in place an independent audit system which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and shareholders shall be provided with reasonable assurance that key organization and procedural controls are effective, appropriate, and complied with. The internal audit system to be adopted shall take into account the nature and complexity of the Corporation’s business and the business culture, the volume, size and complexity of the transactions, the degree of risks, the degree of centralization and delegation of authority, the extent and effectiveness of information technology and the extent of regulatory compliance. The internal control system for management’s operational responsibility shall center on the Chief Executive Officer.

The Internal Auditor shall report to the Audit Committee.</td></tr>
<tr><td>2. Annual declaration/ undertaking of Non-Conflict of Interests by the Internal Auditors</td></tr>
<tr><td>3. Duly approved Audit Committee Charter and Internal Audit Charter</td></tr>
<tr><td>4. Duly approved Internal Audit Policies and Procedures</td></tr>
</table>

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman/ Chief Executive Officer or the President/ Chief Operating Officer will attest, to the best of his knowledge, to the Company’s full compliance with the SEC Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

1) **Disclose the company’s policy and activities relative to the following:**

	Policy	Activities
Customers' welfare	No written policy	Dedicated Customer Service Team
Supplier/contractor selection practice	To deal with contractors with utmost competence and integrity	The foregoing has been observed in the company’s selection of suppliers and contractors
Environmentally friendly value-chain	No written policy	Adherence to ESH Policies
Community interaction	No written policy	CSR activities
Anti-corruption programmes and procedures?	No written policy	The company abides by the applicable law, rules and regulation on this.
Safeguarding creditors' rights	No written policy	Regular updates and meetings

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

Yes, a section on corporate responsibility was included in the annual report.

3) Performance-enhancing mechanisms for employee participation.

(a) **What are the company's policy for its employees' safety, health, and welfare?**

Rockwell ESH Team Environment, Safety and Health Policy

- Administer our business with integrity by taking into account the protection and enhancement of the environment, and the education of safety and health awareness that is fair to the people and the community;
- Develop and maintain a vigorous Environmental, Safety and Health Management System best suited to all our business units thereby achieving excellence and maintaining leadership resulting in a healthy and friendly surrounding consistent with our business concerns;
- Devise business-like and innovative programs as well as establish worthy standards in all our operations that will continually improve working conditions and practices thereby gaining higher productivity and avoiding distress, damage to environment and financial loss;
- Establish a mindset that will challenge and motivate all staff, service providers, suppliers, business partners and clients to actively participate as a team and voluntarily conform to the Environment, Safety and Health programs, standards and regulations;
- Promote public safety and security management programs; and
- Comply with all regulatory laws and legal requirements mandated by law with regards to Environment, Safety and Health.

(b) **Show data relating to health, safety and welfare of its employees**.

Rockwell conducts the following activities under the ESH system:

1) Fire drills (twice a year)
2) Earthquake drill
3) First Aid seminar
4) EBOLA virus orientation

The company held its Annual Physical Examination to employees last November 6-7, 2014 through its HMO provider, Health Maintenance Inc. and Prolab Diagnostics.

Immunization Program (Number of People Immunized)

Nature	Male	Female	Total No. of Cases
Influenza	37	77	114

(c) State the company's training and development programmes for its employees. Show the data.

Group/Employee Category	Average Training Hours (in house)
Rank and File	39
Supervisor/Specialist	37
Assistant Manager	28
Manager	22
Senior Manager	15
AVP	32
SVP and VP	24
Total training hours	197

(d) State the company's reward/compensation policy that accounts for the performance of the company

beyond short-term financial measures

The ESOP aims to recognize and reward performance. Each year, for five consecutive years, the Company may offer employees with Stock Options which they can purchase following a vesting schedule.

In recognition of an employee's contribution to the achievement of the Company's business goals he will be awarded with shares of common stock of Rockwell Land. These Options are personal to the employee and shall not be transferred, charged, pledged, assigned or otherwise disposed of.

Rockwell Land Corporation also has an established retirement benefit plan known as the "Rockwell Land Corporation Retirement Plan".

Its objective is to provide, through a retirement fund to be established by the company, for the payment of benefits to its employees when they are retired, or separated from service, the payment of definite amounts to their beneficiaries, subject to the conditions and limitations set in the plan.

4) **What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation**.

No written policies and procedures yet.

I. DISCLOSURE AND TRANSPARENCY

1) **Ownership Structure**

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
First Philippine Holdings Company	5,296,015,375	86.582%	First Philippine Holdings Company

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Enrique I. Quiason	3,575	-	0.0001%
Esmeraldo C. Amistad	-	-	0.0000%
Valerie Jane L. Soliven	-	-	0.0000%
Maria Lourdes L. Pineda	132,818	8,454 (Paolo Pineda)	0.0023%
Estela Y. Dasmariñas	1,882	-	0.0000%
Ellen V. Almodiel	-	-	0.0000%
Julius A. Marzoña	-	-	0.0000%
Davy T. Tan	-	-	0.0000%
Abel L. Roxas	-	-	0.0000%
Antonette O. Marquez	-	-	0.0000%
Adela D. Flores	4,340	-	0.0001%
Divino M. Villanueva, Jr.	-	-	0.0000%
TOTAL	**142,615**	**8,454**	**0.0025%**

2) **Does the Annual Report (17-A) disclose the following:**

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes

Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

Details of whistle-blowing – Not required
Training and/or continuing education programme attended by each director/commissioner – Not required
Number of board of directors/commissioners meetings held during the year - Not required, but was disclosed in 17-C report filed to SEC and uploaded to PSE website last January 12, 2015.
Attendance details of each director/commissioner in respect of meetings held - Not required, but was disclosed in 17-C report filed to SEC and uploaded to PSE website last January 12, 2015.

3) **External Auditor's fee**

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	P3.0 million	-

4) **Medium of Communication**

List down the mode/s of communication that the company is using for disseminating information.

Information is disseminated via the Rockwell website, registered mail, mail via courier, personal delivery, telephone calls, emails and other modes of communication.

5) **Date of release of audited financial report:**

April 15, 2015

6) **Company Website**

Does the company have a website disclosing up-to-date information about the following?

Business operations	**Yes**
Financial statements/reports (current and prior years)	**Yes**
Materials provided in briefings to analysts and media	**Yes**
Shareholding structure	**Yes**
Group corporate structure	**Yes**
Downloadable annual report	**Yes**

Notice of AGM and/or EGM	**Yes**
Company's constitution (company's by-laws, memorandum and articles of association)	**Yes**

Should any of the foregoing information be not disclosed, please indicate the reason thereto.
Not applicable

7) **Disclosure of RPT**

Related Party Disclosures (from SEC Form 20-IS)

The Company, in the ordinary course of business, engages in transactions with Meralco and its subsidiaries, FPHC, its subsidiaries and affiliates, and directors and officers and their close family members.

Except as disclosed in Note 26 of the Company's audited consolidated financial statements, there is no material transaction or proposed transaction to which the Company was or is to be a party, in which any of its directors or executive officers, or any individual owning, directly or indirectly, significant voting power of the Company, or any close family members or individuals, had or is to have a direct or indirect material interest.

The following table summarizes these significant transactions with related parties:

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts Owed from (to) Related Parties)	Terms	Conditions
Rockwell-Meralco BPO	Joint venture	Advances (see Note 17)	**2014**	**₱–**	**₱–**	90-day; non-interest bearing	Unsecured
			2013	–	(₱120,000)		
			2012	120,000	(120,000)		
		Advances (see Note 10)	**2014**	**42,455**	**42,455**	90-day; non-interest bearing	Unsecured; no impairment
			2013	39,098	39,098		
			2012	3,150	3,150		
Advances to officers and employees		Advances (see Note 8)	**2014**	**31,844**	**43,454**	30-day; non-interest bearing	Unsecured; no impairment
			2013	49,910	20,127		
			2012	65,775	12,448		
FPHC	Parent	Charges for construction of 8 Rockwell (see Note 17)	**2014**	**18,155**	**(18,155)**	On demand; non-interest bearing	Unsecured
			2013	18,155	(18,155)		
			2012	–	–		
Meralco	Parent company until May 2012; JV Partner	Utilities	**2014**	**–**	**–**	30-day; non-interest bearing	Unsecured
			2013	–	–		
			2012	86,781	(18,733)		

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2014, 2013 and 2012, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examination of the financial position of the related party and the market in which the related party operates.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Article I Section 5 of the By-Laws: At all meetings of stockholders, annual or special, in order to constitute a quorum, there shall be present either in person or by proxy the holders of record of the majority of the stock issued and outstanding and entitled to vote, and except in those cases where the Corporation Code requires the affirmative vote of a greater proportion. In the absence of a quorum, the holders of record of the majority of the shares present and entitled to vote may adjourn the meeting from time to time until a quorum shall be present, and no notice of such adjourned meeting shall be required.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	**Voting Procedures (from SEC Form 20-IS)** A quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question in the meeting except those matters which the Corporation Code requires a greater proportion of affirmative vote. At each meeting of the stockholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to vote for each share of stock standing in his name in the books of the Company at the time of the closing of the stock and transfer books for such meeting. Regarding the election of members of the Board of Directors, nominees who receive the highest number of votes shall be declared elected pursuant to Section 24 of the Corporation Code of the Philippines. Likewise, the nominee – for the Company's external auditor – who receives the highest number of votes shall be declared elected. The manner of voting is non-cumulative, except as to the election of directors and each stockholder shall have one vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots. In accordance with Section 23 of the Corporation Code, at each election of directors, every stockholder entitled to vote at such election have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number of his shares shall be equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit. In the election of directors, the top eleven (11) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected all the shares present or represented at the meeting will be cast in favor of the nominees. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.

	Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting.
Description	Same as explanation above.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
The shareholders have the right to receive timely and transparent information about the Corporation.	To encourage attendance and participation, we provide free parking, meals and tokens during Annual and Special Stockholders' Meetings.
The Board recognizes and shall respect the rights of the stockholders under the law, the articles of incorporation and the by-laws, specifically the stockholders' right to vote, pre-emptive rights, power of inspection, right to dividend and appraisal rights.	
Stockholders' meetings shall be conducted fairly and in a transparent manner and the stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubts about the validity of a proxy should be resolved in the stockholders' favor.	
The Board shall promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for the breach of their rights.	
The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether by in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration and approval.	
The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.	

Dividends

Declaration Date	Record Date	Payment Date
July 3, 2014	July 18, 2014	August 11, 2014

(d) Stockholders' Participation

1. **State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

The amended By-Laws and Corporate Governance Manual can be downloaded from http://www.e-rockwell.com/investor-relation/corporate-governance and http://www.e-rockwell.com/policies-and-manuals.

2. **State the company policy of asking shareholders to actively participate in corporate decisions regarding:**
   a. Amendments to the company's constitution
   b. Authorization of additional shares
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders are notified for annual meetings or special meetings. Based on our by-laws, notice of time and place are served either personally or by mail for stockholders of record of the Corporation that are entitled to vote at such meeting. Notice should be given not less than (10) calendar days before the schedule of the meeting. However, for (2) consecutive annual meetings since 2012, notice of the annual meeting follows the SEC's prescribed period of giving notice with at least (15) business days prior to the meeting date.

3. **Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

The Company sends out notices of the Annual Stockholders' Meeting at least (15) business days prior to the meeting date.

   a. Date of sending out notices:
   For the 2014 Annual Stockholders' Meeting (ASM held last May 28, 2014), notices were sent out on May 7, 2014.

   b. Date of the Annual/Special Stockholders' Meeting: May 28, 2014

4. **State, if any, questions and answers during the Annual/Special Stockholders' Meeting.**

Question	Answer
Mr. Philip Turner: Is it good business practice to maintain a balance of residential sales, leasing and others, where the residential sales increases each year and the leasing and others drop as a proportion percentage of the total sales? I noticed you're building two buildings for offices, that mean that offices will be leased and this would change the situation.	Mr. Nestor J. Padilla (CEO and President): Our objective is to try to maintain a nice mix of recurring income and development income and unfortunately in 2013, the development income grew faster than the recurring income. We would like to maintain a mix of 60:40. In 2013, the mix is about 32% for recurring income, but in the next 2 years we expect this to go up to 38% and back to 40% in 2016.
Mr. Philip Turner: That sounds a nice answer, Mr. Padilla. There is a 76% in trade and other receivables, what restricts the cashflows and	Ms. Ellen V. Almodiel (SVP, Finance & Accounting *& CFO): Our trade and other receivables is actually dependent on the percentage of

what are the effects of these restrictions to cash flows?	completion so as we recognize our revenues, the receivables also increases. For last year, it substantially increased because our completion for Edades and 205 Santolan projects are almost a 100% but in terms of collection we will only start to collect them this year. Trade and other receivables in 2013, there is a substantial increase of P1.7B, and we are seeing negative cash from operation of P800M but actually for the first quarter (of 2014) it's now positive at P100M because we start to collect the receivables from the handover of the units in Edades and 205 Santolan. It is actually a timing issue in terms of recognition of revenue as well as cashflows.
Mr. Philip Turner: So this year should be a much better year?	Ms. Ellen V. Almodiel (SVP, Finance & Accounting & CFO): It should be, we are positive cashflow this year.
Ms. Cecilia Tuazon: My question pertains to Aruga, I would like to know the reason for venturing into the hotel business and what are our future plans for expansion?	Mr. Nestor J. Padilla (CEO and President): Over the years, when we were turning over units in Rockwell Center, we realized that right here in Rockwell there was a very strong demand for short and possibly hotel accommodations and we tried that about 3 years ago in a very simple setting in Joya and since then that experiment as you may want to call it, has given our owners a very good rental return of about 11% to 12%. So we are very confident that our first project, which will be Aruga Serviced Apartments, would do very well. But on a bigger picture we are as confident as the government in terms of the upcoming and already happening growth in tourism, both domestic and international tourism.
Mr. George Tan: I would like to second the gentleman's comment about the stellar performance of the company not just for last year, or this year, but for the last 3 years as a represented by your CAGR of 24%. In fact, our income had been growing consistently for the last 3 years. My question is with respect to the interest of the shareholders, as we all know that we are interested in increasing the wealth of the shareholders and we expect that with the growth of the company the value of the shares will also grow correspondingly. My question really is that is there something Management would do with respect to making sure that the value of this business reflected in the price of the share given that it's one of those trading at very low PE, if we look at the market leader Ayala Land is trading at 32x PE ratio while Rockwell is doing less than 9x despite pretty much similar performance in earnings over the last 3 years. So with respect to that I was looking at what ABS CBN did to buy back some of the shares to bring up the price to more realistic values. I don't know if that's something applicable for Rockwell Land given that if you look at your previous	Mr. Nestor J. Padilla (CEO and President): Thank you for the comment and question, Mr. Tan. We are with you in looking for realizing the full value of the company. As much as we would like to track the 32-33x PE of Ayala, if you notice in my report, we raise about P10B last year and the P10B that we raised is meant to make sure first of all that the company is able to complete all the projects that we have committed but more than that I think it is an opportunity for us to somehow work on making sure that the growth of Rockwell is sustained more than just the next 3 years but the next 5-7 years and your team has been studying not just Ayala but we have studied for example Megaworld, we have studied Robinsons. These 3 companies as you said, Ayala is trading at 30-32x PE, Megaworld is trading based on first quarter annualized figures, Megaworld is trading at about 18x, those with a higher a recurring income like Robinsons, like SMDC, or SM Prime now, is trading at about 22-25x. As Mr. Turner pointed out we are really working out on our recurring income because the recurring income I think will isolate us from the ups and down of the market and based on

transactions as well the parent company bought the shares of San Miguel and PLDT at P2.20 which is still higher than what the stock price is doing right now.	the first quarter earnings of this year, our stock price at P1.90 is already trading at 11x PE and the annualized figure of 2014 is not reflective of what we expect in 2014 but nevertheless the big picture is we really need to work on making sure that our recurring income will go to a nice mix. We may not be able to get to the mix of SM or Robinsons but we would like to bring that up and I think we are with you in trying to make sure that the message is appreciated by investors and hopefully at the right time the free float of the company will increase from what it is today.
Mr. Rommel Songco: My first question is just on, because I understand you discussed some expansion plans for the commercial leasing space, how about for retail leasing, do you have any expansion plan on that?	Mr. Nestor J. Padilla (CEO and President): The retail leasing at the moment is primarily driven by the Powerplant Mall but everytime we develop we open neighborhood retail around our projects. But we haven't found the right product to bring up the next Powerplant, if we are gonna say a Powerplant 2 but I think we are very much in the planning stage and looking for the right location for increasing the retail portfolio that we have.
Mr. Rommel Songco: Second is that, I did not get, how currently, how much is the landbank of Rockwell Land?	Mr. Nestor J. Padilla (CEO and President): The landank of Rockwell is not like the landbank of Ayala which is thousands of hectares, we measure our landbank by how much gross floor area can we develop. We have enough for the next 3-4 years, just enough to sustain our net income for the next 5-6 years, so in the next few years the money that we raised is really to again increase this so called landbank or development bank so that we are able to sustain the growth of Rockwell.
Mr. Rommel Songco: My final question is to just clarify the revenue recognition policies of the company in terms of the equity payment of the customer and project completion.	Mr. Nestor J. Padilla (CEO and President): We follow like everybody else the accounting standard so you recognize income as and when there is percentage completion of project.
Mr. Rommel Songco: So is that 10%, 10%?	Mr. Nestor J. Padilla (CEO and President): No, it follows percentage completion so we may receive 10% downpayment, we may receive 20% cash of the total purchase price for as long as the project has not started we cannot recognize it as income but the moment you get going with the substructure if you get to be 5% at the end this year, then you recognize the 5% of whatever you sold.
Mr. Rudy Medinilla: In the construction of these tall buildings, has the matter of earthquake been considered?	Mr. Nestor J. Padilla (CEO and President): Definitely, we worked with the best structural engineer in the country that is Wilson Sy of Sy^2. The buildings, the high-rise buildings that we have are all designed to the strongest earthquake ever registered and I think it was in Chile which was the strongest earthquake ever registered.

5. **Result of Annual/Special Stockholders' Meeting's Resolutions**

Resolution and Matters for Approval	Approving	Dissenting	Abstaining
Minutes of Previous Meeting Held on May 29, 2013	91.01%	0%	0%
Annual Report of the Chairman and President	91.01%	0%	0%
Ratification of all Acts and Resolutions of the Board of Directors and of the Executive Committee Adopted During the Preceding Year	91.01%	0%	0%
Election of Directors: Manuel M. Lopez Oscar M. Lopez Federico R. Lopez Eugenio L. Lopez III Nestor J. Padilla Francis Giles B. Puno Miguel Ernesto L. Lopez Manuel L. Lopez, Jr. Manuel N. Tordesillas Vicente R. Ayllón Ferdinand Edwin S. CoSeteng	91.01%	0%	0%
Amendment of the Third Article of the Articles of Incorporation to Reflect the Complete Address of the Principal Office of the Corporation	91.01%	0%	0%
Election of External Auditors and Fixing of their Remuneration	91.01%	0%	0%

6. **Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:**
Results of the Annual Stockholders Meeting were published on May 28, 2014.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Not applicable

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Manuel M. Lopez Federico R. Lopez Eugenio Lopez III Manuel L. Lopez, Jr. Oscar M. Lopez Miguel L. Lopez Nestor J. Padilla Manuel N. Tordesillas Mr. Vicente R. Ayllon Enrique I. Quiason Rodolfo R. Waga, Jr.	May 28, 2014	Voting was by viva voce	0.26%	90.74%	91.01%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

STSI counts and validates the votes at the ASM. STSI is 100% owned by FPH.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Rockwell's common shares have voting rights (one vote for one share).

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

From Article I Section 7 of the By-Laws:

	Company's Policies
Execution and acceptance of proxies	Voting at any annual or special meeting of the stockholders may be made by proxy and shall be in writing, provided that no proxies shall be voted at any meeting unless such proxies shall have been placed on file with the Secretary of the Corporation for verification, at least ten (10) calendar days prior to the date on which shall meeting shall convene. Any proxy, duly executed and filed, shall continue in full force until a written revocation of the proxy or a duly executed proxy covering the same shares and bearing a later date is filed. Any proxy may by its terms be limited for use at a single specified meeting of the stockholders.
Notary	Stockholders may submit their proxies in lieu of personal attendance at the stockholders' meetings. If the proxy is being signed by an authorized signatory, please attach a duly notarized power of attorney (in case of individual stockholder) or a certified board resolution (in case of corporate stockholders) as proof of authorization to execute the proxy. For shares held for the benefit of another person (i.e. brokers/dealers), a certification under oath that the written consent of the beneficial owner/s of the shares covered by the proxy has/have been secured must be attached to the proxy. Proxies executed abroad must be duly authenticated by the Philippine

	Embassy or Consular Office.
Submission of Proxy	Before each meeting of the stockholders, all proxies filed before the meeting shall be submitted to and examined by the Secretary.
Several Proxies	The company accepts this.
Validity of Proxy	Proxies may be effective for a maximum period of five (5) years.
Proxies executed abroad	Proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Any proxy is automatically suspended or revoked, as the case may be, when the person executing the proxy is present at a stockholders' meeting and elects to vote.
Validation of Proxy	In the validation of proxies, a special committee of inspectors may be designated or appointed by the Board of Directors which shall be empowered to pass on the validity of proxies of the Corporation, and no shares may be represented or voted under a proxy that is found to be invalid or irregular. Each proxy filed with the Secretary prior to a meeting shall be examined by him as promptly as possible after filing.
Violation of Proxy	When there is a violation of proxy requirements, said proxy form is set aside and the votes are not counted.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Section 2 of Article I of the By-Laws states: Notice of the time and place of holding such Annual Meeting shall be served either personally or by mail upon each stockholders of record of the Corporation entitled to vote at such meeting not less than ten (10) calendar days before the date fixed in such notice for the meeting; if mailed, it shall be directed, except as otherwise provided by law, to each stockholder to his postal address as it appears on the books of the corporation. The Board of Directors shall fix the record date for the determination of stockholders entitled to notice and participate in the scheduled annual stockholders' meeting.	Annual Stockholders' Meeting was held last May 28, 2014 and notices were sent out on May 7, 2014, following the prescribed period of 15 days prior to meeting date for notice and definitive information statement. The By-laws provide for 10 calendar days before the meeting date.
Section 4 of Article I of the By-Laws states: Notice of each such special meeting, unless otherwise provided by law, may be given as herein provided for giving notice of the Annual Meeting. The Board of Directors shall fix the record date for such special stockholders meeting.	No special meeting was called in 2014.

(i) Definitive Information Statements and Management Report

2014 ASM (May 28, 2014)

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	There are 48,908 shareholders as of April 14, 2014, the record date fixed for the ASM.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 7, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 7, 2014
State whether CD format or hard copies were distributed	CD Format of Definitive Information Statement were distributed to shareholders
If yes, indicate whether requesting stockholders were provided hard copies	Hard copies are available. However, no requests were received.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes, except for the new By-Laws
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Not applicable
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Section 15 of the Manual for Corporate Governance:

The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.

Policies	Implementation
No specific policy except for Section 15 of the Manual on Corporate Governance, which states: The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.	

(b) Do minority stockholders have a right to nominate candidates for board of directors?
Yes.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The President, Corporate Secretary or Assistant Corporate Secretary and Chief Finance Officer reviews and approves major company announcements.

The company undertakes specific activities (e.g. conducting no-deal road shows and accommodating invitations/requests for meetings from its investors to respond to queries) to listen and learn investor requirements, needs and changing expectations.

The company takes the effort to meet its institutional investors and/or communicates person-to-person with shareholders through STSI.

Internal Communications are done through:
1. Weekly CEO Meetings
2. Monthly Board Meetings
3. Board Committee Meetings
4. Townhall Meetings
5. Memos and Announcements
6. Periodic reports
7. Emails
8. Telephone Calls
9. Website
10. Portal

While external communications are through:
1. One-on-One Meetings
2. Investors Conferences
3. Non-Deal Roadshows
4. Annual Stockholders' Meeting
5. Disclosures
6. Press Releases

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To provide fair, timely, accurate and reliable financial and related information to stakeholders
(2) Principles	The Company has an Investor Relations Officer that coordinates with various teams for different stakeholders.
(3) Modes of Communications	Disclosure, Investor Conference, One-on-One Meeting, Letter, E-mail, Telephone, Fax, Website, Brochure, Annual and Quarterly Reports, Annual Stockholders' Meetings
(4) Investors Relations Officer	Investor Relations are handled by the following cross functional teams: 1. Corporate Communications for Media 2. Finance for Institutional Investors

	3. Legal and Stock Transfer Office for individual investors

3) **What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?**

The Company seeks approval from its BOD, the two of which are independent directors. Whenever necessary, the Company appoints a third party for valuations.

In instances where the law requires shareholder action, the same is presented to the shareholders for their approval during an annual or special meeting.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
renewal of sponsorship to 4 students	Bantay Bata 163
Educational Assistance SY2014-2015	Sts. Peter & Paul Parish
Educational Assistance	Phil-Asia Assistance
Science classroom make-over	Hands On Manila
Bayan Ni Juan exhibit at the PowerPlant Mall	ABS-CBN Foundation

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	A Governance Self-Assessment Form is given to the Board annually. This is intended to assess the performance of the Board as a whole, the Chairman, the individual members of the Board, Board meetings, Board committees and Board matters. The directors are advised to go over each guide question carefully and assign a number from 1 - 10 [the lowest (1) meaning strongly disagree and the highest (10) meaning strongly agree] which reflects their personal view of the degree of the company's compliance to certain corporate governance mechanisms. The results are then tallied and presented to the Board for evaluation and appropriate action.	
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees:

Section 18 of the Manual for the Corporate Governance

To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of [the violation.

The commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

Violations	Sanctions
Penalties for Non-compliance with the Manual	
To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation. The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.	
Code of Discipline: Attendance, Tardiness and Absence	
Tardiness – An employee shall be considered to have committed one (1) offense if he/she has been tardy for more than five (5) times in one (1) month. However, consideration will be given for tardiness due to unavoidable circumstances such as inclement weather conditions, mass transportation strikes, floods, earthquakes and the like.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Seven (7) working days suspension Fourth Offense - Dismissal
Unauthorized absence	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Dismissal
Abandonment of work – absence from work for three (3) consecutive working days without notification to the office.	First Offense – Three (3) working days suspension Second Offense – Dismissal
Code of Discipline: Negligence of Duty	
1. Neglecting or failure to obey or comply with a Company order, policy, procedure, requirement, practice or to perform an assigned work.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
2. Failure to render overtime work without justified reason after having been mandated and authorized to work overtime.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension
3. Failure to register time in reporting for or departing from work five (5) times in a month.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
4. Negligence – disregard of standard company policies and procedures or failure to exercise care and diligence expected under given circumstances.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension
5. Gross negligence – gross and/or blatant disregard to perform required care and diligence amounting to wanton disregard of established rules and regulations.	First Offense – Dismissal
Code of Discipline: Work Performance and Attitude Towards Work	
1. Abandonment of post or leaving work station of the Company premises during work hours without permission from the immediate supervisor and proper endorsement to a reliever as required by the nature of the job.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Dismissal
2. Loitering, loafing, or wasting time at any place within or outside the office premises during working hours.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
3. Frequently receiving outside visitors during working hours for personal business or making or receiving frequent outside personal telephone calls.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal

4. Sleeping on Company time.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
5. Vending, soliciting, or collecting contribution for any purpose during office hours in Company premises.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
6. Doing unauthorized or unofficial work during official work hours.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
7. Malingering or pretending to be ill to escape work; making or giving false excuse(s) for leave of absence due to illness.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
8. Moonlighting or engaging in any activity prejudicial to the interest of the Company.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
9. Refusing without justifiable reason, to accept work or change of work shift/area assigned by a superior.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
10. Deliberately slowing down, holding back, hindering or limiting the services or intimidating, coercing or inducing another team member to do so.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
11. Inciting or participating in unauthorized concerted work stoppage, mass leave, or other similar disruptive activities.	First Offense – Dismissal
Code of Discipline: Conduct, Behavior, Public Moral	
1. Grossly indecent or immoral conduct within company premises, including but not limited to having illicit affairs with colleagues, having sex in company premises, exhibitionism, sharing of pornographic material, visiting pornographic sites in the web within company premises, downloading graphic materials with sexual content.	First Offense - Dismissal
2. Use of obscene, abusive language, and/or spreading malicious gossip or rumor while in the premises of the Company or at Company authorized functions.	First Offense – Three (3) working days suspension Second Offense – Dismissal
3. Making false, vicious, or malicious statement concerning any employee, official, or the Company itself.	First Offense – Three (3) to six (6) working days suspension, depending upon the gravity of the offense Second Offense – Dismissal
4. Showing disrespect or unruly conduct toward or in the presence of Company visitors, customers, suppliers and other parties as to cause bad image to the Company.	First Offense – Three (3) to six (6) working days suspension, depending upon the gravity of the offense Second Offense – Dismissal
5. Taking prohibited drugs within the Company premises or reporting for work under the influence of drugs.	First Offense - Dismissal
6. Drinking alcoholic beverage within the work place during office hours or reporting for work under the influence of liquor or alcohol.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
7. Fighting, provoking, or instigating a fight, inflicting, or attempting to inflict harm on anyone at any time within Company premises.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
8. Threatening, intimidating, coercing, or harassing fellow employees.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
9. Sabotage of Company materials and/or equipment.	First Offense – Dismissal

10. Disorderly conduct or horseplay which might result in injury to persons or destruction of the property of the Company or of others.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
11. Taking part in booking, lottery, or gambling in any form within the Company premises.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
12. Unauthorized selling lending money with interest, peddling or conduct of personal business which takes up time and compromise productivity.	First Offense – Six (6) working days suspension Third Offense – Dismissal
13. Lending or borrowing money at exorbitant interest within the office premises.	First Offense - Dismissal
14. Possessing, participating or assisting in the distribution of illegal items such as narcotics, contraband, pornographic materials, deadly weapons, etc. within or outside of company premises.	First Offense - Dismissal
15. Using Company or its properties as part of illegal activities or making use of the Company's name for personal gain or profit, or entering into transactions which are grossly disadvantageous to the Company, misrepresenting himself as duly authorized.	First Offense - Dismissal
16. Commission of a crime involving moral turpitude such as seduction, rape, abduction acts of lasciviousness or engaging in any immoral/unethical acts or conduct in violation of common decency and morality.	First Offense - Dismissal
17. Commission of any act, which although not covered by the Code of Discipline but is punishable under the Revised Penal Code of the Philippines.	First Offense - Dismissal
18. Committing of at least three offenses in a rolling twelve (12) month period.	First Offense - Dismissal
19. Engaging in the same business activities which are of the same nature with the operations or business of Rockwell Land Corporation.	First Offense - Dismissal
20. Competing with or acting against the business of the Company established goodwill, or any act of disloyalty.	First Offense - Dismissal
21. Misappropriation, conversion, embezzlement or malversation of funds, assets, or property belonging to the company or co-employee.	First Offense - Dismissal
22. Engaging in business activities which, although different from the operations or business of Rockwell Land Corporation, prevent the employee from accomplishing his/her duties and responsibilities and/or reduce his/her productivity.	First Offense – Written warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
23. Failure to disclose business ventures and endeavors to Rockwell Land Corporation.	First Offense – Dismissal
24. Stealing or attempting to steal private or Company property.	First Offense – Dismissal
25. Conniving or participating in any manner in the act of pilferage, theft or robbery of the Company property or others. Unauthorized possession of Company keys.	First Offense – Dismissal
26. Falsifying personal or any other Company records, either when applying for employment or during employment.	First Offense – Dismissal
27. Failure to report within seventy-two (72) hours from receipt of one's payslip in any case of overpayment of salary, commission, allowance, or any	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal

other form remuneration or reimbursement.	
28. On part of a superior, deliberately condoning, tolerating or participating in an offense committed by a subordinate.	First Offense – Dismissal
29. Coercing or inducing others to violate provisions of this Code of Discipline.	First Offense – Six (6) working days suspension Second Offense – Dismissal
30. Any form of fraud or acts of dishonesty.	First Offense - Dismissal
31. Commission of a crime or offense including serious threats against the person of guest(s), employer, immediate superior or other team members or any member of their family or their authorized representative while on duty or within the premises of the Company.	First Offense – Six (6) working days suspension Second Offense – Dismissal
32. Solicitation or collection of contributions, money or material objects for any purpose from employees, guests, suppliers, not sanctioned by the company.	First Offense - Dismissal
33. Accepting or offering anything of value in exchange for promotion or employment for any reason(s) directly or indirectly connected with employment.	First Offense – Six (6) working days suspension Second Offense – Dismissal
34. Extortion or any form of oppressive exaction of money or anything of value from guests or other team members.	First Offense – Dismissal
35. Forging the signature of any management official, guest(s) or other team members.	First Offense – Dismissal
36. Receiving two (2) successive "poor rating" in the Performance management system within a 12-month period, while holding the same or equivalent position and that the employee has grossly and habitually neglected the performance of his duties.	First Offense - Dismissal
37. Committing any act of sexual harassment.	First Offense - Dismissal
Code of Discipline: Health and Safety	
1. Refusal to submit to medical examination or violating any health and safety precautionary rules and practices of the Company.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
2. Commission of any act, which may endanger the life or safety of other team member and guests within the premises of the Company.	First Offense – Dismissal
3. Failure to wear safety equipment prescribed by the Company i.e. safety shoes, gloves, etc.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
4. Bringing unauthorized firearms, explosives, and deadly weapons, within the premises of the Company.	First Offense – Dismissal
5. Deliberately withholding information that could be detrimental to the safely and security of the Company premises, guests and team members.	First Offense – Dismissal
6. Willful violation or disregard of safety rules in the Company.	First Offense - Dismissal
Code of Discipline: Property and Security	
1. Utter disregard of or refusal to submit to any authorized inspection and body search by the security personnel.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
2. Neglecting or carelessness resulting to loss, wastage or spoilage of Company property regardless of amount.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
3. Bringing into or removing from the office premises any package or item for any reason without a	First Offense - Dismissal

"Property/Gate Pass" duly approved by an authorized company representative. The Company has the right to inspect any package carried by a team member into or out of the Company premises.	
4. Disclosure of confidential information.	First Offense – Dismissal
5. Abusive use of materials and supplies belonging to the Company.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
6. Operating, using, meddling with or impeding the proper use of machines, tools, equipment, computers, vehicles, facilities or premises to which the employee had not been assigned to or is not allowed/authorized to use.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
7. Making false statements about the Company or any of its subsidiaries, products/services.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
8. Unauthorized use of computer passwords or use of computer passwords of other employees.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
9. Unauthorized withdrawal of the Company's funds, supplies, materials and other properties.	First Offense - Dismissal
10. Unauthorized disclosure of confidential information, trade secrets related to the Company's affaires or unauthorized reproduction of Company records, documents, etc. known by employee(s) but unknown to outsiders which may benefit any competitor or any other party to the prejudice of the Company.	First Offense – Dismissal
11. Failure to disclose business ventures and endeavors to Rockwell Land Corporation.	First Offense - Dismissal

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on MAR 13 2015, 20__.

SIGNATURES

MANUEL M. LOPEZ
Chairman of the Board

NESTOR J. PADILLA
Chief Executive Officer

MANUEL N. TORDESILLAS
Independent Director

VICENTE R. AYLLON
Independent Director

ENRIQUE I. QUIASON
Compliance Officer

SUBSCRIBED AND SWORN to before me this ________ day of MAR 13 2015 20__, affiant(s) exhibiting to me their __________________, as follows:

NAME/RES. CERT.NO./PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Manuel M. Lopez / DE0003367	June 10, 2013	PE Tokyo
Nestor J. Padilla / EB7323729	February 7, 2013	DFA, Manila
Manuel N. Tordesillas / EC0303518	February 14, 2014	DFA, Manila
Vicente R. Ayllon / EB6270950	September 6, 2012	DFA, Manila
Enrique I. Quiason / EC1299905	June 3, 2014	DFA, NCR Central

NOTARY PUBLIC

Doc No. 45
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Book No. XXX
Series of 2015

MA. VICTORIA O. POLLISCO
Notary Public
For and in Makati Until Dec. 31, 2016
Roll of Attorneys No. 36149
PTR No. 4760152/01-09-15/Makati
IBP No. 974962/01-06-15/La Union
MCLE Compliance No. IV- 0007598

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Chairman of the Board	**Chief Executive Officer**
MANUEL N. TORDESILLAS	VICENTE R. AYLLON
Independent Director	**Independent Director**
ENRIQUE I. QUIASON	
Compliance Officer	

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I. PURPOSE

To assist the Board of Directors in fulfilling its oversight responsibilities for the management and financial reporting process, the system of internal control, the maintenance of an effective audit process, and the process for monitoring compliance with the code of conduct.

II. AUTHORITY

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. In the performance of its functions, the Committee is empowered to:

1. Recommend to the Board appointment, compensation, and oversee the work of any registered public accounting firm employed by the organization (i.e. external auditors);

2. Resolve any disagreements between management and the auditor regarding financial reporting;

3. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. The function shall include regular receipt from management of information on risk exposures and risk management activities;

4. Pre-approve all auditing and non-audit services;

5. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation;

6. Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests – or external parties;

7. Meet with company officers, external auditors, or outside counsel as necessary; and

8. Receive, review, and discuss reports or updates by internal and external counsels and regulatory agencies, when applicable, and ensure that management is taking appropriate actions to address regulatory issues as well as on of litigations, claims, and contingencies, if any.

III. COMPOSITION

1. The Committee shall be composed of at least three (3) members of the Board, with accounting, audit, finance or legal background. Each member must have an adequate understanding of the company's financial management systems and environment.

2. At least one (1) member must have an understanding of generally-accepted accounting principles; experience in analyzing or evaluating financial statements; experience with internal controls; and understanding of audit committee functions.

3. The Audit Committee members shall keep itself abreast about changes in generally-accepted accounting principles, corporate governance, internal controls and other topics that is relevant in carrying out its functions. It shall also comply with any training and education requirement that may be mandated by regulatory authorities.

4. The Chairman of the Board shall designate the chairman of the Audit Committee. The chairman of the Audit Committee shall be an independent director.

5. The Board, through the committee, shall ensure that a succession plan is in place and that such plan is regularly reviewed and updated.

IV. MEETINGS

1. To provide a systematic guide for the discharge of its responsibilities, the Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting subject to adjustments and/or revisions as needed. The Internal Audit Head will ensure that the schedule is carried as planned.

2. The committee will meet at least, quarterly and may convene additional meetings, as circumstances require. Meetings may be attended in person or via tele- or video conference. Meetings will be minuted.

3. The Committee members are requested to attend every meeting. The Committee shall invite to the meetings members of management, selected representatives from internal and external auditors and/or other functional groups of the company as necessary.

4. Meeting agenda shall be prepared and provided in advance to members, along with appropriate briefing materials.

V. RESPONSIBILITIES

The committee will have the following responsibilities:

V.1. Financial Statements

The review of the financial statements of the company shall be done by the Audit Committee in the following context:

a) Management has the primary responsibility for the financial statements and the financial reporting process; and

b) The External Auditors is responsible for expressing an opinion on the conformity of the company's consolidated financial statements with the Philippine Financial Reporting Standards

Review the quarterly financial statements with management and the annual financial statements with the external auditors, focusing particularly on:

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
2. Review with management and external auditors (annual financial statements) the results of audit, including any difficulties encountered;
3. Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles;
4. Review interim financial reports with management before filing with regulators, and consider whether they are complete and consistent with the information known to committee members;
5. Review of disclosures of material information, related party transactions, and subsequent events;
6. Review and approval of management representation letter before submission to external auditor.; and

7. Recommend to the Board of Directors the approval of the Audited Financial Statements

V.2. External Audit

1. Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with internal audit;

2. Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors;

3. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors;

4. Ensure that auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions without inferring scope limitation;

5. Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately;

6. Review and approve audit related and permitted non-audit services to be rendered by the external auditors.

7. The Committee shall regularly review and assess external auditors' fees and shall ensure that the fees charged by the company's external auditors shall be commensurate with their reputation, level of expertise, and required scope of work, and shall be in accordance with current industry standards.

V.3. Internal Control System

1. Consider the effectiveness of the company's internal control system, including information technology security and control;

2. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses;

3. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security; and

4. Review frameworks for fraud prevention and detection including whistle blower program, if any.

V.4. Risk Management

As part of the Committee's oversight function over Management's activities in managing the company risks, it shall;

1. Review and understand the identified risks of the company and ensure that internal audit resources and audit plan are reasonably allocated to the areas of highest risks;

2. Review and evaluate the sufficiency and effectiveness of risk management process and policies;

3. Provide assistance in the preparation and implementation of Business Continuity Plan;

4. Promote risk awareness across the company.

V.5. Internal Audit

1. The Committee shall ensure the existence of a working internal audit group, which shall be headed by a competent Internal Audit Head, to identify audit issues, propose resolutions to these issues, and provide reasonable assurance that key organizational and procedural controls as promulgated by Management are effective, appropriate, and enforced;

2. The Committee shall establish a direct reporting line of the internal audit to the Committee to prevent impediments in the conduct of internal audit activities and the conveyance/presentation of audit findings. The internal audit shall functionally report directly to the Audit Committee;

3. Review and approve the annual audit plan, activities, staffing and organizational structure of the internal audit function and any revisions thereto. The annual internal

audit plan must conform to the objectives of the corporation and shall include the audit scope, resources and budget necessary to implement it;

4. Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Audit Head;

5. Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;

6. On a regular basis, meet separately with the Internal Audit Head to discuss any matters that the committee or internal audit believes should be discussed privately; and

7. The Committee shall periodically review the Internal Audit Charter at least annually and approve any revisions thereto as applicable to ensure alignment to the International Standards for the Professional Practice of Internal Auditing.

V.6. Reporting responsibilities

1. Regularly report to the board of directors about committee activities, issues, and related recommendations.

2. Report annually to the shareholders, describing the committee's composition responsibilities, and how they were discharged, and any other information required by rule, including approval of non-audit services.

3. Review any reports (e.g. to SEC and PSE) the company issues that relate to committee responsibilities. Coordinate, monitor and facilitate compliance with laws, rules and regulations.

V.7. Other Responsibilities

1. Perform other activities related to this charter as requested by the Board of Directors;

2. Institute and oversee special investigations as needed;

3. Review and assess the adequacy of committee charter at least annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation;

4. Conduct an assessment on the performance of the Audit Committee on an annual basis or in such shorter intervals as may be set by the Board of Directors and in compliance with the relevant regulatory requirements; and

5. Confirm annually that all responsibilities outlined in this charter have been carried out.

V.8. Review and Amendments

The Committee shall periodically revisit and/or review this Charter at least annually, specifically for the purpose of adapting changes hereto in accordance with the Rockwell Land Corporation's Manual on Corporate Governance and in keeping with new standards and emerging trends.

Endorsed for Approval:

VICENTE R. AYLLON
Audit Committee Chairman

MANUEL N. TORDESILLAS
Audit Committee Member

FRANCIS GILES B. PUNO
Audit Committee Member

MANUEL L. LOPEZ JR.
Audit Committee Member

Approved by:

MANUEL M. LOPEZ
Chairman of the Board

Date Approved: