UNIVERSAL ROBINA
CORPORATION

2013
Annual Report



2013 Annual Report

Our Company

Universal Robina Corporation (URC) is one of the largest branded food product companies in the Philippines and has a growing presence in other ASEAN markets.

URC is among the Philippines' pioneers in the industry. It has been in operations for over 50 years since John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig, in 1954.

URC is engaged in a wide range of food-related businesses, including the manufacture and distribution of branded consumer foods, hog farming, manufacture of animal feeds, glucose, soya products and veterinary compounds, flour milling and pasta manufacturing, and sugar milling and refining.

In the Philippines, URC is a dominant player with leading market shares in savory snacks, candies and chocolates, and is a significant player in biscuits, with leading positions in cookies and pretzels. It is also the largest player in the RTD tea market, and is a respectable 2nd player in the noodles and coffee categories. The Company has started building its Jack 'n Jill, C2 and Great Taste brands across the ASEAN, with a market leading position in both biscuits and wafers in Thailand and the number one RTD tea brand in Vietnam.

We shall employ these four values: Passion to Win, Dynamism, Integrity, and Courage

Passion to Win

We build organizational capability by being entrepreneurial and proactive, driven by a sense of urgency and purpose. We continuously challenge ourselves to deliver world-class brands and consistently rally our people to strive for excellence.

Dynamism

We cultivate a culture of innovation and productive working relationships. We continuously find ways to improve organizational and people capabilities to meet constantly changing consumer needs.

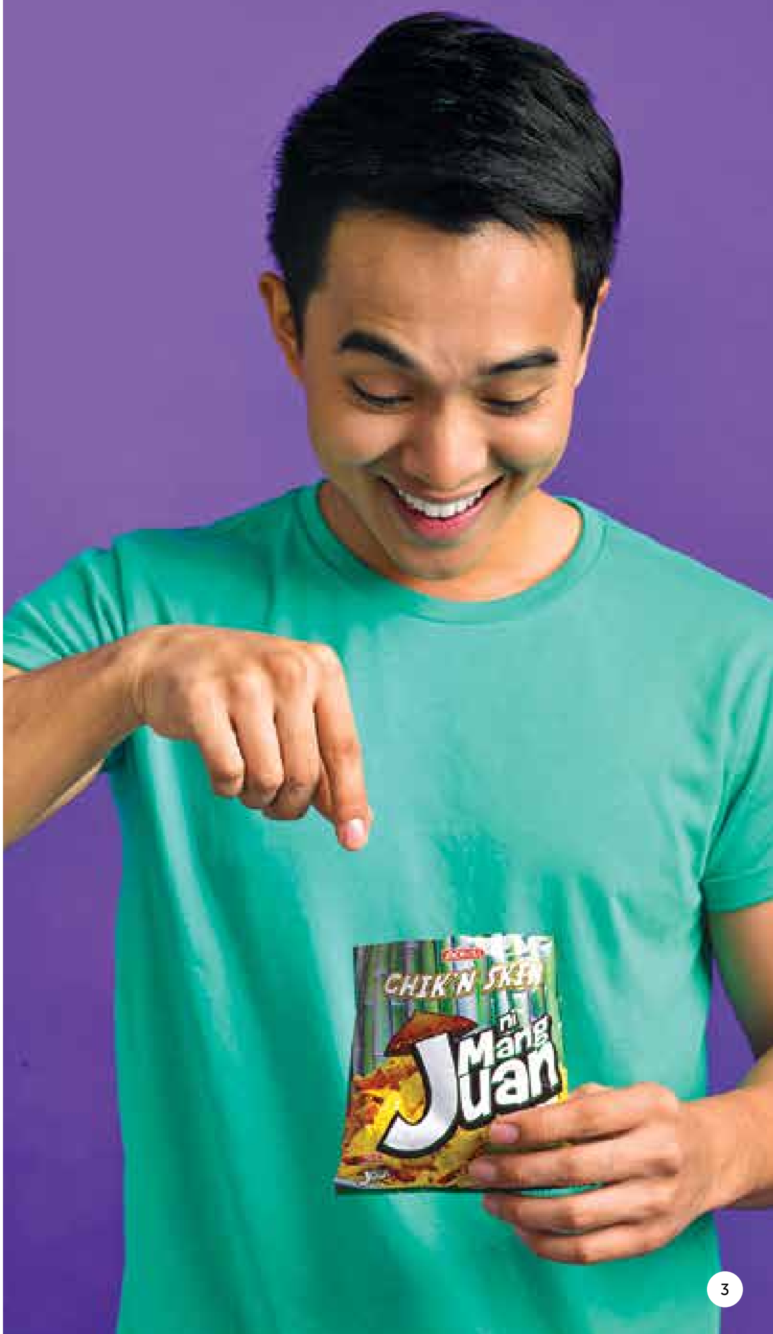
Integrity

We are guided by transparency, ethics and fairness. We build the business with honor and are committed to good governance. Our processes and products meet the highest standards. We are credible in our dealings with both internal and external stakeholders.

Courage

We seize opportunities in building long-term, sustainable businesses. We make tough people and business decisions to ensure competitive advantage.

URC's VISION is to be the best Philippine food and beverage company, with a powerful presence throughout the ASEAN region, carrying a wide portfolio of delightful brands of exceptional quality and value, equipped with efficient systems and motivated people. We are committed in making lives a truly fun experience.



UNIVERSAL ROBINA CORPORATION

Branded Consumer Foods (BCF)

- **Philippines**
  - Snackfoods
  - Beverage
  - Grocery
  - Others
- **International**
  - Vietnam
  - Thailand
  - Indonesia
  - Malaysia/ Singapore
  - China/ Hong Kong
- **Packaging**

Non-Branded Consumer Foods (Non-BCF Agro-Commodities)*

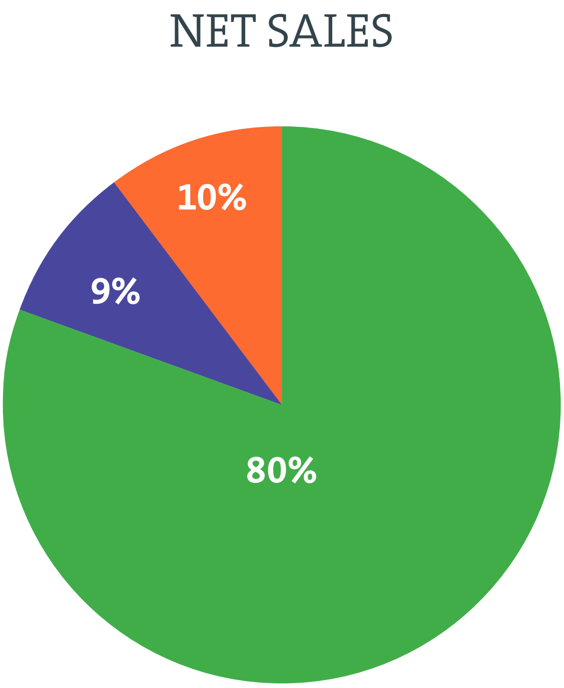
- **Commodity Foods Group**
  - Sugar
  - Flour
- **Agro-Industrial Group**
  - Farms
  - Feeds

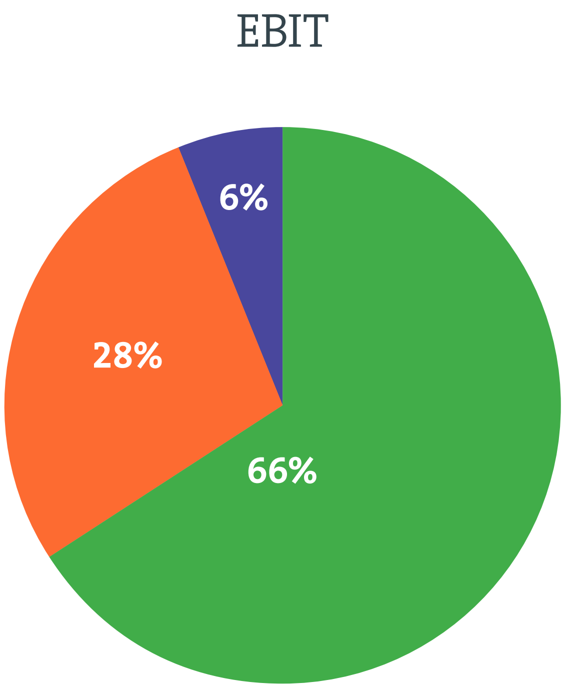
*PHILIPPINES ONLY

Financial Highlights

(in million pesos, except per share data)

	YEARS ENDED SEPTEMBER 30			2013 vs 2012	
	2013	2012	2011	Inc/(Dec)	% growth
Net Sales	80,995	71,202	67,168	9,794	14%
Income from Operations	10,279	7,850	6,914	2,429	31%
Net Income to Equity Holders	10,045	7,763	4,655	2,282	29%
Total Assets	66,545	70,095	68,409	(3,550)	–5%
Total Liabilities	15,715	23,730	26,464	(8,016)	–34%
Stockholder's Equity	50,830	46,365	42,027	4,466	10%
Per Share					
Earnings	4.60	3.70	2.26	0.90	24%
Book Value	23.28	21.24	19.73	2.04	10%





Message from the Chairman and the President and Chief Executive Officer

TO OUR VALUED SHAREHOLDERS,

The global economy showed signs of recovery for 2013 with resurgence coming from developed nations but this was offset by decelerating growth and weakness in emerging markets. The US economy and the Euro-zone seemed to turn the corner though recovery has not yet translated to revived exports for developing nations.

The ASEAN faced its own headwinds in 2013. Growth in the region slowed from 5.6% in 2012 to 4.9%. Performance of countries like Indonesia, Thailand and Malaysia softened in the light of lacklustre export markets, lower investments and relaxed commodity prices. Thailand's economy continued to erode due to weak exports and agriculture sectors, which was exacerbated by the unstable political situation. The government's stimulus measures resulted in record high household debt, which affected consumption for consumer staples and discretionary items. Vietnam, on the other hand, showed positive signs as the country managed to control inflation and currency devaluation. Most local currencies devaluated while inflation, though remained subdued in general, accelerated in Indonesia when the government removed subsidies in fuel prices.

By contrast, the Philippines performed strongly and 2013 proved to be a good year for the economy. The country experienced significant growth of 7.2% despite the damage from Super Typhoon Haiyan (Yolanda) and the earthquake that struck our tourist spots, which claimed thousands of lives and paralyzed economic activity in central Philippines. The country continued to benefit from higher foreign investment and the exponential growth of the Business Process Outsourcing (BPO) sector. Overseas Filipino remittances kept the economy afloat as it sustained current account surplus amid steady demand for skilled Filipino workers.

URC: Record year in sales and operating income

We benefited from the favourable macro environment in our home market and we are delighted to report to you that the Company turned in a strong fiscal year (FY) 2013 performance which was in line with our expectations and guidance. FY2013 sales was at Php81.0 billion, up 13.8% from the previous year on the back of record growth coming from the Philippine branded foods business. Operating income margins expanded further due to relaxed input prices and scale, which led to an operating income of Php10.3 billion, a 30.9% increase year-on-year. Core earnings before tax registered at Php11.3 billion, up 33.0% and net income attributable to equity holders of the parent closed at Php10.0 billion due to higher other revenues as the Company realized gains from the sale of its investment portfolio, coupled with the reduction in finance cost with the prepayment of long term debt and some short term debt and trust receipts.

Our balance sheet remains healthy with strong cash levels. We continue to maintain our net cash position of Php8.1 billion from Php5.9 billion last year with a financial gearing ratio of 0.09 (vs. 0.32 in FY2012) as the Company retired its Php3.0 billion long term debt and prepaid some short term debt and trust receipts during the fiscal year. Operating income before depreciation and amortization (EBITDA) reached Php13.9 billion for FY2013 with capital expenditures of Php5.5 billion as we further added capacities and installed new capabilities across our Pan-ASEAN manufacturing facilities.

Branded Consumer Foods Group: Breached the US$ 1.5billion sales mark

The Company has transformed tremendously over the past couple of years. Our Branded Consumer Foods Group (BCFG), including our packaging division, was the Company's largest segment, now contributing about 80.8% of revenues. The Branded Foods business breached the US$1.5 billion sales mark under Jack 'n Jill, C2 and Great Taste brands. In peso terms, this is equivalent to Php65.4 billion or 16.3% growth year-on-year. Operating income increased at a faster pace of 35.3% by Php2.0 billion to Php7.5 billion in FY2013 from Php5.5 billion in FY2012.

BCFG PHILIPPINES

BCFG Philippines was the key contributor to the solid performance of the group. Top-line grew at an accelerated pace of 22.8% from Php34.4 billion to Php42.2 billion in FY2013 with Beverages as the prime mover backed by the strong performance of our coffee and RTD tea businesses. URC is now the number two player in the coffee market and remains to be the dominant market leader in salty snacks, candies, chocolates, and RTD tea in the Philippines.

The Snackfoods leg slightly grew mainly driven by salty snacks as our top chips brands, Piattos and Nova, continued to perform very well. Snackfoods performance was tempered by the flattish growth of our confectionery and bakery businesses.

Following our record sales, operating income grew faster by 40.6% as prices of key inputs like coffee bean and palm oil remained low while other inputs were manageable. Our increased scale in operations coupled by relaxed soft commodity environment expanded our margins by 166 bps.

BCFG INTERNATIONAL

BCFG International accelerated its growth by 9.4% to Php22.1billion in FY2013 against Php20.2 billion in FY2012. In US dollar (US$) terms, sales registered an increase of 11.9% from US$471 million in FY2012 to US$527 million in FY2013.

Vietnam was the primary driver as it sustained its double-digit sales growth on the back of continued momentum from RTD tea, its most significant business. We have grown C2, a regional brand for RTD tea, into the #1 brand (in terms of market share) in the key cities of Vietnam. We also increased our presence in the Snackfoods category with the successful launch of our corn chips product.

Thailand continued to recover and posted flattish growth against last year. The weak macroeconomic environment and political uncertainty affected consumption for the products we offer.We invested more on advertising and promotions and offered products at lower price points to address the decline in consumption.

Indonesia exhibited robust sales driven by snacks and chocolates. Snacks, the largest category, was the main driver as sales momentum continued for Piattos, our fabricated potato crisp offering, complemented by extruded/pelletized chips. We also launched a low priced enrobed chocolate bar which is showing signs of growth.

Malaysia/Singapore just grew slightly as we recover our chocolates business and improved our distribution.

China/Hong Kong continued to play a key role in augmenting coffee and biscuits capacities for other affiliates. Losses were trimmed down and the country operated at positive EBITDA in FY2013.

BCFG International's operating income grew by 19.7% to Php2.1 billion from Php1.7 billion last year. In US dollar amount, international operations operating income reached US$49 million, a 22.5% increase from US$40 million last year due to lower input costs, additional scale and reduced losses from China.

URC PACKAGING

Sales for the packaging division declined by 33.3% to Php1.2 billion in FY2013 from Php 1.7 billion recorded in FY2012 due to decline in sales volume.

Non-Branded Consumer Foods Group: Consistent earnings contribution

Our Non-Branded Consumer Foods Group, composed of Commodity Foods Group and Agro-Industrial Group, accounted for 10.1% and 9.1% of revenues, respectively, for FY 2013.

COMMODITY FOODS GROUP

The Commodity Foods Group (CFG), composed of Sugar and Flour divisions, maintained its profitability with operating income of Php3.1 billion, up by 11.4% against last year as sales increased by 8.3% due to higher volume for Sugar.

Sales for our Flour business amounted to Php3.9 billion, down 4.8% versus last year due to lower volumes and selling prices as a result of influx of imported flour. The business managed to register an operating income of Php989 million, a decline of 21.7% against prior year.

Sugar top-line increased by 24.1% year-on-year to end at Php4.3 billion as a result of early start of milling season, good cane quality and supply and contribution coming from our newly acquired mill, Tolong. Operating income increased by 38.6% to Php2.1 billion.

AGRO-INDUSTRIAL GROUP

The Agro-Industrial Group (AIG), consisting of Feeds and Farms divisions, registered almost the same level of sales as last year, at Php7.4 billion. Operating income increased to Php657 million, 82.9% higher than last year due to the recovery of Farms.

Our Feeds business decreased sales by 13.9% to Php3.1 billion due to weak sales volume. The business produced Php375 million operating income, 24.1% higher versus last year due to implementation of price increases and lower input prices.

Our Farms business managed to grow sales by 13.9% due to higher pork prices. As a result, operating income increased significantly to end at Php282 million.

Moving forward: Continued transformation to a strong Pan-ASEAN player in Snackfoods and Beverage

Economic outlook for the ASEAN region remains positive though success is hinged on managing key challenges such as the volatility in the financial markets. The spillover effects of quantitative easing policy in the US post a risk of capital outflow especially as some ASEAN countries have large current account deficits. Currency devaluation is expected to be managed while political unrest mainly in Thailand remains to be a threat.

Despite the economic headwinds, the ASEAN is expected to remain one of the rapidly growing regions in the world. The ASEAN integration, with the realization of ASEAN Economic Community (AEC) in 2015, will eliminate trade barriers and translate to a more competitive and efficient region. As the countries open up, more competition is expected to enter various markets.

In the Philippines, growth momentum will likely be sustained as the government spends for the rehabilitation of areas affected by Typhoon Yolanda while domestic demand is expected to remain robust. Overseas Filipino Workers (OFW) remittances and BPO sector will still remain key growth drivers, coupled by private sector spending with accelerated capital expenditures across businesses.

In line with our vision of becoming one of the leading PAN ASEAN Snackfoods and Beverage company, we will continue to further scale up our mega-brands Jack 'n Jill, C2 and Great Taste by leveraging our strength and capabilities in sales, marketing and new product development to drive innovation and launch exciting products with very strong value proposition to the ASEAN consumer. Our overall strategic intent for our Branded foods business is to maintain the growth rate we posted in the last ten years (low teens) and double our size every 5 to 6 years while we aim to move margins closer to mid-teens level in the same time frame.

The ASEAN consumer will continue to transform moving forward with emerging trends on increased consumption of packaged and convenience food and a more pronounced preference for products anchored on health and wellness. The retail channel will also continue to grow towards modernization as expansion in GDP per capita continues across the region. URC will take advantage of this change through continued innovation by offering a wider variety of products in our existing categories as well as going up the value chain for semi-premium to premium price points which are needed to address both trends in trade and consumer transformation.

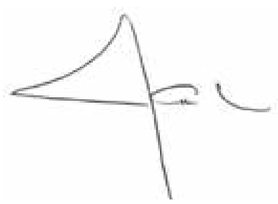
We believe that the AEC presents greater opportunities for a company like URC and our investments in the past years will give us a strong advantage and flexibility to optimize our supply chain from procurement, manufacturing and product distribution. URC will implement a regional sourcing strategy where the overall aim is to align all of these capabilities and be very cost competitive which will guarantee our survival in a cut-throat environment when barriers are lifted. This alignment will also improve asset utilization and optimize capital allocation.

The Company will still benefit from the tailwind of a relaxed soft commodity prices barring any supply volatility on some key inputs though the immediate threat to margins is currency devaluation across the countries where we operate. We will continue to protect or increase our margins by implementing pricing actions where practicable. Our medium term goal is to expand margins for our Branded business to mid-teens level by increasing scale, tapping new price segments and exacting operating leverage and productivities across our regional platform.

Our Non-Branded business will continue to contribute to our profitability mainly driven by our Commodity Foods Group as we strive to remain competitive and low cost producer in a free trade environment. We expect our Sugar business to sustain its absolute profit level and we also expect to commercially operate our bio-ethanol facility towards the third quarter of the fiscal year while the biomass cogeneration is still under construction and will be online in FY2015. For Flour business, we expect to benefit from the declining wheat prices as well as the higher tariffs imposed on imported flour. Our Agro-Industrial Group, on the other hand, should remain cash generative despite the cyclicality.

As we move forward, we would like to thank our Board of Directors, shareholders, trade partners, suppliers, employees and consumers for the continued support and confidence you have given our Company. Our strong brands, robust product innovation pipeline and regional competitive advantage will be our key strengths in achieving sustainable growth. Together, we will reach our goal to be the leading branded foods business in Southeast Asia.

Maraming salamat po.



James L. Go
CHAIRMAN

Lance Y. Gokongwei
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Branded Consumer Foods Group

PHILIPPINES

SNACKFOODS

Universal Robina Corporation (URC) is the leading branded snackfood and beverage company in the Philippines. URC – the first "Philippine multinational" -- has proven itself to be a trailblazer in manufacturing with a strong and loyal consumer base. The Company has unswervingly showcased its innovation and excellence through its groundbreaking products, wide distribution network, and effective marketing. This is also evident in URC's formidable market leadership in savory snacks, candies, chocolates, and ready-to-drink tea, and stronghold in the areas of beverages, biscuits, noodles, and tomato-based products.

For more than 40 years, URC has consistently been a strong presence in the Filipino snack culture. Over time, URC's core brands have grown into household names – Piattos, Chippy, Chiz Curls, Cream-O, Maxx, Nips, and Cloud 9 to name a few. Recognizing the strengths of these brands led to the development of new variants such as Chippy Mild, Chiz Crispers, Nips White, and Cloud 9 Overload. Moreover, URC has persistently endeavored on tapping undiscovered markets by innovating and growing new brands such as Mang Juan, Fun-O, and the "Swakto Packs" price-point.

Holding the largest and most diverse portfolio of snack food products in the Philippines, URC has taken to heart the continuous introduction of products that spell quality, great value, and fun under the Jack 'n Jill megabrand.

SAVORY SNACKS

URC is the market leader in savory snacks:
Corn Chips - Chippy, Mr. Chips, Tostillas, Taquitos
Natural Potato - V-Cut, Potato Chips, Shake 'N Roll
Fabricated Potato - Piattos, Roller Coaster
Extruded / Pelletized - Mang Juan, Chiz Curls, Puff Corn, Chumbos, Kichi
Multi-Grain - Nova, Go! Scoops
Mixed Snacks - Pic-A
Granny Goose - Tortillos, Kornets

BISCUITS

URC is one of the largest biscuit producers in the country:
Cookies - Cream-O, Presto, Dewberry, Fun-O
Crackers - Magic, Fun-O
Wafers - Wafrets, Cream-O
Pretzels - Pretzels, Fun-O

CAKES

URC is an innovative player in the cakes category:
Quake, Espesyal, Cream-O Cakes

CANDIES

URC is the market leader in candies:
Hard - Maxx, Dynamite
Deposited - X.O.
Gummies / Jellies - Star Jells
Lollipops - Star Pops
Marshmallows - Wiggles
Soft - Lush, Yammy, Star Fruits
Dragee - Dynamite Chews

CHOCOLATES

URC is the market leader in chocolates:
Enrobed - Cloud 9, Chooey, Big Bang, Choco Boom
Panned - Nips, Cream-O Chocolate Balls
Coated Wafer - Hello Wafer, Cream-O Wafer

Groove to a whole new snacking experience with Jack 'n Jill Shake and Roll

Universal Robina Corporation (URC) adds more fun and excitement to the Pinoy snack scene with another innovative product, Jack 'n Jill Potato Chips Shake and Roll. The first of its kind in the market, Shake and Roll presents a unique way to snack with a two-in-one pack that contains a packet of chips and a separate one for added flavor.

Similar to what made Jack 'n Jill Potato Chips popular throughout the years, Jack 'n Jill Shake and Roll is made from premium grade potatoes that are thinly sliced for that ultimate golden, crisped chip experience in every bite. The lightly seasoned chips are made even better with Japanese-inspired seasonings included inside each pack, offering more fun as snack-lovers flavor their own potato chips.

Jack 'n Jill Shake and Roll comes in two equally irresistible Japanese flavors. Striking a balance between sweet and savory is the Unagi Kabayaki with its rich smoky taste. The Salmon Sushi variant, on the other hand, presents a complex blend of flavors with just a hint of spicy wasabi.

Do the Shake and Roll

Adding to the fun and excitement of the new Jack 'n Jill Shake and Roll is the original hip Shake and Roll song matched with cool dance moves that demonstrate how to enjoy the product in the most fun way. Featuring four signature moves, open, season, seal, and shake and roll, the dance routine was performed by brand ambassadors, The Crew, who rose to fame after winning the 2012 World Hip Hop Championships in Las Vegas.

Get your Shake and Roll groove on and take snacking to the next level with Jack 'n Jill Shake and Roll, now available at major supermarkets and convenience stores nationwide.

Adding to the fun and excitement of the new Jack 'n Jill Shake and Roll is the original hip Shake and Roll song matched with cool dance moves

Mang Juan teams up with multi-awarded artist Lourd de Veyra for latest campaign

A study in contrast, Lourd de Veyra maintains an everyman appeal with his easygoing nature and unaffected vibe despite being a four-time Carlos Palanca awardee, author, broadcast personality and musician.

Best known for his razor sharp wit and satirical humor, all-around artist and funnyman Lourd now brings his signature brand of comedy to Mang Juan, the unique contemporary Pinoy snack from Jack 'n Jill, as the brand's official endorser.

Mang Juan's main man

"I'm absurdly flattered," answers Lourd when asked about how he feels being selected as the brand's new endorser. "I grew up with Jack 'n Jill and I've been a fan of Chicharron ni Mang Juan since the time it came out."

He shares that Chicharron ni Mang Juan, in particular, has the perfect mix of crunch and savor, with a vinegary blast that's just right. He also adds that it goes well with rice, similar to how Pinoys eat actual chicharon.

Beaming with pride, he goes on to say that the product is more than just a snack. "It's the Filipino soul in one neat package. It's Philippine history in a bag," he says.

With Mang Juan featuring homegrown flavors and distinctly Pinoy packaging, it wasn't long before Lourd became a fan of other products under the line, even singling out Chik'n Skin ni Mang Juan as his current favorite.

Proudly Pinoy and uniquely contemporary, Mang Juan and Lourd de Veyra make a good fit.

Mang Juan's "Word" Campaign

Mang Juan's latest campaign is anchored on wordplay as a Pinoy way of life. "By their ingenuity, Pinoys have developed words like jeprox, jologs, tomguts, japorms, and the like, and brought it into the mainstream over the years," explains Universal Robina Corporation's Marketing VP for Snacks, Teree Eugenio.

"We feel that the new campaign of coining words in everyday Pinoy circumstances is a great fit with Lourd de Veyra's educational antics and clever personality," he adds.

Celebrating the local palate while staying grounded in traditional values, Mang Juan promotes Pinoy goodness in everyday situations as seen in the TV commercials launching the words simumot and winlalaki.

Spice up every day with the Pinoy goodness of Mang Juan, now available at leading supermarkets, groceries, and convenience stores nationwide.

Lourd de Veyra sums up Chicharron ni Mang Juan as "the Filipino soul in one neat package."

Nothing like Magic

OFW and mom Malou Alicaway found herself sitting beside a handsome and familiar man who offered her Magic Flakes.

Magic Crackers made magical moments possible as it brought surprises to deserving individuals one remarkable moment at a time. In line with Magic's current campaign, Nothing like Magic, the URC team together with celebrity endorser John Lloyd Cruz went around the metro to add sparkle to people's daily grind.

The Opening Salvo

One evening, while waiting for her Cebu Pacific flight to Hong Kong, OFW and mom Ma. Luisa "Malou" Alicaway found herself sitting beside a handsome and familiar man, who offered her Magic Flakes while he chatted away. It took her a few seconds to realize that everyone in the pre-departure area was watching as John Lloyd Cruz tried to strike up a conversation with her.

Malou couldn't help but blurt out "Makita lang kita masaya na ko, Magic na eh! ("Just seeing you already makes me happy. It's already Magic!")

Before they parted ways, the actor awarded her with a special gift: a "Kabuhayan Package", which consisted of P50,000 worth of URC products. The whole encounter left Malou teary-eyed and nearly speechless.

The URC Employee

A weekly department meeting turned into something magical for Marites Vera Cruz as John Lloyd unexpectedly entered the conference room to hand over a remarkable treat to the 45-year-old mom of two. The hard working payroll supervisor who is battling cancer, received gift certificates for an overnight stay at the Holiday Inn Galleria Suites, Dimsum lunch and buffet dinner at Crowne Plaza's Xin Tian Di and Seven Corners respectively for her kids, mother and herself.

The OFWs

The Magic Team and John Lloyd surprised Overseas Filipino Workers (OFWs) Alvin and Maribeth Pace as they are renewing their working visas at Lingkod Pinoy Center in Robinsons Galleria. The team from URC awarded them with Kabuhayan Package which the couple could use to put up a sari-sari store.

The Twins

The twins Maria Lourdes and Maria Theresa Paralejas were in for a treat as they dropped by at Octupus store in Mandaluyong to replenish their stocks for their sidewalk vending stalls. To their surprise, their suking tindero turned out to be John Lloyd. A magical package consisting of a trolley and URC products was awarded to the 51-year-old twins to use for their livelihood.

The Teacher

John Lloyd visited Bagong Ilog Pasig Elementary School to surprise grade school teacher Lydia Buenaventura. As a reward for her hard work and dedication at teaching young minds for 41 years, Magic team and its celebrity endorser handed over a Kabuhayan package for a start-up business when she retires.

Teary eyed Marites Vera Cruz receives a special gift from Magic Crackers and endorser John Lloyd Cruz.

Surprise guest spreads the Christmas cheer with URC gift bags to Kaisahang Buhay Foundation.

The Agents

A team from URC and actor John Lloyd visited i-Tech Global Business Solutions in Paco, Manila, to give credit to three of the company's top performers. John Lloyd entered the call center's work area disguised as the new supervisor. He then called three of the frequent qualifiers of the company's incentive program and handed over P 15,000.00 worth of Robinsons gift certificates to Glady Bienvenido, Gilbert Juanites and Rodelio Arma as a reward for their outstanding performance.

The Scholars

Playing the role of a recently hired Marine Engineering professor by the name of Miguel Gonzales, John Lloyd surprised the students of Technological Institute of the Philippines in their general assembly. The entire auditorium was filled with cheers from the surprised audience when matinee idol went up the stage.

John Lloyd then called for Marine Engineering scholars and student government officers Claire Banzagales and Lynda Hernane to join him on stage. He awarded the two hardworking ladies for a job well done at school by handing over P 25,000.00 worth of Robinsons gift certificate each.

The Wholesaler employees

Three lucky employees of a wholesaler got the surprise of their life as matinee idol John Lloyed showed up one sunny afternoon at Marikina Palengke. Ruthchel Acaba, Irene Diolata and Carolina Deonia of Shevadie wholesale store were thrilled as they each accepted 15,000.00 worth Robinsons Gift cheque from the handsome actor.

The Community

Eighty Kids and teens received an early Christmas treat as URC and John Lloyd teamed up with Kaisahang Buhay Foundation (KBF) for a fun-filled Christmas party. Needless of any disguise, John Lloyd played several roles such as host and game-master all for the purpose of bringing happiness to the audience.

Everyone was in for a treat as they are showered with games, prizes and surprises. Furthermore, Magic and its endorser bestowed P 50,000.00 cash donation to KBF.

Not Just on TV

"We wanted to give the campaign another dimension by taking it beyond TV. We wanted it to touch the lives of actual people, so we're bringing the magic to other areas in Metro Manila," said Magic Crackers Marketing Director Chris Fernandez. "Who knows... one of these days, you might just bump into Magic and John Lloyd in your neighborhood or workplace."

Branded Consumer Foods Group

PHILIPPINES

BEVERAGES

Leading the pack in the Beverages industry, URC has launched numerous products that greatly appealed to the Filipino taste. Its pioneering efforts include Blend 45 – the first locally manufactured soluble coffee, Great Taste Granules – the first concentrated coffee in the country, and Great Taste 3-in-1 – the first complete coffee mix. A few years ago, URC again challenged the industry with the introduction of C2 Cool & Clean – a healthier brand alternative to the then-dominating carbonated drinks. URC has also expanded to juices, water, ready-to-drink coffee, and ready-to-drink chocolate, in an effort to complete its product portfolio.

URC has taken its presence in the coffee mixes segment a notch higher with the unwavering success of Great Taste White. Moreover, the "C2 SarapKumain" campaign has kept the C2 Cool & Clean brand relevant to Filipinos' lifestyle. In the coming years, URC will strive to continuously be a game-changer with its fresh and innovative beverage products.

URC participates in strategic segments in the Philippine beverage market that complement its snackfood products.

Ready-to-Drink Tea - C2
Juices - Refresh, OMJ! Oh My Juice
Bottled Water - Refresh Mineral Water, Refresh Purified Water, Hidden Spring
Instant Coffee - Great Taste Premium, Great Taste Granules, Blend 45, Great Taste Decaf
Creamer - Cream All
Ready-to-Drink Coffee - Great Taste Ready-To-Drink White
Instant Coffee Mixes - Great Taste 3-in-1, Blend 45 3-in-1
Powdered Milk - Vitalac
Functional Drink - Red Dragon

Branded Consumer Foods Group

PHILIPPINES

GROCERY

As the pace of the Filipinos' lifestyle changed, URC responded by coming up with convenient grocery products. URC's portable ready-to-eat meals and easy-to-use food ingredients have incessantly satisfied the needs of on-the-go Filipino consumers.

Payless offers value-for-money instant noodles with its superior quality at affordable prices. URC has also made Nissin's famous cup noodles readily available in the country, through its joint venture Nissin Foods Holdings, Co. Ltd.

URC also has a joint venture with ConAgra Foods Inc. (U.S.), for which it manufactures and sells Hunt's Pork & Beans, the Philippines' leading brand of canned beans. In addition, URC manufactures and distributes tomato-based culinary sauces allowing Filipino families to easily prepare and enjoy savory dishes.

PAYLESS
URC manufactures and markets instant noodles in pouches through the Payless brand:
Wet Noodles - Payless Instant Mami, Mamamee
Dry Noodles - Pancit Ni Mang Juan, Payless Pancit Canton Xtra Big, Payless Pancit Shanghai, Payless Xtra Big Mami

NISSIN-URC
URC manufactures and markets instant noodles in cups and pouches through its joint venture with Nissin Foods Holdings, Co. Ltd:
Pouch Noodles - Nissin Yakisoba, Nissin Ramen, Nissin Pasta Express, Nissin Instant Mami
Cup Noodles - Nissin Cup Noodles, Nissin Yakisoba, Nissin Sotanghon

HUNTS-URC
URC manufactures and markets tomato-based products, through its joint venture with ConAgra Foods Inc. (U.S.):
Ready-to-Eat Beans - Hunt's Pork and Beans
Sauces - Hunt's Spaghetti Sauce, Hunt's Tomato Sauce
Ketchup - Hunt's Ketchup

URC: Adapting to the Filipino Way of Life

Mario finally heads home, exhausted from a hard day's work. Theconstruction along EDSA started today and he trudges through the menacing Metro Manila traffic, hanging from the back of a fully-packed jeepney, with smoky air assaulting his face. The clouds suddenly darken and rain falls unexpectedly. He reaches home drenched and in low spirits. After drying up, he heads to the kitchen and makes himself a quick cup of Blend 45 coffee. Cup in hand, he sits on his favourite chair, breathes a deep sigh, and takes a sip from the hot brew. He smiles.

Elena is rushing home through the crowded sidewalk, brushing shoulders with almost everyone she passes. She promised to cook dinner tonight and is running through the needed ingredients in her head. As she enters the side street, she sees Aling Edna's 'sari-sari' store and decides to stop. She sifts through the change in her pocket and buys a pack of Payless for 'merienda', and a couple of packs of Presto Creams for Jun-jun's 'baon' tomorrow. She imagines her kid's excited face as she hands over the snacks and she can't help but smile.

With the smell of cooked garlic filling the house, the family eagerly sits down at the dining table for dinner. This time, Elena prepared her "special" adobo, which was supposedly adobo with her own secret ingredient. Mario stands up to get the C2 from the fridge and twists open the cap. Mario asks Jun-jun how school was and the kid entertains them with tales about the classmate with the missing front teeth as well as the latest game everyone is talking about.

For 50 years now, URC has been taking part in Filipino lives with its broad offering of snackfoods, beverages, and grocery products. It has been a long journey but the Company shows no sign of slowing down. In fact, in the past year, URC's Philippine Branded Foods business has picked up even more steam.

URC's continued success speaks of the dynamism of the Company and how it adapts and changes along with the Filipino people and their lifestyle. The pace of life in the Philippines has definitely picked up over the years with the working man/woman constantly rushing to work and school demanding more and more from the children. Tastes have also evolved as the country has become more exposed to different cultures through imported products, media, the internet, and even travelling.

Despite such rapid and drastic changes, URC has been able to keep up. In terms of the products, URC offers packaged convenience goods which is a format that caters very well to the "on-the-go" lifestyle. It also continues to innovate and offer new products and flavours to satisfy the evolving Filipino palate. The Jack 'n Jill megabrand and C2 continue to be visible to consumers via traditional media formats such as TV and print but are now also being marketed through the internet and social media. The Company has also made sure to make the product always within reach of the consumer – whether it be through the traditional sari-sari store or through the more modern convenience store.

All the success did not come easily though. Running the business is a matter of keeping a delicate balance between tradition and dynamism, between the "tried-and-tested" ways of doing things and fresh, progressive approaches. It is also a product of a lot of hard work, sacrifice, love, and passion by the people that run the Company. Rest assured though that such tough work was not rendered without smiles, which is typically Filipino.

The Company is alive, it is dynamic. It changes yet maintains a strong connection with the Filipino people. And that is a big part of why it succeeds. It has been here 50 years, will be here in the next 50, and hopefully, it will continue to bring smiles to the faces of many Filipinos.

Mom and Dad continue their conversation about work. Jun-jun takes his last bite of the delicious adobo, dutifully rids the plate of all the grains of rice, and takes a final gulp from the glass of ice-cold apple green tea. After a satisfied burp, the kid smiles.

URC Packaging Division produces and sells a wide range of Bi-axially Oriented Polypropylene (BOPP) films, primarily used for packaging of various consumer products. This business unit holds the distinction of being the only Integrated Management System ISO-certified BOPP plant in the country today with its Quality ISO 9001:2008 and Environmental ISO 14001:2004 Standards.

Branded Consumer Foods Group

PHILIPPINES

PACKAGING

Branded Consumer Foods Group

INTERNATIONAL

Looking ahead to "a world without borders," URC, currently the Philippine food and beverage company with the widest geographical footprint, has expanded steadily outside the country. At present, URC maintains manufacturing facilities in Vietnam, Thailand, Indonesia, Malaysia and China and sales offices in Singapore and Hong Kong . Some of the all-time Filipino favorite "Jack 'n Jill" products such as Piattos, Roller Coaster, Cloud 9, and Cream-O, and C2 Cool and Clean Green Tea, as well as other new and exciting brands, can be found on supermarket shelves and in neighborhood stores throughout the region.

URC International grew tremendously in the past years and has become a major player in the Southeast Asian region. Fuelled by its leadership in Thailand and Vietnam, and the steady growth of its presence in Malaysia, Singapore, Indonesia, Hong Kong and China, URC continues to impart joy in the region using the same winning formula that has delighted Filipinos through the years.

THAILAND

URC Thailand is a major snackfoods player in that country, manufacturing Snacks, Biscuits, Wafers, Candies, and Chocolates under the following brands:

Snacks - Roller Coaster, Fun Bites, Chippy
Biscuits - Cream-O, Fun-O, Magic, Dewberry
Wafers - Tivoli, Lausanne
Candies - X.O., Dynamite, Lush,
Chocolates - Wiggles
Cakes - Fun-O

MALAYSIA and SINGAPORE

In Malaysia, URC produces Snacks, Wafers, and Chocolates. Some of these products are also carried by URC's sales office in Singapore:

Snacks - Potato Chips, Potato Crisps, Roller Coaster, Jigs
Biscuits - Cream-O, Magic, Dewberry (SG only)
Wafers - Cloud 9
Candies - Dynamite, Cloud 9 Candies
Chocolates - Nips, Cloud 9, Chooey Choco

INDONESIA

URC has a factory in the most populous country in Southeast Asia, manufacturing Snacks Candies, and Chocolates under the following brands:

Snacks - Piattos, Sea Crunch, All-Star, Kornets
Candies - Dynamite
Chocolates - Chooey Choco, Cloud 9

CHINA and HONG KONG

URC has factories in China that cater to both the China and HK markets. These products are marketed under the following brands:

Snacks - Prawn Crackers, Potato Chips, Roller Coaster (HK only), Beef Crunchies (HK only), Chicharron, Hollow Potato
Beverages (China only) - ACES Instant Cereal, ACES Oats, ACES Coffee
Biscuits - ACES Magic ACES Oats Sandwich, Dewberry (HK only), Cream-O (HK only)
Candies & Chocolates (HK only) - Dynamite, Lush

VIETNAM

URC Vietnam, which started operations in 2004, is the newest addition to URC's International arm. Vietnam manufactures Biscuits, Snacks and Candies, and was the very first URC subsidiary outside the Philippines to manufacture and successfully market C2 Green Tea.

Snacks - Fun Bites, Piattos, Kichi, Kornets, Bac John
Biscuits - Cream-O, Magic
Candies - Dynamite
Beverages - C2, Rong Do

Success Beyond the Borders: URC Vietnam and C2

URC has been a part of the Filipino consumers' lives for decades. However, the Company also takes much pride in its successful expansion beyond Philippine shores. Over the past few years, it has steadily built a presence in Southeast Asia and China with URC Vietnam at the forefront.

URC Vietnam only started operations in 2004 but has taken giant steps since then. It is currently the largest (in terms of revenues) among the different country operations, second only to the Philippines. In October 2013, C2 became the #1 Ready-to-drink Tea product in the whole of Vietnam*, besting even the strongest local and foreign competitors.

At present, URC Vietnam continues to expand its innovative portfolio of snackfoods and beverages. It also continues to strengthen its operations with plans to build a new factory in Quang Ngai (in central Vietnam) to complement the existing Ho Chi Minh and Hanoi facilities.

It is perhaps hard to believe that a Filipino company can achieve so much success in a country that is more than 900 miles away, speaks an entirely different language, and has very unique influences and tastes. But URC has a couple of things going for it: the ability to 'localize', and a universal vision and core values.

'Localization' can mean many things but for URC, it means the ability to adapt the products and the business operations to an entirely different country or situation but still offering something distinctive. One example in Vietnam is that the Company has successfully 'localized' both the product and the marketing for C2. Vietnam has a deep-rooted tea culture and because of this, the Company decided to offer and push C2 more than any other product. C2, being freshly brewed from green tea leaves, caters very well to this traditional tea-drinking culture and yet offers something new with its refreshing fruity flavours. Even the way C2 is marketed speaks of this immersion into the Vietnam culture. URC Vietnam has been running their "Only One Love, Only C2" brand message across its advertising and promotional efforts and it has created a strong affinity with the local consumer.

This adaptation also carries over to the way the Company runs its operations - from purchasing (e.g. using locally grown green tea leaves) all the way to distribution

(e.g. working with local distributors across different regions). Perhaps more importantly, the 'localization; also applies to the people that run the business - URC Vietnam is a cohesive and talented unit of Filipinos, Vietnamese, as well as other nationalities.

Aside from its ability to 'localize', it is URC's universal vision and core values that drive the overseas success. The Company's vision is to offer consumers fun, value, and quality through its products. It is a vision that applies to Vietnam (or any other country for that matter) as much as it does to the Philippines. C2 provides the consumer an enjoyable experience through a high quality product at an affordable price. The Company also adheres to four core values: passion, dynamism, integrity, and courage. These are values that have helped URC Vietnam and C2 succeed in a very difficult and competitive environment.

URC has found success in places far from home and URC Vietnam is the perfect example of this. The Company's success in the country is a testament to its ability to adapt and a testament to how a vision can transcend geographic borders, distances, cultures, and tastes. In the years ahead, URC will continue to build its relationship with Vietnam and its people through C2 and other well-loved products.

Commodity Foods Group

URC is a major player in the Philippines' flour and sugar industries. Its commodities businesses are vertically integrated with both the Branded Consumer Foods Group and the Agro-Industrial Group.

URC Flour Division

- URC Flour Division is one of the top flour millers in the country. With plants in Manila and Davao, the division has a combined milling capacity of 1,250 MT per day. The state-of-the-art flourmills and blending facilities allow the division to manufacture customized products fit to specific needs of its customers. URC Flour produces and sells Hard and Soft Wheat Flour to both commercial and institutional accounts. The division also supplies the local and export flour requirements of the URC Branded Consumer Food Group and URC international, respectively.

- URC Flour Division produces Hard Flour brands containing high protein levels recommended for making premium quality bread, namely UNIVERSAL First Class Flour, GLOBE First Class Flour, and BLEND 100 Flour. Soft flour brands like MY ROSE and SAMPAGUITA, on the other hand, are ideal for making cookies, biscuits and pastries.

- URC Flour Division also produces specialty flour brands that cater to more specialized baking needs. CONTINENTAL All-Purpose Flour is intended for most baking needs and is best used for steamed breads. It allows for products with superior color and appearance. DAISY Cake Flour is excellent for baking light and fluffy cake bases. The FibrA+ Whole Wheat Flour is the same First Class Flour used for the production of breads but with the addition of high-fiber bran, Vitamin A and Iron, for more nutritious, high-fiber bread offerings. All of URC Flour's products are in 25kg packaging; however FibrA+ Cracked Wheat and Whole Wheat flour are also being sold in 10kg packaging in selected baking supply stores. Other product offerings include customized flour for selected customers and flour-milling by-products such as wheat germ, bran and pollard.

- URC Flour Division also has its own pasta line, commercially sold under the brand name EL REAL. Current variants of EL REAL include spaghetti, macaroni, flat spaghetti and curly macaroni, sold in package and bulk. It also has the first spaghetti noodles in the local market with real malunggay and carrot bits under the brand EL REAL HEALTHY Spaghetti.

- El Real offers quality pasta noodles made from special wheat flour blend resulting in a firm texture and the ability to retain the rich flavor of your sauce. The brand is available in all key areas nationwide and fits the everyday budget of consumers.

- The division also toll manufactures pasta noodles for one of the leading fastfood chains in the country.

URC Sugar Division

- URC Sugar division operates 5 mills and 3 refineries across the country, with a combined capacity of milling 30,000 tons of sugar cane and producing 33,000 bags of refined sugar per day.

- In the Visayas region, URC has 4 mills and 2 refineries: URSUMCO, located in Manjuyod, Negros Oriental, SONEDCO, located in Kabankalan City, Negros Occidental; PASSI mill, located in San Enrique, Iloilo; and the newly-acquired TOLONG mill, located in Sta. Catalina, Negros Oriental.

- In North Luzon, URC operate a mill and a refinery in CARSUMCO located in Piat, Cagayan Valley.

- URSUMCO, SONEDCO, and CARSUMCO all provide sugar cane milling and refining services, trade raw sugar, refined sugar and molasses. PASSI and TOLONG provide sugar cane milling service and trades raw sugar and molasses.

- URC has also ventured in the renewable energy business, with power cogeneration and ethanol production.

- URC's Power cogeneration will be located in SONEDCO, Kabankalan City, Negros Occidental. It will provide 46 Megawatts of power to the national grid using bagasse, a by-product of sugar milling, as fuel.

- URC Distillery, located in URSUMCO, Manjuyod, Negros Oriental, will be producing 100,000 liters per day of fuel-grade ethanol. The distillery will be using molasses, a joint-product of sugar production, as its primary feedstock.

SUGAR: 25 years of Pursuing Organizational Excellence and Cultivating Business Partnerships

In celebration of its 25th anniversary, Universal Robina Corporation Sugar division held two events in 2013, with the theme "25 Years of Pursuing Organizational Excellence and Cultivating Business Partnerships." These events celebrated the dedication and commitment of the Sugar Team, and unveiled future agendas.

"We are here today because of you," said Lance Gokongwei, President and Chief Executive Officer of URC as he honored everyone who took part in the continuous growth and improvement of the URC Sugar Division. Employees were awarded with plaques of appreciation for their service in the Company, while business partners were recognized for their contributions to the Company's success.

Gokongwei likewise disclosed the Company's investment of approximately US$35M for its distillery plant in Bais, which is due to be completed by the second quarter of 2014. The plant is expected to run under 100,000 liters per day capacity of fuel grade anhydrous ethanol suitable for gasoline blending using sugar molasses as feedstock generated from their existing sugar mills.

Gokongwei further revealed the investment of approximately US$62M for a 46MW biomass-fired power cogeneration facility. The facility is expected to generate electricity from the combustion of bagasse and will feed surplus electricity to the grid.

"Both projects are in support of the government's mandate for the use of renewable energy to reduce the country's dependence on imported fuels with due regards to the protection of public health, the environment and the natural ecosystems. It will also provide the sugar industry with product diversification in order to leverage the volatility of world sugar prices specially so with the 5% tariff on sugar by 2015," he said.

The two events held at URC-Southern Negros Development Corporation (SONEDCO) in Kabankalan Negros Occidental, and Universal Robina Sugar Milling Corporation (URSUMCO) in Manjuyod Negros Oriental was attended by sugar planters, sugar and molasses traders, local government officials, special friends and URC Sugar's employees.

URC Sugar Expands to Ethanol

Universal Robina Corp (URC) broke ground in 2013 for its $35 million ethanol distillery plant, which will produce ethanol fuel in support of the government's efforts to reduce the country's dependence on imported ethanol.

The plant, located in the company's sugar central facility in Manjuyod town in Negros Oriental, will start operations in June 2014. It will produce some 100,000 liters per day or 30 million liters of ethanol fuel each year. The distillery plant will run mostly on blackstrap molasses, a by-product of sugar. The plant is adopting the latest technology in distillery operations and is installing the first ever Spent Wash incineration boiler in Southeast Asia which assures of an effective wastewater treatment facility.

Bio-ethanol is used to fuel cars in 12 countries, , including Brazil where one third of their cars use pure bioethanol as fuel while the remaining two-thirds use a mixture of gasoline and ethanol.

In the Philippines, the Department of Energy embarked on a bioethanol program under House Bill 4629 since 2007, which mandates blending gasoline with ethanol.

Agro-Industrial Group

URC Agro-Industrial Group (URC AIG) is one of the biggest players in the Agro-Industrial segment, which is involved in the manufacturing of feeds and animal health products as well as poultry and swine production.

The experience and synergy established within the agro-industrial group has resulted to significant expertise that provides significant value and control to the country's poultry & livestock industries as well as in supporting the nation's goal of achieving food security. The Company has proved its flexibility by easily adapting to the changing needs of the customers. This makes URC AIG, the preferred business partner of commercial and backyard raisers as well as modern trade and Hotel and Restaurant and Institutional Accounts (HRIs) alike.

BUSINESS SEGMENT HIGHLIGHTS

Universal Corn Products (UCP)

- UCP is one of the leaders in the Philippine animal feed industry with combined milling capacities of 1,400 MT per day in its Manila and Cebu plants.

- Backyard and commercial hog raisers have relied on UCP's Brand Champions for Hog feeds – Uno Feeds & Stargain Performance Diets – for achieving the maximum income potential of their businesses thru superior Feed Conversion Ratios (FCR), as well as meat quality.

- Supremo has achieved recognition among the best and biggest game fowl breeders in the Philippines for its ability to develop battle ready fighting cocks. Supremo has grown from gamefowl feeds alone to whole line up including veterinary drugs for the gamefowl market. The latest brand introduction, SMAXXX feeds focusing on providing quality performance at an affordable price for the poultry segment has been positively accepted by the gamefowl industry increasing Robina Agri Partners' gamefowl category by at least 100%.

- UCP likewise produces and sells liquid glucose which are used in the production of confectionery products of URC Branded Consumer Food Group (BCFG).

- UCP has also introduced its own Brand of Dog Food under the Top Breed Brand name as its entry into this growing lucrative market

Robichem

- Robichem manufactures, distributes and sells a wide range of high-quality and well-known animal health products such as vaccines, water solubles, injectables, feeds supplements and disinfectants, which are both marketed commercially and used by Robina Farms because of its proven effectiveness and cost-efficiency.

- It has in its roster several Brand Champions - which have been trusted by animal raisers in ensuring their flock's or herd's state of health for many years focusing on both the Hog and Gamefowl segment namely:

  HOG SEGMENT
  Robipenstrep P, Iron D, Spectrum, Spectrum plus, Wormbuster and Robicomject

  GAMEFOWL SEGMENT
  Supremo Levomax, Supremo Coccibuster, Supremo Spectrum Max and Supremo Bmaxxx

Robina Farms: Hogs

- Robina Farms (RF) Hogs business unit breeds and sells its products under the overall brand Robina Farms Premium Farm products. Main products include :

  LIVE ANIMALS
  Robina Primera prime finishers. Grandeur Boar and Grand Dame gilt

  WARM AND CHILLED CARCASS
  Meat Cuts: Pork Belly, Kasim, Pigue etc.

- Robina Farm Premium Farm Products prime finishers are distributed through concessionaires in all the leading supermarkets in Metro Manila and are sought after by consumers and viajeros due to their high lean meat percentage, overall meat quality and thin back fat.

- RF-Hogs is the biggest single managed farm in the country, with production facilities located in Rizal, Bulacan, and Batangas. It maintains more than 24,000 sows at any given time without any contract growing system, and is reputed to be among the most modern swine facilities in the country.

- RF-Hogs, through AIG's Agri-Consumer Sales, has also ventured in retailing of fresh pork meats and processed products.

- Pork products are widely sold in Robinsons Supermarkets thru the Robina Farms and Supersaver meat shops.

- Robina Farm pork has also been widely accepted by the premiere Hotels and Restaurants in Metro Manila due to its quality of meat as well as reliable service.

Robina Farms: Poultry

- RF-Poultry business unit produces superior day-old broiler and layer chicks from the world-class breeds such as Cobb (Broiler) and Dekalb (Layer).

- RF-Poultry is a formidable player in both the Layer and Broiler industries. It is a major player in the day old broiler and layer pullet chick markets, and is considered as one of the most dependable day-old chick suppliers in the country.

- RF-Poultry has also set up commercial egg-laying operations, and now offers Premium table eggs under the Robina Farms Premium Farm products brand providing both consumers and HRI accounts with fresh table eggs.

Corporate Governance

Universal Robina Corporation (URC) is committed to corporate governance standards. As a publicly listed company in the Philippines, URC is covered by rules and regulations of the Philippines Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

BOARD

The Board has adopted the Revised Corporate Governance Manual in 2010 for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

Composition

- The Board is composed of nine directors (four executive directors, three non-executive directors, and two independent directors) with diverse backgrounds and work experience
- None of the independent directors own more than 2% of the Company's capital stock
- Different persons assume the role of Chairman of the Board and CEO

Attendance of Directors

January 1 to December 2013

Date of Election: **April 18, 2013**

Number of meetings during the year: **9**

NAME	POSITION	ATTENDED	%
John L. Gokongwei, Jr.	Member	9	100
James L. Go	Chairman	9	100
Lance Y. Gokongwei	Member	9	100
Patrick Henry C. Go	Member	9	100
Frederick D. Go	Member	9	100
Johnson Robert G. Go, Jr.	Member	9	100
Robert G. Coyiuto, Jr.	Member	9	100
Wilfrido E. Sanchez	Independent	7	80
Pascual S. Guerzon	Independent	9	100

Role

A Director's Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Company towards sustained progress.

A Director should observe the following norms of conduct:

- Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.
- Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
- Act judiciously.
- Exercise independent judgment.
- Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.
- Observe confidentiality
- Have a working knowledge of the Company's control systems.

CODE OF BUSINESS CONDUCT AND ETHICS

Conflict of Interest

The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

Conduct of Business and Fair Dealings

The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.

Receipt of Gifts from Third Parties

The Company allows the acceptance of gift only during the Christmas Season. There is no restriction in the value of the gift accepted. However, accepted gift with estimated value over Php 2,000 must be disclosed to the Conflicts of Interest Committee.

Compliance with Laws and Regulations

The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.

Respect for Trade Secrets/Use of Non-public Information

The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.

Use of Company Funds, Assets and Information

Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

Employment and Labor Laws and Policies

The Company's Human Resources Unit ensures compliance with employment and labor laws and policies.

Disciplinary Action

Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that result from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

Whistle Blower

Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee.

Conflict Resolution

The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. Decision is done by the Executive Committee.

RISK MANAGEMENT

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the Company.

Audit Committee (AC)

The AC reviews the effectiveness of risk management systems employed by the Company.

The AC shall assist the Group's Board of Directors in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Company. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC aims to ensure that:

- Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;
- Risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operation, legal, and other risks, and risk management;
- Audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
- The Group's Board of Directors is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)

The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework.

The ERMG's main concerns include:

- recommending risk policies, strategies, principles, framework and limits.
- managing fundamental risk issues and monitoring of relevant risk decisions;
- providing support to management in implementing the risk policies and strategies; and
- developing a risk awareness program.

Compliance Officer

The Compliance Officer assists the Board of Directors in complying with the principles of good corporate governance.

He shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the Board of Directors, among others.

ROLE OF STAKEHOLDERS

Customers' Welfare

The Company has a customer relations policy and procedures to ensure that customers' welfare are protected and questions are addressed.

Supplier/Contractor Selection

We have Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments to the Company.

Environment, Quality and Safety, and Community Interaction

The operations of the Company are subject to various laws enacted for the protection of the environment, including the Pollution Control Law (R.A. No. 3931, as amended by P.D. 984), the Solid Waste Management Act (R.A. No. 9003), the Clean Air Act (R.A. No. 8749), the Environmental Impact Statement System (P.D. 1586) and the Laguna Lake Development Authority (LLDA) Act of 1966 (R.A. No. 4850). The Company believes that it has complied with all applicable environmental laws and regulations, an example of which is the installation of wastewater treatments in its various facilities. Compliance with such laws does not have, and in the Company's opinion, is not expected to have, a material effect upon the Company's capital expenditures, earnings or competitive position. As of September 30, 2013, the Company has invested about Php 208 million in wastewater treatment in its facilities in the Philippines.

The Company ensures that the products are safe for human consumption, and that the Company conforms to standards and quality measures prescribed by regulatory bodies such as Bureau of Foods and Drugs, Sugar Regulatory Administration, Bureau of Animal Industry, and Department of Agriculture.The following manufacturing facilities of URC's branded consumer foods group are certified:

CERTIFICATION	MANUFACTURING FACILITY / DEPARTMENT
ISO 9001:2008, Quality Management System	Rosario plant, Meat and Canning Division (MCD) Libis plant, Bagong Ilog plant, Pampanga plant, Tarlac plant, Cavite plant, Nissin-URC plant, Canlubang plant, Calamba plant, Cagayan de Oro plant, Cebu plant, Corporate Engineering/Corporate IE, Supply Chain, Quality Assurance, Technology Department, Procurement Department, BOPP plant, URC Indonesia, URC Thailand, URC Malaysia, URC Vietnam
ISO 22000:2005, Food Safety Management System	Rosario plant cake line, Pampanga plant C2 and biscuit line, Cavite plant tetra line, Calamba plant C2 line and closure line
HACCP Certified Line/Products	Rosario chocolate line (Cloud 9- all variants), Rosario bakery line (Quake overload- all variants), Rosario peanut paste line, Rosario potato ring line (Roller Coaster Ham & Cheese and Cheddar & Cheese), Rosario fabricated line (Piattos- all variants), Rosario SUP line (tomato sauce, spaghetti sauce), MCD Canning and SUP line (Pork & Beans, Chili and Baked Beans), MCD potato ring line (Roller Coaster- all variants), MCD fabricated line (Piattos- all variants), Bagong Ilog cookie line (Cream-O biscuit- all variants), Pampanga beverage line (C2- all variants), Pampanga cracker line (Magic plain and creams- all variants), Pampanga cookie line (Dewberry- all variants), Pampanga corn chips line (Chippy- all variants), Pampanga fabricated line (Piattos- all variants), Pampanga multigrain line (Nova- all variants), Calamba beverage line (C2- all variants), Calamba closure plant, Canlubang corn chips line (Chippy- all variants), Cavite cracker line (Magic plain and creams- all variants), Cavite hard candy line (Maxx & XO- all variants), Cavite chocolate line (Chooey- all variants), Cavite tetra line, Nissin-URC noodle cup line (Nissin Cup- all variants), Nissin-URC pouch line (Nissin noodles- all variants), Tarlac noodle line (Payless- all variants), Cebu cracker line (Magic premium and creams- all variants), Cebu noodle line (Mamamee and Payless- all variants), San Pablo bottled water line (Refresh)
ISO 17025:2005, PAO Accredited Laboratory	Technology Central Laboratory- Physico-Chem, Micro, Sensory Testing and Calibration
Department of Environment and Natural Resources (DENR) Recognized Laboratory	Technology Central Lab- Water & Waste Water Lab
ISO 14001:2004, Environmental Management Systems	BOPP plant

The Company also focuses on uplifting the socio-economic condition of the country through education. The Company partners with organizations that promote education of Filipinos through grants, endowments, scholarships, and educational facilities.

Employees

The Company abides by safety, health and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health and welfare of the employees in the work place.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development or commonly known as JG-ILED. JG-ILED is the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

DISCLOSURE AND TRANSPARENCY

Ownership Structure*

(As of September 30, 2013)

SHAREHOLDER	NUMBER OF SHARES	%	BENEFICIAL OWNER
JG Summit Holdings, Inc.	1,320,223,061	60.5	Same as record owner
PCD Nominee Corporation (Non-Filipino)	665,106,386	30.5	PCD Participants and their clients
PCD Nominee Corporation (Filipino)	183,441,666	8.4	PCD Participants and their clients

******Holding 5% or more*

External Auditor's Fee

Sycip, Gorres, Velayo & Co.: Php 6,686,000

Company Website

URC updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These information are available on the company's website: www.urc.com.ph

Corporate Social Responsibility

Employees from URC Plants tie-up with Barangays for CSR Projects

Efforts of employees from different URC plants around the country paved way for successful corporate social responsibility projects in FY 2013. In partnership with barangay officials from their respective area, URC employees offered programs designed to help the needs of their target community.

Health and Wellness

Rosario plant prioritized wellness as they checked the health condition and progress of children by monitoring their monthly body weight. Adding more fun to this initiative, URC employees provided nutritious snacks to the children of Sitio Putol. With the same goal, Calamba plant held a Food Safety Lecture where they discussed basic food handling and safety to avoid food contamination at barangay San Cristobal, Calamba, Laguna.

Clean and Green

With a vision for cleaner environment, the employees of Pampanga plant took part in the city government's initiative to maintain Pampanga's cleanliness. Moreover, locals learned the benefits of proper waste segregation by cleaning areas near rivers and creeks. Taking the objectives closer to students, San Pedro plant or Plant EMC (Haring Manok) partnered with San Antonio Elementary School for a clean up drive.

Food and Fun

CDO plant conducted a feeding program in partnership with URC EEM Coop. They also provided meals to surrounding communities at Barangay Himaya. Another plant with the same initiative is MCD plant who gave goodies to students of Bagumbayan Pre-school during their Halloween party.

Board of Directors

John L. Gokongwei, Jr.
DIRECTOR, CHAIRMAN EMERITUS

James L. Go
DIRECTOR, CHAIRMAN

Lance Y. Gokongwei
DIRECTOR, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

Patrick Henry C. Go
DIRECTOR, VICE PRESIDENT

Frederick D. Go
DIRECTOR

Johnson Robert G. Go, Jr.
DIRECTOR

Wilfrido E. Sanchez
DIRECTOR

Robert G. Coyiuto, Jr.
DIRECTOR

Pascual S. Guerzon
DIRECTOR

URC Branded Consumer Foods Group

Cornelio S. Mapa, Jr.
EXECUTIVE VICE-PRESIDENT
AND MANAGING DIRECTOR

David J. Lim
SENIOR VICE PRESIDENT
MANUFACTURING, TECHNOLOGY,
PROJECTS AND ENGINEERING

PHILIPPINE OPERATIONS

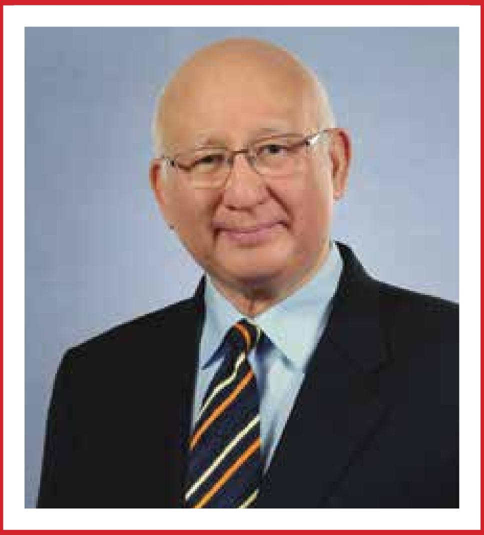
Edwin S. Totanes
VICE PRESIDENT
AND GROUP HEAD, MARKETING

Marcia Y. Gokongwei
BUSINESS UNIT GENERAL MANAGER
NISSIN UNIVERSAL ROBINA CORPORATION
AND HUNTS UNIVERSAL ROBINA
CORPORATION

Albert Francis S. Fernandez
VICE PRESIDENT
CORPORATE SALES

Teofilo B. Eugenio, Jr.
VICE PRESIDENT, MARKETING
SNACKS

INTERNATIONAL OPERATIONS



Patrick O. Ng †
EXECUTIVE VICE PRESIDENT
AND MANAGING DIRECTOR

Premchai Navarasuchitr
BUSINESS UNIT GENERAL MANAGER,
URC THAILAND

Edwin R. Canta
BUSINESS UNIT GENERAL MANAGER,
URC VIETNAM

Alvin C. Geronimo
BUSINESS UNIT GENERAL MANAGER,
URC INDONESIA

Audie C. Ugalino
BUSINESS UNIT GENERAL MANAGER,
URC MALAYSIA AND URC SINGAPORE

Brian M. Go
BUSINESS UNIT GENERAL MANAGER,
URC CHINA AND URC HONG KONG

Stanley M. P. Poon
ASSISTANT BUSINESS UNIT GENERAL MANAGER,
URC HONG KONG

AGRO-INDUSTRIAL GROUP

Vincent Henry C. Go

VICE PRESIDENT
GROUP GENERAL MANAGER,
AGRO-INDUSTRIAL GROUP

COMMODITY FOODS GROUP

Ellison Dean C. Lee

VICE PRESIDENT
BUSINESS UNIT GENERAL MANAGER,
FLOUR DIVISION

Renato P. Cabati

VICE PRESIDENT
BUSINESS UNIT GENERAL MANAGER,
SUGAR DIVISION

PACKAGING DIVISION

Patrick Henry C. Go
EXECUTIVE VICE PRESIDENT AND SENIOR MANAGING DIRECTOR, PACKAGING DIVISION (BOPP) AND CFC FLEXIBLE PACKAGING DIVISION

Ramon C. Agustines
BUSINESS UNIT GENERAL MANAGER, CFC FLEXIBLE PACKAGING

EXECUTIVE OFFICERS

James L. Go
CHAIRMAN

Lance Y. Gokongwei
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Patrick Henry C. Go
DIRECTOR, VICE PRESIDENT

Cornelio S. Mapa, Jr.
EXECUTIVE VICE PRESIDENT AND MANAGING DIRECTOR, URC BRANDED CONSUMER FOODS GROUP

Constante T. Santos
SENIOR VICE PRESIDENT

Bach Johann M. Sebastian
SENIOR VICE PRESIDENT

Geraldo N. Florencio
FIRST VICE PRESIDENT

Chona R. Ferrer
FIRST VICE PRESIDENT

Ester T. Ang
VICE PRESIDENT – TREASURER

Anne Patricia C. Go
VICE PRESIDENT

Alan D. Surposa
VICE PRESIDENT

Ma. Victoria M. Reyes- Beltran
VICE PRESIDENT

Michael P. Liwanag
VICE PRESIDENT

Socorro ML. Banting
ASSISTANT VICE PRESIDENT

Rosalinda F. Rivera
CORPORATE SECRETARY

Financial Statements

UNIVERSAL ROBINA
CORPORATION
110 E. RODRIGUEZ, JR. AVENUE, BAGUMBAYAN, QUEZON CITY, PHILIPPINES 1600, P.O. Box 3542 MM 2800 · P.O. BOX 99-AC CUBAO, QUEZON CITY
TEL. 635-0751 TO 85 ; 671-2935 TO 42

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Universal Robina Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended September 30, 2013 and 2012, in accordance with the Philippine Financial Reporting Standards indicated therein. 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.

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

JAMES L. GO	LANCE Y. GOKONGWEI	CONSTANTE T. SANTOS
Chairman	President and Chief Executive Officer	SVP - Corporate Controller

JAN 13 2014

SUBSCRIBED AND SWORN to before me this ________ day of January, 2014 affiant(s) exhibiting to me his/their Community Tax Certificates as follows:

NAMES	C.T. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
James L. Go	1722722	01.14.13	Pasig City
Lance Y. Gokongwei	1722721	01.14.13	Pasig City
Constante T. Santos	16282266	02.19.13	Pasig City

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Series of 14

ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
COMMISSION EXPIRES DEC. 31, 2015
PTR NO. 9042371, 1/02/2014, Q.C.
ROLL OF ATTORNEY NO. 25103

A JG Summit Company

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
Universal Robina Corporation
110 E. Rodriguez Avenue
Bagumbayan, Quezon City

We have audited the accompanying consolidated financial statements of Universal Robina Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2013 and 2012, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended September 30, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Universal Robina Corporation and Subsidiaries as at September 30, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended September 30, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
SEC Accreditation No. 0328-AR-2 (Group A),
March 1, 2012, valid until March 1, 2015
Tax Identification No. 102-100-830
BIR Accreditation No. 08-001998-60-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225235, January 2, 2014, Makati City

January 10, 2014

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		
	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 7)	**₱12,033,308,581**	₱5,345,833,397	₱4,546,881,527
Financial assets at fair value through profit or loss (Notes 8 and 9)	**413,732,312**	10,812,402,265	10,652,071,697
Available-for-sale investments (Notes 9, 10 and 14)	**21,720,000**	4,797,876,621	5,511,551,122
Receivables (Notes 10 and 35)	**8,522,417,589**	7,461,032,915	7,419,824,815
Inventories (Note 11)	**10,987,221,052**	9,759,334,152	9,724,784,656
Biological assets (Note 15)	**1,081,035,283**	1,057,007,658	911,265,129
Other current assets (Note 12)	**368,103,771**	454,142,702	651,357,138
Total Current Assets	**33,427,538,588**	39,687,629,710	39,417,736,084
Noncurrent Assets			
Property, plant and equipment (Note 13)	**30,180,400,059**	27,918,634,454	26,423,220,738
Intangible assets (Note 16)	**1,273,627,776**	1,273,627,776	1,463,851,176
Biological assets (Note 15)	**483,025,181**	428,961,591	459,053,688
Investment in a joint venture (Note 17)	**85,384,000**	96,139,053	89,966,944
Investment properties (Note 18)	**60,833,725**	64,491,512	68,149,307
Deferred tax assets (Note 33)	**559,311,176**	199,917,426	133,433,863
Other noncurrent assets (Note 19)	**474,847,025**	425,923,637	353,198,160
Total Noncurrent Assets	**33,117,428,942**	30,407,695,449	28,990,873,876
TOTAL ASSETS	**₱66,544,967,530**	₱70,095,325,159	₱68,408,609,960

LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other accrued liabilities (Notes 21 and 35)	**₱9,513,514,990**	₱7,586,842,126	₱7,270,818,277
Current portion of long-term debt (Notes 22, 23 and 31)	**–**	–	8,205,763,578
Short-term debt (Notes 20, 23 and 31)	**1,945,430,681**	8,588,536,884	5,749,632,635
Trust receipts and acceptances payable (Notes 11 and 23)	**2,384,316,199**	3,464,360,214	1,448,156,283
Income tax payable	**875,934,133**	428,184,136	408,699,778
Total Current Liabilities	**14,719,196,003**	20,067,923,360	23,083,070,551

(Forward)

	September 30		
	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 22, 23 and 31)	**₱–**	₱2,990,455,926	₱3,002,447,146
Deferred tax liabilities (Note 33)	**391,324,334**	301,320,823	237,004,193
Net pension liability (Note 32)	**604,417,551**	371,096,589	141,070,713
Total Noncurrent Liabilities	**995,741,885**	3,662,873,338	3,380,522,052
Total Liabilities	**15,714,937,888**	23,730,796,698	26,463,592,603
Equity			
Equity attributable to equity holders of the parent			
Paid-up capital (Note 23)	**19,056,685,251**	19,056,685,251	13,455,557,370
Retained earnings (Note 23)	**37,774,987,907**	32,966,037,047	29,120,011,103
Other comprehensive income (Note 24)	**174,469,201**	534,043,728	518,463,918
Equity reserve (Note 23)	**(5,556,531,939)**	(5,556,531,939)	–
Treasury shares (Note 23)	**(670,386,034)**	(670,386,034)	(2,414,026,153)
	50,779,224,386	46,329,848,053	40,680,006,238
Equity attributable to non-controlling interests	**50,805,256**	34,680,408	1,265,011,119
Total Equity	**50,830,029,642**	46,364,528,461	41,945,017,357
TOTAL LIABILITIES AND EQUITY	**₱66,544,967,530**	₱70,095,325,159	₱68,408,609,960

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
SALE OF GOODS AND SERVICES (Notes 6 and 35)	**₱80,995,215,642**	₱71,201,677,779	₱67,167,630,481
COST OF SALES (Notes 25 and 35)	**57,776,004,285**	52,730,554,394	50,645,273,658
GROSS PROFIT	**23,219,211,357**	18,471,123,385	16,522,356,823
Selling and distribution costs (Note 26)	**(10,646,381,015)**	(8,696,876,368)	(7,680,831,878)
General and administrative expenses (Notes 27 and 35)	**(2,293,782,850)**	(1,924,695,851)	(1,927,258,856)
OPERATING INCOME	**10,279,047,492**	7,849,551,166	6,914,266,089
Market valuation gain (loss) on financial assets at fair value through profit or loss (Notes 6 and 8)	**473,300,902**	1,548,491,547	(1,157,315,912)
Finance revenue (Notes 6, 8 and 30)	**529,639,680**	1,229,729,268	1,193,271,185
Finance costs (Notes 6, 20, 22 and 31)	**(266,033,395)**	(693,273,870)	(1,001,901,336)
Impairment losses (Notes 6, 10, 11, 13 and 16)	**(28,900,348)**	(197,874,576)	(167,210,935)
Net foreign exchange losses	**(156,974,222)**	(634,390,049)	(36,688,172)
Equity in net income of a joint venture (Note 17)	**19,244,938**	31,172,102	25,469,633
Gain (loss) on sale of investments (Notes 8, 14 and 38)	**735,172,736**	(29,907,211)	(112,095,130)
Other income (expenses) - net	**(34,726,375)**	82,531,936	(9,452,618)
INCOME BEFORE INCOME TAX	**11,549,771,408**	9,186,030,313	5,648,342,804
PROVISION FOR INCOME TAX (Note 33)	**1,432,441,798**	1,000,982,214	621,962,973
NET INCOME	**₱10,117,329,610**	₱8,185,048,099	₱5,026,379,831
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 34)	**₱10,044,555,499**	₱7,762,879,616	₱4,655,096,899
Non-controlling interests	**72,774,111**	422,168,483	371,282,932
	₱10,117,329,610	₱8,185,048,099	₱5,026,379,831
EARNINGS PER SHARE (Note 34)			
Basic/diluted, for income attributable to equity holders of the parent	**₱4.60**	₱3.70	₱2.26

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	September 30		
	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
NET INCOME	**₱10,117,329,610**	₱8,185,048,099	₱5,026,379,831
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on available-for-sale investments (Notes 14 and 24)	**(650,504,738)**	393,466,028	(437,926,411)
Cumulative translation adjustments (Note 24)	**458,152,713**	(181,758,621)	(142,199,153)
	(192,352,025)	211,707,407	(580,125,564)
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans (Notes 24 and 32)	**(239,816,807)**	(282,415,496)	(90,821,863)
Income tax effect	**71,945,042**	84,724,648	27,246,559
	(167,871,765)	(197,690,848)	(63,575,304)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(360,223,790)**	14,016,559	(643,700,868)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱9,757,105,820**	₱8,199,064,658	₱4,382,678,963
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱9,684,980,972**	₱7,778,459,426	₱4,011,690,557
Non-controlling interests	**72,124,848**	420,605,232	370,988,406
	₱9,757,105,820	₱8,199,064,658	₱4,382,678,963

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2013, 2012 AND 2011

	Attributable to Equity Holders of the Parent															
	Paid-up Capital (Note 23)			Retained Earnings (Note 23)				Other Comprehensive Income (Loss)								
								Items to be reclassified to profit or loss in subsequent periods			Item not to be reclassified to profit or loss in subsequent periods					
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Equity Reserve (Note 23)	Cumulative Translation Adjustments (Note 24)	Net Unrealized Gain (Loss) on Available-For-Sale Investments (Notes 14 and 24)	Total	Remeasurement Losses on Defined BenefitPlans	Total Other Comprehensive Income (Loss) (Note 24)	Treasury Shares (Note 23)	Total	Attributable to Non-controlling Interests	Total Equity
Balances as at October 1, 2012	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱27,956,735,052	₱5,000,000,000	₱32,956,735,052	(₱5,556,531,939)	₱142,947,365	₱650,504,738	₱793,452,103	₱–	₱793,452,103	(₱670,386,034)	₱46,579,954,433	₱36,597,171	₱46,616,551,604
Effect of change in accounting for employee benefits, net of tax (Note 2)	–	–	–	9,301,995	–	9,301,995	–	–	–	–	(259,408,375)	(259,408,375)	–	(250,106,380)	(1,916,763)	(252,023,143)
Balances as at October 1, 2012, as restated	2,227,638,933	16,829,046,318	19,056,685,251	27,966,037,047	5,000,000,000	32,966,037,047	(5,556,531,939)	142,947,365	650,504,738	793,452,103	(259,408,375)	534,043,728	(670,386,034)	46,329,848,053	34,680,408	46,364,528,461
Net income for the year	–	–	–	10,044,555,499	–	10,044,555,499	–	–	–	–	–	–	–	10,044,555,499	72,774,111	10,117,329,610
Other comprehensive income	–	–	–	–	–	–	–	458,152,713	(650,504,738)	(192,352,025)	(167,222,502)	(359,574,527)	–	(359,574,527)	(649,263)	(360,223,790)
Total comprehensive income	–	–	–	10,044,555,499	–	10,044,555,499	–	458,152,713	(650,504,738)	(192,352,025)	(167,222,502)	(359,574,527)	–	9,684,980,972	72,124,848	9,757,105,820
Appropriation of retained earnings	–	–	–	(6,000,000,000)	6,000,000,000	–	–	–	–	–	–	–	–	–	–	–
Reversal of previous appropriations	–	–	–	11,000,000,000	(11,000,000,000)	–	–	–	–	–	–	–	–	–	–	–
Cash dividends (Note 23)	–	–	–	(5,235,604,639)	–	(5,235,604,639)	–	–	–	–	–	–	–	(5,235,604,639)	(56,000,000)	(5,291,604,639)
Balances as at September 30, 2013	**₱2,227,638,933**	**₱16,829,046,318**	**₱19,056,685,251**	**₱37,774,987,907**	**₱–**	**₱37,774,987,907**	**(₱5,556,531,939)**	**₱601,100,078**	**₱–**	**₱601,100,078**	**(₱426,630,877)**	**₱174,469,201**	**(₱670,386,034)**	**₱50,779,224,386**	**₱50,805,256**	**₱50,830,029,642**
Balances as at October 1, 2011, as previously stated	₱2,227,638,933	₱11,227,918,437	₱13,455,557,370	₱24,137,859,147	₱5,000,000,000	₱29,137,859,147	₱–	₱324,705,986	₱257,038,710	₱581,744,696	₱–	₱581,744,696	(₱2,414,026,153)	₱40,761,135,060	₱1,265,376,434	₱42,026,511,494
Effect of change in accounting for employee benefits, net of tax (Note 2)	–	–	–	(17,848,044)	–	(17,848,044)	–	–	–	–	(63,280,778)	(63,280,778)	–	(81,128,822)	(365,315)	(81,494,137)
Balances as at October 1, 2011, as restated	2,227,638,933	11,227,918,437	13,455,557,370	24,120,011,103	5,000,000,000	29,120,011,103	–	324,705,986	257,038,710	581,744,696	(63,280,778)	518,463,918	(2,414,026,153)	40,680,006,238	1,265,011,119	41,945,017,357
Net income for the year, as restated	–	–	–	7,762,879,616	–	7,762,879,616	–	–	–	–	–	–	–	7,762,879,616	422,168,483	8,185,048,099
Other comprehensive income	–	–	–	–	–	–	–	(181,758,621)	393,466,028	211,707,407	(196,127,597)	15,579,810	–	15,579,810	(1,563,251)	14,016,559
Total comprehensive income	–	–	–	7,762,879,616	–	7,762,879,616	–	(181,758,621)	393,466,028	211,707,407	(196,127,597)	15,579,810	–	7,778,459,426	420,605,232	8,199,064,658
Sale of treasury shares (Note 23)	–	5,601,127,881	5,601,127,881	–	–	–	–	–	–	–	–	–	1,743,640,119	7,344,768,000	–	7,344,768,000
Purchase of non-controlling interest (Note 23)	–	–	–	–	–	–	(5,556,531,939)	–	–	–	–	–	–	(5,556,531,939)	(1,650,935,943)	(7,207,467,882)
Cash dividends (Note 23)	–	–	–	(3,916,853,672)	–	(3,916,853,672)	–	–	–	–	–	–	–	(3,916,853,672)	–	(3,916,853,672)
Balances as at September 30, 2012	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱27,966,037,047	₱5,000,000,000	₱32,966,037,047	(₱5,556,531,939)	₱142,947,365	₱650,504,738	₱793,452,103	(₱259,408,375)	₱534,043,728	(₱670,386,034)	₱46,329,848,053	₱34,680,408	₱46,364,528,461

	Paid-up Capital (Note 23)			Retained Earnings (Note 23)				Other Comprehensive Income (Loss)								
								Items to be reclassified to profit or loss in subsequent periods			Item not to be reclassified to profit or loss in subsequent periods					
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Equity Reserve (Note 23)	Cumulative Translation Adjustments (Note 24)	Net Unrealized Gain (Loss) on Available-For-Sale Investments (Notes 14 and 24)	Total	Remeasurement Gains (losses) on Defined BenefitPlans	Total Other Comprehensive Income (Loss) (Note 24)	Treasury Shares (Note 23)	Total	Attributable to Non-controlling Interests	Total Equity
Balances as at October 1, 2010, as previously stated	₱2,227,638,933	₱11,227,918,437	₱13,455,557,370	₱25,418,631,895	₱3,000,000,000	₱28,418,631,895	₱–	₱466,905,139	₱694,965,121	₱1,161,870,260	₱–	₱1,161,870,260	(₱2,091,912,018)	₱40,944,147,507	₱894,093,502	₱41,838,241,009
Effect of change in accounting for employee benefits, net of tax (Note 2)	–	–	–	(36,674,018)	–	(36,674,018)	–	–	–	–	–	–	–	(36,674,018)	(70,789)	(36,744,807)
Balances as at October 1, 2010, as restated	2,227,638,933	11,227,918,437	13,455,557,370	25,381,957,877	3,000,000,000	28,381,957,877	–	466,905,139	694,965,121	1,161,870,260	–	1,161,870,260	(2,091,912,018)	40,907,473,489	894,022,713	41,801,496,202
Net income for the year, as restated	–	–	–	4,655,096,899	–	4,655,096,899	–	–	–	–	–	–	–	4,655,096,899	371,282,932	5,026,379,831
Other comprehensive income	–	–	–	–	–	–	–	(142,199,153)	(437,926,411)	(580,125,564)	(63,280,778)	(643,406,342)	–	(643,406,342)	(294,526)	(643,700,868)
Total comprehensive income	–	–	–	4,655,096,899	–	4,655,096,899	–	(142,199,153)	(437,926,411)	(580,125,564)	(63,280,778)	(643,406,342)	–	4,011,690,557	370,988,406	4,382,678,963
Reversal of previous appropriation	–	–	–	3,000,000,000	(3,000,000,000)	–	–	–	–	–	–	–	–	–	–	–
Appropriation of retained earnings	–	–	–	(5,000,000,000)	5,000,000,000	–	–	–	–	–	–	–	–	–	–	–
Purchase of treasury shares (Note 23)	–	–	–	–	–	–	–	–	–	–	–	–	(322,114,135)	(322,114,135)	–	(322,114,135)
Cash dividends (Note 23)	–	–	–	(3,917,043,673)	–	(3,917,043,673)	–	–	–	–	–	–	–	(3,917,043,673)	–	(3,917,043,673)
Balances as at September 30, 2011	₱2,227,638,933	₱11,227,918,437	₱13,455,557,370	₱24,120,011,103	₱5,000,000,000	₱29,120,011,103	₱–	₱324,705,986	₱257,038,710	₱581,744,696	(₱63,280,778)	₱518,463,918	(₱2,414,026,153)	₱40,680,006,238	₱1,265,011,119	₱41,945,017,357

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱11,549,771,408**	₱9,186,030,313	₱5,648,342,804
Adjustments for:			
Depreciation and amortization of:			
Property, plant and equipment (Note 13)	**3,617,945,589**	3,415,369,881	3,260,872,226
Investment properties (Note 18)	**3,657,787**	3,657,795	3,657,787
Intangible assets (Note 16)	**–**	–	1,614,455
Market valuation loss (gain) on financial assets at fair value through profit or loss (Note 8)	**(473,300,902)**	(1,548,491,547)	1,157,315,912
Finance revenue (Note 30)	**(529,639,680)**	(1,229,729,268)	(1,193,271,185)
Finance cost (Note 31)	**266,033,395**	693,273,870	1,001,901,336
Net foreign exchange losses	**156,974,222**	634,390,049	36,688,172
Loss (gain) arising from changes in fair value less estimated costs to sell of swine stocks (Note 15)	**(69,895,371)**	15,524,660	128,310,166
Impairment losses on:			
Receivables (Note 10)	**205,469**	–	5,625,813
Inventories (Note 11)	**28,694,879**	–	4,005,060
Property, plant and equipment (Note 13)	**–**	7,651,176	10,065,297
Intangibles (Notes 16 and 38)	**–**	190,223,400	147,514,765
Loss (gain) on sale of:			
Property, plant and equipment	**(38,805,967)**	(27,681,325)	(17,560,666)
Net assets of disposal group classified as held for sale (Note 38)	**–**	–	177,789,396
Available-for-sale investments (Note 14)	**(680,679,297)**	(55,192,209)	(69,390,963)
Financial assets at fair value through profit or loss (Note 8)	**(54,493,439)**	85,099,420	3,696,697
Equity in net income of a joint venture (Note 17)	**(19,244,938)**	(31,172,102)	(25,469,633)
Amortization of debt issuance costs	**9,544,074**	9,396,636	12,377,331
Market valuation gain on derivative transactions (Note 8)	**–**	(12,226,523)	(4,115,330)
Operating income before working capital changes	**13,766,767,229**	11,336,124,226	10,289,969,440
Decrease (increase) in:			
Receivables	**(1,279,188,548)**	(1,034,436,932)	(981,073,652)
Inventories	**(1,256,581,779)**	(34,549,496)	(1,843,302,662)
Biological assets	**(8,195,844)**	(131,175,092)	(203,051,947)
Other current assets	**86,038,931**	197,214,436	174,092,316

(Forward)

	Years Ended September 30		
	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**₱2,195,269,839**	₱992,207,318	₱686,348,971
Trust receipts and acceptances payable	**(1,165,118,202)**	2,188,947,980	1,439,785,594
Net cash generated from operations	**12,338,991,626**	13,514,332,440	9,562,768,060
Interest received	**749,040,000**	1,227,580,030	1,165,200,154
Interest paid	**(287,053,995)**	(814,934,229)	(1,001,871,056)
Income taxes paid	**(1,182,136,997)**	(898,940,139)	(708,597,303)
Net cash provided by operating activities	**11,618,840,634**	13,028,038,102	9,017,499,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 13)	**(5,545,756,692)**	(5,129,191,994)	(4,559,451,861)
Financial assets at fair value through profit or loss	**–**	(1,976,898,466)	(2,342,958,468)
Non-controlling interest (Note 23)	**–**	(7,200,000,000)	–
Proceeds from the sale of:			
Financial assets at fair value through profit or loss (Note 8)	**10,713,882,489**	2,740,543,903	672,701,490
Available-for-sale investments (Note 14)	**4,717,681,000**	954,610,881	716,158,372
Property, plant and equipment	**84,818,228**	63,908,741	67,560,666
Net assets of disposal group classified as held for sale (Note 38)	**–**	–	107,920,453
Decrease (increase) in:			
Other noncurrent assets	**(48,923,388)**	(72,725,477)	(81,148,992)
Net pension asset (liability)	**(6,495,846)**	(52,389,622)	75,659,088
Dividends received (Note 17)	**29,999,991**	24,999,993	24,999,929
Net cash provided by (used in) investing activities	**9,945,205,782**	(10,647,142,041)	(5,318,559,323)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of:			
Short-term debt	**(8,586,397,274)**	(5,749,632,635)	(5,111,859,534)
Long-term debt (Note 22)	**(3,000,000,000)**	(7,848,762,768)	(7,401,385)
Proceeds from availment of short-term debt	**1,945,430,681**	8,588,536,884	5,747,104,738
Proceeds from the sale of treasury shares, net of transaction costs (Note 23)	**–**	7,344,768,000	–
Cash dividends paid (Note 23)	**(5,235,604,639)**	(3,916,853,672)	(3,917,043,673)
Purchase of treasury shares (Note 23)	**–**	–	(322,114,135)
Net cash used in financing activities	**(14,876,571,232)**	(1,581,944,191)	(3,611,313,989)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,687,475,184**	798,951,870	87,626,543
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,345,833,397**	4,546,881,527	4,459,254,984
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱12,033,308,581**	₱5,345,833,397	₱4,546,881,527

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Universal Robina Corporation (hereinafter referred to as “the Parent Company” or “URC”) is incorporated and domiciled in the Republic of the Philippines, and is listed in the Philippine Stock Exchange. The registered office address of the Parent Company is 110 E. Rodriguez Avenue, Bagumbayan, Quezon City, Philippines.

The Parent Company is a majority owned subsidiary of JG Summit Holdings, Inc. (“the Ultimate Parent Company” or “JGSHI”).

The Parent Company and its subsidiaries (hereinafter referred to as “the Group”) is one of the largest branded food products companies in the Philippines and has a growing presence in other markets in Asia. The Group is involved in a wide range of food-related businesses which are organized into three (3) business segments: (a) the branded consumer food segment which manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, noodles and tomato-based products; (b) the agro-industrial segment which engages in hog and poultry farming, production and distribution of animal health products and manufacture and distribution of animal feeds, glucose and soya bean products; and (c) the commodity food segment which engages in sugar milling and refining, flour milling and pasta manufacturing. The Parent Company also engages in consumer product-related packaging business through its packaging division which manufactures bi-axially oriented polypropylene (BOPP) film and through its subsidiary, CFC Clubhouse Property, Inc. (CCPI), which manufactures polyethylene terephthalate (PET) bottles and printed flexible packaging materials. The Parent Company’s packaging business is included in the branded consumer food segment.

On February 10, 2012 and April 18, 2012, the Board of Directors (BOD) and Stockholders, respectively, approved the amendments to the Articles of Incorporation (AOI) of the Parent Company to include in its purpose the business of producing fuel ethanol and other similar products and to carry on all activities and services incidental and/or ancillary for such. On May 25, 2012, the Philippine Securities and Exchange Commission (SEC) approved the amendment to the secondary purpose of the Parent Company.

Also, on November 26, 2012, the BOD and Stockholders approved the amendment to the AOI of the Parent Company to include in its secondary purpose the business of power generation either for use of the Parent Company and its division and/or for sale. On March 21, 2013, the SEC approved the amendment to the secondary purpose.

On October 29, 2012, CCPI transferred its pet bottle operations to the Parent Company.

The operations of certain subsidiaries are registered with the Board of Investments (BOI) as preferred pioneer and nonpioneer activities. Under the terms of the registrations and subject to certain requirements, the Parent Company and certain subsidiaries are entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) for a period of four (4) years to six (6) years from respective start dates of commercial operations (see Note 36). The Group is also subject to certain regulations with respect to, among others, product composition, packaging, labeling, advertising and safety.

The principal activities of the Group are further described in Note 6 to the consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) investments and derivative financial instruments that have been measured at fair value, and biological assets and agricultural produce that have been measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine Peso. The functional and presentation currency of the Parent Company and its Philippine subsidiaries (as well as certain foreign subsidiaries) is the Philippine Peso.

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

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned subsidiaries:

Subsidiaries	Country of Incorporation	Effective Percentages of Ownership		
		2013	2012	2011
CCPI	Philippines	**100.00**	100.00	100.00
CFC Corporation	- do -	**100.00**	100.00	100.00
Bio-Resource Power Generation Corporation	- do -	**100.00**	100.00	100.00
Southern Negros Development Corporation (SONEDCO)	- do -	**94.00**	94.00	94.00
Nissin-URC	- do -	**65.00**	65.00	65.00
URC Philippines, Limited (URCPL)	British Virgin Islands	**100.00**	100.00	100.00
URC International Co. Ltd. (URCICL) and Subsidiaries*	- do -	**100.00**	100.00	77.00
Universal Robina (Cayman), Ltd. (URCL)	Cayman Islands	**100.00**	100.00	100.00
URC China Commercial Co., Ltd.	China	**100.00**	100.00	100.00

** Subsidiaries are located in Thailand, Singapore, Malaysia, Vietnam, Indonesia, China and Hong Kong*

In August 2012, the BOD approved the acquisition by the Parent Company of 23.00% of the capital stock of URCICL owned by a minority shareholder, International Horizons Investments Ltd., for ₱7.2 billion. The acquisition of the shares allowed the Parent Company to consolidate 100.00% of the earnings of URCICL after the date of acquisition (see Note 23).

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany transactions and balances, including intercompany profits and unrealized profits and losses, are eliminated in the consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved were the Parent Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Consolidation of subsidiaries ceases when control is transferred out of the Parent Company.

Some of the Group's subsidiaries have a local statutory accounting reference date of December 31. These are consolidated using management prepared information on a basis coterminous with the Group's accounting reference date.

Below are the subsidiaries with a different accounting reference date from that of the Parent Company:

Subsidiaries	Year-end
URC China Commercial Co., Ltd.	December 31
Shantou SEZ Shanfu Foods Co., Ltd.	-do-
Guangzhou Peggy Foods Co., Ltd.	-do-
Jiangsu Acesfood Industrial Co., Ltd.	-do-
Acesfood Network Pte. Ltd. (Acesfood)	-do-
Acesfood Holdings Pte. Ltd.	-do-
Acesfood Distributors Pte. Ltd.	-do-
Advanson International Pte. Ltd. (Advanson)	-do-

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at acquisition date and the amount of any non-controlling interest (NCI) in the acquiree. Acquisition-related costs are recognized in the consolidated statements of income as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI.

Any excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognized in the consolidated statement of income on the date of acquisition.

NCIs in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the NCI’s proportionate share of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, NCIs consist of the amount attributed to such interests at initial recognition and the NCI’s share of changes in equity since the date of combination.

Changes in the Group’s interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the NCIs are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years, except that the Group has adopted the following PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations which are effective for the Group beginning October 1, 2012. The adoption of the new and amended standards and interpretations did not have any effect on the consolidated financial statements of the Group. They did, however, give rise to additional disclosures.

On October 1, 2012, the Group early adopted the following new and amended accounting standards and interpretations which are mandatory for the Group for the fiscal year beginning October 1, 2013.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.

- PAS 19, *Employee Benefits* (Revised)
  For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

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

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

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

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

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

	September 30, 2013	September 30, 2012	September 30, 2011
Increase (decrease) in:			
Consolidated statements of financial position			
Net pension liability	₱559,493,880	₱360,033,060	₱116,420,196
Deferred tax assets	167,848,163	108,009,917	34,926,059
Other comprehensive income, net of tax	(426,630,877)	(259,408,375)	(63,280,778)
Retained earnings	37,441,334	9,301,995	(17,848,044)
Non-controlling interest	(2,456,174)	(1,916,763)	(365,315)

	2013	2012	2011
Consolidated statements of income			
General and administrative expenses	(₱61,251,257)	(₱49,026,508)	(₱25,518,468)
Finance cost	20,895,270	10,223,874	653,596
Finance revenue	–	–	(2,029,377)
Profit before income tax	40,355,987	38,802,634	26,894,249
Income tax benefit	(12,106,796)	(11,640,790)	(8,068,275)
Profit for the year	₱28,249,191	₱27,161,844	₱18,825,974
Attributable to:			
Equity holders of the parent	₱28,139,339	₱27,150,041	₱18,825,974
Non-controlling interests	109,852	11,803	–
Basic/diluted earnings per share	₱0.01	₱0.01	₱.01

	2013	2012	2011
Consolidated statements of comprehensive income			
Remeasurement loss on defined benefit plan	(₱239,816,807)	(₱282,415,496)	(₱90,821,863)
Income tax effect	71,945,042	84,724,648	27,246,559
Other comprehensive loss for the year, net of tax	(167,871,765)	(197,690,848)	(63,575,304)
Total comprehensive loss for the year	(₱139,622,574)	(₱170,529,004)	(₱44,749,330)
Attributable to:			
Equity holders of the parent	(₱139,083,163)	(₱168,977,556)	(₱44,454,804)
Non-controlling interests	(539,411)	(1,551,448)	(294,526)

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

Change of presentation
Upon adoption of the Revised PAS 19, the presentation of the income statement was updated to reflect these changes. Net interest is now shown under the finance revenue/costs line item (previously under personnel expenses under 'General and administrative expenses'). This presentation better reflects the nature of net interest since it corresponds to the compounding effect of the long-term net defined benefit liability (net defined benefit asset). In the past, the expected return on plan assets reflected the individual performance of the plan assets, which were regarded as part of the operating activities.

Restatement
Prior periods have been restated due to early adoption of Revised PAS 19 and the change in the presentation of the consolidated statements of income.

Significant Accounting Policies

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized upon delivery, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, prompt payment discounts and volume rebates.

Rendering of services

Revenue derived from tolling activities, whereby raw sugar from traders and planters is converted into refined sugar, is recognized as revenue when the related services have been rendered.

Dividend income

Dividend income is recognized when the shareholder's right to receive the payment is established.

Rent income

Rent income arising on investment properties is accounted for on a straight-line basis over the lease term on ongoing leases.

Interest income

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

Cash and Cash Equivalents

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

Recognition of Financial Instruments

Date of recognition

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

Initial recognition of financial instruments
Financial instruments are recognized initially at fair value. Except for financial instruments valued at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets into the following categories: financial assets at FVPL, AFS investments and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every statement of financial position date.

Determination of fair value
The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

Day 1 profit
Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in the consolidated statement of income. In cases where variables used are made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 profit amount.

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading purposes, derivative instruments, or those designated upon initial recognition when any of the following criteria are met:

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

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are reflected in the consolidated statement of income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded in other operating income according to the terms of the contract, or when the right of the payment has been established.

The Group's financial assets at FVPL consist of private bonds, equity and government securities (see Note 8).

Derivatives recorded at FVPL
The Group uses derivative financial instruments such as currency forwards and currency options to hedge the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair values of the Group's derivative instruments are based on quotes obtained from counterparties.

Embedded derivatives
An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and c) the hybrid or combined instrument is not recognized at FVPL.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flow on the contract.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the EIR method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the EIR and transaction costs. Gains and losses are recognized in the consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the statement of financial position date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's trade and other receivables (see Note 10).

AFS investments
AFS investments are those nonderivative investments which are designated as such or do not qualify to be classified or designated as financial assets at FVPL, held-to-maturity investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of comprehensive income. The unrealized gains and losses arising from the fair valuation of AFS investments are excluded, net of tax, from reported earnings and are reported under the 'Other comprehensive income' section of the consolidated statement of comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of income. Interest earned on holding AFS investments are reported as interest income using the EIR method. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in, first-out basis.

Dividends earned on holding AFS investments are recognized in the consolidated statement of income, when the right to receive payment has been established. The losses arising from impairment of such investments are recognized in the consolidated statement of income.

AFS investments held by the Group consist of private bonds, government and equity securities (see Note 14).

Other financial liabilities
Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs. Debt issuance costs are amortized using the EIR method and unamortized debt issuance costs are offset against the related carrying value of the loan in the consolidated statement of financial position.

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

When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

This accounting policy applies primarily to the Group's short-term (see Note 20) and long-term debt (see Note 22), accounts payable and other accrued liabilities (see Note 21) and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as pension liabilities or income tax payable).

Debt Issuance Costs
Debt issuance costs are amortized using EIR method and unamortized debt issuance costs are included in the measurement of the related carrying value of the loan in the consolidated statement of financial position. When loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged in the consolidated statement of income.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Reclassification of Financial Assets
A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- there is a rare circumstance.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the consolidated statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable. In 2008, the Group reclassified certain financial assets at FVPL to AFS investments (see Note 9).

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

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on financial assets carried at amortized cost (i.e., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognized in the consolidated statement of income. The asset, together with the associated allowance accounts, is written off when there is no realistic prospect of future recovery.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually 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. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

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 income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The Group performs a regular review of the age and status of its trade and other receivables, designed to identify receivables with objective evidence of impairment and provide the appropriate allowance for impairment loss. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment loss being determined for each risk grouping identified by the Group (see Note 10).

AFS investments

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

For equity investments classified as AFS investments, objective evidence would include a significant or prolonged decline in the fair value of the investments below its cost. The determination of what is significant and prolonged is subject to judgment. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of income - is removed from equity and recognized in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly as part of the other comprehensive income.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

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

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

Financial liabilities

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

Financial Guarantee Contracts

In the ordinary course of business, the Parent Company gives financial guarantees. Financial guarantees are initially recognized at fair value, and the initial fair value is amortized over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment (when a payment under the guaranty has become probable).

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements; thus, the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories

Inventories, including goods-in-process, are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for materials, spare parts and other supplies represents the related replacement costs.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, work-in-process, raw materials, containers and packaging materials
Cost is determined using the weighted average method. Finished goods and work-in-process include direct materials and labor, and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Materials in-transit
Cost is determined using the specific identification basis.

Spare parts and supplies
Cost is determined using the weighted average method.

Biological Assets

The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock	- Breeders (livestock bearer)
	- Sucklings (breeders' offspring)
	- Weanlings (comes from sucklings intended to be breeders or to be sold as fatteners)
	- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat)
Poultry livestock	- Breeders (livestock bearer)
	- Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each statement of financial position date at its fair value less estimated costs to sell, except for a biological asset where fair value is not clearly determinable. Agricultural produce harvested from an entity's biological assets are measured at its fair value less estimated costs to sell at the time of harvest.

The Group is unable to measure fair values reliably for its poultry livestock breeders in the absence of: (a) available market determined prices or values; and (b) alternative estimates of fair values that are determined to be clearly reliable; thus, these biological assets are measured at cost less accumulated depreciation and any accumulated impairment losses. However, once the fair values become reliably measurable, the Group measures these biological assets at their fair values less estimated costs to sell.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of comprehensive income in the period in which it arises. The agricultural produce in swine livestock is the suckling that transforms into weanling then into fatteners/ finishers, while the agricultural produce in poultry livestock is the hatched chick and table eggs.

Biological assets at cost
The cost of a biological asset comprises its purchase price and any costs attributable in bringing the biological asset to its location and conditions intended by management.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the biological assets, regardless of utilization. The EUL of biological assets is reviewed annually based on expected utilization as anchored on business plans and strategies that considers market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of biological assets. The EUL of biological assets ranges from two to three years.

The carrying values of biological assets are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable (see further discussion under Impairment of Nonfinancial Assets).

Biological assets carried at fair values less estimated costs to sell
Swine livestock are measured at their fair values less costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset shall be included in the consolidated statement of income in the period in which it arises.

Assets Held for Sale
The Group classifies assets as held for sale (disposal group) when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior years' consolidated statements of income and consolidated statement of cash flows are re-presented. The results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in the consolidated statement of income and consolidated statement of cash flows as items associated with discontinued operations.

In circumstances where certain events have extended the period to complete the sale of a disposal group beyond one year, the disposal group continues to be classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group. Otherwise, if the criteria for classification of a disposal group as held for sale are no longer met, the Group ceases to classify the disposal group as held for sale.

Initial and subsequent measurement
Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the assets held for sale to the extent that these have not been previously recognized at initial recognition. Reversals of impairment losses for any subsequent increases in fair value less cost to sell of the assets held for sale are recognized as a gain, but not in excess of the cumulative impairment loss that has been previously recognized.

Property, Plant and Equipment
Property, plant and equipment, except land, are carried at cost less accumulated depreciation and amortization and impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition.

Cost also includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction; and (b) asset retirement obligation relating to property, plant and equipment installed/constructed on leased properties, if any.

Land is stated at cost less any impairment in value.

Subsequent costs are capitalized as part of the 'Property, plant and equipment', only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Foreign exchange differentials arising from foreign currency borrowings used for the acquisition of property, plant and equipment are capitalized to the extent that these are regarded as adjustments to interest costs.

Construction-in-progress is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress is not depreciated until such time as the relevant assets are completed and put into operational use. Construction in-progress are transferred to the related 'Property, plant and equipment' when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

Depreciation and amortization of property, plant and equipment commence, once the property, plant and equipment are available for use and are computed using the straight-line method over the EUL of the assets regardless of utilization.

The EUL of property, plant and equipment of the Group follow:

	Years
Land improvements	20
Buildings and improvements	10 to 30
Machinery and equipment	10
Transportation equipment	5
Furniture, fixtures and equipment	5

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms.

The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed and adjusted, if appropriate, at each financial year-end.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

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

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less 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 cost of day-to-day servicing of an investment property.

Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in, which case, the investment property acquired is measured at the carrying amount of asset given up.

The Group's investment properties are depreciated using the straight-line method over their EUL as follows:

	Years
Land improvements	10
Buildings and building improvements	10 to 30

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the profit or loss in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or by the end of construction or development. 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.

For a transfer from investment property to owner-occupied property to inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property, Plant and Equipment account up to the date of change in use.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets. Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see further discussion under Impairment of Nonfinancial Assets).

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the costs of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment losses, if any.

The EUL of intangible assets are assessed to be either finite or indefinite.

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level (see further discussion under Impairment of Nonfinancial Assets). Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets follows:

	Product Formulation	Trademarks	
EUL	Indefinite	Indefinite	Finite (4 years)
Amortization method used	No amortization	No amortization	Straight-line amortization
Internally generated or acquired	Acquired	Acquired	Acquired

Investment in a Joint Venture

The Group has a 50.00% interest in Hunt-Universal Robina Corporation (HURC), a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The Group's investment in a joint venture is accounted for using the equity method of accounting. Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the joint venture. The consolidated statement of income reflects the Group's share in the results of operations of the joint venture. Where there has been a change recognized directly in the investees' equity, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income in the consolidated statement of changes in equity.

The investee company's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's property, plant and equipment (see Note 13), investment properties (see Note 18), investment in a joint venture (see Note 17), intangible assets (see Note 16) and biological assets at cost (see Note 15).

The Group assesses at each statement of financial position date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 (or cash-generating unit).

Impairment losses are recognized in the consolidated statement of income.

For assets excluding goodwill, an assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative fair values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses relating to goodwill cannot be reversed in future periods.

Biological assets at cost
The carrying values of biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Intangible assets
Intangible assets with indefinite EUL are tested for impairment annually as of year-end either individually or at the cash-generating unit level, as appropriate.

Investment in a joint venture
After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in a joint venture. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the joint venture and the acquisition cost and recognizes the amount in the profit or loss in the consolidated statement of comprehensive income.

<u>Treasury Shares</u>
Treasury shares are recorded at cost and are presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. When shares are sold, the treasury share account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. 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 assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Contingencies

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

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Retirement Obligation

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, 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.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Current service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability 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 liability or asset is recognized as expense or income in the consolidated statement of 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 liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. 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). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group'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.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

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 twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the statement of financial position date.

Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized.

Deferred tax assets are not recognized when they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting income nor taxable income or loss. Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. With respect to investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the statement of financial position date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Borrowing Costs

Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress, and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all the activities necessary to prepare the asset for sale or its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate. Borrowing costs which do not qualify for capitalization are expensed as incurred.

Interest expense on loans is recognized using the EIR method over the term of the loans.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset(s).

A reassessment is made after inception of the lease only if one of the following applies:

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

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

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of income.

A lease is depreciated over the EUL of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the EUL of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other that those relating to distributions to equity participants. Expenses are recognized when incurred.

Foreign Currency Translation/Transactions

The functional and presentation currency of the Parent Company and its Philippine subsidiaries (as well as certain consolidated foreign subsidiaries) is the Philippine Peso.

Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling 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 statement of financial position date. All differences are taken to the consolidated statement of comprehensive income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Group's consolidated foreign subsidiaries follow:

Subsidiaries	Country of Incorporation	Functional Currency
URCL	Cayman Islands	Philippine Peso
URCPL	British Virgin Islands	- do -
URC Asean Brands Co. Ltd. (UABCL)	- do -	US Dollar
Hong Kong China Foods Co. Ltd. (HCFCL)	- do -	- do -
URCICL	- do -	- do -
Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd.	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd.	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar
Acesfood Network Pte. Ltd.	- do -	- do -
Acesfood Holdings Pte. Ltd.	- do -	- do -
Acesfood Distributors Pte. Ltd.	- do -	- do -
Advanson International Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Continental Milling Co. Ltd.	- do -	- do -
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyats
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -

As of the statement of financial position date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the statement of financial position date and their respective statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the consolidated statement of income.

Common Stock

Common stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of financial position. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Other Comprehensive Income

Other comprehensive income comprises items of income and expenses (including items previously presented under the consolidated statements of changes in equity) that are not recognized in the consolidated statements of income for the year in accordance with PFRS.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Earnings Per Share (EPS)

Basic EPS is computed by dividing consolidated net income applicable to common stock (consolidated net income less dividends on preferred stock) by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the consolidated net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after the Reporting Period

Any post year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

New Accounting Standards, Interpretations, and Amendments to Existing Standards Effective Subsequent to September 30, 2013

The Group will adopt the following standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have a significant impact on its consolidated financial statements.

Effective in 2013 for adoption in fiscal year ending September 30, 2014

- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)*

  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32.

  The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

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

  The amendments to PFRS 7 are to be retrospectively applied and are effective for annual periods beginning on or after January 1, 2013. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*

  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes issues raised in SIC 12, *Consolidation for Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by the parent, compared with the requirements of PAS 2. The standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 11, *Joint Arrangements*

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

The application of this new standard will not have an impact the financial position of the Group. The standard becomes effective for annual period beginning on or after January 1, 2013.

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

  The standard becomes effective for annual periods beginning on or after January 1, 2013. The adoption of PFRS 12 will affect disclosures only and have no impact on the Group's financial position or performance.

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

  The standard becomes effective for annual periods beginning on or after January 1, 2013. The Group does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance.

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the new PFRS 10 and 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly-controlled entities and associates in separate financial statements. The adoption of the amended PAS 27 will not have significant impact on the separate financial statements of the entities within the Group. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the new PFRS 10 and 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures,* and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
  This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part.

The Group expects that this interpretation will not have any impact on its financial position or performance. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

<u>*Effective in 2014 for adoption in fiscal year ending September 30, 2015*</u>

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)*
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

<u>*Effective in 2015 for adoption in fiscal year ending September 30, 2016*</u>

- PFRS 9, *Financial Instruments*
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement.* Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety.
  a. All financial assets to be measured at fair value at initial recognition;
  b. 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;
  c. All equity financial assets are measured at fair value either through other comprehensive income 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 other comprehensive income. 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 other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
  d. 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 Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

Improvements to PFRS

The omnibus amendments to PFRS issued in 2009, 2010 and 2011, contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted.

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

- PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
  The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required.

  The amendments affect disclosures only and have no impact on the Group's financial position or performance.

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

- PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*
  The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The Group expects that this amendment will not have any impact on its financial position or performance.

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

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments

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

Classification of financial instruments

The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position. In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Determination of fair values of financial instruments

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting judgment and estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect profit and loss and equity.

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable market data where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. The fair values of the Group's derivative financial instruments are based from quotes obtained from counterparties.

The fair values of the Group's financial instruments are disclosed in Note 5.

Classification of leases
Management exercises judgment in determining whether substantially all the significant risks and rewards of ownership of the leased assets are transferred to the Group. Lease contracts, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased items, are capitalized. Otherwise, they are considered as operating leases.

The Group has entered into commercial property leases on its investment property portfolio. These leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and the related lease terms do not approximate the EUL of the assets being leased. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Some of the Group's subsidiaries were granted land usage rights from private entities. The land usage right represents the prepaid amount of land lease payments. The right is currently being amortized by the Group on a straight-line basis over the term of the right.

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

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

Determination of functional currency
PAS 21, *The Effects of Changes in Foreign Exchange Rates* requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Group considers the following:
a. the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
b. the currency in which funds from financing activities are generated; and
c. the currency in which receipts from operating activities are usually retained.

In the case of an intermediate holding company or finance subsidiary, the principal consideration of management is whether it is an extension of the parent and performing the functions of the parent - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the parent company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the parent; while in the latter case, the functional currency of the entity would be assessed separately.

Assets held for sale
The Group classifies a subsidiary as a disposal group held for sale if it meets the following conditions at the reporting date:

- The entity is available for immediate sale and can be sold in its current condition;
- An active program to locate a buyer and complete the plan sale has been initiated; and
- The entity is to be genuinely sold, not abandoned.

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

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

<u>Estimates</u>
The key assumptions concerning the future and other sources of estimation uncertainty at the financial position 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.

Impairment of AFS investments
Debt investments
The Group classifies certain financial assets as AFS investments and recognizes movements in the fair value in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether such can be considered as an impairment loss that should be recognized in the profit or loss in the consolidated statement of comprehensive income.

The Group did not recognize any provision for impairment loss on its AFS debt investments in 2013, 2012 and 2011. As of September 30, 2013 and 2012, the carrying value of AFS debt investments amounted to nil and ₱3.8 billion, respectively (see Note 14).

Equity investments
The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20.00% or more and 'prolonged' as 12 months or longer for quoted equity securities. In addition, the Group evaluates other factors, such as normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

The Group did not recognize any impairment loss on AFS equity investments in 2013, 2012 and 2011. As of September 30, 2013 and 2012, the carrying value of AFS equity investments amounted to ₱21.7 million and ₱950.8 million, respectively (see Note 14).

Estimation of allowance for impairment losses on receivables
The Group maintains allowances for impairment losses on its trade and other receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of relationship with the customer, the customer's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis. The Group provides full allowance for trade and other receivables that it deems uncollectible.

The Group reviews its finance receivables at each statement of financial position date to assess whether an impairment loss should be recorded in the profit or loss in the consolidated statement of comprehensive income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted.

This collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired. These internal ratings take into consideration factors such as any deterioration in risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the allowance for impairment losses on trade and other receivables would increase recorded operating expenses and decrease current assets.

Provision for impairment losses on receivables (included under 'Impairment losses' on the consolidated statements of income) amounted to ₱0.2 million in 2013, nil in 2012, and ₱5.6 million in 2011, respectively. The Group recovered impaired receivables amounting to ₱0.6 million and ₱0.8 million in 2013 and 2012, respectively. Total receivables, net of allowance for impairment losses, amounted to ₱8.5 billion and ₱7.5 billion as of September 30, 2013 and 2012, respectively (see Note 10).

Determination of NRV of inventories
The Group, in determining the NRV, considers any adjustment necessary for obsolescence, which is generally providing 100.00% allowance for nonmoving items for more than one year. The Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect market decline in the value of the recorded inventories.

The Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Inventory written down as expense (included under the 'Cost of sales' in the consolidated statements of income) amounted to ₱726.1 million, ₱640.4 million and ₱470.1 million in 2013, 2012 and 2011, respectively (see Note 11).

The Group recognized impairment losses on its inventories amounted to ₱28.7 million, nil and ₱4.0 million in 2013, 2012 and 2011, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱11.0 billion and ₱9.8 billion for September 30, 2013 and 2012, respectively (see Note 11).

EUL of property, plant and equipment and investment properties
The Group estimates the useful lives of its property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of property, plant and equipment and investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the EUL of property, plant and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

As of September 30, 2013 and 2012, the balances of the Group's depreciable property, plant and equipment, biological assets and investment properties follow:

	2013	2012
Property, plant and equipment - net (see Note 13)	**₱23,379,269,976**	₱22,954,677,868
Biological assets - breeders (see Note 15)	**483,025,181**	428,961,591
Investment properties - net (see Note 18)	**60,833,725**	64,491,512

Fair values less estimated costs to sell of biological assets
The fair values of swine are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market. The fair values are reviewed and updated if expectations differ from previous estimates due to changes brought by both physical change and price changes in the market. It is possible that future results of operations could be materially affected by changes in these estimates brought about by the changes in factors mentioned.

As of September 30, 2013 and 2012, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱1.4 billion and ₱1.3 billion, respectively (see Note 15). Gains (losses) arising from changes in the fair market value of biological assets in 2013, 2012 and 2011 amounted to ₱69.9 million, (₱15.5) million and (₱128.3) million, respectively (see Note 15).

Impairment of nonfinancial assets
The Group assesses the impairment of its nonfinancial assets (i.e., property, plant and equipment, investment properties, investment in a joint venture, biological assets at cost, goodwill and other intangible assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant or prolonged decline in the fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount has been determined based on value in use calculations. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

In 2013 and 2012, the Group recognized impairment losses on its property, plant and equipment (included under 'Impairment losses' on the consolidated statements of income) of nil and ₱7.7 million, respectively (see Note 13). In 2013 and 2012, the Group recognized impairment losses on its trademark (included under 'Impairment losses' on the consolidated statements of income) nil and ₱190.2 million, respectively. In 2011, the Group also recognized impairment losses on its goodwill (included under 'Impairment losses' on the consolidated statements of income) of ₱84.0 million, pertaining to disposed subsidiaries (see Notes 16 and 38).

As of September 30, 2013 and 2012, the balances of the Group's nonfinancial assets, net of accumulated depreciation, amortization and impairment losses follow:

	2013	2012
Property, plant and equipment (see Note 13)	**₱30,180,400,059**	₱27,918,634,454
Intangible assets (see Note 16)	**1,273,627,776**	1,273,627,776
Biological assets at cost (see Note 15)	**172,262,355**	182,704,353
Investment in a joint venture (see Note 17)	**85,384,000**	96,139,053
Investment properties (see Note 18)	**60,833,725**	64,491,512

Estimation of pension and other benefits costs
The cost of defined benefit pension plans and other post employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. As of September 30, 2013 and 2012, the balances of the Group's net pension liability and other employee benefits follow:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Net pension liability (see Note 32)	**₱604,417,551**	₱371,096,589	₱141,070,713
Other employee benefits (see Note 29)	**844,508,937**	856,708,522	791,235,227

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 32.

Recognition of deferred tax assets
The Group reviews the carrying amounts of its deferred income taxes at each statement of financial position date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized.

As of September 30, 2013 and 2012, the Group recognized deferred tax assets amounting to ₱652.3 million and ₱295.3 million, respectively (see Note 33), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax assets (liabilities) amounted to ₱168.0 million and (₱101.4) million as of September 30, 2013 and 2012, respectively (see Note 33).

As of September 30, 2013 and 2012, the Group has certain subsidiaries which are under ITH. As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse or expire within the ITH period (see Note 36).

As of September 30, 2013 and 2012, the total amount of unrecognized deferred tax assets of the Group amounted to ₱153.1 million and ₱186.6 million, respectively (see Note 33).

4. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments, other than derivatives, comprise cash and cash equivalents, financial assets at FVPL, AFS investments, and interest-bearing loans and other borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as trade receivables and payables which arise directly from its operations. One of the Group's subsidiary is a counterparty to derivative contracts. These derivatives are entered into as a means of reducing or managing their respective foreign exchange and interest rate exposures, as well as for trading purposes.

The BOD of the Parent Company and its subsidiaries review and approve policies for managing each of these risks and they are summarized below, together with the related risk management structure.

<u>Risk Management Structure</u>
The Group's risk management structure is closely aligned with that of the ultimate parent company. The BOD of the Parent Company and the respective BOD of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

AC
The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;
b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)
The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

a. recommending risk policies, strategies, principles, framework and limits;
b. managing fundamental risk issues and monitoring of relevant risk decisions;
c. providing support to management in implementing the risk policies and strategies; and
d. developing a risk awareness program.

Compliance with the principles of good corporate governance is also one (1) of the primary objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Day-to-day risk management functions
At the business unit or company level, the day-to-day risk management functions are handled by four (4) different groups, namely:

1. Risk-taking personnel. This group includes line personnel who initiate and are directly accountable for all risks taken.
2. Risk control and compliance. This group includes middle management personnel who perform the day-to-day compliance check to approved risk policies and risk mitigation decisions.
3. Support. This group includes back office personnel who support the line personnel.
4. Risk management. This group pertains to the business unit's Management Committee which makes risk mitigating decisions within the enterprise-wide risk management framework.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risks such as foreign currency risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Credit and Collection Department of the Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVPL, AFS investments and certain derivative investments, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk (including derivatives) of the Group as of September 30, 2013 and 2012, without considering the effects of collaterals and other credit risk mitigation techniques.

	2013	2012
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand amounting to ₱46.0 million and ₱41.1 million as of September 30, 2013 and 2012, respectively, see Note 7)	**₱11,987,351,393**	₱5,304,708,453
Receivables (see Note 10):		
Trade receivables	**5,179,220,237**	4,750,357,051
Due from related parties	**1,812,241,807**	1,258,154,460
Advances to officers, employees and suppliers	**927,354,662**	668,015,302
Interest receivable	**5,038,825**	224,439,145
Other receivables	**598,562,058**	560,066,957
Total loans and receivables	**20,509,768,982**	12,765,741,368
Financial assets at FVPL (see Note 8):		
Held-for-trading:		
Private bonds	**–**	8,688,367,888
Equity securities	**413,732,312**	1,915,005,913
Government bonds	**–**	208,194,297
Derivative assets	**–**	834,167
Total financial assets at FVPL	**413,732,312**	10,812,402,265
AFS investments (see Note 14):		
Debt securities:		
Private bonds	**–**	1,984,850,194
Government securities	**–**	1,862,178,302
Equity securities:		
Quoted	**21,720,000**	950,848,125
Total AFS investments	**21,720,000**	4,797,876,621
	₱20,945,221,294	₱28,376,020,254

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

i. Concentration by geographical location

The Group's credit risk exposures as of September 30, 2013 and 2012 before taking into account any collateral held or other credit enhancements are categorized by geographic location follows:

	2013					
	Philippines	**Asia**	**United States**	**Europe**	**Others***	**Total**
Loans and receivables:						
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱8,692,822,250**	**₱3,294,529,143**	**₱–**	**₱–**	**₱–**	**₱11,987,351,393**
Receivables (see Note 10):						
Trade receivables	**3,218,556,333**	**1,934,902,011**	**13,566,679**	**989,804**	**11,205,410**	**5,179,220,237**
Due from related parties	**1,812,241,807**	**–**	**–**	**–**	**–**	**1,812,241,807**
Advances to officers, employees and suppliers	**403,780,628**	**523,574,034**	**–**	**–**	**–**	**927,354,662**
Interest receivable	**5,038,825**	**–**	**–**	**–**	**–**	**5,038,825**
Other receivables	**504,501,899**	**94,060,159**	**–**	**–**	**–**	**598,562,058**
Total loans and receivable	**14,636,941,742**	**5,847,065,347**	**13,566,679**	**989,804**	**11,205,410**	**20,509,768,982**
Financial assets at FVPL:						
Equity securities (see Note 8):	**413,732,312**	**–**	**–**	**–**	**–**	**413,732,312**
AFS investments:						
Equity securities(see Note 14)	**21,720,000**	**–**	**–**	**–**	**–**	**21,720,000**
	₱15,072,394,054	**₱5,847,065,347**	**₱13,566,679**	**₱989,804**	**₱11,205,410**	**₱20,945,221,294**

**Includes Brazil and Mexico.*

	2012					
	Philippines	Asia	United States	Europe	Others*	Total
Loans and receivables:						
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱3,339,748,263	₱1,964,960,190	₱–	₱–	₱–	₱5,304,708,453
Receivables (see Note 10):						
Trade receivables	2,876,597,951	1,837,508,882	22,611,964	4,085,966	9,552,288	4,750,357,051
Due from related parties	1,258,154,460	–	–	–	–	1,258,154,460
Advances to officers, employees and suppliers	378,126,181	289,889,121	–	–	–	668,015,302
Interest receivable	29,312,678	90,127,557	63,816,788	41,182,122	–	224,439,145
Other receivables	403,899,790	156,167,167	–	–	–	560,066,957
Total loans and receivable	8,285,839,323	4,338,652,917	86,428,752	45,268,088	9,552,288	12,765,741,368
Financial assets at FVPL (see Note 8):						
Held-for-trading:						
Private bonds	2,154,828,172	1,710,785,803	791,774,427	3,403,203,095	627,776,391	8,688,367,888
Equity securities	309,145,085	202,333,519	386,255,710	1,017,271,599	–	1,915,005,913
Government securities	–	208,194,297	–	–	–	208,194,297
Derivative assets	–	–	–	834,167	–	834,167
Total financial assets at FVPL	2,463,973,257	2,121,313,619	1,178,030,137	4,421,308,861	627,776,391	10,812,402,265
AFS investments (see Note 14):						
Debt securities:						
Private bonds	–	897,137,215	300,358,872	787,354,107	–	1,984,850,194
Government securities	1,458,912,093	32,492,119	–	–	370,774,090	1,862,178,302
Equity securities:						
Quoted	21,720,000	–	–	929,128,125	–	950,848,125
Total AFS investments	1,480,632,093	929,629,334	300,358,872	1,716,482,232	370,774,090	4,797,876,621
	₱12,230,444,673	₱7,389,595,870	₱1,564,817,761	₱6,183,059,181	₱1,008,102,769	₱28,376,020,254

**Includes Brazil and Mexico.*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of September 30, 2013 and 2012 before taking into account any collateral held or other credit enhancements.

	2013						
	Manufacturing	**Financial Intermediaries**	**Petrochemicals**	**Tele-Communication**	**Mining**	**Others***	**Total**
Loans and receivables:							
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱–**	**₱11,987,351,393**	**₱–**	**₱–**	**₱–**	**₱–**	**₱11,987,351,393**
Receivables (see Note 10):							
Trade receivables	**4,926,743,091**	**39,597,965**	**–**	**–**	**–**	**212,879,181**	**5,179,220,237**
Due from related parties	**96,011,405**	**37,068,898**	**464,450,260**	**–**	**–**	**1,214,711,244**	**1,812,241,807**

(Forward)

	2013						
	Manufacturing	**Financial Intermediaries**	**Petrochemicals**	**Tele-Communication**	**Mining**	**Others***	**Total**
Advances to officers, employees and suppliers	**₱900,689,123**	**₱–**	**₱–**	**₱–**	**₱–**	**₱26,665,539**	**₱927,354,662**
Interest receivable	**–**	**146,890**	**–**	**–**	**–**	**4,891,935**	**5,038,825**
Other receivables	**483,609,782**	**–**	**–**	**37,093,724**	**–**	**77,858,552**	**598,562,058**
Total loans and receivables	**6,407,053,401**	**12,064,165,146**	**464,450,260**	**37,093,724**	**–**	**1,537,006,451**	**20,509,768,982**
Financial assets at FVPL:							
Equity securities (see Note 8)	**–**	**–**	**–**	**–**	**788,040**	**412,944,272**	**413,732,312**
AFS investments:							
Equity securities (see Note 14)	**–**	**–**	**–**	**–**	**–**	**21,720,000**	**21,720,000**
	₱6,407,053,401	**₱12,064,165,146**	**₱464,450,260**	**₱37,093,724**	**₱788,040**	**₱1,971,670,723**	**₱20,945,221,294**

**Includes real state, agriculture, automotive, and electrical industries.*

	2012						
	Manufacturing	Financial Intermediaries	Petrochemicals	Tele-Communication	Mining	Others*	Total
Loans and receivables:							
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱–	₱5,304,426,223	₱–	₱–	₱–	₱282,230	₱5,304,708,453
Receivables (see Note 10):							
Trade receivables	4,604,350,852	30,670,388	–	–	–	115,335,811	4,750,357,051
Due from related parties	393,845,840	46,458,902	617,321,039	68,520,364	–	132,008,315	1,258,154,460
Advances to officers, employees and suppliers	631,996,593	15,252,004	–	–	–	20,766,705	668,015,302
Interest receivable	3,912,346	133,191,981	11,949,887	6,068,891	6,837,674	62,478,366	224,439,145
Other receivables	560,066,957	–	–	–	–	–	560,066,957
Total loans and receivables	6,194,172,588	5,529,999,498	629,270,926	74,589,255	6,837,674	330,871,427	12,765,741,368
Financial assets at FVPL (see Note 8):							
Held-for-trading:							
Private bonds	64,368,241	5,020,295,912	490,960,258	349,661,185	49,133,909	2,713,948,383	8,688,367,888
Equity securities	–	1,522,847,509	–	–	2,174,225	389,984,179	1,915,005,913
Government bonds	–	–	–	–	–	208,194,297	208,194,297
Derivative assets	–	834,167	–	–	–	–	834,167
Total financial assets at FVPL	64,368,241	6,543,977,588	490,960,258	349,661,185	51,308,134	3,312,126,859	10,812,402,265
AFS investments (see Note 14):							
Debt securities							
Private bonds	–	1,120,850,363	277,864,687	91,537,672	139,017,375	355,580,097	1,984,850,194
Government securities	–	–	–	–	–	1,862,178,302	1,862,178,302
Equity securities							
Quoted	–	–	–	–	–	950,848,125	950,848,125
Total AFS investments	-	1,120,850,363	277,864,687	91,537,672	139,017,375	3,168,606,524	4,797,876,621
	₱6,258,540,829	₱13,194,827,449	₱1,398,095,871	₱515,788,112	₱197,163,183	₱6,811,604,810	₱28,376,020,254

**Includes real state, agriculture, automotive, and electrical industries.*

c. Credit quality per class of financial assets

The tables below show the credit quality by class of financial assets as of September 30, 2013 and 2012, gross of allowance for impairment losses:

	2013				
	Neither Past Due Nor Impaired			**Past Due or Individually Impaired**	
	High Grade	**Standard Grade**	**Substandard Grade**		**Total**
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱11,987,351,393**	**₱–**	**₱–**	**₱–**	**₱11,987,351,393**
Receivables (see Note 10):					
Trade receivables	**3,689,992,725**	**897,563,794**	**62,446,954**	**735,828,551**	**5,385,832,024**
Due from related parties	**1,812,241,807**	**–**	**–**	**–**	**1,812,241,807**
Advances to officers, employees and suppliers	**110,703,457**	**759,862,080**	**19,070,761**	**57,365,046**	**947,001,344**
Interest receivable	**4,891,935**	**146,890**	**–**	**–**	**5,038,825**
Other receivables	**150,708,647**	**230,935,264**	**64,812,207**	**321,188,716**	**767,644,834**
Total loans and receivables	**17,755,889,964**	**1,888,508,028**	**146,329,922**	**1,114,382,313**	**20,905,110,227**
Financial assets at FVPL (see Note 8):					
Equity securities	**413,732,312**	**–**	**–**	**–**	**413,732,312**
AFS investments:					
Equity securities (see Note 14)	**21,720,000**	**–**	**–**	**–**	**21,720,000**
	₱18,191,342,276	**₱1,888,508,028**	**₱146,329,922**	**₱1,114,382,313**	**₱21,340,562,539**

	2012				
	Neither Past Due Nor Impaired			Past Due or	
			Substandard	Individually	
	High Grade	Standard Grade	Grade	Impaired	Total
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱5,304,708,453	₱–	₱–	₱–	₱5,304,708,453
Receivables (see Note 10):					
Trade receivables	1,962,728,970	2,250,623,299	94,653,505	651,514,661	4,959,520,435
Due from related parties	1,258,154,460	–	–	–	1,258,154,460
Advances to officers, employees and suppliers	87,497,890	526,160,016	8,563,956	65,440,122	687,661,984
Interest receivable	7,576,801	181,583,186	35,279,158	–	224,439,145
Other receivables	198,035,921	155,578,645	39,209	375,495,958	729,149,733
Total loans and receivables	8,818,702,495	3,113,945,146	138,535,828	1,092,450,741	13,163,634,210
Financial assets at FVPL (see Note 8):					
Held-for-trading:					
Private bonds	882,500,848	6,677,086,079	1,128,780,961	–	8,688,367,888
Government bonds	–	208,194,297	–	–	208,194,297
Equity securities	1,570,633,683	344,372,230	–	–	1,915,005,913
Derivative assets	834,167	–	–	–	834,167
Total financial assets at FVPL	2,453,968,698	7,229,652,606	1,128,780,961	–	10,812,402,265
AFS investments (see Note 14):					
Debt securities:					
Private bonds	–	1,984,850,194	–	–	1,984,850,194
Government securities	–	1,862,178,302	–	–	1,862,178,302
Equity securities:					
Quoted	21,720,000	929,128,125	–	–	950,848,125
Total AFS investments	21,720,000	4,776,156,621	–	–	4,797,876,621
	₱11,294,391,193	₱15,119,754,373	₱1,267,316,789	₱1,092,450,741	₱28,773,913,096

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks, including an affiliated bank, in the Philippines in terms of resources and profitability.

Other high grade accounts are accounts considered to be high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Aging analysis

An aging analysis of the Group's past due or individually impaired receivables as of September 30, 2013 and 2012 are as follows:

As of September 30, 2013

	Past Due Nor Impaired				Impaired	
	Less than 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Financial Assets	Total
Trade receivables	**₱87,682,883**	**₱154,927,342**	**₱28,443,268**	**₱258,163,271**	**₱206,611,787**	**₱735,828,551**
Advances to officers, employees and suppliers	**3,351,773**	**7,179,896**	**1,755,990**	**25,430,705**	**19,646,682**	**57,365,046**
Others	**27,260,128**	**1,060,321**	**822,733**	**122,962,758**	**169,082,776**	**321,188,716**
Balances at end of year	**₱118,294,784**	**₱163,167,559**	**₱31,021,991**	**₱406,556,734**	**₱395,341,245**	**₱1,114,382,313**

As of September 30, 2012

	Past Due Nor Impaired				Impaired	
	Less than 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Financial Assets	Total
Trade receivables	₱80,150,320	₱134,423,830	₱43,145,205	₱184,631,922	₱209,163,384	₱651,514,661
Advances to officers, employees and suppliers	15,386,432	1,833,170	3,921,342	24,652,496	19,646,682	65,440,122
Others	10,545,041	4,713,115	244,214	190,910,812	169,082,776	375,495,958
Balances at end of year	₱106,081,793	₱140,970,115	₱47,310,761	₱400,195,230	₱397,892,842	₱1,092,450,741

e. Impairment assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crisis; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral.

The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

Liquidity risk
Liquidity risk is the risk of not being able to meet funding obligation such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance

its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Fund raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial assets and liabilities as of September 30, 2013 and 2012 based on the remaining undiscounted contractual cash flows.

	2013				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	**₱2,646,969,026**	**₱9,393,620,779**	**₱–**	**₱–**	**₱12,040,589,805**
Receivables:					
Trade receivables	**1,590,207,885**	**3,339,189,516**	**249,822,836**	**–**	**5,179,220,237**
Due from related parties	**1,812,241,807**	**–**	**–**	**–**	**1,812,241,807**
Advances to officers, employees and suppliers	**287,082,528**	**571,453,796**	**68,818,338**	**–**	**927,354,662**
Interest receivable	**–**	**5,038,825**	**–**	**–**	**5,038,825**
Other receivables	**338,452,701**	**215,271,086**	**44,838,271**	**–**	**598,562,058**
Total receivables	**6,674,953,947**	**13,524,574,002**	**363,479,445**	**–**	**20,563,007,394**
Financial assets at FVPL:					
Equity securities	**413,732,312**	**–**	**–**	**–**	**413,732,312**
AFS investments:					
Equity securities	**21,720,000**	**–**	**–**	**–**	**21,720,000**
	₱7,110,406,259	**₱13,524,574,002**	**₱363,479,445**	**₱–**	**₱20,998,459,706**
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and other accrued liabilities:					
Trade payable and accrued expenses	**₱1,855,159,258**	**₱2,901,282,490**	**₱4,530,569,828**	**₱–**	**₱9,287,011,576**
Due to related parties	**74,913,134**	**–**	**–**	**–**	**74,913,134**
Short-term debt	**–**	**1,954,185,467**	**–**	**–**	**1,954,185,467**
Trust receipts and acceptances payable	**–**	**–**	**2,401,045,486**	**–**	**2,401,045,486**
Total financial liabilities at amortized cost	**1,930,072,392**	**4,855,467,957**	**6,931,615,314**	**–**	**13,717,155,663**
Financial liabilities at FVPL:					
Derivative liabilities	**–**	**–**	**–**	**–**	**–**
	₱1,930,072,392	**₱4,855,467,957**	**₱6,931,615,314**	**₱–**	**₱13,717,155,663**

	2012				
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	₱2,766,866,988	₱2,591,381,732	₱–	₱–	₱5,358,248,720
Receivables:					
Trade receivables	1,888,431,202	2,547,895,440	314,030,409	–	4,750,357,051
Due from related parties	1,258,154,460	–	–	–	1,258,154,460
Advances to officers, employees and suppliers	225,775,693	373,607,817	68,631,792	–	668,015,302
Interest receivable	–	224,439,145	–	–	224,439,145
Other receivables	228,554,569	313,364,162	18,148,226	–	560,066,957
Total receivables	6,367,782,912	6,050,688,296	400,810,427	–	12,819,281,635

(Forward)

	2012				
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial assets at FVPL:					
Held-for-trading:					
Private bonds	₱–	₱185,431,509	₱9,255,454,090	₱–	₱9,440,885,599
Equity securities	309,145,085	–	1,606,912,209	–	1,916,057,294
Government securities	–	2,907,715	217,852,936	–	220,760,651
Derivative assets	–	834,167	–	–	834,167
Total financial assets at FVPL	309,145,085	189,173,391	11,080,219,235	–	11,578,537,711
AFS investments:					
Debt securities:					
Private bonds	–	35,069,412	2,094,370,291	–	2,129,439,703
Government securities	–	30,495,857	1,958,358,335	–	1,988,854,192
Equity securities:					
Quoted	21,720,000	–	937,207,500	–	958,927,500
Total AFS investments	21,720,000	65,565,269	4,989,936,126	–	5,077,221,395
	₱6,698,647,997	₱6,305,426,956	₱16,470,965,788	₱–	₱29,475,040,741
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and other accrued liabilities:					
Trade payable and accrued expenses	₱1,784,409,047	₱2,646,660,961	₱2,548,402,782	₱–	₱6,979,472,790
Due to related parties	284,599,807	–	–	–	284,599,807
Short-term debt	–	8,601,326,050	–	–	8,601,326,050
Trust receipts and acceptances payable	–	1,156,041,243	2,331,957,745	–	3,487,998,988
Long-term debt (including current portion)	–	–	–	3,000,000,000	3,000,000,000
Total financial liabilities at amortized cost	2,069,008,854	12,404,028,254	4,880,360,527	3,000,000,000	22,353,397,635
Financial liabilities at FVPL:					
Derivative liabilities	–	4,680,533	–	–	4,680,533
	₱2,069,008,854	₱12,408,708,787	₱4,880,360,527	₱3,000,000,000	₱22,358,078,168

Market risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. As of September 30, 2013, 2012 and 2011, approximately 27.2%, 28.3% and 28.6% of the Group's total sales are denominated in currencies other than the functional currency. In addition, 55.07% and 63.4% of the Group's debt is denominated in US Dollar as of September 30, 2013 and 2012, respectively. The Group's capital expenditures are likewise substantially denominated in US Dollar.

The tables below summarize the Group's exposure to foreign currency risk:

	2013			
	Euro	**US Dollar**	**Other**	**Total**
Assets				
Cash and cash equivalents	**₱–**	**₱3,417,796,152**	**₱2,156,333,865**	**₱5,574,130,017**
Receivables	**–**	**777,001,047**	**2,576,985,750**	**3,353,986,797**
	–	**4,194,797,199**	**4,733,319,615**	**8,928,116,814**
Liabilities				
Accounts payable and other accrued liabilities	**–**	**–**	**3,896,868,645**	**3,896,868,645**
Short-term debt	**–**	**–**	**1,945,430,681**	**1,945,430,681**
Trust Receipts	**–**	**2,384,316,199**	**–**	**2,384,316,199**
	–	**2,384,316,199**	**5,842,299,326**	**8,226,615,525**
Net Foreign Currency-Denominated Assets	**₱–**	**₱1,810,481,000**	**(₱1,108,979,711)**	**₱701,501,289**

Other currencies include Singapore Dollar, Thai Baht, Chinese Yuan, Malaysian Ringgit, Indonesian Rupiah, and Vietnam Dong

	2012			
	Euro	US Dollar	Other	Total
Assets				
Cash and cash equivalents	₱157,047,121	₱3,924,899,466	₱1,144,432,675	₱5,226,379,262
Receivables	14,364,369	904,269,290	1,804,726,731	2,723,360,390
Financial assets at FVPL:				
Held-for-trading:				
Private bonds	108,302,005	8,398,284,563	131,387,947	8,637,974,515
Government bonds	–	208,194,297	–	208,194,297
Equity securities	–	1,373,144,590	232,716,229	1,605,860,819
Derivative assets	834,167	–	–	834,167
AFS investments:				
Debt securities:				
Private bonds	173,856,487	1,810,993,707	–	1,984,850,194
Government securities	120,623,566	1,741,554,736	–	1,862,178,302
Equity securities:				
Quoted	–	929,128,125	–	929,128,125
	575,027,715	19,290,468,774	3,313,263,582	23,178,760,071
Liabilities				
Accounts payable and other accrued liabilities	83,064	513,492,478	2,888,140,882	3,401,716,424
Short-term debt	523,168,875	6,078,141,358	987,226,651	7,588,536,884
	523,251,939	6,591,633,836	3,875,367,533	10,990,253,308
Net Foreign Currency-Denominated Assets	₱51,775,776	₱12,698,834,938	(₱562,103,951)	₱12,188,506,763

Other currencies include Singapore Dollar, Thai Baht, Chinese Yuan, Malaysian Ringgit, Indonesian Rupiah, and Vietnam Dong

The following tables set forth the impact of the range of reasonably possible changes in the US Dollar and Euro - Philippine Peso exchange rate on the Group's income before income tax as of September 30, 2013, 2012 and 2011:

	2013	
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	**US Dollar**	**Euro**
₱5.00	**₱207,910,083**	**₱–**
(₱5.00)	**(207,910,083)**	**–**

	2012	
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	US Dollar	Euro
₱5.00	₱1,522,642,078	₱4,807,656
(₱5.00)	(1,522,642,078)	(4,807,656)

2011		
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	US Dollar	Euro
₱5.00	₱470,876,472	₱2,334,973
(₱5.00)	(470,876,472)	(2,334,973)

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of September 30, 2013 and 2012 are deemed immaterial. As of September 30, 2013 and 2012, the impact of the changes in the exchange rates on the Group's cumulative translation adjustments in the statements of comprehensive income is also deemed immaterial.

The exchange rates used to restate the foreign currency-denominated financial assets and liabilities were ₱43.54 to US$1.00 and ₱41.70 to US$1.00 as of September 30, 2013 and 2012, respectively.

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. In 2013, 2012 and 2011, changes in fair value of equity instruments held as financial assets at FVPL due to a reasonably possible change in equity indices, with all other variables held constant, will increase profit by ₱4.1 million, ₱20.2 million and ₱23.4 million, respectively, if equity prices will increase by 1%. A similar increase in equity indices on AFS equity instruments will also increase net unrealized gains on equity by ₱0.2 million and ₱7.0 million as of September 30, 2013 and 2012, respectively. An equal change in the opposite direction would have decreased equity and profit by the same amount.

Interest rate risk
The Group's exposure to interest rates relates primarily to the Group's short-term and long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

As of September 30, 2013 and 2012, 100.00% of the Group's borrowings are at a fixed rate of interest.

The following tables show information about the Group’s financial instruments that are exposed to interest rate risk and presented by maturity profile:

	2013								
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	Total	Total (in Philippine Peso)	Debt Issuance Costs (in Philippine Peso)	Carrying Value (in Philippine Peso)
Liabilities:									
Foreign currencies:									
Fixed rate:									
Thailand Baht loans	**THB1,192,800,000**	**THB–**	**THB–**	**THB–**	**THB–**	**THB1,192,800,000**	**1,660,865,476**	**–**	**1,660,865,476**
Interest rate	**3.03% to 3.85%**								
Chinese Yuan loans	**CNY40,000,000**	**CNY–**	**CNY–**	**CNY–**	**CNY–**	**CNY40,000,000**	**284,565,205**	**–**	**284,565,205**
Interest rate	**4.80%**								
Trust receipt and acceptances payable	**$54,761,511**	**$–**	**$–**	**$–**	**$–**	**$54,761,511**	**2,384,316,199**	**–**	**2,384,316,199**
Interest rate	**0.980% to 0.983%**								
							4,329,746,880	**–**	**4,329,746,880**

2012									
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	Total	Total (in Philippine Peso)	Debt Issuance Costs (in Philippine Peso)	Carrying Value (in Philippine Peso)
Liabilities:									
Foreign currencies:									
Fixed rate:									
US Dollar loans	$228,836,968	$–	$–	$–	$–	$228,836,968	9,542,501,572	–	9,542,501,572
Interest rate	0.49% to 1.45% and 3.50%								
Euro loans	€9,703,380	€–	€–	€–	€–	€9,703,380	523,168,875	–	523,168,875
Interest rate	0.41% to 0.57%								
Thailand Baht loans	THB593,800,000	THB–	THB–	THB–	THB–	THB593,800,000	803,161,391	–	803,161,391
Interest rate	3.30% to 3.85%								
Singapore Dollar loans	SGD5,408,958	SGD–	SGD–	SGD–	SGD–	SGD5,408,958	184,065,260	–	184,065,260
Interest rate	PBOC Reference Rate + 0.78%								
Local currencies:									
Fixed rate:									
Philippine Peso loans	₱1,000,000,000	₱3,000,000,000	₱–	₱–	₱–	₱4,000,000,000	4,000,000,000	(9,544,074)	3,990,455,926
Interest rate	3.00%	8.75%							
Trust receipt and acceptances payable	₱3,464,360,214	₱–	₱–	₱–	₱–	₱3,464,360,214	3,464,360,214	–	3,464,360,214
Interest rate	3.00% - 4.00%								
							18,517,257,312	(9,544,074)	18,507,713,238

The following tables set forth the estimated change in the Group's income before income tax and equity due to a reasonably possible change in interest rates and market prices of quoted bonds classified under financial assets at FVPL and AFS investments in 2013, 2012 and 2011:

	2013			
	Reasonably Possible Changes in:			
	Interest rates		**Market prices**	
Changes in:	**1.5%**	**(1.5%)**	**1.5%**	**(1.5%)**
Income Before Income Tax	–	–	₱–	₱–
Equity	–	–	–	–

	2012			
	Reasonably Possible Changes in:			
	Interest rates		Market prices	
Changes in:	1.5%	(1.5%)	1.5%	(1.5%)
Income Before Income Tax	–	–	(₱1,946,060,405)	₱973,382,292
Equity	–	–	(457,410,580)	85,282,608

	2011			
	Reasonably Possible Changes in:			
	Interest rates		Market prices	
Changes in:	1.5%	(1.5%)	1.5%	(1.5%)
Income Before Income Tax	–	–	(₱1,454,452,029)	₱2,828,488,774
Equity	–	–	(509,096,490)	94,919,266

5. Fair Value Measurement

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, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debt, and trust receipts and acceptances payable
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties
Carrying amounts of due from and due to related parties which are payable and due on demand approximate their fair values.

Financial assets at FVPL and AFS investments
Fair values of debt securities are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. Fair values of quoted equity securities are based on quoted prices published in markets.

Derivative financial instruments
The fair values of currency forwards and currency options are based on quotes obtained from counterparties.

Long-term debt
The fair value is determined using the discounted cash flow methodology, with reference to the Group's current incremental lending rates for similar types of loans. Discount curve used ranges from 0.63% to 3.12% in 2012.

As of September 30, 2013 and 2012, the carrying amount of the Group's financial assets and liabilities approximates their respective fair values, except for the Group's long-term debt whose carrying value and fair value follows:

	2013		2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debt (including current portion)	**₱–**	**₱–**	₱2,990,455,926	₱3,367,165,859

Fair Value Hierarchy
The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:
- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table shows the Group's financial instruments carried at fair value as of September 30, 2013 and 2012, based on levels 1 and 2:

		2013	
	Level 1	**Level 2**	**Total**
Financial Assets			
Financial assets at FVPL:			
Equity securities	**₱413,732,312**	**₱–**	**₱413,732,312**
AFS investments:			
Equity securities	**21,720,000**	**–**	**21,720,000**
	₱435,452,312	**₱–**	**₱435,452,312**

		2012	
	Level 1	Level 2	Total
Financial Assets			
Financial assets at FVPL:			
Held for trading:			
Private bonds	₱8,688,367,888	₱–	₱8,688,367,888
Equity securities	1,915,005,913	–	1,915,005,913
Government bonds	208,194,297	–	208,194,297
Derivative assets	–	834,167	834,167
Total financial assets at FVPL	10,811,568,098	834,167	10,812,402,265
AFS investments:			
Debt securities:			
Private bonds	1,984,850,194	–	1,984,850,194
Government securities	1,862,178,302	–	1,862,178,302
Equity securities:		–	
Quoted	950,848,125	–	950,848,125
Total AFS investments	4,797,876,621	–	4,797,876,621
	₱15,609,444,719	₱834,167	₱15,610,278,886
Financial Liabilities			
Financial liabilities at FVPL:			
Derivative liabilities	₱–	₱4,680,533	₱4,680,533

As of September 30, 2013 and 2012, the Group has no financial instruments valued based on level 3.

6. Business Segment Information

The Group's operating segments 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 Group has four reportable operating segments as follows:

- The branded consumer food products segment manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles, and pasta and tomato-based products. This segment also includes the packaging division, which manufactures BOPP films primarily used in packaging; and its subsidiary, which manufactures PET bottles and flexible packaging materials for the packaging requirements of various branded food products. Its revenues are in their peak during the opening of classes in June and Christmas season.
- The agro-industrial products segment engages in hog and poultry farming, manufacturing and distribution of animal feeds, glucose and soya products, and production and distribution of animal health products. Its peak season is during summer and before Christmas season.
- The commodity food products segment engages in sugar milling and refining, and flour milling and pasta manufacturing. The peak season for sugar is during its crop season, which normally starts in November and ends in April while flour and pasta's peak season is before and during the Christmas season.
- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

No operating segments have been aggregated to form the above reportable operating business segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance costs and revenues), market valuation gain and loss, foreign exchange losses, other revenues and expenses and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present the financial information of each of the operating segments in accordance with PFRS except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the period ended September 30, 2013, 2012, and 2011.

The Group's business segment information follows:

	2013					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
			(In Thousands)			
Sale of Goods and Services						
Third party	₱65,400,934	₱7,392,911	₱8,201,371	₱–	₱–	₱80,995,216
Inter-segment	6,653,676	3,524,393	5,639,221	–	(15,817,290)	–
	₱72,054,610	₱10,917,304	₱13,840,592	₱–	(₱15,817,290)	₱80,995,216
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱10,129,027	₱967,947	₱3,745,033	(₱941,357)	₱–	₱13,900,650
Depreciation and amortization (see Note 28)	(2,642,218)	(311,198)	(626,118)	(42,069)	–	(3,621,603)
Earnings before interest and income tax (EBIT)	₱7,486,809	₱656,749	₱3,118,915	(₱983,426)	₱–	10,279,047
Finance revenue (see Note 30)	₱48,067	₱173	₱2,221	₱479,179	₱–	529,640
Finance costs (see Notes 20, 22 and 31)	(₱41,649)	(₱11,187)	(₱41,999)	(₱171,198)	₱–	(266,033)
Equity in net income of a joint venture (see Note 17)	₱–	₱–	₱–	₱19,245	₱–	19,245
Market valuation gain on financial assets at FVPL (see Note 8)	₱–	₱–	₱–	₱473,301	₱–	473,301
Impairment losses and others						(28,900)
Other expenses*						543,472
Income before income tax						11,549,772
Provision for income tax (see Note 33)						(1,432,442)
Net income						₱10,117,330
Other Information						
Total assets	₱39,343,253	₱4,734,422	₱8,632,824	₱13,834,469	₱–	₱66,544,968
Total liabilities	₱10,619,062	₱1,147,858	₱3,546,414	₱401,604	₱–	₱15,714,938
Capital expenditures (see Note 13)	₱3,640,111	₱250,218	₱1,583,005	₱72,423	₱–	₱5,545,757
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (see Note 10)	₱–	₱–	₱205	₱–	₱–	₱205
Inventories(see Note 11)	8,341	5,413	14,941	–	–	28,695
	₱8,341	₱5,413	₱15,146	₱–	₱–	₱28,900

* *Includes foreign exchange losses and other revenues (expenses).*

	2012 (As restated, see Note 2)					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
			(In Thousands)			
Sale of Goods and Services						
Third party	₱56,256,548	₱7,370,321	₱7,574,809	₱–	₱–	₱71,201,678
Inter-segment	5,563,871	3,414,758	4,275,578	–	(13,254,207)	–
	₱61,820,419	₱10,785,079	₱11,850,387	₱–	(₱13,254,207)	₱71,201,678
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱8,121,136	₱607,241	₱3,353,584	(₱813,382)	₱–	₱11,268,579
Depreciation and amortization (see Note 28)	(2,586,532)	(248,212)	(553,528)	(30,756)	–	(3,419,028)
Earnings before interest and income tax (EBIT)	₱5,534,604	₱359,029	₱2,800,056	(₱844,138)	₱–	7,849,551
Finance revenue (see Note 30)	₱32,443	₱179	₱1,007	₱1,196,100	₱–	1,229,729
Finance costs (see Notes 20, 22 and 31)	(₱22,258)	(₱45,766)	(₱82,400)	(₱542,850)	₱–	(693,274)
Equity in net income of a joint venture (see Note 17)	₱–	₱–	₱–	₱31,172	₱–	31,172
Market valuation gain on financial assets at FVPL (see Note 8)	₱–	₱–	₱–	₱1,548,492	₱–	1,548,492
Impairment losses and others						(197,875)
Other expenses*						(581,765)
Income before income tax						9,186,030
Provision for income tax (see Note 33)						(1,000,982)
Net income						₱8,185,048
Other Information						
Total assets	₱34,677,492	₱4,979,679	₱8,160,809	₱22,277,345	₱–	₱70,095,325
Total liabilities	₱7,150,761	₱2,287,383	₱3,848,986	₱10,443,667	₱–	₱23,730,797
Capital expenditures (see Note 13)	₱4,382,421	₱208,149	₱516,056	₱22,566	₱–	₱5,129,192
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Property, Plant and Equipment (see Note 13)	₱7,651	₱–	₱–	₱–	₱–	₱7,651
Intangibles (see Note 16)	190,224	–	–	–	–	190,224
	₱197,875	₱–	₱–	₱–	₱–	₱197,875

** Includes foreign exchange losses and other revenues (expenses).*

	2011 (As restated, see Note 2)					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
	(In Thousands)					
Sale of Goods and Services						
Third party	₱50,557,966	₱7,079,730	₱9,529,934	₱–	₱–	₱67,167,630
Inter-segment	4,610,521	3,266,357	3,957,040	–	(11,833,918)	–
	₱55,168,487	₱10,346,087	₱13,486,974	₱–	(₱11,833,918)	₱67,167,630
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱6,981,077	₱576,987	₱3,390,973	(₱768,627)	₱–	₱10,180,410
Depreciation and amortization (see Note 28)	(2,436,279)	(257,386)	(539,671)	(32,808)	–	(3,266,144)
Earnings before interest and income tax (EBIT)	₱4,544,798	₱319,601	₱2,851,302	(₱801,435)	₱–	6,914,266
Finance revenue (see Note 30)	₱20,151	₱355	₱1,536	₱1,171,229	₱–	1,193,271
Finance costs (see Notes 20, 22 and 31)	(₱13,979)	(₱1,997)	(₱9,344)	(₱976,581)	₱–	(1,001,901)
Equity in net income of a joint venture (see Note 17)	₱–	₱–	₱–	₱25,470	₱–	25,470
Market valuation gain on financial assets at FVPL (see Note 8)	₱–	₱–	₱–	(₱1,157,316)	₱–	(1,157,316)
Impairment losses and others						(167,211)
Other expenses*						(158,236)
Income before income tax						5,648,343
Provision for income tax (see Note 33)						(621,963)
Net income						₱5,026,380
Other Information						
Total assets	₱32,622,945	₱4,864,421	₱7,457,158	₱23,464,086	₱–	₱68,408,610
Total liabilities	₱7,987,582	₱1,633,099	₱2,398,489	₱14,444,423	₱–	₱26,463,593
Capital expenditures (see Note 13)	₱3,709,015	₱305,080	₱497,042	₱48,317	₱–	₱4,559,454
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (see Note 10)	₱949	₱–	₱4,677	₱–	₱–	₱5,626
Inventories (see Note 11)	4,005	–	–	–	–	4,005
Property, Plant and Equipment (see Note 13)	10,065	–	–	–	–	10,065
Intangibles (see Note 16)	84,015	–	–	63,500	–	147,515
	₱99,034	₱–	₱4,677	₱63,500	₱–	₱167,211

** Includes foreign exchange losses and other revenues (expenses).*

Inter-segment Revenues
Intersegment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments excluding the amounts of market valuation gains and losses on financial assets at FVPL, foreign exchange losses and other revenues and expenses which are not allocated to operating segments.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant inter-segment transactions.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant inter-segment transactions. The Group also reports to the chief operating decision maker the breakdown of the short-term and long-term debt of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the additions to investment property and property plant and equipment during the period.

Geographic Information
The Group operates in the Philippines, Thailand, Malaysia, Indonesia, China, Hong Kong, Singapore and Vietnam.

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	2013	2012	2011
		(In Thousands)	
Domestic	**₱58,941,454**	₱51,044,862	₱47,949,495
Foreign	**22,053,762**	20,156,816	19,218,135
	₱80,995,216	₱71,201,678	₱67,167,630

The Group has no customer which contributes 10% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets:

	2013	2012	2011
		(In Thousands)	
Domestic	**₱21,429,562**	₱20,583,499	₱20,362,311
Foreign	**11,128,556**	9,624,279	8,495,129
	₱32,558,118	₱30,207,778	₱28,857,440

7. Cash and Cash Equivalents

This account consists of:

	2013	2012
Cash on hand	**₱45,957,188**	₱41,124,944
Cash in banks	**2,601,011,838**	2,725,742,044
Short-term investments	**9,386,339,555**	2,578,966,409
	₱12,033,308,581	₱5,345,833,397

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group, and earn interest ranging from 1.4% to 2.1%, 1.2% to 3.9% and 1.4% to 3.8% in 2013, 2012 and 2011, respectively.

8. Financial Assets at Fair Value Through Profit or Loss

This account consists of:

	2013	2012
Investments held-for-trading	**₱413,732,312**	₱10,811,568,098
Derivative assets	**–**	834,167
	₱413,732,312	₱10,812,402,265

Investments held-for-trading consist of:

	2013	2012
Equity securities	**₱413,732,312**	₱1,915,005,913
Private bonds	**–**	8,688,367,888
Government securities	**–**	208,194,297
	₱413,732,312	₱10,811,568,098

The above investments consist of quoted debt and equity securities issued by certain domestic and foreign entities.

The Group reported net market valuation gains on financial assets at FVPL of ₱473.3 million and ₱1.5 billion in 2013 and 2012, respectively, while net market valuation losses of ₱1.2 billion in 2011. Breakdown of the market valuation gains (loss) per class of investment follows:

	2013	2012	2011
Private bonds	**₱241,882,525**	₱855,860,481	(₱671,472,063)
Equity securities	**226,425,612**	669,815,481	(470,301,969)
Government securities	**4,992,765**	22,815,585	(15,541,880)
	₱473,300,902	₱1,548,491,547	(₱1,157,315,912)

Interest income earned from private bonds amounted to ₱170.5 million, ₱531.0 million and ₱505.1 million in 2013, 2012, and 2011, respectively. Interest income from government securities amounted to ₱3.7 million, ₱11.0 million and ₱15.7 million in 2013, 2012, and 2011, respectively (see Note 30).

Derivative Financial Instruments
The Group's freestanding derivative financial instruments are accounted for as financial instruments at FVPL. Gains or losses arising from fair value changes on these derivative instruments are reported immediately in the profit or loss in the consolidated statements of comprehensive income.

The Group's freestanding derivatives consist of:

	2013			2012		
	Currency Forwards	**Currency Options**	**Total**	Currency Forwards	Currency Options	Total
Notional Amounts						
in USD	**US$–**	**US$–**	**US$–**	US$–	US$–	US$–
In Euro	**€–**	**€–**	**€–**	€–	€900,000	€900,000
Derivative assets	**₱–**	**₱–**	**₱–**	₱–	₱834,167	₱834,167
Derivative liabilities (Note 21)	**₱–**	**₱–**	**₱–**	₱–	(₱4,680,533)	(₱4,680,533)

The Group's freestanding derivatives are all due within one year from respective financial position dates.

Fair value changes on derivatives
The net movements in fair value of all derivative instruments in 2013 and 2012 are as follows:

	2013	2012
Balances at beginning of year:		
Derivative assets	**₱834,167**	₱9,162,226
Derivative liabilities	**(4,680,533)**	(24,387,060)
Net changes in fair value of derivatives	**3,846,366**	12,226,523
Fair value of settled instruments	**–**	(848,055)
Balances at end of year:		
Derivative assets	**₱–**	₱834,167
Derivative liabilities (see Note 21)	**₱–**	(₱4,680,533)

In 2013, the Group sold all of its debt securities and significant portion of its equity securities for a total consideration of ₱10.7 billion. Gain arising from the sale of FVPL investments amounted to ₱54.5 million.

9. Reclassification of Financial Assets

In 2008, following the amendments to PAS 39 and PFRS 7, *Reclassification of Financial Assets*, the Group reclassified certain trading assets from the financial assets at FVPL category to the AFS investments category in the consolidated statements of financial position. The global credit crunch in 2008 had prompted the amendments to be issued by the International Accounting Standards Board (IASB), and the adoption of these amendments permitted the Group to revisit the existing classification of their financial assets. The Group identified assets eligible under the amendments, for which at July 1, 2008, it had a clear change of intent to hold for the foreseeable future rather than to exit or trade in the short term. The disclosures below detail the impact of the reclassifications to the Group.

The following table shows carrying values and fair values of the reclassified assets:

	2013	2012	2011	2010	2009
Private bonds	**₱–**	₱1,984,850,194	₱2,451,989,177	₱3,238,990,528	₱3,851,715,862
Government securities	**–**	1,862,178,302	2,165,354,695	2,543,989,688	2,559,491,290
Equity securities	**–**	929,128,125	872,487,250	943,694,250	896,441,088
	₱–	₱4,776,156,621	₱5,489,831,122	₱6,726,674,466	₱7,307,648,240

As of the reclassification date, EIRs on reclassified trading assets ranged from 6.06% to 18.94% with expected recoverable cash flows of ₱12.5 billion. Ranges of EIRs were determined based on weighted average rates by business.

Prior to reclassification, reduction in the fair values of the Group's financial assets at FVPL at July 1, 2008 amounted to ₱1.3 billion, which is included under 'Market valuation gain (loss) on financial assets at FVPL' in the 2008 consolidated statement of income.

Had the reclassification not been made, the Group's consolidated net income would have included an additional market valuation gain on financial assets at FVPL amounting to ₱650.5 million in 2013 and ₱393.5 million in 2012 while an additional market valuation loss of ₱437.9 million in 2011.

After reclassification, the reclassified financial assets contributed the following amounts to income before income taxes for the years ended September 30, 2013 and 2012, respectively:

	2013	2012
Increase (reduction) in:		
Interest income - accretion	**₱11,263,031**	₱9,004,095
Foreign exchange gain (loss)	**5,255,824**	(13,537,606)

The reclassification is compliant with the criteria and rules set forth in the SEC Memorandum Circular No. 10, Series of 2008, on Amendments to PAS 39 and PFRS 7, as issued by the Philippine SEC.

In 2013, the Group sold all of its debt and equity securities for a total consideration of ₱4.7 billion. Gain arising from the sale of AFS investments amounted to ₱680.7 million (see Note 14).

10. Receivables

This account consists of:

	2013	2012
Trade receivables	**₱5,385,832,024**	₱4,959,520,435
Due from related parties (see Note 35)	**1,812,241,807**	1,258,154,460
Advances to officers, employees and suppliers	**947,001,344**	687,661,984
Interest receivable	**5,038,825**	224,439,145
Others	**767,644,834**	729,149,733
	8,917,758,834	7,858,925,757
Less allowance for impairment losses	**395,341,245**	397,892,842
	₱8,522,417,589	₱7,461,032,915

Others include receivables from URC Retirement Plan amounting to ₱492.0 million and ₱373.9 million as of September 30, 2013 and 2012, respectively (see Note 32).

Allowance for Impairment Losses on Receivables
Changes in allowance for impairment losses on receivables follow:

	2013			
	Individual Assessment		**Collective Assessment**	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Total**
Balances at beginning of year	**₱195,602,093**	**₱188,729,458**	**₱13,561,291**	**₱397,892,842**
Provision for impairment losses	**205,469**	**–**	**–**	**205,469**
Recovery/accounts written-off	**(2,757,066)**	**–**	**–**	**(2,757,066)**
Balances at end of year	**₱193,050,496**	**₱188,729,458**	**₱13,561,291**	**₱395,341,245**

	2012			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of year	₱196,787,738	₱195,429,205	₱13,561,291	₱405,778,234
Recovery during the year	(750,515)	–	–	(750,515)
Accounts written-off	(435,130)	(6,699,747)	–	(7,134,877)
Balances at end of year	₱195,602,093	₱188,729,458	₱13,561,291	₱397,892,842

Allowance for impairment losses on other receivables includes ₱19.6 million and ₱169.1 million for advances to officers, employees and suppliers and other receivables, respectively, as of September 30, 2013 and 2012.

11. Inventories

This account consists of:

	2013	2012
At cost:		
Raw materials	**₱5,503,790,724**	₱4,914,866,990
Finished goods	**2,145,519,999**	2,172,592,347
	7,649,310,723	7,087,459,337
At NRV:		
Goods in-process	**506,118,859**	364,509,629
Containers and packaging materials	**1,510,714,463**	1,027,597,765
Spare parts and supplies	**1,321,077,007**	1,279,767,421
	3,337,910,329	2,671,874,815
	₱10,987,221,052	₱9,759,334,152

Under the terms of the agreements covering liabilities under trust receipts totaling ₱2.4 billion and ₱3.5 billion as of September 30, 2013 and 2012, respectively, certain inventories have been released to the Group in trust for the banks. The Parent Company is accountable to these banks for the trusteed merchandise or their sales proceeds.

Inventory written down as expense (included under the 'Cost of sales' in the consolidated statements of income) amounted to ₱726.1 million, ₱640.4 million and ₱470.1 million in 2013, 2012 and 2011, respectively.

The Group recognized impairment losses on its inventories amounted to ₱28.7 million, nil and ₱4.0 million in 2013, 2012 and 2011, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱11.0 billion and ₱9.8 billion for September 30, 2013 and 2012, respectively.

12. Other Current Assets

This account consists of:

	2013	2012
Input value-added tax (VAT)	**₱194,290,841**	₱290,724,709
Prepaid expenses	**173,812,930**	163,417,993
	₱368,103,771	₱454,142,702

Prepaid expenses include prepaid insurance amounting to ₱77.9 million and ₱66.2 million in 2013 and 2012, respectively, and prepaid rent amounting to ₱38.1 million and ₱15.8 million in 2013 and 2012, respectively.

13. **Property, Plant and Equipment**

The composition of and movements in this account follow:

	2013				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances at beginning of year	₱2,090,133,466	₱1,448,008,955	₱10,528,699,755	₱39,219,426,997	₱53,286,269,173
Additions (see Note 6)	535,799,480	20,942,709	357,285,283	1,511,645,402	2,425,672,874
Disposals, reclassifications and other adjustments	(30,000,826)	32,442,673	235,895,751	870,263,339	1,108,600,937
Balances at end of year	2,595,932,120	1,501,394,337	11,121,880,789	41,601,335,738	56,820,542,984
Accumulated Depreciation, Amortization and Impairment Losses					
Balances at beginning of year	–	507,379,091	4,263,061,873	25,111,339,305	29,881,780,269
Depreciation and amortization (see Note 6)	–	41,262,412	571,311,336	2,710,926,286	3,323,500,034
Disposals, reclassifications and other adjustments	–	(11,348,267)	(95,349,546)	(561,651,430)	(668,349,243)
Balances at end of year	–	537,293,236	4,739,023,663	27,260,614,161	32,536,931,060
Net Book Value	₱2,595,932,120	₱964,101,101	₱6,382,857,126	₱14,340,721,577	₱24,283,611,924

	2013				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balances at beginning of year	₱2,075,340,337	₱2,002,813,911	₱2,274,868,875	₱598,954,245	₱60,238,246,541
Additions (see Note 6)	74,936,332	124,880,194	1,707,613,321	1,212,653,971	5,545,756,692
Disposals, reclassifications and other adjustments	46,498,046	44,873,090	(922,503,023)	(666,389,426)	(388,920,376)
Balances at end of year	2,196,774,715	2,172,567,195	3,059,979,173	1,145,218,790	65,395,082,857
Accumulated Depreciation, Amortization and Impairment Losses					
Balances at beginning of year	1,379,710,056	1,058,121,762	–	–	32,319,612,087
Depreciation and amortization (see Note 6)	121,320,555	173,125,000	–	–	3,617,945,589
Disposals, reclassifications and other adjustments	(30,859,211)	(23,666,424)	–	–	(722,874,878)
Balances at end of year	1,470,171,400	1,207,580,338	–	–	35,214,682,798
Net Book Value	₱726,603,315	₱964,986,857	₱3,059,979,173	₱1,145,218,790	₱30,180,400,059

	2012				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances at beginning of year	₱1,861,511,843	₱1,137,422,773	₱10,189,106,715	₱37,350,139,182	₱50,538,180,513
Additions (see Note 6)	228,621,623	305,132,982	446,818,218	2,172,342,087	3,152,914,910
Disposals, reclassifications and other adjustments	–	5,453,200	(107,225,178)	(303,054,272)	(404,826,250)
Balances at end of year	2,090,133,466	1,448,008,955	10,528,699,755	39,219,426,997	53,286,269,173
Accumulated Depreciation, Amortization and Impairment Losses					
Balances at beginning of year	–	470,848,675	3,956,210,084	22,726,266,375	27,153,325,134
Depreciation and amortization (see Note 6)	–	39,065,498	414,342,724	2,674,560,994	3,127,969,216
Impairment losses	–	–	–	7,651,176	7,651,176
Disposals, reclassifications and other adjustments	–	(2,535,082)	(107,490,935)	(297,139,240)	(407,165,257)
Balances at end of year	–	507,379,091	4,263,061,873	25,111,339,305	29,881,780,269
Net Book Value	₱2,090,133,466	₱940,629,864	₱6,265,637,882	₱14,108,087,692	₱23,404,488,904

	2012				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balances at beginning of year	₱2,037,008,518	₱1,753,186,228	₱1,440,103,985	₱102,358,702	₱55,870,837,946
Additions (see Note 6)	117,622,231	162,477,525	1,007,889,688	688,287,640	5,129,191,994
Disposals, reclassifications and other adjustments	(79,290,412)	87,150,158	(173,124,798)	(191,692,097)	(761,783,399)
Balances at end of year	2,075,340,337	2,002,813,911	2,274,868,875	598,954,245	60,238,246,541
Accumulated Depreciation, Amortization and Impairment Losses					
Balances at beginning of year	1,359,337,082	934,954,992	–	–	29,447,617,208
Depreciation and amortization (see Note 6)	99,945,261	187,455,404	–	–	3,415,369,881
Impairment losses	–	–	–	–	7,651,176
Disposals, reclassifications and other adjustments	(79,572,287)	(64,288,634)	–	–	(551,026,178)
Balances at end of year	1,379,710,056	1,058,121,762	–	–	32,319,612,087
Net Book Value	₱695,630,281	₱944,692,149	₱2,274,868,875	₱598,954,245	₱27,918,634,454

On October 1, 2012, the Group purchased from Herminio Teves & Company, Inc. (HTCI), land, building and improvement, and machinery and equipment, located in Barangay Caranoche, Santa Catalina, Negros Oriental for a consideration of ₱600.0 million.

In 2013 and 2012, the Group recognized impairment losses of nil and ₱7.7 million on its machinery and equipment (included under 'Impairment losses' on the consolidated statements of income), respectively.

Borrowing Costs
No borrowing costs have been capitalized as property, plant and equipment under construction as of 2013 and 2012.

Depreciation and Amortization
The breakdown of consolidated depreciation and amortization of property, plant and equipment follows (see Note 28):

	2013	2012	2011
Cost of sales	**₱3,395,233,450**	₱3,216,808,941	₱3,041,569,926
Selling and distribution costs	**83,892,540**	86,640,875	115,416,392
General and administrative expenses	**138,819,599**	111,920,065	103,885,908
	₱3,617,945,589	₱3,415,369,881	₱3,260,872,226

14. **Available-for-Sale Investments**

This account consists of:

	2013	2012
Equity securities:		
Quoted	**₱21,720,000**	₱950,848,125
Debt securities:		
Private bonds	−	1,984,850,194
Government securities:		
Philippines	−	1,458,912,091
Others	−	403,266,211
	−	3,847,028,496
	₱21,720,000	₱4,797,876,621

The Group did not recognize any provision for impairment loss on its AFS investments under private debt securities in 2013, 2012 and 2011. As of September 30, 2013 and 2012, AFS investments include net unrealized gain on market revaluation of nil and ₱650.5 million, respectively, which are presented as components of 'Other comprehensive income' in Equity (see Note 24).

Interest income recognized from private bonds amounted to ₱58.1 million, ₱202.6 million and ₱219.3 million in 2013, 2012 and 2011, respectively. Interest income from government bonds amounted to ₱36.7 million, ₱130.7 million and ₱133.1 million in 2013, 2012 and 2011, respectively (see Note 30).

Movements in the net unrealized gain on AFS investments follow:

	2013	2012
Balances at beginning of year	**₱650,504,738**	₱257,038,710
Net changes shown in other comprehensive income (see Note 24):		
Fair value changes during the period	**110,370,180**	446,319,850
Fair value changes taken to profit and loss upon sale of AFS investments	**(760,874,918)**	(52,853,822)
	(650,504,738)	393,466,028
Balances at end of year	**₱–**	₱650,504,738

In 2013, the Group sold all of its debt securities and significant portion of its equity securities for a total consideration of ₱4.7 billion. Gain arising from the sale of AFS investments amounted to ₱680.7 million.

15. Biological Assets

Movements in this account follow:

	2013						
	Swine (At Fair Value Less Estimated Costs to Sell)			**Poultry (At Cost)**			
	Breeder	**Commercial**	**Sub-total**	**Breeder**	**Commercial**	**Sub-total**	**Total**
Cost							
Balances at beginning of year	**₱405,775,162**	**₱954,545,605**	**₱1,360,320,767**	**₱178,199,767**	**₱102,462,053**	**₱280,661,820**	**₱1,640,982,587**
Additions	**404,941,993**	**1,969,284,233**	**2,374,226,226**	**182,490,212**	**618,616,695**	**801,106,907**	**3,175,333,133**
Disposal	**(335,182,939)**	**(2,003,325,583)**	**(2,338,508,522)**	**(175,435,516)**	**(641,775,397)**	**(817,210,913)**	**(3,155,719,435)**
Balances at end of year	**475,534,216**	**920,504,255**	**1,396,038,471**	**185,254,463**	**79,303,351**	**264,557,814**	**1,660,596,285**
Accumulated Depreciation							
Balances at beginning of year	**57,055,871**	**–**	**57,055,871**	**97,957,467**	**–**	**97,957,467**	**155,013,338**
Depreciation	**47,420,646**	**–**	**47,420,646**	**142,424,452**	**–**	**142,424,452**	**189,845,098**
Disposal	**(30,340,784)**	**–**	**(30,340,784)**	**(148,086,460)**	**–**	**(148,086,460)**	**(178,427,244)**
Balances at end of year	**74,135,733**	**–**	**74,135,733**	**92,295,459**	**–**	**92,295,459**	**166,431,192**
Gains (losses) arising from changes in fair value less estimated costs to sell	**(11,332,306)**	**81,227,677**	**69,895,371**	**–**	**–**	**–**	**69,895,371**
Net Book Value at End of Year	**₱390,066,177**	**₱1,001,731,932**	**₱1,391,798,109**	**₱92,959,004**	**₱79,303,351**	**₱172,262,355**	**₱1,564,060,464**

	2012						
	Swine (At Fair Value Less Estimated Costs to Sell)			Poultry (At Cost)			
	Breeder	Commercial	Sub-total	Breeder	Commercial	Sub-total	Total
Cost							
Balances at beginning of year	₱422,322,129	₱850,256,410	₱1,272,578,539	₱130,599,612	₱61,008,719	₱191,608,331	₱1,464,186,870
Additions	383,682,724	2,960,918,965	3,344,601,689	179,122,273	582,769,817	761,892,090	4,106,493,779
Disposal	(337,830,042)	(2,903,504,759)	(3,241,334,801)	(131,522,118)	(541,316,483)	(672,838,601)	(3,914,173,402)
Balances at end of year	468,174,811	907,670,616	1,375,845,427	178,199,767	102,462,053	280,661,820	1,656,507,247
Accumulated Depreciation							
Balances at beginning of year	39,015,962	–	39,015,962	54,852,091	–	54,852,091	93,868,053
Depreciation	40,854,993	–	40,854,993	135,671,573	–	135,671,573	176,526,566
Disposal	(22,815,084)	–	(22,815,084)	(92,566,197)	–	(92,566,197)	(115,381,281)
Balances at end of year	57,055,871	–	57,055,871	97,957,467	–	97,957,467	155,013,338
Gains (losses) arising from changes in fair value less estimated costs to sell	(62,399,649)	46,874,989	(15,524,660)	–	–	–	(15,524,660)
Net Book Value at End of Year	₱348,719,291	₱954,545,605	₱1,303,264,896	₱80,242,300	₱102,462,053	₱182,704,353	₱1,485,969,249

The Group has about 240,579 and 217,760 heads of swine as of September 30, 2013 and 2012, respectively, and about 602,773 and 652,556 heads of poultry as of September 30, 2013 and 2012, respectively.

16. **Intangible Assets**

The composition of and movements in this account follow:

	2013			
	Goodwill	**Trademark**	**Product Formulation**	**Total**
Cost				
Balances at beginning and end of year	**₱1,046,767,480**	**₱251,524,581**	**₱425,000,000**	**₱1,723,292,061**
Accumulated Amortization and Impairment Losses				
Balances at beginning and end of year	**248,139,704**	**201,524,581**	**–**	**449,664,285**
Net Book Value at End of Year	**₱798,627,776**	**₱50,000,000**	**₱425,000,000**	**₱1,273,627,776**

	2012			
	Goodwill	Trademark	Product Formulation	Total
Cost				
Balances at beginning and end of year	₱1,046,767,480	₱251,524,581	₱425,000,000	₱1,723,292,061
Accumulated Amortization and Impairment Losses				
Balances at beginning of year	248,139,704	11,301,181	–	259,440,885
Impairment losses during the year	–	190,223,400	–	190,223,400
Balances at end of year	248,139,704	201,524,581	–	449,664,285
Net Book Value at End of Year	₱798,627,776	₱50,000,000	₱425,000,000	₱1,273,627,776

The Group's goodwill pertains to: (a) the acquisition of Advanson in December 2007, (b) the acquisition of Acesfood in May 2007 and (c) the excess of the acquisition cost over the fair values of the net assets acquired by HCFCL and UABCL in 2000. The goodwill arising from the acquisitions of HCFCL, UABCL, Acesfood and Advanson was translated at the applicable year-end exchange rate.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of September 30, 2013. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rates applied to cash flow projections range from 9.3% to 10.0%. The following assumptions were also used in computing value in use:

Growth rate estimates - growth rates were based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

In 2012, the Group recognized impairment loss of ₱190.2 million (included under 'Impairment losses' on the consolidated statement of income) on trademark attributed to Shanghai Peggy, a wholly owned subsidiary of HCFCL. Shanghai Peggy manufactures branded consumer foods such as oats, biscuits and cereals.

In 2011, the Group recognized impairment loss of ₱63.5 million (included under 'Impairment losses' on the consolidated statement of income) on the goodwill attributed to SONEDCO. The Group also derecognized goodwill of ₱28.2 million and trademark of ₱84.0 million pertaining to the disposal of subsidiaries (see Note 38).

17. **Investment in a Joint Venture**

This account consists of:

	2013	2012
Acquisition Cost		
Balances at beginning and end of year	**₱1,250,000**	₱1,250,000
Accumulated Equity in Net Earnings		
Balances at beginning of year	**94,889,053**	88,716,944
Equity in net income during the year	**19,244,938**	31,172,102
Dividends received	**(29,999,991)**	(24,999,993)
Balances at end of year	**84,134,000**	94,889,053
Net Book Value at End of Year	**₱85,384,000**	₱96,139,053

The Parent Company has an equity interest in HURC, a domestic joint venture. HURC manufactures and distributes food products under the "Hunt's" brand name, which is under exclusive license to HURC in the Philippines.

The Parent Company's percentage of ownership in HURC and its related equity in the net assets is summarized below:

	Percentage of Ownership		Equity in Net Assets	
	2013	2012	**2013**	2012
			(In Millions)	
HURC	**50.0**	50.0	**₱85.4**	₱96.1

Summarized financial information of HURC as of September 30, 2013 and 2012 which are accounted for under the equity method follow:

	2013	2012
	(In Thousands)	
Current assets	**₱494,373**	₱500,909
Noncurrent assets	**1,833**	2,358
Current liabilities	**424,188**	411,507
Noncurrent liabilities	**426**	838
Revenue	**662,500**	650,234
Costs and expenses	**(613,855)**	(569,997)
Net income	**40,847**	62,373

18. **Investment Properties**

Movements in this account follow:

	2013	2012
Cost		
Balances at beginning and end of year	**₱107,947,364**	₱107,947,364
Accumulated Depreciation		
Balances at beginning of year	**43,455,852**	39,798,057
Depreciation	**3,657,787**	3,657,795
Balances at end of year	**47,113,639**	43,455,852
Net Book Value at End of Year	**₱60,833,725**	₱64,491,512

The investment properties consist of building and plant which are made available for lease to certain related parties (see Note 35).

The aggregate fair value of the Group's investment properties amounted to ₱192.4 million as of September 30, 2012. The fair values of investment properties have been determined by qualified independent appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and knowledgeable, willing seller in an arm's length transaction at the date of valuation.

Total rental income earned from investment properties (included under 'Other income' in the consolidated statements of income) amounted to ₱59.7 million, ₱64.7 million and ₱52.8 million in 2013, 2012 and 2011, respectively.

Direct operating expenses (included under 'General and administrative expenses' in the consolidated statements of income) arising from investment properties amounted to ₱13.7 million in 2013, ₱2.6 million in 2012 and ₱0.2 million in 2011.

19. Other Noncurrent Assets

This account consists of:

	2013	2012
Input VAT	**₱151,342,665**	₱88,829,664
Deposits	**282,471,618**	257,812,178
Others	**41,032,742**	79,281,795
	₱474,847,025	₱425,923,637

Other noncurrent assets are net of allowance for impairment losses amounting to ₱279.1 million as of September 30, 2013 and 2012.

20. Short-term Debt

This account consists of:

	2013	2012
Thai Baht denominated loans - with interest rates ranging from 3.03% to 3.85% in 2013 and 3.30% to 3.85% in 2012	**₱1,660,865,476**	₱803,161,391
Chinese Yuan denominated loans - with interest rate of 4.80% in 2013	**284,565,205**	–
US Dollar denominated loans - with interest rates ranging from 0.65% to 1.45% in 2012	–	6,078,141,358
Philippine Peso denominated loan with interest rate at 3.00% in 2012	–	1,000,000,000
Euro denominated loans - with interest rates ranging from 0.41% to 0.57% in 2012	–	523,168,875
Singaporean Dollar denominated loans - with interest rates at 0.78% in 2012	–	184,065,260
	₱1,945,430,681	₱8,588,536,884

Interest is based on prevailing market rates. Accrued interest payable on the Group's short-term debt (included under 'Accounts payable and other accrued liabilities' in the consolidated statements of financial position) amounted to ₱3.2 million and ₱24.3 million as of September 30, 2013 and 2012, respectively (see Note 21). Interest expense from the short-term debt amounted to ₱103.8 million, ₱431.5 million and ₱58.8 million in 2013, 2012 and 2011, respectively (see Note 31).

21. Accounts Payable and Other Accrued Liabilities

This account consists of:

	2013	2012
Trade payables	**₱6,554,240,441**	₱5,295,152,368
Accrued expenses	**2,247,821,024**	1,367,635,397
Due to related parties (see Note 35)	**74,913,134**	284,599,807
Customers' deposits	**218,393,909**	207,167,134
Advances from stockholders (see Note 35)	**229,985,437**	218,904,217
Derivative liabilities (see Note 8)	–	4,680,533
Others	**188,161,045**	208,702,670
	₱9,513,514,990	₱7,586,842,126

As of September 30, 2013 and 2012, others include withholding taxes payable amounting to ₱114.6 million and ₱121.8 million, respectively. The accrued expenses account consists of:

	2013	2012
Advertising and promotions	**₱1,839,496,110**	₱899,226,122
Freight and handling costs	**136,011,568**	191,287,113
Contracted services	**42,052,442**	150,812,491
Interest payable	**3,234,034**	24,254,634
Others	**227,026,870**	102,055,037
	₱2,247,821,024	₱1,367,635,397

As of September 30, 2013 and 2012, Others include accrued utilities amounting to ₱152.0 million and ₱96.6 million, respectively.

22. Long-term Debt

This account consists of:

	Maturity	Interest Rate	**2013**	2012
Parent Company:				
Philippine Peso:				
₱3.0 billion loan facility	2014	8.75%	**₱–**	₱2,990,455,926

Long-term debt is shown net of unamortized debt issuance costs totaling to nil and ₱9.5 million as of September 30, 2013 and 2012, respectively (see Note 4).

Repayments of the long-term debt follow:

	2013	2012
Due in:		
2013	**₱–**	₱–
2014	–	3,000,000,000
	₱–	₱3,000,000,000

The following significant transactions affected the Group's long-term debt:

URC ₱3.0 Billion 8.75% Fixed Corporate Notes Due 2014
On March 24, 2009, URC issued fixed corporate notes amounting to ₱3.0 billion to various financial institutions for capital expenditures and general corporate purposes. The notes bear a fixed interest rate of 8.75%, payable semi-annually in arrears, and have a term of five (5) years, maturing on March 27, 2014.

The notes contain negative covenants that, among others, prohibit merger or consolidation with other entities if it is not the surviving entity, nor shall it create or form another corporation or subsidiary when a material adverse effect will result. The notes also contain affirmative covenants which include among others maintenance of a debt to equity ratio of not greater than 2.0 to 1.0 and interest coverage ratio of not lesser than 2.0 to 1.0.

On February 28, 2013, URC redeemed the loan under Section 3.07 of the Loan Agreement "Redemption Due to Taxation". Total payment amounted to ₱3.1 billion, including interest.

URCPL 8.25% Guaranteed Notes Due 2012
On January 14, 2005, URCPL issued US$200.0 million 8.25% notes due 2012 guaranteed by the Parent Company (the guarantor). Unless previously redeemed or purchased and cancelled, the notes will be redeemed at their principal amount, plus accrued and unpaid interest on January 20, 2012. These corporate notes contain negative covenants which include among others maintenance of the guarantor of a debt to equity ratio of not greater than 2.0 to 1.0.

On October 29, 2008, the Group reacquired a portion of its bonds payable with a face value of ₱241.7 million (US$5.0 million) for a total proceeds of ₱228.0 million (US$4.5 million). The Group recognized gain on reacquisition of bonds amounting to ₱20.8 million (included under 'Other expenses' in the 2009 consolidated statements of income).

On February 20, 2010, the Group made a partial principal repayment on its bonds payable with a face value of ₱342.8 million (US$7.4 million). In January 2012, URCPL fully settled the said guaranteed notes with a total payment of ₱8.4 billion, including interest.

23. **Equity**

The details of the Parent Company's common stock follow:

	2013	2012	2011
Authorized shares	**2,998,000,000**	2,998,000,000	2,998,000,000
Par value per share	**₱1.00**	₱1.00	₱1.00
Issued shares:			
Balances at beginning and end of year	**2,227,638,933**	2,227,638,933	2,227,638,933
Outstanding shares	**2,181,501,933**	2,181,501,933	2,061,501,933

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total capital. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

Following is a computation of the Group's debt-to-capital ratio as of September 30, 2013 and 2012:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
(a) Short-term debt (see Note 20)	**₱1,945,430,681**	₱8,588,536,884	₱5,749,632,635
Trust receipts payable (see Note 11)	**2,384,316,199**	3,464,360,214	1,448,156,283
Long-term debt (see Note 22)	**–**	2,990,455,926	11,208,210,724
	₱4,329,746,880	₱15,043,353,024	₱18,405,999,642
(b) Capital	**₱50,830,029,642**	₱46,364,528,461	₱41,945,017,357
(c) Debt-to-capital ratio (a/b)	**0.09:1**	0.32:1	0.44:1

The Group's policy is to not to exceed a debt-to-capital ratio of 2:1 level. The Group considers its total equity as capital.

Cumulative Redeemable Preferred Shares
The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of September 30, 2013 and 2012.

Retained Earnings
Dividends
Details of the Group's dividend declarations follow:

	2013	2012	2011
Date of declaration	**April 18, 2013**	April 18, 2012	May 11, 2011
Dividend per share	**₱2.40**	₱1.90	₱1.90
Total dividends	**₱5.2 billion**	₱3.9 billion	₱3.9 billion
Date of record	**May 10, 2013**	May 8, 2012	May 31, 2011
Date of payment	**June 6, 2013**	June 1, 2012	June 27, 2011

The Group intends to maintain an annual cash dividend payment ratio of 50.0% of the Group's consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. The BOD may, at any time, modify such dividend payment ratio.

Appropriation of retained earnings
In 2011, as approved by the BOD, the Group has appropriated retained earnings amounting to ₱5.0 billion for the Group's expansion plans. On the same date, however, the BOD also approved the reversal of the previously appropriated retained earnings amounting to ₱3.0 billion.

On February 11, 2013, the BOD approved the reversal of the previously appropriated retained earnings amounting to ₱5.0 billion. On the same date, the BOD approved the appropriation of retained earnings amounting to ₱6.0 billion for the purposes of the Group's plant expansion. On September 18, 2013, the BOD approved the reversal of the previously appropriated retained earnings amounting to ₱6.0 billion.

Treasury Shares
On November 13, 2007, the Group's BOD approved the creation and implementation of a share buy-back program allotting up to ₱2.5 billion to reacquire a portion of the Parent Company's issued and outstanding common shares, representing approximately 7.63% of current market capitalization.

On January 12, 2011, the Group's BOD approved the extension of the Group's share buy-back program, allotting up to another ₱2.5 billion to reacquire a portion of the Parent Company's issued and outstanding common shares. The extension of the share buyback program shall have the same terms and conditions as the share buyback program approved by the BOD on November 13, 2007.

On June 14, 2012, the Parent Company's BOD approved the sale of 120 million common shares previously held as treasury shares through a placement to institutional investors at a selling price of ₱62 per share, with a total gross selling proceeds amounting to ₱7.4 billion. On June 19, 2012, the Parent Company received the net cash proceeds amounting to ₱7.3 billion, net of the transactions costs incurred amounting to ₱95.2 million. The proceeds of the said sale will be used for potential acquisition and general corporate purposes. CLSA Limited acted as a sole book-runner and sole placing agent for the sale.

The details of the treasury shares follow:

	2013	2012	2011
Balances at beginning of year	**₱670,386,034**	₱2,414,026,153	₱2,091,912,018
Purchases during the year	–	–	322,114,135
Sale during the year	–	(1,743,640,119)	–
Balances at end of year	**₱670,386,034**	₱670,386,034	₱2,414,026,153

The Parent Company has outstanding treasury shares of 46.1 million as of September 30, 2013 and 2012 and 166.1 million shares as of September 30, 2011, respectively. The Parent Company is restricted from declaring an equivalent amount of the treasury shares from the unappropriated retained earnings as dividends.

Equity Reserve

In August 2012, the Parent Company has acquired 23.0 million common shares of URCICL from International Horizons Investment Ltd for ₱7.2 billion. The acquisition of shares represents the remaining 23.00% interest in URCICL. As a result of the acquisition, the Parent Company now holds 100.00% interest in URCICL. The Group recognized equity reserve from the acquisition amounting to about ₱5.6 billion included in "Equity Reserve" in the 2012 consolidated statements of changes in equity. The equity reserve from the acquisition will only be recycled in the consolidated statement of income in the event that the Group will lose its control over URCICL.

Record of Registration of Securities with SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Registration Code.

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of Shares	Issued and Outstanding Shares
February 17, 1994	Registration of authorized capital stock	–	₱1.00	₱–	1,998,000,000 common shares 2,000,000 preferred shares	–
February 23, 1994	Initial public offering					
	Subscribed and fully paid common shares	929,890,908	₱1.00	₱1.00	–	929,890,908
	New common shares	309,963,636	₱1.00	₱21.06	–	309,963,636
July 21, 1995	20.00% stock dividend	247,970,907	–	–	–	247,970,907
October 15, 2001	10.00% stock dividend	148,782,542	–	–	–	148,782,542
June 20, 2003	Property-for-share swap [the Parent Company shares in exchange for property of Robinsons Supermarket Corporation (RSC)]	49,871,556	–	–	–	49,871,556
December 16, 2005	Increase in authorized capital stock (payment by way of 15.00% stock dividend)	–	–	–	1,000,000,000 common shares	252,971,932

(Forward)

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of Shares	Issued and Outstanding Shares
February 7, 2006	New share offering for common shares:					
	a. Primary shares	282,400,000	₱1.00	₱17.00	–	282,400,000
	b. Secondary shares	352,382,600				
	c. Over-allotment shares	95,217,400				
November 14, 2007 to October 20, 2008	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(75,104,200)
April 21, 2009	Issuance of shares to JGSHI	–	–	–	–	5,787,452
December 8, 2009 to January 27, 2011	Acquisition of Parent Company's shares under the share buy-back Program	–	–	–	–	(91,032,800)
June 14, 2012	Sale of treasury shares	–	–	–	–	120,000,000
						2,181,501,933

The table below provides information regarding the number of stockholders of the Parent Company as of September 30, 2013, 2012 and 2011:

	2013	2012	2011
Common shares	**1,085**	1,110	1,146

24. **Components of Other Comprehensive Income**

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Items to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments	**₱601,100,078**	₱142,947,365	₱324,705,986
Net unrealized gain on AFS investments (see Note 14):			
Balances at beginning of year	**650,504,738**	257,038,710	694,965,121
Change in fair value during the period	**110,370,180**	446,319,850	(385,999,011)
Reclassification adjustment included in the profit or loss arising from disposal of AFS investment	**(760,874,918)**	(52,853,822)	(51,927,400)
Balances at end of year	**–**	650,504,738	257,038,710
	601,100,078	793,452,103	581,744,696
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans:			
Balances at beginning of year	**(370,583,392)**	(90,401,111)	–
Remeasurement gains on defined benefit plans during the year	**(238,889,289)**	(280,182,281)	(90,401,111)
Balances at end of year	**(609,472,681)**	(370,583,392)	(90,401,111)
Income tax effect	**182,841,804**	111,175,017	27,120,333
	(426,630,877)	(259,408,375)	(63,280,778)
	₱174,469,201	₱534,043,728	₱518,463,918

The Group does not recognize income tax on cumulative translation adjustments and net unrealized gains on AFS investments.

25. **Cost of Sales**

This account consists of:

	2013	2012	2011
Raw materials used	**₱43,817,028,459**	₱40,177,314,934	₱38,195,240,177
Direct labor	**2,063,484,958**	2,028,691,748	2,403,857,461
Overhead costs	**12,010,027,750**	10,519,225,055	10,730,878,529
Total manufacturing costs	**57,890,541,167**	52,725,231,737	51,329,976,167
Goods in-process	**(141,609,230)**	87,162,924	(329,671,870)
Cost of goods manufactured	**57,748,931,937**	52,812,394,661	51,000,304,297
Finished goods	**27,072,348**	(81,840,267)	(355,030,639)
	₱57,776,004,285	₱52,730,554,394	₱50,645,273,658

Overhead costs are broken down as follows:

	2013	2012	2011
Utilities	**₱5,204,472,840**	₱4,138,653,789	₱4,450,486,827
Depreciation and amortization (see Note 28)	**3,395,233,450**	3,216,808,941	3,041,569,926
Repairs and maintenance	**1,462,403,873**	1,445,307,713	1,366,606,774
Personnel expenses (see Note 29)	**1,321,879,981**	1,213,493,075	1,152,031,563
Rental expense	**393,609,271**	221,551,914	142,983,515
Research and development	**82,871,021**	81,251,615	43,632,441
Handling and delivery charges	**56,480,317**	58,187,875	113,895,035
Others	**93,076,997**	143,970,133	419,672,448
	₱12,010,027,750	₱10,519,225,055	₱10,730,878,529

26. **Selling and Distribution Costs**

This account consists of:

	2013	2012	2011
Advertising and promotions	**₱5,127,544,573**	₱4,001,355,991	₱3,512,877,794
Freight and other selling expenses	**4,239,618,811**	3,540,336,732	3,129,784,318
Personnel expenses (see Note 29)	**1,052,919,667**	911,511,275	803,537,499
Depreciation and amortization (see Note 28)	**83,892,540**	86,640,875	115,416,392
Repairs and maintenance	**76,707,620**	74,768,318	46,508,408
Other selling and distribution costs	**65,697,804**	82,263,177	72,707,467
	₱10,646,381,015	₱8,696,876,368	₱7,680,831,878

27. **General and Administrative Expenses**

This account consists of:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Personnel expenses (see Note 29)	**₱1,063,694,395**	₱991,808,246	₱965,887,559
Travel and transportation	**270,853,622**	232,534,644	204,318,063
Depreciation and amortization (see Note 28)	**142,477,386**	115,577,860	109,158,150
Taxes, licenses and fees	**110,542,170**	84,868,260	76,426,067
Donations and contributions	**101,705,353**	4,319,541	5,253,496
Repairs and maintenance	**94,336,606**	33,161,801	81,139,260
Security and contractual services	**65,520,711**	56,038,408	46,877,314
Professional and legal fees	**58,901,602**	44,610,145	39,568,135
Rental expense	**48,774,294**	33,839,986	30,942,901

(Forward)

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Utilities	**₱47,490,740**	₱43,696,135	₱43,124,599
Communication	**45,289,786**	41,513,708	43,969,017
Stationery and office supplies	**29,185,129**	26,052,378	26,914,522
Other expenses	**215,011,056**	216,674,739	253,679,773
	₱2,293,782,850	₱1,924,695,851	₱1,927,258,856

28. Depreciation and Amortization

Depreciation and Amortization

The breakdown of consolidated depreciation and amortization on property, plant and equipment, investment in properties and intangible assets follows:

	2013	2012	2011
Cost of sales (see Notes 13, and 25)	**₱3,395,233,450**	₱3,216,808,941	₱3,041,569,926
Selling and distribution costs (see Notes 13 and 26)	**83,892,540**	86,640,875	115,416,392
General and administrative expenses (see Notes 13, 16, 18, and 27)	**142,477,386**	115,577,860	109,158,150
	₱3,621,603,376	₱3,419,027,676	₱3,266,144,468

29. Personnel Expenses

Personnel expenses consist of:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Salaries and wages	**₱2,491,067,248**	₱2,180,367,474	₱2,059,560,094
Other employee benefits	**844,508,937**	856,708,522	791,235,227
Pension expense (see Note 32)	**102,917,858**	79,736,600	70,661,300
	₱3,438,494,043	₱3,116,812,596	₱2,921,456,621

The breakdown of personnel expenses follows:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Cost of sales (see Note 25)	**₱1,321,879,981**	₱1,213,493,075	₱1,152,031,563
Selling and distribution costs (see Note 26)	**1,052,919,667**	911,511,275	803,537,499
General and administrative expenses (see Note 27)	**1,063,694,395**	991,808,246	965,887,559
	₱3,438,494,043	₱3,116,812,596	₱2,921,456,621

30. **Finance Revenue**

This account consists of:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Interest income from investments in financial assets at FVPL (see Note 8)	**₱174,184,912**	₱542,013,555	₱520,838,056
Bank interest income	**157,384,222**	148,266,086	105,983,256
Dividend income	**100,954,333**	204,844,077	211,016,855
Interest income from AFS investments (see Note 14)	**94,805,348**	333,262,515	352,390,531
Others	**2,310,865**	1,343,035	3,042,487
	₱529,639,680	₱1,229,729,268	₱1,193,271,185

Other finance revenue includes interest income pertaining to net pension liability amounting to nil in 2013 and 2012, and ₱1.9 million in 2011 (see Note 32).

31. **Finance Costs**

This account consists of finance costs arising from:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Long-term debt (see Note 22)	**₱129,907,337**	₱205,774,105	₱940,439,248
Short-term debt (see Note 20)	**103,779,041**	431,509,913	58,809,788
Others	**32,347,017**	55,989,852	2,652,300
	₱266,033,395	₱693,273,870	₱1,001,901,336

Other finance costs include interest expense pertaining to net pension liability amounting to ₱20.9 million, ₱10.2 million and ₱0.7 million in 2013, 2012 and 2011, respectively (see Note 32).

32. **Pension Costs**

The Parent Company has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan, with Robinsons Bank Corporation (RBC) as Trustee. The plan provides for retirement, separation, disability and death benefits to its members. The Parent Company, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The latest actuarial valuation was made on September 30, 2013.

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 law. The law does not require minimum funding of the plan.

Changes in net defined benefit liability of funded funds of the Parent Company are as follows:

2013

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2012	Current service cost	Net interest (see Note 31)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2013
Present value of defined benefit obligation	**₱1,738,830,510**	**₱99,685,477**	**₱97,374,509**	**₱197,059,986**	**(₱142,995,906)**	**₱–**	**(₱257,847,445)**	**₱–**	**₱465,320,432**	**₱207,472,987**	**₱–**	**₱2,000,367,577**
Fair value of plan assets	**(1,389,545,391)**	**–**	**(77,814,542)**	**(77,814,542)**	**142,995,906**	**29,189,401**	**–**	**–**	**–**	**29,189,401**	**(119,245,444)**	**(1,414,420,070)**
	₱349,285,119	**₱99,685,477**	**₱19,559,967**	**₱119,245,444**	**₱–**	**₱29,189,401**	**(₱257,847,445)**	**₱–**	**₱465,320,432**	**₱236,662,388**	**(₱119,245,444)**	**₱585,947,507**

2012

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2011	Current service cost	Net interest (see Note 31)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2012
Present value of defined benefit obligation	₱1,351,799,927	₱77,910,400	₱96,924,055	₱174,834,455	(₱52,813,232)	₱–	₱61,225,995	₱7,029,772	₱196,753,593	₱265,009,360	₱–	₱1,738,830,510
Fair value of plan assets	(1,221,431,248)	–	(87,576,620)	(87,576,620)	52,813,232	8,999,341	–	–	–	8,999,341	(142,350,096)	(1,389,545,391)
	₱130,368,679	₱77,910,400	₱9,347,435	₱87,257,835	₱–	₱8,999,341	₱61,225,995	₱7,029,772	₱196,753,593	₱274,008,701	(₱142,350,096)	₱349,285,119

2011

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2010	Current service cost	Net interest (see Note 30)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2011
Present value of defined benefit obligation	₱1,220,977,777	₱69,431,700	₱94,503,680	₱163,935,380	(₱90,431,051)	₱–	(₱1,502,508)	(₱180,698,058)	₱239,518,387	₱57,317,821	₱–	₱1,351,799,927
Fair value of plan assets	(1,247,197,112)	–	(96,533,056)	(96,533,056)	90,431,051	31,867,869	–	–	–	31,867,869	–	(1,221,431,248)
	(₱26,219,335)	₱69,431,700	(₱2,029,376)	₱67,402,324	₱–	₱31,867,869	(₱1,502,508)	(₱180,698,058)	₱239,518,387	₱89,185,690	₱–	₱130,368,679

The fair value of net plan assets of the Parent Company by each classes as at the end of the reporting period are as follows:

	2013	2012	2011
Assets			
Cash and cash equivalents	**₱234,003,697**	₱38,097	₱35,992
Short-term notes receivable	**1,638,936,627**	1,763,417,600	1,575,702,384
Held-to-maturity investments	**31,246,599**	–	–
Interest receivable	**2,276,406**	–	–
	1,906,463,329	1,763,455,697	1,575,738,376
Liabilities			
Accrued trust and management fees	**22,092**	–	–
Due to related party (see Note 35)	**492,021,167**	373,910,306	354,307,128
	492,043,259	373,910,306	354,307,128
	₱1,414,420,070	₱1,389,545,391	₱1,221,431,248

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans are as follows:

	2013	2012	2011
Discount rate	**4.56%**	5.60%	7.17%
Salary increase rate	**5.50%**	5.50%	5.50%

The overall expected rate of retun on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation
Discount rates	1.00%	₱1,843,534,128
	(1.00%)	(2,183,050,414)
Salary increase rate	1.00%	₱2,171,530,241
	(1.00%)	(1,850,007,796)

Shown below is the maturity analysis of the Parent Company's undiscounted benefit payments:

	Expected benefit payments
Less than one year	₱368,162,675
More than one year to five years	546,516,924
More than five years to 10 years	907,299,123
More than 10 years to 15 years	1,275,874,624
More than 15 years to 20 years	1,184,301,515
More than 20 years	2,527,182,177

The average duration of the defined benefit obligation at the end of the reporting period is 15.94 years.

The Parent Company expects to contribute ₱147.4 million to the defined benefit pension plan in 2014. The Parent Company annually contributes to the fund an amount corresponding to its retirement expense.

The Group's subsidiaries have both a funded, defined retirement contribution plan and an unfunded, noncontributory defined benefit plan covering all its regular employees. Both plans provide for retirement, separation, disability and death benefits to its members. Pension expense from the defined retirement contribution plan is based on the amount of contributions paid by the subsidiaries during the year.

Pension expense from defined benefit retirement plan is actuarially determined using the projected unit credit method. The latest actuarial valuation was made on September 30, 2013.

Changes in net defined benefit liability of funded funds of the Group's subsidiaries are as follows:

2013

	1 October 2012	Net benefit cost in consolidated statements of income: Current service cost	Net interest (see Note 31)	Subtotal	Benefits paid	Remeasurements in other comprehensive income: Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2013
Present value of defined benefit obligation	**₱21,811,470**	**₱3,232,381**	**₱1,335,303**	**₱4,567,684**	**₱–**	**₱–**	**(₱597,883)**	**₱–**	**₱4,022,701**	**₱3,424,818**	**₱–**	**₱29,803,972**
Fair value of plan assets	**–**	**–**	**–**	**–**	**–**	**(270,399)**	**–**	**–**	**–**	**(270,399)**	**(11,063,529)**	**(11,333,928)**
	₱21,811,470	**₱3,232,381**	**₱1,335,303**	**₱4,567,684**	**₱–**	**(₱270,399)**	**(₱597,883)**	**₱–**	**₱4,022,701**	**₱3,154,419**	**(₱11,063,529)**	**₱18,470,044**

2012

	1 October 2011	Net benefit cost in consolidated statements of income: Current service cost	Net interest (see Note 31)	Subtotal	Benefits paid	Remeasurements in other comprehensive income: Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2012
Present value of defined benefit obligation	₱10,702,035	₱1,826,200	₱876,440	₱2,702,640	₱–	₱–	₱2,715,218	₱426,925	₱5,264,652	₱8,406,795	₱–	₱21,811,470

2011

	1 October 2010	Net benefit cost in consolidated statements of income: Current service cost	Net interest (see Note 31)	Subtotal	Benefits paid	Remeasurements in other comprehensive income: Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2011
Present value of defined benefit obligation	₱7,182,666	₱1,229,600	₱653,596	₱1,883,196	₱–	₱–	₱306,124	₱211,663	₱1,118,386	₱1,636,173	₱–	₱10,702,035

The fair value of net plan assets of the Group's subsidiaries by each classes as at the end of the reporting period are as follows:

	2013	2012	2011
Assets			
Cash and cash equivalents	**₱8,890,602**	₱–	₱–
Held-to-maturity investments	**2,380,184**	–	–
Interest receivable	**64,086**	–	–
	11,334,872	–	–
Liability			
Accrued trust and management fees	**944**	–	–
	₱11,333,928	₱–	₱–

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans of the subsidiaries are as follows:

	2013	2012	2011
Discount rate	**4.97% to 5.78%**	6.09% to 6.20%	8.15% to 8.29%
Salary increase rate	**5.50%**	5.50%	5.50%

The overall expected rate of retun on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming if all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation
Discount rates	1.00%	₱25,066,802
	(1.00%)	(35,560,478)
Salary increase rate	1.00%	₱35,314,896
	(1.00%)	(25,248,239)

Shown below is the maturity analysis of the Group's subsidiaries undiscounted benefit payments:

	Expected benefit payments
Less than one year	₱390,860
More than one year to five years	2,821,309
More than five years to 10 years	11,162,085
More than 10 years to 15 years	25,726,013
More than 15 years to 20 years	59,385,307
More than 20 years	316,678,762

The average duration of the defined benefit obligation of the subsidiaries at the end of the reporting period ranges from 21.11 years to 27.80 years.

The Group's subsidiaries expect to contribute ₱5.1 million to the defined benefit pension plan in 2014.

33. Income Taxes

Provision for (benefit from) income tax consists of:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Current	**₱1,631,297,901**	₱918,424,497	₱753,578,396
Deferred	**(198,856,103)**	82,557,717	(131,615,423)
	₱1,432,441,798	₱1,000,982,214	₱621,962,973

Components of the Group's net deferred tax liabilities follow:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Deferred tax assets on:			
Net unrealized foreign exchange loss	**₱280,743,855**	₱–	₱–
Impairment losses on trade receivables and property and equipment	**119,906,090**	120,968,898	120,195,353
Pension liabilities	**206,900,071**	136,144,501	50,862,300
Foreign subsidiaries	**23,619,190**	11,644,434	22,141,945
Inventory write-downs	**20,749,965**	23,439,329	22,200,106
MCIT	**355,351**	1,410,907	–
NOLCO	**–**	1,714,260	–
	652,274,522	295,322,329	215,399,704
Deferred tax liabilities on:			
Undistributed income of foreign subsidiaries	**360,186,378**	268,093,259	202,060,961
Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks	**77,535,294**	56,566,683	61,224,081
Foreign subsidiaries	**32,227,045**	35,212,730	35,345,959
Net unrealized foreign exchange gain	**–**	20,207,889	1,387,667
Borrowing costs	**14,338,963**	16,645,165	18,951,366
	484,287,680	396,725,726	318,970,034
Net deferred tax assets (liabilities)	**₱167,986,842**	(₱101,403,397)	(₱103,570,330)

As of September 30, 2013 and 2012, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱153.1 million and ₱186.6 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The temporary difference wherein no deferred tax assets were recognized were from the NOLCO of the Group's subsidiaries. NOLCO of the Group's subsidiaries amounted to ₱509.7 million and ₱535.3 million in 2013 and 2012, respectively.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Market valuation loss (gain) on financial assets at FVPL	**(0.18)**	(5.06)	6.18
Net income of subsidiaries for which no tax was provided	**(19.68)**	(10.86)	(20.80)
Nondeductible interest expense	**0.12**	0.15	0.19
Income exempt from tax	**(0.32)**	(0.08)	(0.11)
Equity in net income of a joint venture	**0.05**	0.10	0.14
Interest income subjected to final tax	**(0.31)**	(0.38)	(0.27)
Others	**2.72**	(2.97)	(4.33)
Effective income tax rate	**12.40%**	10.90%	11.00%

RA No. 9337

RA No. 9337 was enacted into law which amended various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA were the reduction in the regular corporate income tax rate from 35% to 30% beginning January 1, 2009; and the reduction of nondeductible interest expense from 42% of interest income subjected to final tax to 33% beginning January 1, 2009.

Entertainment, Amusement and Recreation (EAR) Expenses

Revenue Regulation No. 10-2002 defines expenses to be classified as EAR expenses and sets a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. EAR expenses amounted to ₱33.5 million, ₱36.8 million and ₱32.9 million in 2013, 2012 and 2011, respectively.

MCIT

An MCIT of 2% on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In 2013, CFC Corporation has excess MCIT over RCIT amounting to ₱0.4 million for which deferred tax asset was recognized.

34. **Earnings Per Share**

The following reflects the income and share data used in the basic/dilutive EPS computations:

	2013	2012 (As restated, see Note 2	2011 (As restated, see Note 33)
Net income attributable to equity holders of the parent	**₱10,044,555,499**	₱7,762,879,616	₱4,655,096,899
Weighted average number of common shares	**2,181,501,933**	2,096,501,933	2,063,060,683
Basic/dilutive EPS	**₱4.60**	₱3.70	₱2.26

The weighted average number of common shares takes into account the treasury shares at year end. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

There were no potential dilutive shares in 2013, 2012, and 2011.

35. **Related Party Transactions**

The Group, in the regular conduct of its business, has entered into transactions with JGSHI, its ultimate parent, and other related parties principally consisting of sales, purchases, advances and reimbursement of expenses, regular banking transactions, leases and, management and administrative service agreements.

Intercompany transactions are eliminated in the accompanying consolidated financial statements. Related party transactions not eliminated are as follows:

				2013			
				Outstanding Balance in Statement of Financial Position			
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents**	**Trade Receivable (Payable) -net**	**Non- trade Receivable (Payable) - net** (see Notes 10 and 21)	**Terms**	**Conditions**
Ultimate Parent Company	Advances	**(₱99,709,183)**	**₱–**	**₱–**	**₱782,865,639**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Rental expense	**25,597,042**	–	–	–		
	Other expense	**39,451,744**	–	–	–		
Entity under common control							
Due from related parties	Advances	**766,695,828**	–	–	**1,029,376,168**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Sales	**341,388,699**	–	**120,177,889**	–	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Purchases	**84,863,450**	–	–	–		
	Rental income	**10,822,935**	–	–	–		
	Engineering services	**10,034,801**	–	–	–		
Due to related parties		–	–	–	**(74,913,134)**		
Cash and cash equivalents	Cash in bank	**114,767,969**	**149,194,605**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
	Money market placements	**850,840,627**	**1,909,801,291**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
Joint Venture	Purchases	**662,499,617**	–	**(19,009,350)**	–	**1-30 days; non-interest bearing**	**Unsecured**
	Rental income	**1,130,917**	–	–	–		

2012

	Category/ Transaction	Amount/ Volume	Outstanding Balance in Statement of Financial Position: Cash and Cash Equivalents	Trade Receivable (Payable) - net	Non- trade Receivable (Payable) - net (see Notes 10 and 21)	Terms	Conditions
Ultimate Parent Company	Advances	₱204,776,028	₱–	₱–	₱806,083,049	On demand; non-interest bearing	Unsecured; no impairment
	Rental expense	24,308,711	–	–	–		
	Other expense	44,995,992	–	–	–		
Entity under common control							
Due from related parties	Advances	41,934,692	–	–	452,071,411	On demand; non-interest bearing	Unsecured; no impairment
	Sales	206,377,855	–	48,688,963	–		
	Purchases	92,856,909	–	–	–		
	Rental income	25,513,943	–	–	–		
	Engineering services	10,446,646	–	–	–		
	Management fees	3,360,000	–	–	–		
Due to related parties	Advances	34,304,294	–	–	(284,599,807)	On demand; non-interest bearing	Unsecured
	Sales	99,194,137	–	44,302,876	–		
Cash and cash equivalents	Cash in bank	474,611,282	34,426,636	–	–	Interest-bearing at prevailing market rate; on demand	Unsecured; no impairment
	Short-term investments	843,929,123	1,058,960,663	–	–	Interest-bearing at prevailing market rate; 1.94% to 2.06% per annum; on demand	Unsecured; no impairment
Joint Venture	Purchases	650,234,298	–	(145,608,022)	–	On demand; non-interest bearing	Unsecured
	Rental income	1,028,104	–	–	–		

2011		
Related Party	Category/ Transaction	Volume/ Amount
Ultimate Parent Company	Rental expense	₱24,690,061
	Other expense	31,138,833
Under common control	Purchases	813,245,493
	Sales	282,268,016
	Management fees	13,440,000
	Rental income	22,576,027
	Egineering services	3,289,778
Joint venture	Purchases	657,818,590
	Sales	38,305,950
	Rental income	1,274,468

The Group's significant transactions with related parties follow:

(a) The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

(b) In 2013, the Group sold majority of its debt and equity securities classified as financial assets at FVPL and AFS financial assets to JG Summit Philippines Limited, Inc. for a total consideration of ₱15.2 billion. Realized gain arising from these transactions amounted to ₱717.2 million (see Notes 8 and 14).

(c) As of September 30, 2013 and 2012, the Group has advances from stockholders amounting to ₱230.0 million and ₱218.9 million, respectively.

Transactions with the retirement plan
The retirement fund of the Group's employee amounted to ₱1.4 billion as of September 30, 2013 and 2012 (see Note 32). The fund is being managed by JG Summit Multi-Employer Retirement Plan, a corporation created for the purpose of managing the funds of the Group, with RBC as the trustee.

	Year	Category/ Transaction	Volume/ Amount	Balance	Terms	Conditions
Due from retirement plan (see Note 32)	**2013**	**Advances**	**₱118,110,859**	**₱492,021,167**	On demand; non-interestbearing	Unsecured; Not impaired
	2012	-do-	14,322,777	373,910,306	-do-	-do-

The Group's plan assets also include amounts due from JGSHI totaling ₱1.6 billion (see Note 32).

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2013	2012	2011
Short-term employee benefits	**₱149,124,896**	₱135,360,688	₱122,776,609
Post-employment benefits	**60,495,875**	52,813,232	90,431,051
	₱209,620,771	₱188,173,920	₱213,207,660

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

36. Registration with the BOI

Certain operations of the Parent Company and consolidated subsidiaries are registered with the BOI as preferred pioneer and nonpioneer activities. As registered enterprises, these entities are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Robina Farms - Poultry
On January 30, 2008, RF - Poultry was registered with the BOI as an expanding producer of parent stock day-old chicks. In June 4 of the same year, it was registered as a new producer of table eggs and its by-products. Both activities are on a non-pioneer status.

Under the terms of the registration and subject to certain requirements, RF - Poultry is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from October 2008 (as an expanding producer of parent stock day-old chicks) and for a period of four (4) years from October 2009 (as a new producer of table eggs and its by-products); (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to Customs Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations, provided firm exports at least 70% of production output; (g) exemption from wharfage dues, any export tax, duty, impost and fees for a period of ten (10) years from date of registration; (h) importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond; (i) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least 70% of production; (j) tax and duty exemption on the imported breeding stocks and genetic materials within ten (10) years from the date of registration; (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from the date of registration.

Robina Farms - Hogs
On January 30, 2008, RF - Hogs was registered with the BOI as an expanding producer of finisher hogs in RF 11, Antipolo City and RF 12, Bulacan on a non-pioneer status.

Under the terms of the registration and subject to certain requirements, RF - Hogs is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from October 2009 but only from the sales generated from the registered projects; (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to Customs Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations, provided firm exports at least 70% of production output; (g) exemption from wharfage dues, any export tax, duty, impost and fees for a period of ten (10) years from date of registration; (h) importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond; (i) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least 70% of production; (j) tax and duty exemption on the imported breeding stocks and genetic materials within ten (10) years from the date of registration; (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from the date of registration.

Bio-Resource Power Generation Corporation

Bio-Resource Power Generation Corporation is registered with BOI as pioneer status under the Omnibus Investments Code of 1987 otherwise known as Executive Order No. 226. Under the terms of its registration, the company shall be entitled to certain incentives such as (a) additional deduction from taxable income of fifty percent (50%) on wages subject to certain terms and conditions; (b) employment of foreign nationals; (c) importation of consigned equipment for a period of ten (10) years from date of registration subject to certain terms and conditions; (d) exemption from taxes and duties on imported spare parts and suppliers for certain producers; and (e) other non-fiscal incentives that may be applicable.

SONEDCO

In November 2005, SONEDCO was registered with the BOI under the Omnibus Investments Code of 1987 as a new producer of refined sugar and its by-product (molasses) on a pioneer status and as expanding producer of raw sugar and its by-product (molasses) on a non-pioneer status.

Under the terms of the registration and subject to certain requirements, SONEDCO is entitled to certain fiscal and non-fiscal incentives which were transferred to the Parent Company, on account of the transfer of its sugar milling operations: (a) ITH for a period of six years from November 2006; (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credits on taxes and duties on raw materials and supplies used in the manufacture of export products and forming parts thereof for 10 years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to CBMW subject to Custom rules and regulations provided firm exports at least 70% of production output; (g) exemption from wharfage dues and any export tax, duty, impost and fees; (h) importation of consigned equipment for a period of 10 years from date of registration; and (i) exemption from taxes and duties on imported spare parts and consumable supplies for exports producers with CBMW exporting at least 70% of production.

CCPI

In June 2005, CCPI was registered with the BOI as a new producer of PET bottles on a non-pioneer status and as a new producer of printed flexible packaging materials on a non-pioneer status. In July 2010, the BOI granted the entity's request to upgrade the registration status of the PET bottles from non-pioneer to pioneer in relation to PET bottles' expiration of ITH incentive in May 2010. The change in status entitles to an extension of the ITH period for another two years reckoned from June 1, 2006 to May 31, 2012.

Under the terms of the registration and subject to certain requirements, CCPI is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of six years from June 2006 (as a new producer of PET bottles) and for a period of four years from April 2007 (as a new producer of printed flexible packaging materials); (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credits on taxes and duties on raw materials and supplies used in the manufacture of export products and forming parts thereof for 10 years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to CBMW subject to custom rules and regulations provided firm exports at least 70% of production output; (g) exemption from wharfage dues and any export tax, duty, impost and fees (h) importation of consigned equipment for a period of 10 years from date of registration; and (i) exemption from taxes and duties on imported spare parts and consumable supplies for exports producers with common branded manufacturing warehouse exporting at least 70% of production. CCPI's ITH as producer of printed flexible packaging materials has ended last March 31, 2011. As of September 30, 2012, CCPI's ITH as new producer of PET bottles on a pioneer status has ended last May 31, 2012.

In July 7, 2010, CCPI was registered with BOI as a new export producer of printed flexible packaging materials on a non-pioneer status.

Under the terms of the registration and subject to certain requirements, CCPI is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of four (4) years from October 2011 (as a new export producer of printed flexible packaging materials); (b) additional deduction from taxable income of 50% of the wages subject to certain terms and conditions; (c) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (d) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (e) employment of foreign nationals; (f) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from start of commercial operation; (g) access to CBMW subject to Customs rules and regulations provided that CCPI's exports at least 70% of production output; (h) exemption from taxes and duties on imported spare parts and consumable supplies for export producer with CBMW exporting at least 70% of production; and (i) exports by CCPI of its registered export products shall be exempted from wharfage dues and any export tax, duty, impost and fee for a period of ten (10) years from date of registration.

CCPI's ITH as producer of printed flexible packaging materials has ended last March 31, 2011. As of September 30, 2011, CCPI is subjected to income tax for a period of six months starting April 1, 2011 for the year 2011 and onwards.

37. **Commitments and Contingencies**

Operating Lease Commitments - Group as a Lessee
The Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to five years from the date of the contracts and are renewable under certain terms and conditions. The Group's rentals incurred on these leases (included under 'Selling and distribution costs' and 'General and administrative expenses' in the consolidated statements of income) amounted to ₱117.3 million, ₱104.5 million and ₱93.3 million in 2013, 2012 and 2011, respectively.

Future minimum rentals payable under noncancellable operating leases follow:

	2013	2012	2011
Within one year	**₱68,556,903**	₱70,670,008	₱62,405,980
After one year but not more than five years	**274,227,612**	282,680,032	249,623,920
	₱342,784,515	₱353,350,040	₱312,029,900

Operating Lease Commitments - Group as a Lessor
The Group has entered into a (1) one-year renewable, noncancellable lease with various related parties covering certain land and building where office spaces are located.

Future minimum rentals receivable under noncancellable operating leases amounted to ₱61.6 million, ₱65.3 million and ₱65.8 million in 2013, 2012 and 2011, respectively.

Finance Lease Commitments - Group as a Lessee
Some of the Group's subsidiaries were granted land usage rights from private entities. The land usage right represents the prepaid amount of land lease payments. The right is currently being amortized by the Group on a straight-line basis over the term of the right ranging from 30 to 50 years. The amortization on these leases (included under 'General and administrative expenses' in the consolidated statements of income) amounted to ₱11.8 million, ₱3.8 million, ₱3.8 million in 2013, 2012 and 2011, respectively.

Others
The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts, under arbitration or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

38. Disposal Group Held for Sale

In September 2010, the Group decided to sell its wholly owned subsidiaries Shantou SEZ Toyo Food Industrial Co. Ltd. (Shantou SEZ Toyo) and Guangdong Acesfood Co. Ltd. (Guangdong Acesfood), both of which are registered in the People's Republic of China.

In July 2011, the sales of Shantou SEZ Toyo and Guangdong Acesfood were fully consummated. The Group recognized a combined loss on disposal of subsidiaries of ₱177.8 million (included under 'Other expenses' in the consolidated statements of income).

	Shantou SEZ Toyo	Guangdong Acesfood
Proceeds from sale	RMB8.5 million	RMB7.9 million
(in Philippine Peso equivalent)	₱56.1 million	₱51.8 million

The table below shows the summary of the financial information for each subsidiary as of disposal date:

	Shantou SEZ Toyo	Guangdong Acesfood
Receivables	₱183	₱19,760,033
Inventories	486,716	2,950,000
Property, plant and equipment	96,718,200	30,589,490
Other current assets	6,717,919	76,545,689
Accounts payable and other accrued liabilities	–	682,920

Included in the loss on disposal is derecognized goodwill of ₱28.2 million pertaining to the disposed subsidiaries (see Note 16). In 2011, the Group recognized impairment loss on trademark of ₱84.0 million (included under 'Impairment losses' in the consolidated statements of income) pertaining to the disposed subsidiaries (see Note 16).

39. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities pertain to the movement of the cumulative translation adjustment account and the depreciation of biological assets (breeders) that are capitalized as part of the cost of new born biological assets (sucklings).

	2013	2012	2011
Biological assets	**₱47,681,054**	₱37,531,997	₱25,127,959
Cumulative translation adjustment	**410,803,799**	181,758,621	142,199,153

40. Events After the Reporting Date

The following non-adjusting events happened subsequent to the respective reporting dates of the Parent Company and its subsidiaries:

On October 25, 2013, the Group acquired parcel of land and certain building situated at Maharlika Drive, United San Pedro Subdivision, San Antonio, San Pedro, Laguna amounting to ₱159.0 million and ₱181.0 million, respectively. The acquisition is part of the expansion of autobake line of branded consumer foods segment.

41. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the AC and the BOD on January 10, 2014.

NOTES

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