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
20-IS		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
49,274	**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.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**To: All Stockholders of
Rockwell Land Corporation**

Please take notice that the Annual Meeting of Stockholders of **Rockwell Land Corporation** will be held on May 27, 2015 at 9:00 a.m. at The Rockwell Tent, Rockwell Center, Makati City, Metro Manila to discuss the following:

AGENDA

1. Call to Order
2. Proof of Required Notice
3. Determination of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on May 28, 2014
5. Report of Chairman & The President
6. Approval/Ratification of the December 31, 2014 Reports and the Audited Financial Statements
7. Ratification of the Acts of the Board of Directors, of the Executive Committee and of Management
8. Election of Directors
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

For purposes of the meeting, only stockholders of record as of March 27, 2015 are entitled to attend and vote in the said meeting.

Copies of the minutes of Annual Stockholders' Meeting held on May 28, 2014 will be available upon request.

Should you be unable to attend the meeting in person, you may appoint a Proxy by executing the appropriate form. **MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND MANAGEMENT A PROXY.** For validation, however, please return your proxies to the undersigned at the Rockwell Information Center, Rockwell Center, Makati City 1200 not later than May 15, 2015.

For your convenience in registering your attendance, please have some form of identification such as passport, driver's license or voter's I.D.

By order of the Board of Directors

ENRIQUE I. QUIASON
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 27 2015
MARKET REGULATION DEPT.
BY: TIME: 11:55

1. **Check the appropriate box:**

   [ ] Preliminary Information Statement

   [x] Definitive Information Statement

2. **Name of Registrant as specified in its charter:**

   ROCKWELL LAND CORPORATION

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

   MAKATI CITY, PHILIPPINES

4. **SEC Identification Number:** 62893

5. **BIR Tax Identification Code:** 004 710 062 000

6. **Address of principal office:**

   THE GARAGE AT THE ROCKWELL CENTER
   ESTRELLA STREET, MAKATI CITY 1200

7. **Registrant's telephone number, including area code:** (632) 793 0888

8. **Date, time and place of the meeting of security holders:**

   Date : 27 May 2015
   Time : 9:00 am
   Place : The Rockwell Tent, Rockwell Center, Makati City, Metro Manila

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

   06 May 2015

10. **Name of Person Filing the Statement:** Rockwell Land Corporation
By: Enrique I. Quiason, Corporate Secretary

Address and Telephone No.: The Garage at the Rockwell Center, Estrella Street, Makati City 1200, Metro Manila /793-0088

11. **Securities registered pursuant to Section 8 and 12 of the Securities Regulation Code (SRC):**

a. Authorized Capital Stock:

Php 9,000,000,000 divided into 8,890,000,000 Common Shares, each with a par value of Php1.00 and 11,000,000,000 Preferred Shares, with a par value of Php 0.01

b. Number of Shares Outstanding as of 31 March 2015:

6,116,762,198 Common Shares with a par value of Php 1.00 per share
2,750,000,000 Preferred Shares with a par value of Php 0.01 per share

c. Bonds outstanding as of 31 March 2015:

P5,000,000,000 Seven Year and a Quarter Bonds due 2021

12. **Are any or all of these securities listed on the Philippine Stock Exchange?**

Yes [X] No [ ]

6,243,382,344 Common shares, including 126,620,146 Common Shares in treasury

ROCKWELL LAND CORPORATION

INFORMATION REQUIRED IN INFORMATION STATEMENT

This information statement is dated April 23, 2015 and is being furnished to the stockholders of record of Rockwell Land Corporation ("Rockwell Land" or the "Company") as of March 27, 2015 in connection with the Annual Stockholders Meeting.

WE ARE NOT ASKING FOR A PROXY

A. GENERAL INFORMATION

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

Date	:	27 May 2015
Time	:	9:00 am
Place	:	The Rockwell Tent, Rockwell Center, Makati City, Metro Manila

The principal office of the Company is at The Garage at the Rockwell Center, Estrella Street, Makati City, Metro Manila, 1200.

Record Date:

27 March 2015

Approximate date of which the Information Statement is first to be sent to security holders:

06 May 2015

2. Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his share (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences over the outstanding share or of extending or shortening the term of corporate existence; (ii) in case any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (iii) in case of merger or consolidation; and (iv) Investing of funds in another business for the purposes other than the primary purpose.

If, at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. The value shall be determined as of the day prior to the date when the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. Upon payment, he must surrender his certificate of stock. No payment shall be made to any dissenting stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment. Within ten (10) days after demanding payment for his shares, a dissenting stockholder shall submit to the Corporation the certificate(s) of stock representing his shares for notation that the shares are dissenting shares.

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under the Title X of the Corporation Code of the Philippines.

RIGHT TO DIVIDENDS

In accordance with Article IX, Section 1 of the New By-Laws of the Corporation, the Board of Directors shall have power and authority to, among other things, fix and determine, and from time to time vary, the amount to be reserved, over and above its capital stock paid in, as working capital, to meet contingencies, to provide for the equalization of dividends and determine the use and disposition of the working capital and of any amounts so reserved, and to determine whether any what part of the net profits or surplus shall be declared and paid as dividends and fix the times for the declaration and payment of such dividends.

3. Interest of Certain Persons in or Opposition to Matters to be acted upon

(a) No director, officer, or nominee for election as director or associate of any of the foregoing has any substantial interest in any matter to be acted upon, other than election to office.

(b) No director has informed the Company that he intends to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) The Company has 6,116,762,198 Common Shares issued and outstanding as of 31 March 2015. The Company also has 2,750,000,000 voting Preferred Shares issued and outstanding as of 31 March 2015. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) All stockholders of record as of 27 March 2015 are entitled to notice of and to vote at the Company's Stockholders" Meeting.

(c) Section 6 of the Company's By-Laws provides that 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 books of the Company, which vote may be given personally or by attorney or authorized in writing. The instrument authorizing as attorney or proxy to act as such shall be exhibited to the Secretary if he shall so request. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Corporation Law.

Security Ownership of Certain Record and Beneficial Owners and Management

(d) Security Ownership of Certain Record and Beneficial Owners as of 27 March 2015.

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	First Philippine Holdings Corporation is	Filipino	5,296,015,375	86.582%

	4th Floor Benpres Bldg., Exchange Road, Ortigas Center, Pasig City Stockholder	the beneficial and record owner of the shares indicated Proxy – Federico R. Lopez, Chairman of FPH &/or Elpidio L. Ibañez, President of FPH			
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	505,746,865	8.268%
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	Foreign	147,743,476	2.415%
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 Proxy – Federico R. Lopez, Chairman of FPH &/or Elpidio L. Ibañez, President of FPH	Filipino	2,750,000,000	100.0%
TOTAL OUTSTANDING PREFERRED SHARES				2,750,000,000	100.0%

(e) Security Ownership of Management as of 27 March 2015.

To the best of the 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	13,936,680 (direct/indirect)	Filipino	0.2278%
Common Shares	Oscar M. Lopez Director	174,898 (direct/indirect)	Filipino	0.0029%
Common Shares	Federico R. Lopez Vice Chairman	1 (indirect)	Filipino	0.0000%
Common Shares	Nestor J. Padilla Director, President & CEO	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	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, Rockwell Primaries Development Corporation	141,272 (direct/indirect)	Filipino	0.0023%
N.A.	Ellen V. Almodiel Senior Vice-President, Finance and Accounting & CFO	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, Property Management	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, Project Development	None	Filipino	N.A.
N.A.	Antonette O. Marquez Vice President, Project Development	None	Filipino	N.A.
N.A.	Davy T. Tan Vice President, Business Development	None	Filipino	N.A.
N.A.	Divino M. Villanueva, Jr. Vice President, Sales and Marketing	None	Filipino	N.A.

Voting Trust

As of the date of this Information Statement, there are no persons holding more than 5% of the Common Shares of the Company under a voting trust or similar agreement. The original shareholders of Rockwell Land agreed that certain board resolutions of the Company shall be reached by consensus and mutual consent.

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 the Manila Electric Company ("Meralco"), Lopez Holdings Corporation (formerly "Benpres Holdings Corporation"; "Lopez Holdings"), First Philippine Holdings Corporation ("FPH"), or any of their affiliates. The Preferred Shares constitute 31.01% of the Company's outstanding capital stock. As of March 31 2015, FPH's combined ownership of the Company's Preferred Shares and Common Shares was 90.74% of the total outstanding voting capital stock.

5. DIRECTORS AND EXECUTIVE OFFICERS AS OF MARCH 31, 2015

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
Manuel N. Tordesillas (Independent Director)
Vicente R. Ayllón (Independent Director)

The Company's key executive officers are as follows:

Nestor J. Padilla	President & Chief Executive Officer
Miguel Ernesto L. Lopez	Senior Vice-President - Property Management & Treasurer
Valerie Jane Lopez-Soliven	Senior Vice-President - Sales and Marketing
Maria Lourdes Lacson-Pineda	Senior Vice-President – Rockwell Primaries Development Corporation
Ellen V. Almodiel	Senior Vice-President – Finance & Accounting & CFO
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
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 (First Gen) 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.

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.

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.

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.

***Maria Lourdes L. Pineda* -** 45, Filipino

Ms. Pineda has been with the Company for 14 years and is currently Senior Vice-President of Rockwell Primaries Development Corporation. She previously served as Vice-President for Retail, and General Manager of the Power Plant Mall as well as Membership Relations Manager for Rockwell Club. 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 in 2000, 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 – 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. 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).

Attached as Annex A and B are the Certification on the Qualifications and Disqualifications of Independent Directors and Certification that none of the named directors and officers works in the government.

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.

Family Relationships

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.

Involvement in Certain 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.

Certain Relationships and Related Transactions

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 25 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.

Resignation of Directors Arising from Disagreement

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders of the Company because of disagreement with the Company on matters relating to the Company's operations, policies and practices.

Nominees for Election of Directors

The Company received nominations for the following as members of the Board of Directors for the ensuing year (2015-2016):

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
Oscar J. Hilado (Independent Director)
Vicente R. Ayllón (Independent Director)

Oscar J. Hilado – 77, Filipino

Mr. Hilado is an independent director of FPH since 1996. He is also the Chairman of the Philippine Investment Management (PHINMA), Inc. and Holcim Phils., Inc. He is currently Chairman of the Board and Chairman of the Executive Committee of Phinma Corporation, Vice Chairman of Trans Asia Power Generation Corp.; Chairman of Trans Asia Oil & Energy Development Corp. and Chairman of Union Galvasteel Corp. He graduated with Highest Honors and with a Gold Medal for General Excellence and a Bachelor of Science in Commerce Degree from De La Salle College (Bacolod). He pursued his Degree of Masters in Business Administration at the Harvard Graduate School of Business Administration from 1960-1962. Mr. Hilado is a Certified Public Accountant. He has been part of the Lopez Group in a directorship capacity within the last five (5) years. Mr. Hilado is likewise an independent director of A. Soriano Corporation and Philex Mining Corporation. He is also a Director of Manila Cordage Company, Seven Seas Resorts & Leisure, Inc.; and Beacon Property Ventures, Inc.

Independent Directors of the Board

Messrs. Ayllón and Hilado are independent directors. The Company's two independent directors have one (1) share of the stock of the Company each in their respective names, are both college graduates and possess integrity, probity and assiduousness. They are persons who, apart from their fees as directors of the Company, are independent of management and free from any business or other relationship which could, or could reasonably, be perceived to materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company. Messrs. Ayllón and Hilado: (i) are not directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last five (5) years; (v) are not retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through their firms; and (vi) have not engaged and do not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arm's length and are immaterial or insignificant. They do not possess any of the disqualifications enumerated under Article 3E of the Revised Code of Corporate Governance and SEC Memorandum Circular No. 6, Series of 2009.

All the directors, excluding the independent directors, were nominated by FPH. The independent directors were nominated by Mr. Jonathan P. Co, who has no relationship with the nominees nor the Company.

The independent directors are independent of management and free from any business or other relationship with Rockwell Land Corporation.

Nomination and Election Committee

The Board created a Nomination and Election Committee who reviews the qualifications of all persons nominated to the Board and other appointments that require Board approval and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Chairman of the Nominations and Elections Committee is Mr. Manuel M. Lopez, and its other members are Messrs. Oscar M. Lopez, Mr. Eugenio Lopez III and Mr. Vicente R. Ayllón. The Nominations and Elections Committee passed upon the qualifications of the directors.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the stockholders of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

6. 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 P15,000.00 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	2014	P51.8 million	P 4.2 million	P111.8 thousand

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, Rockwell Primaries Development Corporation) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)				
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 CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, Rockwell Primaries Development Corporation) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	2015 (estimate)	P57.0 million	P 4.6 million	P423.5 thousand
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

There are no existing employment contracts with executive officers. There are no arrangements for compensation to be received from the Company in the event of a resignation, retirement or termination of the executive officer's employment or a change of control of the Company.

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 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 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. On December 6, 2012, the SEC authorized the ESOP. The ESOP was implemented in January 3, 2013.

The outstanding options as of 31 March 2015 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,	32,127,000	various	P1.46	various

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)				
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.

7. Independent Public Accountants

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 book in 2014. The Company has complied with SRC Rule 68, paragraph 3(b)(iv) re: five year rotation requirement for the signing partner.

SGV & Co. is being recommended for re-election at the scheduled Annual Stockholders' Meeting on 27 May 2015.

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 L. Lopez, Mr. Manuel N. Tordesillas and Mr. Francis Giles B. Puno as members.

8. Compensation Plans

There are no matters or actions to be taken up in the meeting with respect to any compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Authorization or Issuance of Securities other than for Exchange

No action is to be taken with respect to the authorization or issuance of securities other than for exchange.

10. Modification or Exchange of Securities

No action is to be taken with respect to the modification or exchange of the Company's securities

11. Financial and other information

The Company's consolidated financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited by SGV & Co., in accordance with Philippine Standards on Auditing.

The Management Discussion and Analysis of the Financial Condition and Results of Operation for the last three fiscal years required under Part IV (c) of Rule 48 are attached hereto as Annex C.

The Statement of Management's Responsibility for Financial Statements as of 31 December 2014 as well as the Audited Financial Statements prepared in accordance with SRC rule 68, as amended, and Rule 68.1 are attached hereto as Annex D.

12. Mergers, Consolidations, Acquisitions and Similar Measures

No action is to be taken with respect to the acquisition or disposition of any property.

13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property

14. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

D. Other Matters

15. Action with Respect to Reports

The following will be submitted for approval by the stockholders Approval of the Minutes of the Annual Meeting of the Stockholders to be held on 27 May 2015:

(a) Approval of the Minutes of the Annual Stockholders' Meeting held on May 28, 2014

(b) Approval/Ratification of the December 31, 2014 Reports and the Audited Financial Statements

16. Matters not required to be submitted

No action is to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

17. Amendment of Charter, Bylaws or Other Documents

No action is to be taken with respect to Amendment of Charter, Bylaws or Other Documents to a vote of security holders.

18. Other Proposed Action

(a) Ratification of the Acts of the Board of Directors, of the Executive Committee and of Management for the period covering January 1, 2014 through December 31, 2014 adopted in the ordinary course of business.

The resolutions of the Board were duly adopted in the normal course of trade or business and involve –

- i) Approval of contracts, projects, investments, and other acts which have been covered by disclosures to the PSE and the SEC;
- ii) Treasury matters, including borrowings, opening of accounts and bank transactions; and
- iii) Housekeeping matters, including the appointment of signatories and amendments thereof.

(b) Election of the members of the Board, including the independent directors, for the ensuing year.

(c) Election of the external auditor and fixing its remuneration.

19. Voting Procedures

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.

20. Corporate Governance

Rockwell Land adopted its Manual on Corporate Governance (the "Manual") on May 2, 2012. The Company, its directors, officers and employees complied with the leading practices and principles on good governance as embodied in the Manual of Corporate Governance.

Rockwell Land continues to abide by all the governance regulatory requirements. Rockwell Land submitted to the Philippine Stock Exchange its responses to the Disclosure Template on Corporate Governance Guidelines for Listed Companies last March 31, 2015, and submitted as an attachment to the 17-A to SEC the company's Annual Corporate Governance Report last April 15, 2015.

Rockwell Land's current board composition serves to ensure independent, impartial and fair discussions having two independents, seven non-executive and two executive members. The Board shall hold regular meetings and may convene for special meetings as may be required by business exigencies in accordance with the provisions of the By-Laws.

Pursuant to the Manual for Corporate Governance, the Board has formed committees: Audit Committee, Nomination and Election Committee and Risk Management Committee.

It bears mention that the Audit Committee is chaired by an independent director. The Nomination and Election Committee and Risk Management Committee are composed of four members of the board, one of which is an independent director.

Rockwell Land also has an Internal Audit Group ("IAG") composed of Certified Public Accountants. The IAG reports to the Board through the Audit Committee. The IAG provides assurance and consulting functions for Rockwell Land in the areas of internal control, corporate governance and risk management. It conducts its internal audit activities in accordance with the International Standards for Professional Practice of Internal Auditing (ISPPIA) under the International Professional Practices Framework

Apart from mandated Manual, Rockwell Land has also adopted a Corporate Code of Discipline. The Code embodies the principles and guidelines for the conduct of the business of the company and in dealing with its stakeholders.

Rockwell Land has sought to keep communications open with its stockholders and encourages them to participate in the meeting of shareholders either in person or by proxy. Shareholders are free to write to the Nomination and Election Committee should they have recommendations and/or nominations for board directorship.

21. Brief description of the general nature and scope of the business of the registrant and its subsidiaries

Rockwell Land is a premier property developer for residential and commercial projects that cater to the high-end and upper-mid markets 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 March 31, 2015, 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 February 19, 1999 to establish, own, manage, operate and carry on the business of maintaining and cleaning buildings and other facilities. To date, RIPSI manages 8 properties. These properties are in Rockwell Center as well in The Grove in Ortigas.

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. Primaries commenced operations in mid- 2013 with the launch of its first project, 53 Benitez, located in Quezon City.

Stonewell Property Development Corporation (SPDC), a wholly owned subsidiary of the Company, was incorporated in September 2012 to develop socialized housing for the Parent Company. Another wholly owned subsidiary, Primaries Properties Sales Specialist Inc. (PPSSI), was incorporated in November 2012 primarily to act as the sales and marketing arm of Primaries.

Rockwell Hotels & Leisure Management Corporation (RHLMC), a wholly owned subsidiary of the Company, was incorporated in June 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 financial statements of these wholly-owned subsidiaries were consolidated in the Company's attached Audited Financial Statements.

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.

22. Market Price and Dividends

(1) Market Information

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

(b) STOCK PRICES

	Common	
	High	Low
2013		
First Quarter………………………	2.96	2.90
Second Quarter…………………..	2.40	2.24
Third Quarter……………………..	1.88	1.82
Fourth Quarter……………………	1.50	1.48

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
2015		
First Quarter	1.95	1.72

ROCK closed at P1.76 per share as of April 23, 2015.

23. Holders

(a) There are 49,270 Common Stockholders as of 27 March 2015.
(b) Top 20 Stockholders of Common Shares as of 27 March 2015.

	Name	No. of Shares Held	% to Total
1	FIRST PHILIPPINE HOLDINGS CORPORATION	5,296,015,375	86.5820%
2	PCD NOMINEE CORPORATION (FILIPINO)	505,746,865	8.2682%
3	PCD NOMINEE CORPORATION (FOREIGN)	147,743,476	2.4154%
4	NESTOR J. PADILLA	21,000,001	0.3433%
5	MANUEL M. LOPEZ &/OR MA. TERESA L. LOPEZ	11,131,293	0.1820%
6	MANUEL MORENO LOPEZ	2,805,387	0.0459%
7	RAUL JOSEPH CONCEPCION &/OR RAUL ANTHONY CONCEPCION &/OR RAUL PATRICK CONCEPCION &/OR RAUL STEPHEN CONCEPCION &/OR RICA C. ARANETA	2,182,018	0.0357%
8	LUCIO W. YAN	1,136,324	0.0186%
9	CHARLOTTE CUA CHENG	886,422	0.0145%
10	AVESCO MARKETING CORPORATION	801,574	0.0131%
11	B. P. INSURANCE AGENCY, INC.	792,139	0.0130%
12	MAKATI SUPERMARKET CORPORATION	677,238	0.0111%
13	CROSLO HOLDINGS CORPORATION	584,297	0.0096%
14	SIMEON Y. TAN	458,804	0.0075%
15	JOSE IGNACIO A. CARLOS	455,667	0.0074%
16	LOZANO A. TAN	422,730	0.0069%
17	VIRGILIO CACHERO FLORDELIZA	398,550	0.0065%
18	ANTONINO T. AQUINO &/OR EVELINA S. AQUINO	377,231	0.0062%
19	BP INSURANCE AGENCY, INC.	328,969	0.0054%
20	RAUL JOSEPH CONCEPCION	316,854	0.0052%

Top 10 holders of PCD Nominee Corporation (Filipino) as of 27 March 2015.

	Name	No. of Shares Held	% to Total
1	First Orient Securities, Inc.	165,211,564	2.7010%
2	The HongKong and Shanghai Banking Corp. Ltd. – Clients' Acct.	66,881,000	1.0934%
3	Deutsche Bank Manila-Clients A/C	42,325,000	0.6920%
4	COL Financial Group, Inc.	36,605,211	0.5984%
5	Summit Securities, Inc.	32,404,879	0.5298%
6	Banco De Oro – Trust Banking Group	30,000,000	0.4905%
7	Abacus Securities Corporation	27,011,636	0.4416%
8	PCCI Securities Brokers Corp.	24,486,018	0.4003%
9	BPI Securities Corporation	20,595,666	0.3367%
10	SB Equities, Inc.	14,496,295	0.2370%

Stockholders of Preferred Shares as of March 27, 2015:

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

Equity Ownership of Foreigners on a per class basis as of March 27, 2015:

Type of Share	Number of Foreign Shares	Foreign Ownership Level
Common Shares	147,754,360	2.4156%
Preferred Shares	0	0%

24. Dividends

(a) Dividend History

Year	Common	Preferred
2014	₽ 0.0459 per share	₽ 0.0013 per share
2013	₽ 0.0368 per share	
2012	-	₽ 0.0015 per share
2011	-	-
2009	₽ 0.032 per share	

(b) Dividend Policy

Subject to the preferential dividend right of the Preferred Shares, each holder of a Common Share is entitled to such dividends.

The Board of Directors during the organizational meeting on May 29, 2013 have adopted a dividend policy of declaring as dividends 20% of prior year's Net Income after Tax (NIAT).

The Company's amended by-laws provide that the Board of Directors shall have the power and authority to fix and determine and from time to time vary, the amount to be reserved as working capital, to meet contingencies, to provide for the utilization of dividends and/or for other purposes, to such extent, in such manner and upon such terms as the Board of Directors shall deem expedient in order to determine the part of the nets profits or surplus which shall be declared and paid as dividends; and generally to fix and determine the use and disposition of any net profits or surplus.

The Preferred Shares currently outstanding will earn a cumulative dividend of 6% per annum. The Preferred Shares do not participate in dividends declared in relation to Common Shares.

(c) Restriction on the Payment of Dividends under the Notes Facility Agreement

Under the Fixed Rate Corporate Notes Facility Agreement dated November 27, 2012 among Rockwell Land, First Metro Investment Corporation and PNB Capital & Investment Corporation as Joint Lead Arrangers, Metropolitan Bank & Trust Company – Trust Banking Group as Facility Agent and the Philippine National Bank – Trust Banking Group as the Paying Agents (the "Notes Facility Agreement"), the Company, without the written consent of the Majority Noteholders (as this term is defined in the Notes Facility Agreement), shall not declare, pay or distribute dividends to its stockholders (other than dividends payable solely in shares of its capital stock) if payment of any sum due is in arrears or such declaration, payment or distribution shall result in a violation of the Current Ratio (as this term is defined in the Notes Facility Agreement) of 1:1 and the consolidated Debt-to-Equity Ratio (as this term is defined in the Notes Facility Agreement) not exceeding 2.0x.

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

(a) Recent Sales of Unregistered Securities

ISSUANCE OF SECURITIES AND RECENT SALES OF EXEMPT SECURITIES –

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 P 6.0 billion to P 9.0 billion divided into 8,890,000,000 Common shares with a par value of P1.00 each and 11,000,000,000 Preferred shares with a par value of P0.01 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.

(b) Exempt Transactions and Securities

- On November 26, 2012, The Company entered into a Notes Facility Agreement with a financial institution whereby the company was granted an unsecured credit line facility amounting to P10.0 billion to refinance the existing P4.0 billion loan and to finance land acquisitions and capital expenditures. On January 7, 2013, the Company drew the first tranche amounting to P4.0 billion. Subsequent drawdowns on the loan facility were: P2.0 billion in March 7, 2013, P1.0 billion in May 27, 2013, P1.5 billion in July 26, 2013 and the last P1.5 billion in August 27, 2013. The loan is payable in 22 quarterly installment commencing on October 7, 2014, and ending on January 7, 2020.

CERTIFICATION

Upon written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of the Company's Annual Report on SEC Form 17-A free of charge. Any written request for a copy shall be addressed to the following:

Ellen V. Almodiel, Chief Finance Officer
Rockwell Land Corporation
Rockwell Information Center
Rockwell Center, Makati City 1200

At the discretion of management, a charge may be made for exhibits, provided that such charge is limited to reasonable expenses incurred by the Company in furnishing such exhibits.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 24 April 2015.

By:

____

Enrique I. Quiason
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VICENTE R. AYLLON,** of legal age and a resident of 1299 Gladiola Street, Dasmariñas Village, Makati City, after having been duly sworn in accordance with law, hereby depose and state:

1. I have been nominated as an Independent Director of Rockwell Land Corporation;

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
The Insular Life Assurance Co., Ltd.	Chairman of the Board	January 1995 to Present
The Insular Life Assurance Co., Ltd.	Chief Executive Officer	January 2004 to Present
The Insular Life Assurance Co., Ltd.	Chairman of the EXCOM	August 1987 to Present
Rockwell Land Corporation	Independent Director	August 2012 to Present
Insular Life Property Holdings, Inc.	Chairman of the Board & CEO	Year to Present
Insular Investment Corporation	Chairman of the Board & CEO	Year to Present
Insular Health Care	Chairman of the Board	Year to Present
Insular Foundation	Chairman of the Board	Year to Present
Insular Life Management & Development Corp.	Chairman of the Board	Year to Present
Home Credit Mutual Building & Loan Association	Chairman of the Board	Year to Present
Unionbank of the Philippines	Vice Chairman of the Board	Year to Present
Mapfre Insular Insurance Corporation	Vice Chairman of the Board	Year to Present
Pilipinas Shell Petroleum Corporation	Director	Year to Present
Shell Co. of the Philippines, Ltd.	Director	Year to Present
The Palms Country Club	Director	Year to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Rockwell Land Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code;

5. I shall inform the corporate secretary of Rockwell Land Corporation of any changes in the abovementioned information within five days from its occurrence.

MAR 12 2015

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of March, 2015 at MAKATI CITY, Metro Manila.

VRAyllon

VICENTE R. AYLLON
Affiant

MAR 12 2015

Subscribed and sworn to before me on this ___ day of March, 2015 at MAKATI CITY, Metro Manila affiant exhibiting to me his Passport No. EB6270950 issued on 06 September 2012 at DFA-Manila, Metro Manila.

Doc. No. 488;
Page No. 99;
Book No. XXIX;

MA. VICTORIA O. POLLISCO
Notary Public
For and in Makati Until Dec. 31, 2016
Roll of Attorneys No. 36149

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MANUEL N. TORDESILLAS,** of legal age and a resident of 30-A Luna Gardens, Residential Road, Rockwell Center Makati City, after having been duly sworn in accordance with law, hereby depose and state:

1. I have been nominated as an Independent Director of Rockwell Land Corporation;

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

Company/Organization	Position/Relationship	Period of Service
Maybank Kim Eng Group Executive Committee	Deputy Chairman	2012 to Present
Rockwell Land Corporation	Independent Director	2012 to Present
Landco Pacific Corporation	Nominee Director	2012 to Present
Asian Life and General Assurance Corporation	Director and Vice Chairman	2003 to Present
ATR Kim Eng Land	Chairman	2002 to Present
ATR Holdings, Inc.	President, Chief Executive Officer & Director	1996 to Present
Maybank ATR Kim Eng Capital Partners, Inc.	President, Chief Executive Officer & Director	1995 to Present
ATR Kim Eng AMG Holdings, Inc.	President, Chief Executive Officer & Director	1995 to Present
Tullett Prebon Philippines	Director	1995 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Rockwell Land Corporation, as provided for under Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code;

5. I shall inform the corporate secretary of Rockwell Land Corporation of any changes in the abovementioned information within five days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of MAR 11 2015, 2015 at MAKATI CITY, Metro Manila.

MANUEL N. TORDESILLAS
Affiant

Subscribed and sworn to before me on this ___ day of MAR 11 2015, 2015 at MAKATI CITY Metro Manila affiant exhibiting to me his Passport No. EC0303518 issued on 14 February 2014 at DFA-Manila.

Notary Public
CECILIA M. TUAZON
Notary Public for Makati City
Until December 31, 2016
Roll No. 58750 (P.313, Bk. 24)
IBP No. 977541; 11/24/14; Manila IV
PTR No. 4760154; 1/9/15; Makati
MCLE Compliance No. IV-0011621
The Garage at Rockwell, Estrella St.,

Doc. No. 47;
Page No. 11;
Book No. XIII;
Series of 2015.

ROCKWELL LAND

April 22, 2015

THE SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City

Attention: **VICENTE GRACIANO P. FELIZMENIO, JR.**
Markets and Securities Regulation Department
Director

Re: Certificate of Independent Director– Oscar J. Hilado

Dear Director Felizmenio,

We write in connection with the Information Statement (20-IS) of Rockwell Land Corporation (the "Corporation") in connection with its Annual Stockholders Meeting to be held on May 27, 2015.

We undertake to submit the Certification of Independent Director of Mr. Oscar J. Hilado after the Annual Stockholders Meeting.

Mr. Hilado is a new Director and will be elected only at the annual stockholders meeting.

Thank you for your usual prompt and favorable action on our request.

Very truly yours,

Enrique I. Quiason
Corporate Secretary

Rockwell Information Center, Rockwell Center, Makati, Philippines Phone (632) 793-0088 Fax (632) 403-0109

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, **ENRIQUE I. QUIASON**, Filipino, of legal age, the duly elected and incumbent Corporate Secretary of **ROCKWELL LAND CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, DO HEREBY CERTIFY, That:

I am familiar with the facts herein certified and duly authorized to certify the same;

None of the Directors and Independent Directors are elected Public Servants;

To the best of the Corporation's knowledge, information and belief, none of the Directors and Independent Directors and/or Officers of the Corporation are appointed and/or employees in any government agency except as follows:

Mr. Manuel M. Lopez is currently the Philippine Ambassador to Japan

To the best of the Corporation's knowledge, information and belief, "a public officer may generally be allowed to hold an office or employment in a private enterprise" (DOJ Opinion No. 40, Series of 2002). Hence, there is no bar for the aforementioned individual from holding office as director or officer. In any event, with respect to Mr. Manuel M. Lopez, attached is the consent from the Secretary of the Dept. of Foreign Affairs.

WITNESS THE SIGNATURE of the undersigned this 21st day of April, 2015 at Pasig City.

ENRIQUE I. QUIASON
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 21st day of April, 2015, affiant exhibiting to me his Community Tax Certificate No. 34543957 issued on January 21, 2015 at Pasig City with SSS No. 03-8352363-1 as his competent evidence of identity.

Doc. No. 046;
Page No. 11;
Book No. II;
Series of 2015.

JOSE LUIS Z. ALILING
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG, TAGUIG AND
SAN JUAN AND IN MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2015
PTR NO 0378670, 1/8/15, PASIG CITY / IBP NO. 979169; 1/5/15; RSM
ROLL NO. 61551/APPOINTMENT NO. 248 (2014-2015)
MCLE COMPLIANCE NO. IV-0016982; 4/15/13
21/F Robinsons-Equitable Tower, 4 ADB Ave. cor. Poveda St.
1605 Ortigas Center, Pasig City

Kagawaran ng Ugnayang Panlabas

Department of Foreign Affairs

April 11, 2014

Ambassador Manuel M. Lopez
1-1-1 Fujimi, Chiyoda-ku,
Tokyo, 102-0071
Japan

Dear Amb. Lopez,

This is to formally re-confirm that the undersigned has no objection and hereby reiterates his permission allowing you to continue with your directorship(s) with and/or corporate positions in Philippine companies for as long as this does not impede the effective discharge of your duties as Ambassador.

Very truly yours,

ALBERT F. DEL ROSARIO
Secretary of Foreign Affairs

ANNEX C - 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 2012-2014.

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.*

<u>Review of 2014 versus 2013</u>

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.

The Company raised P5.0 billion from Bonds issuance last November 2013. After deducting the related expenses, the Net proceeds amounted to P4.9 billion (please see schedule below). Net proceeds will be used to partially finance the Company's capital expenditures for the last quarter of 2013 up to end 2015 primarily for the Proscenium project. As of the end of 2014, the net proceeds amounted to P3.9 billion.

	Estimate per Prospectus	**Actual**
Proceeds	**5,000,000,000**	**5,000,000,000**
Expense:		
Documentary Stamp Tax	25,000,000	25,000,000
SEC Registration Fee and Legal Research	1,830,625	1,830,625
SEC Publication	360,000	52,920
Underwriting Fee	15,000,000	15,000,000
Legal and Audit Fee	7,000,000	6,428,771
Credit Rating Fee	-	2,000,000
Listing Application Fee	100,000	100,000
Printing Cost	575,000	120,530
Trustee Fees	50,000	50,000
Registry and Paying Agency Fees	75,000	43,700
TOTAL	**4,950,009,375**	**4,949,373,454**

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

Statement of Comprehensive Income Items – 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.

Balance Sheet items – 2013 vs. 2012

₱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.

Review of 2012 versus 2011

Total revenues amounting to ₱6.8 billion grew by 9% vs. last year's ₱6.3 billion. About 82% of the revenues came from sale of condominium units, including accretion of interest income, amounting to ₱5.6 billion. Reservation sales reached ₱9.2 billion achieving a substantial growth of 87% from previous year's ₱ 4.9 billion. Half of the Reservation Sales mainly came from new projects 205 Santolan and Towers Kirov and Sakura of Proscenium.

Total EBITDA amounted to ₱2.1 billion, which is 28% higher than last year's ₱1.6 billion. This year's growth was driven by Residential Development with growth of 45% vs. last year. Total EBITDA margin registered at 31% of total revenues in 2012, higher than 2011's 26% but slightly up from 2010's 30%. The growth was due to lower costs of real estate and selling for completed projects One Rockwell and The Grove Phase 1. EBITDA margin is derived by dividing EBITDA amount to consolidated revenues or segment revenues, whichever is used or specified. Contributions to total EBITDA from residential development and commercial leasing are currently at 61% and 39%, respectively.

Resulting net income after tax amounts to ₱1.1 billion, up by 23% from previous year's net income of ₱0.9 billion.

The net income after tax margin is at 16% of total revenues vs. previous year's 15%. The net impact of higher cost of real estate and selling ratio in 2011 was reduced by a lower tax provision in 2011. The effective income tax rate is lower than the statutory rate of 30% in 2012 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 86% of the total revenues of 2012. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱5.6 billion. The 11% growth in this segment's revenue was primarily attributable to higher sales and percentage of completion of Edades and the start of recognition of 205 Santolan in June 2012 and Towers C to F of The Grove in November 2012, despite the drop in revenue contribution from One Rockwell's final completion in 2011 and from higher accomplishment from Towers A&B of The Grove in 2011 as it runs up to its final completion the year after.

Sales take up grew substantially by 87% to ₱9.2 billion from last year's ₱4.9 billion; with half of the sales coming from newly launched projects Kirov and Sakura Towers of Proscenium and 205 Santolan. The Company expects strong reservation sales to continue in 2013 with the launch of the third tower of Proscenium and the launch of the properties in Quezon City and San Juan City, which were both acquired in 2012.

EBITDA from this segment amounted to ₱1.3 billion and contributed 61% to the total EBITDA of ₱2.1billion. EBITDA grew 46% due mainly from higher sales and construction completion of the ongoing projects and the lower cost of real estate ratio to total revenues from Towers A&B of The Grove in 2012 compared to last year, as costs from the latter reflects actual costs as it nears completion. Similarly in 2012, lower costs were used for 205 Santolan, Edades and One Rockwell projects to reflect current prices.

Commercial Leasing revenues amount to ₱965.7 million, which is 3% higher than last year's revenues of ₱941.5 million. This segment contributes 14% 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 ₱760.3 million and accounts for 11% of Total revenues. About 90% comes from retail leasing amounting to ₱688.2 million. It grew by 5% vs. last year's revenues of ₱657.9 million. This mainly resulted from rental escalation and the replacement of underperforming stores with new and better performing tenants.. Same stores sales growth was at 5% in 2012.

- Cinema Operations amounted to P205.5 million and accounting for 3% of the total revenues. It slightly grew by 1% from last year's ₱203.2 million. This was driven by higher occupancy in 3D and 2D titles compared to last year.

- Office Leasing, operated under the Rockwell-Meralco BPO Venture, generated gross revenues of ₱289.7 million, which is 12% higher than last year's ₱258.1 million due to higher average occupancy of the buildings from 90% to 97%.. At its 80% share, the Company generated revenues of ₱231.8 million and share in net income of ₱98.47 million. To reiterate, only the ₱98.47 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 ₱810.7 million, which accounts for 39% of the total EBITDA of ₱2.1 billion. EBITDA grew by 6% from last year's EBITDA of ₱764.8 million. Margin to total segment revenues improved to 84% from last year's 81% as a result of the significant improvement in the office segment of the company. The total revenues used as basis for the EBITDA margin excludes gross revenues from the office leasing or RBC operations as the latter is reported separately under "Share in Net Losses (Income) of JV". By 2012, the Company reported higher revenues from the operations of the RBC. Share in net income in the joint venture contributes 5% to the Company's total EBITDA.

Costs and Expenses

Cost of real estate and selling amounted to ₱4.3 billion in 2012. The percentage to total revenues is at 62%, down from last year's 67% ratio. The lower cost of real estate and selling ratio was due to higher costs of real estate reported in 2011.

General and administrative expenses (G&A) amounted to ₱871.7 million and represents 13% of the total revenues, an increase from last years' ratio of 12%. The level of expenses grew by 18% vs. last year's ₱739.4 million. Higher G&A expenses were reported for manpower costs and taxes and licenses. Manpower costs increased due to increase in headcount to 173 from 154 regular employees for the Company's new projects. Taxes and Licenses grew by 41% due to taxes relating to the Mortgage Trust Indenture (MTI) agreement to secure the ₱4.0 billion corporate notes, and higher business permits.

Interest Expense amounted to ₱266.2 million, which is 38% higher than last year's ₱193.6 million. The increase was mainly due to the additional ₱1.5 billion debt secured to partially fund land acquisition. Average interest rate, however, improved significantly with the 2^{nd} tranche of corporate notes of ₱1.5 billion drawn on April 2012 with an annual fixed rate of 5.85% vs. the drawdown in April 2011 with interest rate of 7.33%. By the end of 2012, total debt amounting to ₱4.4 billion has an average interest rate of 6.57%, lower than last year's 7.1%.

Share in Net Losses (Income) of JV recorded a net income of ₱98.5million. This is a 23% improvement from last year's net income of ₱79.9 million. The improvement was mainly due to the level of average occupancy which increased from 90% to 97% in 2012. 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 ₱437.6 million, which is 50% higher than last year's provision of ₱291.0 million. The increase in effective tax rate is primarily attributable to higher taxable income from residential development in 2012.

Project and capital expenditures

The Company spent a total of ₱7.9 billion for project and capital expenditures in 2012, which is 79% higher than same period last year. The increase was primarily on development costs of ongoing projects.

FINANCIAL CONDITION

Total Assets as of December 31, 2012 amounted to ₱20.7 billion, which increased by ₱2.7 billion from last year's amount of ₱18.0 billion. Assets mainly grew from land acquisitions, recognition of receivables from ongoing projects and higher development costs. Land acquisitions were partially funded by a long-term loan facility drawn in April 2011. Bridge financing were availed starting August 2012 to fund development costs for Edades and Towers A&B of The Grove, as the latter approaches final completion by end of year. Other funding requirements were funded internally by revenue collections from commercial leasing.

Current ratio as of December 31, 2012 improved to 2.88x from 2.78x the previous year. Likewise, Net debt to equity ratio increased to 0.39x in 2012 from 0.26x in 2011.

Other Matters

The Company acquired a 3.1 hectare property in Cebu City in September 2012 and in Santo Tomas Batangas last November 2012. The latter was acquired to meet the requirements of the Economic and Socialized Housing Law found under Batas Pambansa 220. The Cebu property will be launched in 2013, together with the properties acquired in Quezon City and San Juan City.

The Company will launch its second brand, Primaries, by first the half of 2013. The 0.8 hectare property in Quezon City will become its first project.

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

<u>Statement of Comprehensive Income Items</u> – 2012 vs. 2011

9% increase in Sale of Condominium Units
Mainly due to higher sales and construction completion from Edades and the start of revenue recognition for projects, 205 Santolan in Quezon City and Towers C to F of The Grove in Pasig City.

24% increase in Interest Income
Mainly due to higher interest income accretion arising from residential development projects whose revenue recognition only started in 2012.

18% increase in General and Administrative Expenses
Mainly due to increased manpower expenses, taxes and licenses and depreciation of The Grove's Information Center.

8% decrease in Selling Expenses
Mainly due to lower amortization of prepaid marketing and commission expenses.

38% increase in Interest Expense
Primarily due to additional loans of ₱1.5 billion availed in April 2012 to fund land acquisitions.

23% increase in Share in Net Income of Joint Venture
Mainly due to positive operating results from RBC, arising from higher average occupancy level which increased from 90% to 97% in 2012 and higher rental rates negotiated for new tenants in 2012.

7% increase in Foreign Exchange Gain
Resulted from the Company's effort to maintain minimal dollar positions throughout the year therefore reversing the previous year's recognized losses. The Company had fully collected all of its dollar-denominated receivables from sale of condominium units during the early part of 2011.

100% increase in Gain on sale of property and equipment
Mainly attributable to sale of a condominium unit classified as PPE.

265% increase in Other Comprehensive Income
Mainly due to remeasurement of gains (loss) on employee benefits based on Revised PAS 19.

<u>Balance Sheet items – 2012 vs. 2011</u>

13% increase in Cash and Cash Equivalents
Primarily because of collection of final payment from the completion of Towers A&B of The Grove project.

36% increase in Trade and Other Receivable
The increase was attributable to additional receivables recognized from Edades and 205 Santolan, reduced by the collection of receivables from Towers A&B of The Grove,

49% decrease in Condominium Units for Sale
Primarily due to additional sale of One Rockwell units in 2012

21% increase in Land and Development Cost
Mostly due to project costs incurred for ongoing projects (Edades, The Grove Phases 2 & 3 and 205 Santolan), including the acquisition of properties in cities of Cebu, Quezon and San Juan.

28% increase in Advances to Contractors
Primarily due to payment for the ongoing construction of residential projects and Lopez Tower.

14% increase in Other current assets
Primarily due to increase in other prepaid selling expenses for The Grove Phase 3, 205 Santolan and The Proscenium.

10% increase in Property, Plant & Equipment
Mainly due to the expansion of the Company's office space to provide for new projects, The Primaries, and the reclassification of the project costs of the information Center and retail areas located at The Grove in Pasig City.

43% increase in Available for Sale Investments
Due to increase in the market value per share of Manila Polo Club.

19% decrease in Other Noncurrent Assets
Mainly due to amortization of Deferred Input Vat related to partial payment of The Proscenium land.

23% increase in Trade and Other Payables
Mainly attributable to accrual of development costs of The Grove Phase 1 & 2, 205 Santolan and Edades projects.

45% increase in Current Portion of Interest Bearing Loan
The increase in the current portion of interest bearing loan are from the bridge loan facilities due in the first quarter of 2013.

56% increase in Non-current Portion of Interest Bearing Loan
The increase is mainly due to the modification of the existing P4B loan which extended the repayment terms of the existing loan.

225% increase in Deferred Tax Liabilities
Primarily due to increase in revenue recognition of Edades, The Grove 2 and 3 and 205 Santolan.

114% increase in Pension Liability and other employee benefits
Mainly due to accrual of pension cost and recognition of actuarial loss.

22% 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 2013.

10% decrease in Deposits and other liabilities
Mainly due to reclassification of Retail Security Deposits and Deferred Lease Income under current liabilities (under Trade & Other Payables). Security deposits and deferred lease income are advanced payment of retail tenants which will be refunded or applied to rentals at the end of their lease contract.

45% increase in Retained Earnings
Due to net income after tax of ₱1.12 billion, net of dividends paid to preferred shares of P4.1 million.

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.

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
RECEIVED
CRISTINA C. DE GUZMAN

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.

SGV
Building a better
working world

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

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

APR 1 5 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)

BUREAU OF INTERNAL REVENUE
Date
RECEIVED
CRISTINA C. DE GUZMAN

	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 15 2015 SDS
RECEIVED
CRISTINA C. DE GUZMAN

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.

<u>Standards, Interpretations and Amendments to Existing Standards Not Yet Effective</u>
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

Corporate Notes

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

Real Estate

	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.

Contingencies

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.

Credit Risk

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 nor Impaired	Past Due but not Impaired: Less than 30 Days	31 to 60 Days	61 to 90 Days	More than 90 Days	Impaired 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.

<u>Liquidity Risk</u>
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	✓		

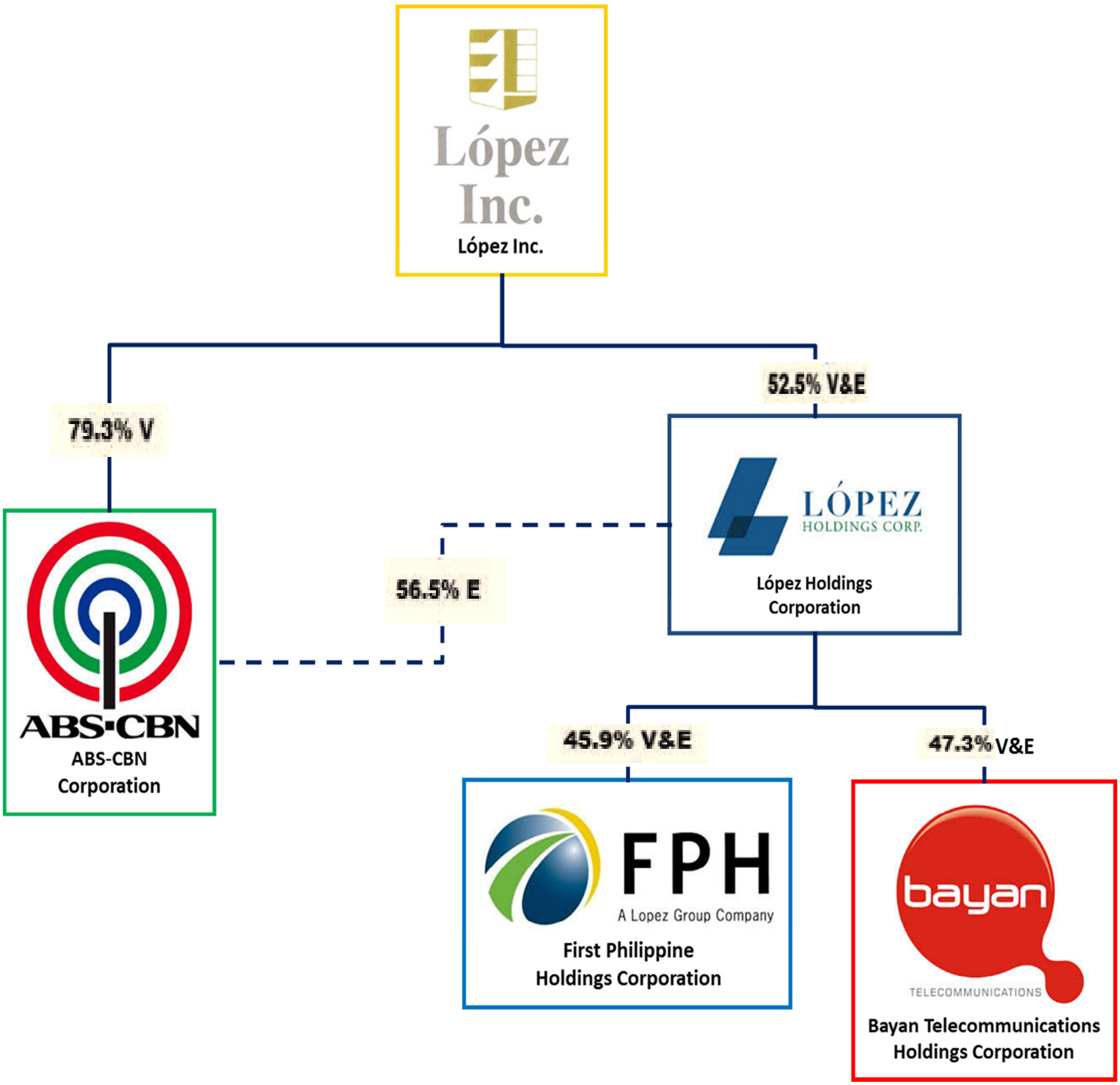
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	Not early adopted		
PAS 37	Provisions, Contingent Liabilities 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			✓

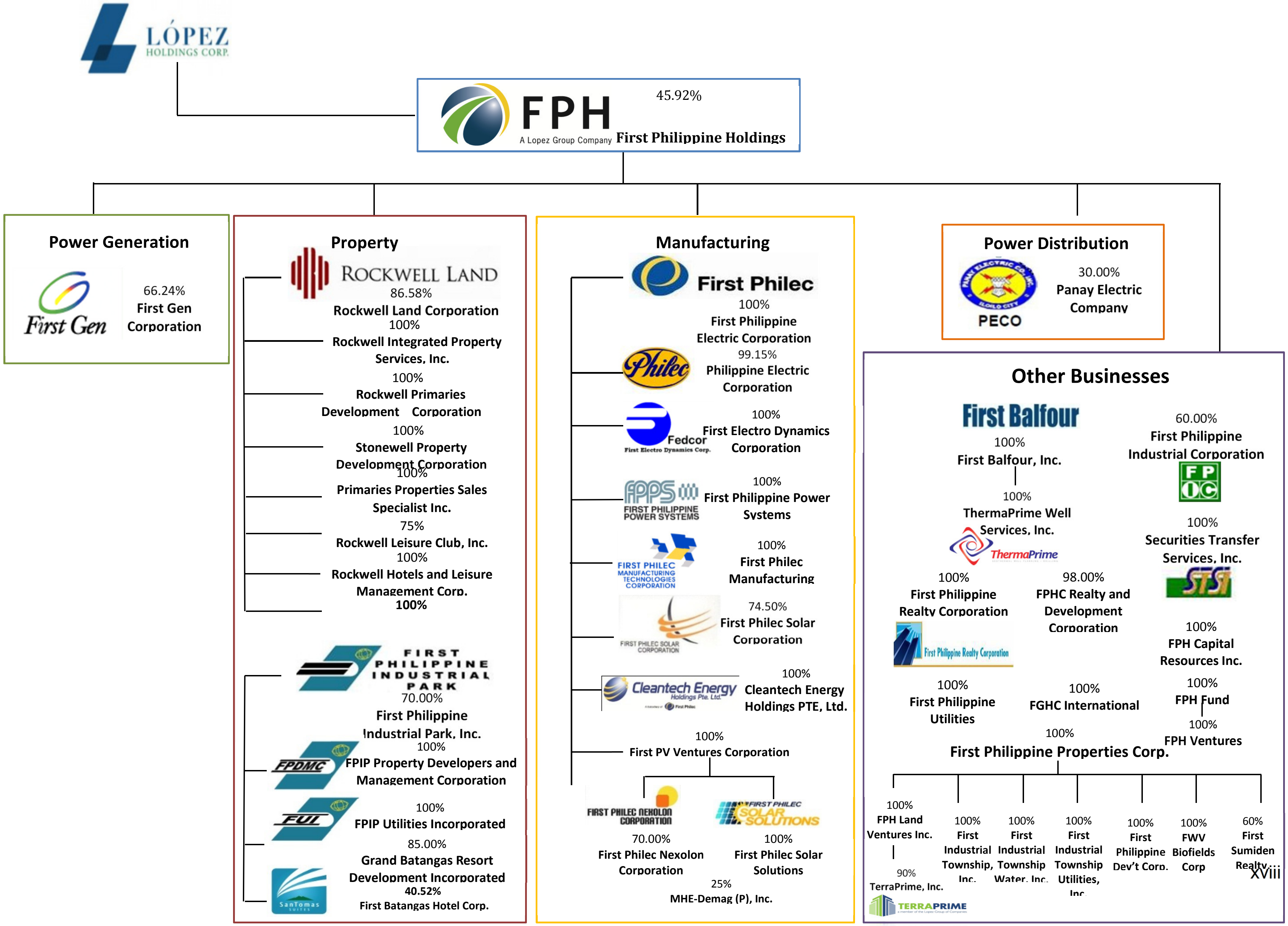
ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE J – RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2014
Amount in thousands

	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]