COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

9170

Company Name

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

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

110 E. Rodriguez Aveneue, Bagumbayan, Quezon City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	671-2935; 635-0751; 671-3954	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,066	4/18	9/30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Constante T. Santos	Butch.Santos@urc.com.ph	(02) 633-7631	+63 922 813 0129

Contact Person's Address

41st Floor, Robinsons Equitable Tower ADB Ave., cor Poveda St., Ortigas, Pasig City

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **September 30, 2014**

2. SEC Identification Number **9170**

3. BIR Tax Identification No**. 000-400-016-000**

4. Exact name of issuer as specified in its charter **Universal Robina Corporation**

5. **Quezon City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **110 E. Rodriguez Ave., Bagumbayan, Quezon City** — **1110**
   Address of principal office — Postal Code

8. **671-2935; 635-0751; 671-3954**
   Issuer's telephone number, including area code

9. **Not Applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt
Common Shares, P1.00 Par value	**2,181,501,933 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange.

    Yes [/]   No [ ]

12. Check whether the issuer:

    a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

       Yes [/]   No [ ]

    b) has been subject to such filing requirements for the past ninety (90) days.

       Yes [/]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

    The aggregate market value of the voting stock held by non-affiliates is ₱177,530,218,459.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

a) Any annual report to security holders; **None**

b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b); **None**

c) Any prospectus filed pursuant to SRC Rule 8.1-1 **None**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Universal Robina Corporation (URC) is one of the largest branded food product companies in the Philippines, with the distinction of being called the country's first "Philippine Multinational", and has a growing presence in other Asian markets. It was founded in 1954 when Mr. John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig. The Company is involved in a wide range of food-related businesses, including the manufacture and distribution of branded consumer foods, production of hogs and day-old chicks, manufacture of animal and fish feeds, glucose and veterinary compounds, flour milling, and sugar milling and refining. The Company 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. URC is also the largest player in the RTD Tea market, and is a respectable 2nd player in the Cup Noodles and 2nd in Coffee businesses.

No material reclassifications, merger, consolidation, or purchase or sale of significant amount of assets (not ordinary) were made in the past three years (2012-2014) except those mentioned in the succeeding paragraphs. The Company's financial condition has remained solid in the said period.

The Company operates its food business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into three core business segments: branded consumer foods, agro-industrial products and commodity food products.

Branded consumer foods (BCF) segment, including our packaging division, is the Company's largest segment contributing about 83.6% of revenues for the fiscal year ended September 30, 2014. Established in the 1960s, the Company's branded consumer foods segment manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles and pasta and tomato-based products. The manufacture, distribution, sales and marketing activities for the Company's consumer food products are carried out mainly through the Company's branded consumer foods division consisting of snack foods, beverage and grocery groups, although the Company conducts some of its branded consumer foods operations through its majority-owned subsidiaries and joint venture companies (i.e. Nissin-URC and Hunt-URC). The Company established URC Packaging division to engage in the manufacture of bi-axially oriented polypropylene (BOPP) films for packaging companies. The BOPP plant, located in Batangas, began commercial operation in June 1998 and 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. URC also formed Food Service and Industrial division that supply BCF products in bulk to certain institutions like hotels, restaurants, and schools.

In July 2014, the Company announced that it will acquire 100% shares of NZ Snack Foods Holdings Limited, which is the holding company of Griffin's Food Limited, a leading snack food company in New Zealand, from Pacific Equity Partners. The acquisition was subject to the approval of the New Zealand Overseas Investment Office and the transaction was completed in November 2014. The Company also entered into joint ventures, Calbee-URC Inc. and Danone Universal Robina Beverages Inc.

Majority of the Company's branded consumer foods business is conducted in the Philippines. In 2000, the Company began to expand its BCF business more aggressively into other Asian markets, primarily through its subsidiary, URC International and its subsidiaries in China: Shanghai Peggy

Foods Co. Ltd., Guangzhou Peggy Foods Co. Ltd., and URC Hongkong Co. Ltd.; in Malaysia: URC Snack Foods (Malaysia) Sdn. Bhd. and Ricellent Sdn. Bhd.; in Thailand: URC (Thailand) Co. Ltd.; in Singapore: URC Foods (Singapore) Pte. Ltd.: Acesfood Network Pte, Ltd. in 2007 and Advanson International Pte, Ltd. in 2008; in Indonesia: PT URC Indonesia; in Vietnam: URC Vietnam Company Ltd. in 2006, URC Hanoi Company, Ltd. in 2009 and URC Central Co. Ltd. in 2013; and in Myanmar: URC (Myanmar) Co. Ltd in 2013. The Asian operations contributed about 25.7% of the Company's revenues for the fiscal year ended September 30, 2014.

The Company has a strong brand portfolio created and supported through continuous product innovation, extensive marketing and experienced management. Its brands are household names in the Philippines and a growing number of consumers across Asia are purchasing the Company's branded consumer food products.

The Company's agro-industrial products segment operates three divisions: (1) hog and poultry farming (Robina Farms or "RF"), (2) the manufacture and distribution of animal feeds, glucose and soya products (Universal Corn Products or "UCP"), and (3) the production and distribution of animal health products (Robichem). This segment contributed approximately 8.9% of sale of goods and services in fiscal 2014.

The Company's commodity food products segment engages in sugar milling and refining through its Sugar divisions: URSUMCO, CARSUMCO, SONEDCO, PASSI and Tolong and flour milling and pasta manufacturing through URC Flour division. In October 2012, the Company has finalized the acquisition of sugar mill located in Negros Oriental (formerly known as Tolong Sugar Central) from Herminio Teves & Co., Inc. to further expand its sugar milling business. In June 2014, the expansion of its capacity from 3,000 tons of cane per day (TCD) to 4,000 TCD was started and is expected to be completed by January 2015. In fiscal 2014, the segment contributed approximately 7.5% of aggregate sale of goods and services in fiscal 2014.

In 2013, the Company started the construction of its fuel-grade ethanol plant in Negros Oriental and started commercial operations in December 2014. The plant aims to produce fuel-grade anhydrous ethanol suitable for gasoline blending using sugar molasses as feedstock. It has a capacity of 100, 000 liters per day. In the same year, the Company also started the installation of Biomass Fired Power Cogeneration plant in Negros Occidental. Phase 1 of the project with 16 MW new steam turbine generator systems using the upgraded existing boiler system, was completed and started exporting excess power of 5 MW to the grid in December 2014. Installation of Phase 2 with 30 MW steam turbine generator and completely new boiler system, is ongoing and is expected to be completed and will be ready to export power to the grid by third quarter of fiscal 2015.

The Company is a core subsidiary of JG Summit Holdings, Inc. (JGSHI), one of the largest conglomerates listed in the Philippine Stock Exchange based on total net sales. JGSHI has substantial business interests in property development, hotel management, banking and financial services, petrochemicals, air transportation and in other sectors, including telecommunications, power generation and insurance. On December 4, 2012, JGSHI was named by Forbes Asia as one of the 50 best publicly-traded companies in Asia for 2012, the only Philippine firm chosen from a pool of 1,295 companies.

The percentage contribution to the Company's revenues for each of the three years in the period ended September 30, 2012, 2013 and 2014 by each of the Company's principal business segments is as follows:

	For the fiscal years ended September 30		
	2012	2013	2014
Branded Consumer Foods Group	79.0%	80.8%	83.6%
Agro-Industrial Group	10.4%	9.1%	8.9%
Commodity Foods Group	10.6%	10.1%	7.5%
	100.0%	100.0%	100.0%

The geographic percentage distribution of the Company's revenues for each of the three years in the period ended September 30, 2012, 2013 and 2014 is as follows:

	For the fiscal years ended September 30		
	2012	2013	2014
Philippines	71.7%	72.8%	74.2%
ASEAN	26.4%	24.8%	23.4%
China	1.9%	2.4%	2.4%
	100.0%	100.0%	100.0%

Customers

None of the Company's businesses is dependent upon a single customer or a few customers that a loss of anyone of them would have a material adverse effect on the Company. The Company has no single customer that, based upon existing orders, will account for 20.0% or more of the Company's total sale of goods and services.

Distribution, Sales and Marketing

The Company has developed an effective nationwide distribution chain and sales network that it believes provide its competitive advantage. The Company sells its branded food products primarily to supermarkets, as well as directly to top wholesalers, large convenience stores, large scale trading companies and regional distributors, which in turn sell its products to other small retailers and down line markets. The Company's branded consumer food products are distributed to approximately 120,000 outlets in the Philippines and sold through its direct sales force and regional distributors. URC intends to enlarge its distribution network coverage in the Philippines by increasing the number of retail outlets that its sales force and distributors directly service.

The branded consumer food products are generally sold by the Company from salesmen to wholesalers or supermarkets, and regional distributors to small retail outlets. 15 to 30 day credit terms are extended to wholesalers, supermarkets and regional distributors.

The Company believes that its emphasis on marketing, product innovation and quality, and strong brand equity has played a key role in its success in achieving leading market shares in the different categories where it competes. In particular, URC launched "Jack 'n Jill" as a master umbrella brand for all its snack food products in order to enhance customer recognition. URC devotes significant expenditures to support advertising and branding to differentiate its products and further expand market share both in the Philippines and in its overseas markets, including funding for advertising campaigns such as television commercials and radio and print advertisements, as well as promotions for new product launches.

Competition

The BCF business is highly competitive and competition varies by country and product category. The Company believes that the principal competitive factors include price, taste, quality, convenience, brand recognition and awareness, advertising and marketing, availability of products and ability to get its product widely distributed. Generally, the Company faces competition from both local and multinational companies in all of its markets. In the Philippines, major competitors in the market segments in which it competes include Liwayway Manufacturing Corp., Columbia Foods International, Republic Biscuit Corporation, Suncrest Foods Inc., Del Monte Phil. Inc., Monde Nissin Corporation, Nestle Philippines Inc., San Miguel Pure Foods Company Inc. and Kraft Foods Inc. Internationally, major competitors include Procter & Gamble, Effem Foods/Mars Inc., Lotte Group, Perfetti Van Melle Group, Mayora Inda PT, Apollo Food, Frito-Lay, Nestlé S.A., Cadbury Schweppes PLC and Kraft Foods International.

URC AIG has four major segments namely: Commercial Feeds, Commercial Drugs, Robina Farm Hogs and Poultry. The market for AIG is highly fragmented, very competitive, cyclical and principally domestic. The Company is focused and known in providing Total Agri-Solution and farm management expertise including state of the art diagnostic capability.

The Company’s commercial feeds segment principal competitive factors are quality, brand equity, credit term and price. As of September 30, 2014, there were about 150 registered feed mills in the Philippines, 25% of which sell commercial feeds. The Company’s principal competitors are San Miguel Corporation (B-Meg and Integra), UNAHCO (Sarimanok, Thunderbird and GMP) and Aboitiz Inc. (Pilmico). A number of multinationals including Cargil Purina Phils. Inc, CJ and Sun Jun of Korea, and New Hope of China are also key players in the market. The market for commercial drugs is dominated by multinationals and URC AIG is one of only few Philippine companies in this market. The Company’s principal competitors are Pfizer, Inc., UNAHCO (Univet), and Merial Limited, a company jointly owned by Merk and Co., Inc. and Aventis. S.A.

The Company believes that the principal competitive factors for hogs are quality, reliability of supply, price and proximity to market. Local hog population in the market decreased by 10% in 2014 as compared to 2013 mainly due to high input costs, disease outbreaks and calamities (Glenda, Santi and Yolanda) that lead to decrease in consumer standing on food items and farm closures. The Company’s principal competitors are San Miguel Corp. (Monterey) and Foremost Farms, Inc. The Company considers quality, price, egg productivity and disease resistance as the principal competitive factors of its poultry business. The Company’s principal competitors are Bounty Farms, Inc., Brookdale Farms, and Heritage Vet Corp. for layer chicks.

Enhancement and Development of New Products

The Company intends to continuously introduce innovative new products, product variants and line extensions in the snackfoods (snacks, biscuits, candies, chocolates and bakery), beverage and grocery (instant noodles and tomato-based) products. This fiscal year alone, the Company’s Philippines Branded Consumer Foods has introduced 41 new products, which contributed to sales growth.

The Company supports the rapid growth of the business through line expansion, construction and acquisition of plants. In 2013, the Company acquired a plant facility in San Pedro, Laguna to further enhance its production and warehouse capacities.

Raw Materials

A wide variety of raw materials are required in the manufacture of the Company's food products, including corn, wheat, flour, sugar, robusta coffee beans, palm oil and cocoa powder. Some of which are purchased domestically and some of which the Company imports. The Company also obtains a major portion of its raw materials from its agro-industrial and commodity food products segments, such as flour and sugar, and flexible packaging materials from wholly owned subsidiary, CFC Clubhouse Property, Inc. A portion of flexible packaging material requirements is also purchased both locally and from abroad (Vietnam and Indonesia), while Tetra-pak packaging is purchased entirely from Singapore.

For its feeds segment, the Company requires a variety of raw materials, including corn grains, soya beans and meals, feed-wheat grains, wheat bran, wheat pollard, soya seeds, rice bran, copra meal and fish meal. The Company purchases corn locally from corn traders and imports feed-wheat from suppliers in China, North America, and Europe. Likewise, soya seeds are imported by the Company from the USA. For its animal health products, the Company requires a variety of antibiotics and vitamins, which it acquires from suppliers in Europe and Asia. The Company maintains approximately two months physical inventory and one month in-transit inventory for its imported raw materials.

For its hog business, the Company requires a variety of raw materials, primarily imported breeding stocks or semen. For its poultry business, the Company purchases the parent stock for its layer chicks from Hendrix Genetics of France and Hyline from USA. The Company purchases vaccines from various suppliers, including Merial, Intervet Philippines, Inc. (through authorized local distributor Castle Marketing and Vetaide Inc.) and Boehringer Ingelheim GmbH and Ceva. Robina Farms obtain all of the feeds it requires from its UCP division and substantially all of the minerals and antibiotics from its Robichem division as part of the vertical integration. The Company purchases vaccines, medications and nutritional products from a variety of suppliers based on the values of their products.

The Company obtains sugar cane from local farmers. Competition for sugar cane supply is very intense and is a critical success factor for its sugar business. Additional material requirements for the sugar cane milling process are either purchased locally or imported.

The Company generally purchases wheat, the principal raw material for its flour milling and pasta business, from suppliers in the United States, Canada and Australia.

The Company's policy is to maintain a number of suppliers for its raw and packaging materials to ensure a steady supply of quality materials at competitive prices. However, the prices paid for raw materials generally reflect external factors such as weather conditions, commodity market fluctuations, currency fluctuations and the effects of government agricultural programs. The Company believes that alternative sources of supply of the raw materials that it uses are readily available. The Company's policy is to maintain approximately 30 to 90 days of inventory.

Patents, Trademarks, Licenses, Franchises, Concessions or Labor Contract

Intellectual property licenses are subject to the provisions of the Philippine Intellectual Property Code. The Company owns a substantial number of trademarks registered with the Bureau of Trademarks of the Philippine Intellectual Property Office. In addition, certain of its trademarks have been registered in other Asian countries in which it operates. These trademarks are important in the aggregate because brand name recognition is a key factor in the success of many of the Company's product lines. In the Philippines, the Company's licensing agreements are registered with the Philippine Intellectual Property Office. The former Technology Transfer Registry of the Bureau of Patents, Trademarks and

Technology Transfer Office issued the relevant certificates of registration for licensing agreements entered into by URC prior to January 1998. These certificates are valid for a 10-year period from the time of issuance which period may be terminated earlier or renewed for 10-year periods thereafter. After the Intellectual Property Code of the Philippines (R.A. No. 8293) became effective in January 1998, technology transfer agreements, as a general rule, are no longer required to be registered with the Documentation, Information and Technology Transfer Bureau of the Intellectual Property Office, but the licensee may apply to the Intellectual Property Office for a certificate of compliance with the Intellectual Property Code to confirm that the licensing agreement is consistent with the provisions of the Intellectual Property Code. In the event that the licensing agreement is found by the Intellectual Property Office to be not in compliance with the Intellectual Property Code, the licensor may obtain from the Intellectual Property Office a certificate of exemption from compliance with the cited provision.

The Company also uses brand names under licences from third parties. These licensing arrangements are generally renewable based on mutual agreement. The Company's licensed brands include: Nissin's Cup Noodles, Nissin's Yakisoba instant noodles and Nissin's Pasta Express for sale in the Philippines; and Hunt's tomato and pork and bean products for sale in the Philippines.

URC has obtained from the Intellectual Property Office certificates of registration for its licensing agreements with Nissin-URC and Hunt-URC. The Company was also able to renew its licenses with Nissin-URC and Hunt-URC for another term.

Regulatory Overview

As manufacturer of consumer food and commodity food products, the Company is required to guarantee that the products are pure and safe for human consumption, and that the Company conforms to standards and quality measures prescribed by the Bureau of Food and Drugs.

The Company's sugar mills are licensed to operate by the Sugar Regulatory Administration and renews its sugar milling licenses at the start of every crop year. The Company is also registered with the Department of Energy as a manufacturer of bio-ethanol and as a renewable energy developer.

All of the Company's livestock and feed products have been registered with and approved by the Bureau of Animal Industry, an agency of the Department of Agriculture which prescribes standards, conducts quality control test of feed samples, and provides technical assistance to farmers and feed millers.

Some of the Company's projects, such as the sugar mill and refinery, bio-ethanol production, biomass power cogeneration, poultry and hog farm operations, certain snacks products, BOPP packaging, flexible packaging and PET bottle manufacturing, are registered with the Board of Investments (BOI) which allows the Company certain fiscal and non-fiscal incentives.

Effects of Existing or Probable Governmental Regulations on the Business

The Company operates its businesses in a highly regulated environment. These businesses depend upon licenses issued by government authorities or agencies for their operations. The suspension or revocation of such licenses could materially and adversely affect the operation of these businesses.

Research and Development

The Company develops new products and variants of existing product lines, researches new processes and tests new equipment on a regular basis in order to maintain and improve the quality of the Company's food products. In Philippine operations alone, about ₱43 million was spent for research and development activities for fiscal 2014 and approximately ₱37 million and ₱43 million for fiscals 2013 and 2012, respectively.

The Company has research and development staff for its branded consumer foods and packaging divisions of approximately 103 people located in its research and development facility in Metro Manila. The Company also has research and development staff in each of its manufacturing facilities. In addition, the Company hires experts from all over the world to assist its research and development staff. The Company conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customising products to meet the local needs and tastes in the international markets. The Company's commodity foods segment also utilises this research and development facility to improve their production and quality control. The Company also strives to capitalize on its existing joint ventures to effect technology transfers.

The Company has a dedicated research and development team for its agro-industrial business that continually explores advancements in feeds, breeding and farming technology. The Company regularly conducts market research and farm-test for all of its products. As a policy, no commercial product is released if it was not tested and used in Robina Farms.

Transactions with Related Parties

The largest shareholder, JG Summit Holdings, Inc., is one of the largest conglomerates listed on the Philippine Stock Exchange based on total net sales. JG Summit provides the Company with certain corporate center services including corporate finance, corporate planning, procurement, human resources, legal and corporate communications. JG Summit also provides the Company with valuable market expertise in the Philippines as well as intra-group synergies. See Note 34 to Consolidated Financial Statements for Related Party Transactions.

Costs and Effects of Compliance with Environmental Laws

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, 2014, the Company has invested about ₱218 million in wastewater treatment in its facilities in the Philippines.

Employees and Labor

As of September 30, 2014, the number of permanent full time employees engaged in the Company's respective businesses is 11,623 and are deployed as follows:

Business	Company or Division	Number
Branded consumer foods	BCF, Nissin-URC, Hunt-URC, Packaging Division, CCPI, URCI and URCCCL	9,219
Agro-industrial products:		
Agribusiness	Robina Farms	578
Livestock feeds, corn products & vegetable oil	UCP	317
Veterinary compounds	Robichem	23
Commodity food products:		
Sugar	URSUMCO, SONEDCO, CARSUMCO, PASSI and Tolong	1,184
Flour	Flour Division	302
		11,623

As at the same date, approximately 14,800 contractual and agency employees are engaged in the Company's businesses. The Company does not anticipate any substantial increase in the number of its employees in fiscal 2015.

For most of the companies and operating divisions, collective bargaining agreements between the relevant representatives of the employees' union and the subsidiary or divisions are in effect. The collective bargaining agreements generally cover a five-year term with a right to renegotiate the economic provisions of the agreement after three years, and contain provisions for annual salary increases, health and insurance benefits, and closed-shop arrangements. The collective bargaining agreements are with 24 different unions. For fiscal 2014, 8 collective bargaining agreements were signed and concluded with the labor unions which are as follows: URC PASSI Rank and File Independent Union, URC PASSI Supervisors' Independent Union, SONEDCO Workers Free Labor Union, Universal Corn Products Technical and Office Staff Employees Association-Association of Genuine Labor Organization (UCP TOSEA-ANGLO), Universal Robina Corporation Employees Union-Farm Division-Alliance of Nationalist and Genuine Labor Organization, Univeral Corn Products' Workers Union (UCPWU), Continental Milling Company Monthly Employees' Union (CMC MEU), MCD-Monthly Independent Union (MCD-MIU). The Company believes that good labor relations generally exist throughout the Company's subsidiaries and operating divisions.

The Company has a funded, noncontributory defined benefit retirement plan covering all of the regular employees of URC. The plan provides retirement, separation, disability and death benefits to its members. The Company, however, reserves the right to change the rate and amounts of its contribution at anytime on account of business necessity or adverse economic conditions. The funds of the plan are administered and managed by the trustees. Retirement cost charged to operations, including net interest cost, amounted to ₱147 million, ₱119 million and ₱87 million in fiscals 2014, 2013 and 2012, respectively.

Risks

The major business risks facing the Company and its subsidiaries are as follows:

1) *Competition*

The Company and its subsidiaries face competition in all segments of its businesses both in the Philippine market and in international markets where it operates. The Philippine food industry in general is highly competitive. Although the degree of competition and principal competitive factors vary among the different food industry segments in which the Company participates, the Company believes that the principal competitive factors include price, product quality, brand awareness and loyalty, distribution network, proximity of distribution outlets to customers, product variations and new product introductions. (See page 4, *Competition*, for more details)

The Company's ability to compete effectively is due to continuous efforts in sales and marketing of its existing products, development of new products and cost rationalization.

2) *Financial Market*

The Company has foreign exchange exposure primarily associated with fluctuations in the value of the Philippine Peso against the U.S. dollar and other foreign currencies. Majority of the Company's revenues is denominated in Pesos, while certain of its expenses, including debt services and raw material costs, are denominated in U.S. dollars or based on prices determined in U.S. dollars. In addition, the majority of the Company's debt is denominated in foreign currencies. Prudent fund management is employed to minimize effects of fluctuations in interest and currency rates.

3) *Raw Materials*

The Company's production operations depend upon obtaining adequate supplies of raw materials on a timely basis. In addition, its profitability depends in part on the prices of raw materials since a portion of the Company's raw material requirements is imported including packaging materials. To mitigate these risks, alternative sources of raw materials are used in the Company's operations.
(See page 5, *Raw Materials*, for more details)

4) *Food Safety Concerns*

The Company's business could be adversely affected by the actual or alleged contamination or deterioration of certain of its flagship products, or of similar products produced by third parties. A risk of contamination or deterioration of its food products exists at each stage of the production cycle, including the purchase and delivery of food raw materials, the processing and packaging of food products, the stocking and delivery of the finished products to its customers, and the storage and display of finished products at the points of final sale. The Company conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customizing products to meet the local needs and tastes in the international markets for its food business. For its agro-industrial business, its researchers are continually exploring advancements in breeding and farming technology. The Company regularly conducts market research and farm-test for all of its products. Moreover, 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 Food and Drugs, Sugar Regulatory Administration, Bureau of Animal Industry, and Department of Agriculture.

5) Mortalities

The Company's agro-industrial business is subject to risks of outbreaks of various diseases. The Company faces the risk of outbreaks of foot and mouth disease, which is highly contagious and destructive to susceptible livestock such as hogs, and avian influenza or bird flu for its chicken farming business. These diseases and many other types could result to mortality losses. Disease control measures are adopted by the Company to minimize and manage this risk.

6) Intellectual Property Rights

Approximately 83.6% of the Company's sale of goods and services in fiscal year 2014 were from its branded consumer foods segment. The Company has put considerable efforts to protect the portfolio of intellectual property rights, including trademark registrations. Security measures are continuously taken to protect its patents, licenses and proprietary formulae against infringement and misappropriation.

7) Weather and Catastrophe

Severe weather condition may have an impact on some aspects of the Company's business, such as its sugar cane milling operations due to reduced availability of sugar cane. Weather condition may also affect the Company's ability to obtain raw materials and the cost of those raw materials. Moreover, the Philippines have experienced a number of major natural catastrophes over the years including typhoons, droughts, volcanic eruptions, and earthquakes. The Company and its subsidiaries continually maintain sufficient inventory level to neutralize any shortfall of raw materials from major suppliers whether local or imported.

8) Environmental Laws and Other Regulations

The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety, among others. The nature of the Company's operations will continue to subject it to increasingly stringent environmental laws and regulations that may increase the costs of operating its facilities above currently projected levels and may require future capital expenditures. The Company is continually complying with environmental laws and regulations, such as the wastewater treatment plants as required by the Department of Environment and Natural Resources, to lessen the effect of these risks.

The Company shall continue to adopt what it considers conservative financial and operational policies and controls to manage the various business risks it faces.

Item 2. Properties

The Company operates the manufacturing/farm facilities located in the following:

Location (Number of facilities)	Type of Facility	Owned/Rented	Condition
Pasig City (5)	Branded consumer food plants, feedmills and flourmill	Owned	Good
Libis, Quezon City (1)	Branded consumer food plant	Owned	Good
Canlubang, Laguna (1)	Branded consumer food plant	Owned	Good
Luisita, Tarlac (1)	Branded consumer food plant	Rented/Owned	Good
San Fernando, Pampanga (1)	Branded consumer food plant	Rented/Owned	Good
Dasmariñas, Cavite (2)	Branded consumer food plants	Owned	Good
Cagayan de Oro (1)	Branded consumer food plant	Owned	Good
San Pedro, Laguna (1)	Branded consumer food plant	Owned	Good
Calamba, Laguna (1)	Branded consumer food plant	Rented/Owned	Good
San Pablo, Laguna (1)	Branded consumer food plant	Owned	Good
Binan, Laguna (1)	Branded consumer food plant	Owned	Good
Antipolo, Rizal (4)	Poultry and piggery farm	Rented/Owned	Good
Teresa, Rizal (2)	Piggery farms	Rented/Owned	Good
Angono, Rizal (1)	Poultry farm	Owned	Good
Taytay, Rizal (1)	Poultry farm	Rented/Owned	Good
Naic, Cavite (1)	Poultry farm	Owned	Good
San Miguel, Bulacan (3)	Poultry and piggery farms	Owned	Good
Bustos, Bulacan (1)	Piggery farm	Rented/Owned	Good
Pandi, Bulacan (1)	Piggery farm	Rented/Owned	Good
Novaliches, Quezon City (1)	Piggery farm	Owned	Good
Rosario, Batangas (1)	Piggery farm	Owned	Good
Davao City, Davao (2)	Branded consumer food plant, and flourmill	Owned	Good
Mandaue City, Cebu (2)	Branded consumer food plant, poultry farm and feedmill	Owned	Good
Manjuyod, Negros Oriental (1)	Sugar mill	Owned	Good
Piat, Cagayan (1)	Sugar mill	Owned	Good
Kabankalan, Negros Occidental (1)	Sugar mill	Owned	Good
San Enrique, Iloilo City (1)	Sugar mill	Owned	Good
Santa Catalina, Negros Oriental (1)	Sugar mill	Owned	Good
Simlong, Batangas (2)	BOPP plant/Flexible packaging	Owned	Good
Samutsakhorn Industrial Estate, Samutsakhorn, Thailand (2)	Branded consumer food plants	Owned	Good
Pasir Gudang, Johor, Malaysia (1)	Branded consumer food plant	Owned	Good
Jiangsu, China (1)	Branded consumer food plant	Owned	Good
Guandong, China (1)	Branded consumer food plant	Owned	Good
Shanghai, China (1)	Branded consumer food plant	Owned	Good
Industrial Town, Bekasi, Indonesia (1)	Branded consumer food plant	Owned	Good
VSIP, Bin Duong Province, Vietnam (3)	Branded consumer food plants	Owned	Good
Thach That District, Ha Noi, Vietnam (1)	Branded consumer food plant	Owned	Good

The Company intends to continuously expand the production and distribution of the branded consumer food products internationally through the addition of manufacturing facilities located in geographically desirable areas, especially in the ASEAN countries, the realignment of the production to take advantage of markets that are more efficient for production and sourcing of raw materials, and increased focus and support for exports to other markets from the manufacturing facilities. It also intends to enter into alliances with local raw material suppliers and distributors.

Annual lease payment for rented properties amounted to ₱111 million for fiscal 2014. Lease contracts are renewable annually. Land in Taytay, Rizal, where farm's facilities are located, is owned by an affiliate and is rent-free.

Item 3. Legal Proceedings

The Company is subject to lawsuits and legal actions in the ordinary course of its business. The Company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings that could be expected to have a material adverse effect on the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

The principal market for URC's common equity is the Philippine Stock Exchange. Sales prices of the common stock follow:

	High	Low
Fiscal Year 2014		
Oct. to Dec. 2013	₱130.30	₱111.30
Jan. to Mar. 2014	143.00	113.40
Apr. to Jun. 2014	157.00	140.70
Jul. to Sep. 2014	188.60	153.00
Fiscal Year 2013		
Oct. to Dec. 2012	₱84.10	₱65.90
Jan. to Mar. 2013	115.00	82.60
Apr. to Jun. 2013	132.60	102.90
Jul. to Sep. 2013	135.40	105.00

As of January 9, 2015, the latest trading date prior to the completion of this annual report, sales price of the common stock is at ₱196.50.

The number of shareholders of record as of September 30, 2014 was approximately 1,066. Common shares outstanding as of September 30, 2014 were 2,181,501,933.

List of Top 20 Stockholders of Record
September 30, 2014

	Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1	JG Summit Holdings, Inc.	1,215,223,061	55.71%
2	PCD Nominee Corporation (Non-Filipino)	720,570,389	33.03%
3	PCD Nominee Corporation (Filipino)	233,105,263	10.69%
4	Elizabeth Y. Gokongwei and/or John Gokongwei, Jr.	2,479,400	0.11%
5	Litton Mills, Inc.	2,237,434	0.10%
6	Lisa Yu Gokongwei and/or Elizabeth Gokongwei	575,000	0.03%
6	Robina Gokongwei Pe and/or Elizabeth Gokongwei	575,000	0.03%
6	Faith Gokongwei Ong and/or Elizabeth Gokongwei	575,000	0.03%
6	Marcia Gokongwei Sy and/or Elizabeth Gokongwei	575,000	0.03%
6	Hope Gokongwei Tang and/or Elizabeth Gokongwei	575,000	0.03%
7	Quality Investments & Securities Corp.	400,143	0.02%
8	Flora Ng Siu Kheng	379,500	0.02%
9	Consolidated Robina Capital Corporation	253,000	0.01%
10	Gilbert U. Du and/or Fe Socorro R. Du	188,485	0.01%
11	JG Summit Capital Services Corporation	127,765	0.01%
12	Pedro Sen	75,900	0.00%
13	Phimco Industries Provident Fund	72,864	0.00%
14	Joseph Estrada	72,105	0.00%
15	Gilbert Du	63,250	0.00%
16	Lisa Yu Gokongwei	60,000	0.00%
17	Homer U. Go	57,500	0.00%
18	Abacus Securities Corporation	51,100	0.00%
19	Patrick Y. Tong	46,299	0.00%
20	Patrick Henry C. Go	45,540	0.00%
20	Vincent Henry C. Go	45,540	0.00%
	OTHERS	3,072,395	0.14%
	TOTAL	2,181,501,933	100.00%

Recent Sales of Unregistered Securities

Not applicable. All shares of the Company are listed on the Philippine Stock Exchange.

Dividends

The Company paid dividends as follows:

For fiscal year 2014, a regular cash dividend of ₱1.50 per share and a special dividend of ₱1.50 per share were declared to all stockholders of record as of February 26, 2014 and paid on March 24, 2014.

For fiscal year 2013, a regular cash dividend of ₱1.50 per share and a special dividend of ₱0.90 per share were declared to all stockholders of record as of May 10, 2013 and paid on June 6, 2013.

For fiscal year 2012, a regular cash dividend of ₱1.50 per share and a special dividend of ₱0.40 per share were declared to all stockholders of record as of May 8, 2012 and paid on June 1, 2012.

Item 6. Management's Discussion and Analysis or Plan of Operation

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this Report. The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

Results of Operations
Fiscal Year 2014 Compare to Fiscal Year 2013

URC generated a consolidated sale of goods and services of ₱92.376 billion for the fiscal year ended September 30, 2014, 14.1% sales growth over last year's ₱80.995 billion. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱11.894 billion, or 18.5%, to ₱76.128 billion in fiscal 2014 from ₱64.234 billion registered in fiscal 2013. BCFG domestic operations posted a 24.1% increase in net sales from ₱42.181 billion in fiscal 2013 to ₱52.352 billion in fiscal 2014. All segments managed to post growth with beverage business driving the Philippine operations as it registered a 38.0% growth led by powdered beverage segments, mainly from coffee and complemented by the RTD. Snackfoods business also grew by 16.0% with categories such as snacks, biscuits and chocolates outpacing market growth.

  BCFG international sales increased by 7.8% to ₱23.776 billion in fiscal 2014 against ₱22.054 billion in fiscal 2013. In US dollar (US$) term, sales registered an increase of 2.3% from US$527 million in fiscal 2013 to US$539 million in fiscal 2014. Vietnam and Thailand, our two biggest contributors, accounted for 74.0% of total international sales. Vietnam sales grew despite weak consumer spending, as beverage, biscuits and candies all posted growth. Vietnam was also able to defend its market share in RTD tea from new entrants with its own C2 Oolong product offering. Thailand grew its sales despite increases in inflation and political instability. Growth was driven by improving sales of key biscuit and wafer brands due to promotions and sampling activities, including the strategy of launching 2-baht cookies to address budget-constrained consumers.

  Sale of goods and services of BCFG, excluding packaging division, accounted for 82.4% of total URC consolidated sale of goods and services for fiscal 2014.

  Sale of goods and services in URC's packaging division went down by 5.2% to ₱1.106 billion in fiscal 2014 from ₱1.167 billion recorded in fiscal 2013 due to lower sales volume brought about by weak market demand.

- Sale of goods and services in URC's agro-industrial segment (AIG) increased by 11.0% to ₱8.203 billion in fiscal 2014 from ₱7.393 billion recorded in fiscal 2013. Farm business grew by 11.2% due to better prices, growing hog carcass segment and increasing sales activities to the hotel and restaurant institutions. Feed business grew by 10.6% due to better prices and increase in volume supported by strong sales performance of gamefowl feeds.

- Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱6.939 billion in fiscal 2014 or down by 15.4% from ₱8.201 billion reported in fiscal 2013. Sugar business went down by 34.1% due to lower volumes despite increase in prices due to decline in refined sugar production. Flour business managed to post a 4.8% growth due to higher volumes.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales went up by ₱6.229 billion, or 10.8%, to ₱64.005 billion in fiscal 2014 from ₱57.776 billion recorded in fiscal 2013 due to increases in sales volume.

URC's gross profit for fiscal 2014 amounted to ₱28.371 billion, up by ₱5.152 billion from ₱23.219 billion reported in fiscal 2013. URC's gross profit as a percentage of net sales increased by 200 basis points to 30.7% in fiscal 2014 from 28.7% in fiscal 2013 due to lower input costs.

URC's selling and distribution costs, and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Selling and distribution costs, and general and administrative expenses rose by ₱1.312 billion or 10.1% to ₱14.252 billion in fiscal 2014 from ₱12.940 billion registered in fiscal 2013. This increase resulted primarily from the following factors:

- 17.6% or ₱623 million increase in freight and delivery charges to ₱4.158 billion in fiscal 2014 from ₱3.535 billion in fiscal 2013 due to increase in trucking and shipping costs associated with increased volume and port congestion issues.

- 10.1% or ₱263 million increase in compensation and benefits to ₱2.864 billion in fiscal 2014 from ₱2.601 billion in fiscal 2013 due to annual salary adjustments and increase in pension expenses.

- 3.6% or ₱186 million increase in advertising and promotion costs to ₱5.313 billion in fiscal 2014 from ₱5.127 billion in fiscal 2013 to support new product launches and expand sales of existing products.

As a result of the above factors, operating income increased by ₱3.840 billion, or 37.4% to ₱14.119 billion in fiscal 2014 from ₱10.279 billion reported in fiscal 2013. URC's operating income by segment was as follows:

- Operating income in URC's branded consumer foods segment, excluding packaging division, increased by ₱3.594 billion to ₱11.162 billion in fiscal 2014 from ₱7.568 billion in fiscal 2013. URC's domestic operations was up by 57.0% to ₱8.648 billion in fiscal 2014 from ₱5.508 billion in fiscal 2013 due to strong volumes that provided economies of scale, in addition to lower costs of major inputs. URC's international operations posted a ₱2.514 billion income, 22.0% higher than ₱2.060 billion posted last year. In US dollar amount, international operations posted an operating income of US$57 million, a 16.3% increase from US$49 million last year.

  URC's packaging division reported a lower operating loss of ₱63 million in fiscal 2014 from operating loss of ₱81 million in fiscal 2013 due to improved margins.

- Operating income in URC's agro-industrial segment increased by ₱410 million to ₱1.067 billion in fiscal 2014 from ₱657 million in fiscal 2013 due to improved hog business, which offset the downturn in feeds business resulting from higher productions costs.

- Operating income in URC's commodity foods segment declined to ₱3.092 billion in fiscal 2014 from ₱3.119 billion in fiscal 2013. Flour division registered a 9.9% increase due to lower wheat prices, offset by 5.9% decline in sugar business.

The Company reported lower market valuation gain on financial instruments at fair value through profit or loss of ₱63 million in fiscal 2014 from ₱473 million in fiscal 2013 due to decline in level of financial assets as a result of disposal of all bond investments and significant portion of equity investments during fiscal 2013.

URC’s finance revenue consists of interest income from investments in financial instruments, money market placements, savings and dollar deposits and dividend income from investment in equity securities. Finance revenue decreased by ₱301 million or 56.8% to ₱229 million in fiscal 2014 from ₱530 million in fiscal 2013 due decline in level of financial assets resulting from disposal of all bond investments and significant portion of equity investments.

URC’s finance costs consist mainly of interest expense which decreased by ₱116 million or 43.5%, to ₱150 million in fiscal 2014 from ₱266 million recorded in fiscal 2013 due to repayments of short-term debts during fiscal 2014 and settlement of long-term debt in the second quarter of fiscal 2013.

Impairment losses increased to ₱122 million in fiscal 2014 from ₱29 million in fiscal 2013 due to recognition of higher impairment losses on inventories and receivables**.**

Net foreign exchange gain amounted to ₱73 million in fiscal 2014 from ₱157 million net foreign exchange loss reported in fiscal 2013 due to effect of currency translation adjustments on foreign currency-denominated transactions.

Equity in net income of joint ventures amounted to ₱14 million in fiscal 2014 from ₱19 million in fiscal 2013 due to pre-operating expenses of newly established joint ventures, Calbee-URC Inc. and Danone Universal Robina Beverages, Inc.

Gain on sale of investments decreased from gain of ₱735 million in fiscal 2013 to nil in fiscal 2014. Gain on sale last year resulted from the disposal of all bond investments and significant portion of equity investments.

Other income (expenses) - net consists of gain (loss) on sale of fixed assets, amortization of bond issue costs, rental income, and miscellaneous income and expenses. Other income - net increased from ₱35 million other expense in fiscal 2013 to ₱3 million other income in fiscal 2014 mainly due to losses incurred from weather disturbances last year.

The Company recognized provision for income tax of 2.572 billion in fiscal 2014, a 79.6% increase from 1.432 billion in fiscal 2013 due to higher taxable income, recognition of deferred tax liability on increase in market value of hogs and reversal of deferred tax asset on realized foreign exchange loss.

URC's net income for fiscal 2014 amounted to ₱11.655 billion, higher by 15.2% from ₱10.117 billion in fiscal 2013, due to higher operating income, net of lower market valuation gain from financial assts at FVPL, net finance revenue and gain on sale of investments.

URC’s core earnings before tax (operating profit after equity earnings, net finance costs and other expenses - net) for fiscal 2014 amounted to ₱14.214 billion, an increase of 26.2% from ₱11.262 billion recorded for fiscal 2013.

Net income attributable to equity holders of the parent increased by ₱1.514 billion or 15.1% to ₱11.559 billion in fiscal 2014 from ₱10.045 billion in fiscal 2013 as a result of the factors discussed above.

Non-controlling interest (NCI) represents primarily the share in the net income attributable to non-controlling interest of Nissin-URC, URC’s 65.0%-owned subsidiary. NCI in net income of subsidiaries increased from ₱73 million in fiscal 2013 to ₱97 million in fiscal 2014.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱18.004 billion for fiscal 2014, 29.5% higher than ₱13.901 billion posted in fiscal 2013.

Fiscal Year 2013 Compare to Fiscal Year 2012 (As restated, see Note 2 of Financial Statements)

URC generated a consolidated sale of goods and services of ₱80.995 billion for the fiscal year ended September 30, 2013, 13.8% sales growth over previous year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱9.726 billion, or 17.8%, to ₱64.234 billion in fiscal 2013 from ₱54.508 billion registered in fiscal 2012. BCFG domestic operations posted a 22.8% increase in net sales from ₱34.351 billion in fiscal 2012 to ₱42.181 billion in fiscal 2013 due to strong performance of its beverage division which grew 65.6% on the back of solid performance by powdered beverage businesses, mainly attributed to continued success of Great Taste white coffee; and RTD businesses, mainly driven by C2 230ml solo. Other RTD beverages like water and juice also contributed to the growth. Sales for snack foods division grew by 4.0% due to growth in salty snacks category.

  BCFG international sales increased by 9.4% to ₱22.054 billion in fiscal 2013 against ₱20.157 billion in fiscal 2012. In US dollar (US$) term, sales registered an increase of 11.9% from US$471 million in fiscal 2012 to US$527 million in fiscal 2013 due to increase in sales volume by 14.3%. Vietnam, the biggest contributor, has contributed 43.9% of total international sales in dollar terms. Vietnam's solid performance is attributed to the sustained strong demand for RTD beverages, C2 and Rong Do. Salty snacks also contributed to the growth in Vietnam as pelletized snacks continue to gain traction. Indonesia also grew sales on the back of snacks and chocolate categories with snacks being the main driver as sales momentum continued for fabricated potato crisp offering.

  Sale of goods and services of BCFG, excluding packaging division, accounted for 79.3% of total URC consolidated sale of goods and services for fiscal 2013.

  Sale of goods and services in URC's packaging division decreased by 33.3% to ₱1.167 billion in fiscal 2013 from ₱1.749 billion recorded in fiscal 2012 due to decline in sales volume.

- Sale of goods and services in URC's agro-industrial segment (AIG) amounted to ₱7.393 billion in fiscal 2013, a slight increase from ₱7.370 billion recorded in fiscal 2012. Feed business decreased by 13.9% to ₱3.098 billion due to weaker sales volume, however, this was offset by increase in farm business by 13.9% due to higher sales prices of hogs and poultry products.

- Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱8.201 billion in fiscal 2013 or increased by 8.3% from ₱7.575 billion reported in fiscal 2012. Sugar business sales increased by 24.1% due to early start of the milling season, good cane quality and supply, and the contribution coming from Tolong, a newly acquired mill. Flour business slightly decreased by 4.8% due to lower volume and selling price as a result of influx of imported flour.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱5.046 billion, or 9.6%, to ₱57.776 billion in fiscal 2013 from ₱52.730 billion recorded in fiscal 2012 due to increase in sales volume, net of lower prices of key inputs such as coffee beans and palm oil.

URC's gross profit for fiscal 2013 amounted to ₱23.219 billion, up by ₱4.748 billion or 25.7% from ₱18.471 billion reported in fiscal 2012. Gross profit margin increased by 280 basis points from 25.9% in fiscal 2012 to 28.7% in fiscal 2013.

URC's selling and distribution costs, and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Selling and distribution costs, and general and administrative expenses rose by ₱2.318 billion or 21.8% to ₱12.940 billion in fiscal 2013 from ₱10.622 billion registered in fiscal 2012. This increase resulted primarily from the following factors:

- 28.1% or ₱1.126 billion increase in advertising and promotion costs to ₱5.127 billion in fiscal 2013 from ₱4.001 billion in fiscal 2012 due to promotion programs with key accounts and wholesalers, and new product launches.

- 25.1% or ₱710 million increase in freight and delivery charges to ₱3.535 billion in fiscal 2013 from ₱2.825 billion in fiscal 2012 due to increase in trucking and shipping costs as a result of increased volume.

- 10.6% or ₱250 million increase in compensation and benefits to ₱2.601 billion in fiscal 2013 from ₱2.351 billion in fiscal 2012 due to annual salary adjustments and additional manpower.

As a result of the above factors, operating income increased by ₱2.429 billion, or 30.9% to ₱10.279 billion in fiscal 2013 from ₱7.850 billion reported in fiscal 2012. URC's operating income by segment was as follows:

- Operating income in URC's branded consumer foods segment, excluding packaging division, increased by ₱1.931 billion or 34.3% to ₱7.568 billion in fiscal 2013 from ₱5.637 billion in fiscal 2012. URC's domestic operations went up by 40.6% to ₱5.508 billion in fiscal 2013 from ₱3.917 billion in fiscal 2012 due to higher sales volume and lower costs of key inputs. International operations posted a ₱2.060 billion operating income, 19.7% higher than ₱1.721 billion posted in fiscal 2012 due to better margins brought about by additional scale and reduced input prices. In US dollar amount, international operations posted an operating income of US$49 million, a 22.5% increase from US$40 million in fiscal 2012.

  URC's packaging division reported an operating loss of ₱81 million in fiscal 2013 from operating loss of ₱103 reported in fiscal 2012 due to lower sales volume and increase in operating costs.

- Operating income in URC's agro-industrial segment increased by ₱298 million to ₱657 million in fiscal 2013 from ₱359 million in fiscal 2012 due to significant improvement in margins of the farm business. Operating income of feeds business also increased by 24.1% due to higher margin as a result of lower input costs.

- Operating income in URC's commodity foods segment increased by ₱319 million to ₱3.119 billion in fiscal 2013 from ₱2.800 billion in fiscal 2012. Flour business registered a 21.7% decline due to lower volumes and lower margins as a result of higher wheat costs. Operating income of sugar business increased by 38.6% due to good cane supply and quality, and the contribution coming from newly acquired mill.

Market valuation gain on financial instruments at fair value through profit or loss decreased to ₱473 million in fiscal 2013 from ₱1.548 billion in fiscal 2012 due to disposal of all bond investments and significant portion of the equity investments.

URC's finance revenue consists of interest income from investments in financial instruments, money market placements, savings and dollar deposits and dividend income from investment in equity securities. Finance revenue decreased by 56.9% or ₱700 million to ₱530 million in fiscal 2013 from ₱1.230 billion in fiscal 2012 due to decline in level of financial assets as a result of disposal of bond and equity investments.

URC's finance costs consist mainly of interest expense which decreased by ₱427 million or 61.6%, to ₱266 million in fiscal 2013 from ₱693 million recorded in fiscal 2012 due to decline in level of financial debt resulting from settlement of long-term debt and repayments of short-term debts.

Foreign exchange loss - net amounted to ₱157 million in fiscal 2013 from ₱634 million reported in fiscal 2012 due to lower unrealized foreign exchange loss on translation of foreign currency denominated accounts as a result of continuous depreciation of subsidiaries' local currencies and Philippine peso vis-à-vis US dollar.

Impairment loss of ₱29 million was reported in fiscal 2013, a decrease of 85.4% from ₱198 million in fiscal 2012 due to impairment loss recognized on trademark in fiscal 2012.

Equity in net income of a joint venture amounted to ₱19 million in fiscal 2013 as against ₱31 million in fiscal 2012 due to lower net income of Hunt-Universal Robina Corporation.

Gain (loss) on sale of investments increased from loss of ₱30 million in fiscal 2012 to gain of ₱735 million in fiscal 2013. Gain on sale in fiscal 2013 represents the gain on disposal of all bond investments and significant portion of equity investments.

Other income (expenses) - net consists of gain (loss) on sale of fixed assets, amortization of bond issue costs, rental income, and miscellaneous income and expenses. Other income (expense) - net decreased to ₱35 million other expense - net in fiscal 2013 from ₱83 million other income - net in fiscal 2012 due to losses incurred from weather disturbances.

The Company recognized provision for income tax of ₱1.432 billion in fiscal 2013, 43.1% increase from ₱1.001 billion in fiscal 2012 due to higher taxable income of Parent company and subsidiaries.

URC's net income for fiscal 2013 amounted to ₱10.117 billion, higher by ₱1.932 billion or 23.6% from ₱8.185 billion in fiscal 2012, due to higher operating income.

URC's core earnings before tax (operating profit after equity earnings, net finance costs and other expenses - net) for fiscal 2013 amounted to ₱11.262 billion, an increase of 33.0% from ₱8.470 billion recorded in fiscal 2012.

Net income attributable to equity holders of the parent increased by ₱2.282 billion or 29.4% to ₱10.045 billion in fiscal 2013 from ₱7.763 billion in fiscal 2012 as a result of the factors discussed above.

Non-controlling interest represents primarily the share in the net income (loss) attributable to non-controlling interest of Nissin-URC, URC's 65.0%-owned subsidiary. In August 2012, the Company acquired the remaining 23.0% minority interest of URC International making it a wholly owned subsidiary. As a result, minority interest in net income of subsidiaries decreased from ₱422 million in fiscal 2012 to ₱73 million in fiscal 2013.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱13.901 billion for fiscal 2013, 23.4% higher than ₱11.269 billion posted in fiscal 2012.

Fiscal Year 2012 Compare to Fiscal Year 2011 (As restated, see Note 2 of Financial Statements)

URC generated a consolidated sale of goods and services of ₱71.202 billion for the fiscal year ended September 30, 2012, 6.0% sales growth over previous year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱5.720 billion, or 11.7% to ₱54.508 billion in fiscal 2012 from ₱48.788 billion registered in fiscal 2011. BCFG domestic operations posted a 16.2% increase in net sales from ₱29.570 billion in fiscal 2011 to ₱34.351 billion in fiscal 2012 due to strong performance of its beverage division which grew 56.0% on the back of the stellar performance of the coffee business particularly the new coffee mix products. In addition, RTD beverages have recovered on the account of growth in its tea, water and juice offerings. Sales for snack foods division grew at a slower pace due to competitive pressures as consumers go for lower priced and lower value-added products.

  BCFG international sales increased by 4.9% to ₱20.157 billion in fiscal 2012 against ₱19.218 billion in fiscal 2011. In US dollar (US$) term, sales registered an increase of 6.3% from US$443 million in fiscal 2011 to US$471 million in fiscal 2012 due to increase in sales volume by 39.1%. This was supported by higher revenues from all the countries except Thailand as the effects of flood continued to affect the sales of its main categories, biscuits and wafers, which are not consumer staples and are discretionary. Vietnam, the biggest contributor, has contributed 42.8% of total international sales in dollar terms. Vietnam continues to solidify its leadership in RTD tea business as C2 brand has already taken over the number one market position in that category. Indonesia also grew sales with its newly launched extruded snacks.

  Sale of goods and services of BCFG, excluding packaging division, accounted for 76.6% of total URC consolidated sale of goods and services for fiscal 2012.

  Sale of goods and services in URC's packaging division slightly went down by 1.2% to ₱1.749 billion in fiscal 2012 from ₱1.770 million recorded in fiscal 2011 due to decline in prices, pulling down the impact of increased sales volume.

- Sale of goods and services in URC's agro-industrial segment (AIG) amounted to ₱7.370 billion in fiscal 2012, a 4.1% increase from ₱7.080 billion recorded in fiscal 2011. Feed business slightly grew by 2.4% to ₱3.600 billion on the back of higher prices while farm business increased by 5.7% due to higher sales volume of hogs and poultry products.

- Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱7.575 billion in fiscal 2012 or down by 20.5% from ₱9.530 billion reported in fiscal 2011. Sugar business sales declined by 39.9% due to lower selling prices and volume as a result of lower production yields caused by the excessive rains during the growing seasons. Flour business grew by 8.4% due to growth in sales volume and better prices.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱2.085 billion, or 4.1%, to ₱52.730 billion in fiscal 2012 from ₱50.645 billion recorded in fiscal 2011 due to increase in sales volume.

URC's gross profit for fiscal 2012 amounted to ₱18.471 billion, up by ₱1.949 billion or 11.8% from ₱16.522 billion reported in fiscal 2011. Gross profit margin increased by 130 basis points from 24.6% in fiscal 2011 to 25.9% in fiscal 2012.

URC's selling and distribution costs, and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Selling and distribution costs, and general and administrative expenses rose by ₱1.014 billion or 10.6% to ₱10.622 billion in fiscal 2012 from ₱9.608 billion registered in fiscal 2011. This increase resulted primarily from the following factors:

- 13.9% or ₱488 million increase in advertising and promotion costs to ₱4.001 billion in fiscal 2012 from ₱3.513 billion in fiscal 2011 to support the new SKUs launched and boost up sales of existing products in light of increasing market competition.

- 13.5% or ₱336 million increase in freight and delivery charges to ₱2.825 billion in fiscal 2012 from ₱2.489 billion in fiscal 2011 due to increase in trucking and shipping costs associated with increased volume.

- 7.9% or ₱172 million increase in compensation and benefits to ₱2.351 billion in fiscal 2012 from ₱2.179 billion in fiscal 2011 due to annual salary adjustments and accrual of pension expenses.

As a result of the above factors, operating income increased by ₱936 million, or 13.5% to ₱7.850 billion in fiscal 2012 from ₱6.914 billion reported in fiscal 2011. URC's operating income by segment was as follows:

- Operating income in URC's branded consumer foods segment, excluding packaging division, increased by ₱1.102 billion or 24.3% to ₱5.637 billion in fiscal 2012 from ₱4.535 billion in fiscal 2011. URC's domestic operations went up by 26.1% to ₱3.917 billion in fiscal 2012 from ₱3.106 billion in fiscal 2011 due to solid sales figures and relatively lower input costs of major raw materials. International operations posted a ₱1.721 billion operating income, 20.5% higher than ₱1.428 billion posted in fiscal 2011 due to better margins brought about by additional scale and reduced input prices. In US dollar amount, international operations posted an operating income of US$40 million, a 21.2% increase from US$33 million in fiscal 2011. The significant increase was attributed to the surging profits from Vietnam.

  URC's packaging division reported an operating loss of ₱103 million in fiscal 2012 from operating income of ₱11 million reported in fiscal 2011 due to lower sales and increase in operating costs.

- Operating income in URC's agro-industrial segment increased by ₱39 million to ₱359 million in fiscal 2012 from ₱320 million in fiscal 2011 due to improved margins of the farm business.

- Operating income in URC's commodity foods segment decreased by ₱51 million to ₱2.800 billion in fiscal 2012 from ₱2.851 billion in fiscal 2011. Flour business registered a 3.7% decline despite better sales volume due to higher wheat prices in the last quarter of fiscal 2012. Operating income of sugar business remained the same due to better margins as a result of significantly lower freight and hauling subsidies notwithstanding lower sales price and volume.

Market valuation gain on financial instruments at fair value through profit or loss of ₱1.548 billion was reported in fiscal 2012 against the ₱1.157 billion market valuation loss in fiscal 2011 due to significant recoveries in the market values of bond and equity investments.

URC's finance revenue consists of interest income from investments in financial instruments, money market placements, savings and dollar deposits and dividend income from investment in equity securities. Finance revenue increased by ₱37 million to ₱1.230 billion in fiscal 2012 from ₱1.193 billion in fiscal 2011 due to increased level of financial assets.

URC's finance costs consist mainly of interest expense which decreased by ₱309 million or 30.8%, to ₱693 million in fiscal 2012 from ₱1.002 billion recorded in fiscal 2011 due to decline in level of financial debt resulting from settlement of long-term debt.

Foreign exchange loss - net amounted to ₱634 million in fiscal 2012 from ₱37 million reported in fiscal 2011 due to higher unrealized foreign exchange loss on translation of foreign currency denominated accounts as a result of continuous appreciation of Philippine peso vis-a vis US dollar.

Impairment loss of ₱198 million was reported in fiscal 2012, an increase of 18.3% from ₱167 million in fiscal 2011 due to higher impairment loss recognized on trademark in fiscal 2012.

Equity in net income of a joint venture amounted to ₱31 million in fiscal 2012 as against ₱25 million in fiscal 2011 due to higher net income of Hunt-Universal Robina Corporation.

Loss on sale of investments decreased to ₱30 million in fiscal 2012 from ₱112 million in fiscal 2011. Loss on sale in fiscal 2012 represents loss on disposal of certain bond and equity investments.

Other income (expenses) - net consists of gain (loss) on sale of fixed assets, amortization of bond issue costs, rental income, and miscellaneous income and expenses. Other income - net of ₱83 million was reported in fiscal 2012 against the ₱9 million other expenses - net in fiscal 2011 due to gain on sale of certain fixed assets in fiscal 2012.

The Company recognized provision for income tax of ₱1.001 billion in fiscal 2012, 60.9% increase from ₱622 million in fiscal 2011 due to higher taxable income and recognition of deferred tax liabilities on unrealized foreign exchange gain.

URC's net income for fiscal 2012 amounted to ₱8.185 billion, higher by ₱3.159 billion or 62.9% from ₱5.026 billion in fiscal 2011, due to higher operating income and significant increase in market valuation gain on bond and equity holdings.

URC's core earnings before tax (operating profit after equity earnings, net finance costs and other expenses - net) for fiscal 2012 amounted to ₱8.470 billion, an increase of 20.8% from ₱7.010 billion recorded in fiscal 2011.

Net income attributable to equity holders of the parent increased by ₱3.108 billion or 66.8% to ₱7.763 billion in fiscal 2012 from ₱4.655 billion in fiscal 2011 as a result of the factors discussed above.

Minority interest represents primarily the share in the net income (loss) attributable to minority shareholders of the following subsidiaries of URC: URC International, URC's direct subsidiary in which it holds approximately 77.0% economic interest as of July 2012 and Nissin- URC, URC's 65.0%-owned subsidiary. In August 2012, the Company acquired the remaining 23.0% minority interest in URC International making it a wholly owned subsidiary. Minority interest in net income of subsidiaries increased from ₱371 million in fiscal 2011 to ₱422 million in fiscal 2012 due to higher net income reported by URC International on the back of surging profits from Vietnam and NURC.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱11.269 billion for fiscal 2012, 10.7% higher than ₱10.180 billion posted in fiscal 2011.

Financial Condition

URC's financial position remains healthy with strong cash levels. The Company has a current ratio of 1.90:1 as of September 30, 2014 lower than the 2.27:1 as of September 30, 2013. Financial debt to equity ratio of 0.16:1 as of September 30, 2014 is within comfortable level. The Company is in a net cash position of ₱1.834 billion, lower than the net cash position of ₱8.139 billion last year due to increase in short-term borrowings and payment of cash dividends.

Total assets amounted to ₱77.921 billion as of fiscal-end 2014, higher than ₱66.545 billion as of fiscal-end 2013. Book value per share increased to ₱25.65 as of September 30, 2014 from ₱23.28 as of September 30, 2013.

The Company's cash requirements have been sourced through cash flow from operations. The net cash flow provided by operating activities for fiscal year 2014 amounted to ₱10.748 billion. Net cash used in investing activities amounted to ₱8.473 billion which were substantially used for capital expenditures. Net cash used in financing activities amounted to ₱4.232 billion which were used to pay the dividends, net of availments from short-term borrowings.

The capital expenditures amounting to ₱7.697 billion include construction of building, new wafer and candy lines and purchase of new plant in Laguna; new noodle line in Tarlac; expansion of beverage categories and wafer lines in Vietnam; expansion of chocolate segment in Malaysia; construction of warehouse in Indonesia; and construction of bio-ethanol and cogeneration plants in Negros Oriental.

The Company budgeted about ₱9.000 billion for capital expenditures (including maintenance capex) and investment for fiscal year 2015, which substantially consists of the following:

- ₱6.500 billion for installation of new lines to expand capacities in the snackfoods and beverage businesses in the Philippines; new lines for beverage, snacks and candy products in Vietnam; and expansion of wafer and snack lines in Thailand and Indonesia.
- ₱2.000 billion for commodity foods group for the completion of power cogeneration plant, flour plant construction and maintenance capital expenditures.
- ₱500 million for agro-industrial group consisting of farm improvements and handling facilities for feeds division.

No assurance can be given that the Company's capital expenditures plan will not change or that the amount of capital expenditures for any project or as a whole will not change in future years from current expectations.

As of September 30, 2014, the Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Financial Ratios

The following are the major financial ratios that the Group uses. Analyses are employed by comparisons and measurements based on the financial information of the current period against last year.

	September 30, 2014	September 30, 2013
Liquidity:		
Current ratio	**1.90:1**	2.27:1
Solvency:		
Gearing ratio	**0.16:1**	0.09:1
Debt to equity ratio	**0.39:1**	0.31:1
Asset to equity ratio	**1.39:1**	1.31:1
	FY 2014	FY 2013
Profitability:		
Operating margin	**15.3%**	12.7%
Earnings per share	**5.30**	4.60
Leverage:		
Interest rate coverage ratio	**119.70**	52.25

The Group calculates the ratios as follows:

Financial Ratios	**Formula**
Current ratio	Current assets / Current liabilities
Gearing ratio	Total financial debt (short-term debt, trust receipts and acceptances payable and long-term debt including current portion) / Total equity (equity holders + non-controlling interests)
Debt to equity ratio	Total liabilities (current + noncurrent) / Total equity (equity holders + non-controlling interests)
Asset to equity ratio	Total assets (current + noncurrent) / Total equity (equity holders + non-controlling interests)
Operating margin	Operating Income / Sale of goods and services
Earnings per share	Net income attributable to equity holders of the parent / Weighted average number of common shares
Interest rate coverage ratio	Operating income plus depreciation and amortization / Finance costs

Material Changes in the 2014 Financial Statements
(Increase/Decrease of 5% or more versus 2013)

Income statements – Year ended September 30, 2014 versus Year ended September 30, 2013

14.1% increase in sale of goods and services was due to the following:

Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱11.894 billion, or 18.5%, to ₱76.128 billion in fiscal 2014 from ₱64.234 billion registered in fiscal 2013. BCFG domestic operations posted a 24.1% increase in net sales from ₱42.181 billion in fiscal 2013 to ₱52.352 billion in fiscal 2014. All segments managed to post growth with beverage business driving the Philippine operations as it registered a 38.0% growth led by powdered beverage segments, mainly from coffee and complemented by the RTD. Snackfoods business also grew by 16.0% with categories such as snacks, biscuits and chocolates outpacing market growth.

BCFG international sales increased by 7.8% to ₱23.776 billion in fiscal 2014 against ₱22.054 billion in fiscal 2013. In US dollar (US$) term, sales registered an increase of 2.3% from US$527 million in fiscal 2013 to US$539 million in fiscal 2014. Vietnam and Thailand, our two biggest contributors, accounted for 74.0% of total international sales. Vietnam sales grew despite weak consumer spending, as beverage, biscuits and candies all posted growth. Vietnam was also able to defend its market share in RTD tea from new entrants with its own C2 Oolong product offering. Thailand grew its sales despite increases in inflation and political instability. Growth was driven by improving sales of key biscuit and wafer brands due to promotions and sampling activities, including the strategy of launching 2-baht cookies to address consumers who are contrained.

Sale of goods and services in URC's packaging division went down by 5.2% to ₱1.106 billion in fiscal 2014 from ₱1.167 billion recorded in fiscal 2013 due to lower sales volume brought about by weak market demand.

Sale of goods and services in URC's agro-industrial segment (AIG) increased by 11.0% to ₱8.203 billion in fisal 2014 from ₱7.393 billion recorded in fiscal 2013. Farm business grew by 11.2% due to better prices, growing hog carcass segment and increasing sales activities to the hotel and restaurant institutions. Feed business grew by 10.6% due to better prices and increase in volume supported by strong sales performance of gamefowl feeds.

Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱6.939 billion in fiscal 2014 or down by 15.4% from ₱8.201 billion reported in fiscal 2013. Sugar business went down by 34.1% due to lower volumes despite increase in prices due to decline in refined sugar production. Flour business managed to post a 4.8% growth due to higher volumes.

10.8% increase in cost of sales
Due to increase in sales volume

10.2*% increase in selling and distribution costs*
Due to increases in advertising and promotion costs and freight and delivery charges

9.9% increase in general and administrative expenses
Due to increases in personnel-related costs from annual salary adjustments, depreciation expense and accrual of pension expense

56.8% decrease in finance revenue
Due to decline in level of financial assets resulting from disposal of bond and equity investments

146.4% decrease in foreign exchange loss - net
Due to effect of currency translation adjustments on foreign currency-denominated transactions

86.8% decrease in market valuation gain on financial assets at fair value through profit or loss
Due to decline in level of financial assets as a result of disposal of all bond investments and significant portion of equity investments

26.8% decrease in equity in net earnings
Due to pre-operating expenses of newly established joint ventures, Calbee-URC Inc. and Danone Universal Robina Beverages, Inc.

100.0% decrease in gain on sale of investments
Due to gain on disposal of all bond investments and significant portion of equity investments last year

43.5% decrease in finance costs
Due to decline in level of financial debts during the period resulting from repayments of short-term debts during fiscal 2014 and settlement of long-term debt in the second quarter of fiscal 2013

323.1% increase in impairment losses
Due to recognition of higher impairment losses on inventories and receivables

108.0% decrease in other expenses - net
Due to losses incurred from weather disturbances last year

79.6% increase in provision for income tax
Due to higher taxable income of the Parent company and subsidiaries, recognition of deferred tax liability on increase in market value of hogs and reversal of deferred tax asset on realized foreign exchange loss.

32.7% increase in net income attributable to non-controlling interest
Due to higher net income of Nissin-Universal Robina Corporation

143.4% increase in other comprehensive income
Due to increase in cumulative translation adjustments resulting from depreciation of local currencies against US dollar and lower remeasurement losses on defined benefit plans

Statements of Financial Position - September 30, 2014 versus September 30, 2013

16.3% decrease in cash and cash equivalents
Due to payment of dividends and capital expenditures, net of cash sourced from operating activities

15.1% increase in financial assets at fair value through profit or loss
Due to increase in market values of equity securities

9.3% increase in receivables
Due to increase in trade receivables as a result of increased sales

37.7% increase in inventories
Due to increase in finished goods and raw materials inventories

10.9% increase in biological assets
Due to increase in population and market values of hogs

980.4% increase in other current assets
Due to deposit in escrow account representing the initial deposit for the acquisition of NZ Snack Food Holdings, Inc.

14.0% increase in property, plant and equipment
Due to the Group's plant expansion projects

416.8% increase in investment in joint venture
Due to establishment of joint venture companies this year

6.0% decrease in investment properties
Due to depreciation recognized on the properties

135.5% decrease in deferred tax assets - net
Due to set up of deferred tax liability on unrealized market valuation gain of hogs and reversal of deferred tax asset on realized foreign exchange loss

28.2% increase in other noncurrent assets
Due to increase in deferred input tax and miscellaneous deposits

18.2% increase in accounts payable and other accrued liabilities
Due to increase in accrual for advertising and promotion costs and freight and delivery charges

122.5% increase in short-term debt
Due to borrowings to finance the initial deposit for the acquisition of NZ Snack Food Holdings, Inc.

85.1% increase in trust receipts and acceptances payable
Due to increase in utilization of trust receipt facilities

34.9% increase in income tax payable
Due to increase in taxable income of Parent company and subsidiaries, net of payments

56.6% decrease in net pension liability
Due to contributions made to the retirement plan, net of accrual of pension expense

13.3% increase in retained earnings
Due to net income during the year, net of dividends declared

89.4% increase in other comprehensive income
Due to increase in cumulative translation adjustments and lower remeasurement losses on defined benefit plans

52.7% increase in equity attributable to non-controlling interests
Due to net income of Nissin-URC, net of dividends declared

The Company's key performance indicators are employed across all businesses. Comparisons are then made against internal target and previous period's performance. The Company and its significant subsidiaries' top five (5) key performance indicators are as follows: (in million PhPs)

Universal Robina Corporation (Consolidated)			
	FY 2014	**FY 2013**	**Index**
Revenues	92,376	80,995	114
EBIT	14,119	10,279	137
EBITDA	18,004	13,901	130
Net Income	11,655	10,117	115
Total Assets	77,921	66,545	117

URC International Co., Ltd.			
	FY 2014	**FY 2013**	**Index**
Revenues	26,912	23,584	114
EBIT	2,358	2,085	113
EBITDA	3,559	3,108	115
Net Income	1,798	1,590	113
Total Assets	26,610	21,008	127

Nissin - URC			
	FY 2014	**FY 2013**	**Index**
Revenues	2,434	1,851	131
EBIT	415	290	143
EBITDA	461	334	138
Net Income	299	209	143
Total Assets	1,407	1,099	128

Majority of the above key performance indicators were within targeted levels.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page 45) are filed as part of this Form 17-A (pages 49 to 170).

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9. Independent Public Accountants and Audit Related Fees

Independent Public Accountants

The Companys's independent public accountant is the accounting firm of the Sycip Gorres Velayo & Co. The same accounting firm is tabled for reappointment for the current year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior year's meetings and are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

The current handling partner of SGV & Co. has been engaged by the Company in fiscal year 2011 and is expected to be rotated every five (5) years.

Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last three fiscal years for professional services rendered by Sycip, Gorres Velayo & Co.

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
		(In peso)	
Audit and Audit-Related Fees	₱6,686,000	₱7,021,000	₱7,021,000
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	6,686,000	7,021,000	7,021,000
Professional fees for due diligence review for Bond/shares offering	none	none	none
Tax Fees	none	none	none
Other Fees	none	none	none
Total	₱6,686,000	₱7,021,000	₱7,021,000

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Registrant

Name	Age	Position	Citizenship
John L. Gokongwei, Jr	88	Director, Chairman Emeritus	Filipino
James L. Go	75	Director, Chairman	Filipino
Lance Y. Gokongwei	47	Director, President and Chief Executive Officer	Filipino
Patrick Henry C. Go	44	Director, Vice President	Filipino
Frederick D. Go	45	Director	Filipino
Johnson Robert G. Go, Jr	49	Director	Filipino
Robert G. Coyiuto, Jr	63	Director	Filipino
Wilfrido E. Sanchez	77	Director (Independent)	Filipino
Pascual S. Guerzon	77	Director (Independent)	Filipino
Cornelio S. Mapa, Jr.	48	Executive Vice President	Filipino
Constante T. Santos	66	Senior Vice President	Filipino
Bach Johann M. Sebastian	53	Senior Vice President	Filipino
David J. Lim	51	Vice President	US Citizen
Chona R. Ferrer	57	First Vice President	Filipino
Jeanette U. Yu	61	Vice President	Filipino
Ester T. Ang	56	Vice President - Treasurer	Filipino
Albert Francis S. Fernandez	47	Vice President	Filipino
Edwin S. Totanes	57	Vice President	Filipino
Teofilo B. Eugenio, Jr.	49	Vice President	Filipino
Vincent Henry C. Go.	43	Vice President	Filipino
Ellison Dean C. Lee	57	Vice President	Filipino
Renato P. Cabati	52	Vice President	Filipino
Anne Patricia C. Go	48	Vice President	Filipino
Abigail Joan R. Cosico	41	Vice President	Filipino
Sonia A. Zablan	64	Vice President	Filipino
Alan D. Surposa	51	Vice President	Filipino
Ma. Victoria M. Reyes-Beltran	48	Vice President	Filipino
Michael P. Liwanag	40	Vice President	Filipino
Rosalinda F. Rivera	44	Corporate Secretary	Filipino
Socorro ML. Banting	60	Assistant Vice President	Filipino

All of the above directors and officers have served their respective offices since May 12, 2014. There are no directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of stockholders for any reason whatsoever.

Messrs. Wilfrido E. Sanchez and Pascual S. Guerzon are the independent directors of the Company.

A brief description of the directors and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

John L. Gokongwei, Jr. founded URC in 1954 and has been the Chairman Emeritus of URC effective January 1, 2002. He continues to be a member of URC's Board and is the Chairman Emeritus of JG Summit Holdings, Inc. and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JG Summit Holdings, Inc. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc., Deputy Chairman and Director of United Industrial Corporation Limited and Singapore Land Limited, and a director of Cebu Air, Inc. and Oriental Petroleum and Minerals Corporation. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received a Masters degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

James L. Go is the Chairman of the Board of Directors of URC. He is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He is the Chairman of Robinsons Land Corporation, JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman and Deputy Chief Executive Officer of Robinsons Retail Holdings, Inc. and a director of Cebu Air, Inc., Singapore Land Limited, Marina Center Holdings, Inc., United Industrial Corporation Limited and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. Go received his Bachelor of Science degree and Master of Science degree in Chemical Engineering from Massachusetts Institute of Technology, USA. Mr. James L. Go is a brother of Mr. John L. Gokongwei, Jr. and joined URC in 1964.

Lance Y. Gokongwei is the President and Chief Executive Officer of URC. He is the President and Chief Operating Officer of JG Summit Holdings, Inc. He is also the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is the President and Chief Executive Officer of Cebu Air, Inc., JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Chairman of Robinsons Bank Corporation, Vice Chairman of Robinsons Retail Holdings, Inc., and a director of Oriental Petroleum and Minerals Corporation, United Industrial Corporation Limited, Singapore Land Limited, and Manila Electric Company. He is also a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania. Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr. and joined URC in 1988.

Patrick Henry C. Go has been a director of URC since 2000. He is also a Vice President of URC and is the Executive Vice President and Senior Managing Director of JG Summit Petrochemical Corporation, URC Packaging Division, CFC Flexible Packaging Division and JG Summit Olefins Corporation. He is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, and Robinsons Bank Corporation. He is a trustee and treasurer of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Management from the Ateneo de Manila University and attended the General Manager Program at Harvard Business School. Mr. Patrick Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr.

Frederick D. Go has been a director of URC since June 2001. He is the President and Chief Operating Officer of Robinsons Land Corporation and Robinsons Recreation Corporation. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, and Taicang Ding Feng Real Estate Development Company Limited. He also serves as a director of Cebu Air, Inc., JG Summit Petrochemical Corporation, Robinsons Bank Corporation, and Cebu Light Industrial Park. He is also the Chairman of the Philippine Retailers Association. He received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. Mr. Frederick D. Go is a nephew of Mr. John L. Gokongwei, Jr.

Johnson Robert G. Go, Jr. was elected director of URC on May 5, 2005. He is also a director of JG Summit Holdings, Inc. Robinsons Land Corporation, and Robinsons Bank Corporation. He is also a trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University. He is a nephew of Mr. John L. Gokongwei, Jr.

Robert G. Coyiuto, Jr. has been a director of URC since 2002. He is the Chairman of the Board and Chief Executive Officer of Prudential Guarantee & Assurance, Inc. and of PGA Sompo Japan Insurance, Inc. He is also Chairman of the Board of Bentley, Lamborghini, Porsche and Audi, Hyundai North Edsa, and Pioneer Tours Corporation. He is also the Chairman of Coyiuto Foundation. He is the Chairman and President of Calaca High Power Corporation and Pacifica 21 Holdings, Inc. He is Vice Chairman and Director of First Life Financial Co., Inc. and National Grid Corporation of the Philippines. He is also the President, Chief Operating Officer and Director of Oriental Petroleum and Minerals Corporation. He is a director of Petrogen Insurance Corporation, and Canon (Philippines) Inc. He is a Nominee of R. Coyiuto Securities, Inc. and a Member of the Board of Trustees of San Beda College.

Wilfrido E. Sanchez has been an independent director of URC since 1995. He is a Tax Counsel in Quiason Makalintal Barot Torres & Ibarra Law Offices. He is also a director of Adventure International Tours, Inc., Amon Trading Corporation, Center for Leadership & Change, Inc., EEI Corporation, Eton Properties Philippines, Inc., House of Investments, EMCOR, Inc., J-DEL Investment and Management Corporation, JVR Foundation, Inc., Kawasaki Motor Corp., K Servico, Inc., Magellan Capital Holdings Corporation, PETNET, Inc., Rizal Commercial Banking Corporation, LT Group, Inc., Transnational Diversified Corporation, and Transnational Financial Services, Inc. (formerly Transnational Securities, Inc.). Mr. Sanchez received a Bachelor of Arts degree and a Bachelor of Laws degree from the Ateneo de Manila University and a Masters of Law degree from the Yale Law School.

Pascual S. Guerzon was elected independent director of URC in September 2007. He is currently the Principal of Dean Guerzon & Associates (Business Development). He is the Founding Dean of De La Salle Graduate School of Business. He was also the former President of the Management Association of the Philippines Agribusiness and Countryside Development Foundation and the Management Association of the Philippines Foundation, MBA Director of the Ateneo de Manila Graduate School of Business, Director of Leverage International Consultants, Deputy Director of Asean Chambers of Commerce and Industry and Section Chief of the Board of Investments. Mr. Guerzon is a holder of an MBA in Finance from the University of the Philippines and a Ph.D. (N.D) in Management from the University of Santo Tomas.

Cornelio S. Mapa, Jr. is an Executive Vice President of URC. He is also Managing Director of the URC Branded Consumer Foods Group Philippines and International. He was the General Manager of the Commercial Centers Division of Robinsons Land Corporation before joining URC in October 2010. Prior to joining URC and Robinsons Land Corporation, he was Senior Vice President and Chief Financial Officer of the Coca Cola Bottlers Philippines including its subsidiaries, Cosmos Bottling and Philippine Beverage Partners. He was also formerly Senior Vice President and Chief Financial Officer of La Tondeña Distillers, Inc. He earned his Bachelor of Science degrees in Economics and International Finance from New York University and obtained his Masters in Business Administration from IMD in Lausanne, Switzerland.

Constante T. Santos is the Senior Vice President - Corporate Controller of URC. He is also Senior Vice President - Corporate Controller of JG Summit Holdings, Inc. and Robinsons Land Corporation. Prior to joining URC in 1986, he practiced public accounting with SyCip, Gorres, Velayo & Co. in the Philippines and Ernst & Whinney in the United States. He is a member of the Philippine Institute of Certified Public Accountants. He obtained his Bachelor of Science degree in Business Administration from the University of the East and attended the Management Development Program at the Asian Institute of Management.

Bach Johann M. Sebastian is Senior Vice President and Chief Strategy Officer of URC. He is also the Senior Vice President and Chief Strategy Officer of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., and Robinsons Retail Holdings, Inc. Prior to joining URC in 2002, he was Senior Vice President and Chief Corporate Strategist at RFM Corporation, Swift Foods Inc., Selecta Dairy Products Inc., Cosmos Bottling Corporation, and PSI Technologies Inc. Between 1981 and 1991, he was with the Department of Trade and Industry as Chief of Economic Research, and Director of Operational Planning. He received a Bachelor of Arts in Economics from the University of the Philippines in 1981 and a Master in Business Administration degree from the Asian Institute of Management in 1986.

David J. Lim, Jr. is Senior Vice President for Manufacturing, Technology and Projects & Engineering of URC's Branded Consumer Foods Group. He was the Assistant Technical Director for JG Summit Holdings, Inc. prior to joining URC in December of 2008. He earned his Bachelor of Science degree in Aeronautical Engineering from Imperial College, London, England and obtained a Master of Science degree in Civil Structural Engineering from the University of California at Beverly, USA as well as a Masters in Engineering from the Massachusetts Institute of Technology, USA.

Chona R. Ferrer is First Vice President for Corporate Treasury of URC. She is also the Deputy Treasurer of JG Summit Holdings, Inc. and Treasurer of Outreach Home Development Corporation. Prior to joining URC in 1983, she was Assistant Treasurer of Guevent Industrial Development Corporation. She received a Bachelor of Science degree in Business Administration from the University of the Philippines.

Jeanette U. Yu is Vice President of URC. She is also the Vice President-Treasurer of Cebu Air, Inc. She was the Chief Financial Officer of Oriental Petroleum and Minerals Corporation and served as such until September 2014. Prior to joining URC in 1980, she worked for AEA Development Corporation and Equitable Banking Corporation. Ms. Jeanette U. Yu received her Bachelor of Science degree in Business Administration from St. Theresa's College in Quezon City.

Ester T. Ang is the Vice President - Treasurer, Treasury Industrial Group. Prior to joining URC in 1987, she worked with Bancom Development Corporation and Union Bank of the Philippines. She received her Bachelor of Science degree in Accounting from the Ateneo De Davao University in Davao City.

Albert Francis S. Fernandez is the Vice President for Sales of URC's Branded Consumer Foods Group Philippines. He brings with him 20 years of experience in the areas of management, sales, trade marketing, logistics and manufacturing from various industries such as cement, business process outsourcing, foods, consumer goods and agriculture. Prior to joining URC in 2012, he was Vice President for Sales and Logistics of Lafarge Cement Philippines. He also led GE Money Servicing Philippines as Vice President for Operations. He also held top key sales positions in Coca-Cola Export Corporation and Unilever Philippines Inc. He holds a Bachelor of Science degree in Chemical Engineering at the University of St. La Salle, Bacolod City.

Edwin S. Totanes is Vice President and Group Head of Marketing of URC. He has been the General Manager/Vice President of URC's Branded Consumer Foods Group - Beverage Division since 2008. He served as the General Manager of PT URC Indonesia from 2006 to 2008. He joined URC in 2003 as Vice President and General Manager of URC's Grocery Division. Prior to joining URC, he has assumed general management positions in Swift Foods, Inc. and Coca-Cola Bottlers Phils. He obtained his Bachelor of Arts degree in Economics, Cum Laude, from the Ateneo de Manila University and attended the Advanced Management Program at the Harvard Business School.

Teofilo B. Eugenio, Jr. is Vice President for Snacks Marketing of the URC Branded Consumer Foods Group. He was also appointed General Manager of Calbee-URC, Inc. He was the Marketing Director for biscuits, cakes and chocolates of the URC Branded Consumer Foods Group and started as Group Product Manager of biscuits. Prior to joining URC, he was Senior Product Manager for Ovaltine at Novartis Nutrition Philippines, Inc. Mr. Eugenio has more than 20 years experience in the field of marketing. He earned his Bachelor of Science degree in Industrial Management Engineering, Minor in Mechanical Engineering, from the De La Salle University, Manila and obtained his Masters in Business Administration from Strathclyde Graduate Business School, Strathclyde University, United Kingdom.

Vincent Henry C. Go is Vice President of URC and has been the Group General Manager of URC's Agro-Industrial Group since 2006. He served as General Manager and National Sales Manager of Universal Corn Products in 2002 and 1994, respectively. He obtained his degree in Feed Manufacturing Technology from the Swiss Institute of Feed Technology in Uzwil, Switzerland. Mr. Vincent Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr. and joined URC in 1992.

Ellison Dean C. Lee is a Vice President of URC and the Business Unit General Manager of URC's Flour Division. He started his career with the Philippine Appliance Corporation as Manager, Special Accounts, under the Office of the Chairman and President. He then moved to PHINMA Group of Companies and occupied the positions of Assistant Vice President and Vice President for Marketing. He also joined Inglenook Foods Corporation as Vice President for Sales. Prior to joining URC in 2001, he was a Vice President of Golden Gate Marketing Corporation, a marketing arm of APO Cement Corporation, and Vice President for Sales and Marketing of Blue Circle Philippines, Inc. He graduated with a Bachelor of Science in Business Management from the Ateneo De Manila University. He also attended the Management Program at the Asian Institute of Management.

Renato P. Cabati is a Vice President of URC and the Business Unit General Manager of URC's Sugar Group since 2002. He has held various posts in the sugar business since 1989. Prior to joining URC, he practiced public accounting with SyCip, Gorres, Velayo & Co. and private accounting with NDC - Guthrie Plantations, Inc. He is a member of the Philippine Institute of Certified Public Accountants, past President and Chairman of the Philippine Sugar Technologists Association, Inc., Executive Committee member of the Philippine Sugar Millers Association, Millers Sector Representative to the Sugar Tripartite Council of the Department of Labor & Employment and President of the Philippine Association of Sugar Refiners, Inc. He is a Certified Public Accountant and has obtained his Bachelor of Science degree in Commerce Major in Accounting from the Far Eastern University and attended raw sugar and refined sugar manufacturing courses at the Nichols State University, Thibodaux, Louisiana USA.

Anne Patricia C. Go is the Vice President for Advertising & Marketing Services of URC. She is also Vice President for Corporate Communications of JG Summit Holdings, Inc. (JGSHI). She handles all Advertising and Public Relations for JGSHI, its core businesses, and its other business interests, which include Summit Media and Robinsons Retail Group. She also handles all Advertising and Public Relations, Consumer Promotions, Special Events and Market Research requirements of URC. She joined URC in 1993 as Director of Marketing Services. She began her more than 20 year-career in Advertising and Communications in Basic/FCB. She was also a freelance broadcast producer and the Philippine representative of Hong Kong-based Centro Digital Pictures. She graduated from Ateneo de Manila University with a degree in Communication Arts. Ms. Anne Patricia C. Go is the niece of Mr. John L. Gokongwei, Jr.

Abigail Joan R. **Cosico** is the Vice President for Exports and New Markets Development of the URC Branded Consumer Foods Group Philippines and International. She was formerly the Business Unit General Manager of Robinsons Communities and of Robinsons Homes in concurrent capacity as Head of Investor Relations. Prior to joining Robinsons Homes, she was with the RLC Commercial Centers Division as the Property Lease Director, concurrent to her position as Director for Property Acquisition. She received her Bachelor of Science degree in Management from the Ateneo de Manila University and earned her Masters in Business Administration, Major in Finance degree from the Asian Institute of Management.

Sonia A. Zablan is Vice President for Government Affairs Department since 2000. She has been with the Company for more than 20 years, starting out as the Head of the Microcomputer Section under the Office of the President in 1987 and concurrently designated as Manager of the Corporate Development and Relations Department in 1989. Prior to joining the Company, she was Systems Development Manager at Guevarra & Sons Corporation. She obtained her Bachelor's Degree in Business Administration, Major in Finance, from the University of the Philippines.

Alan D. Surposa is Vice President for Regional Procurement of URC and is responsible for the procurement operations of both the domestic and international businesses of URC. Recently, he had an expanded role as Vice President, Procurement and Supply Chain, URC Branded Consumer Foods Group - Philippines and International. In his expanded role, he ensures proper implementation of best practices and techniques and exercises strong functional oversight over Heads/Managers in the different countries whose work revolves around Procurement and supply Chain to ensure consistent alignment and synergies across the region. He is a member and formerly a Director of The Purchasing Managers Association of the Philippines. Mr. Surposa received his Bachelor of Science degree in Civil Engineering from the Cebu Institute of Technology in Cebu City.

Ma. Victoria M. Reyes-Beltran is Vice President and General Legal Counsel - Corporate Legal II of URC. She is also the Corporate Secretary of Bio-Resource Power Generation Corporation, Chic Centre Corporation, Express Holdings, Inc., Itech Global Business Solutions Inc., Interactive Technology Solutions Inc., Mark Electronics Corporation, Robinsons Inn, Incorporated, Robinsons Realty & Management Corp., Southern Negros Development Corp., Summit Publishing Company, Inc. and Unicon Insurance Brokers Corp. Prior to joining URC in 1994, she was a Legal Counsel at Del Rosario & Del Rosario Law Offices. She graduated Bachelor of Laws from San Beda College of Law, Manila and has completed the course on Structuring and International Joint Venture at the University of California, School of Law (Davis Campus), USA. She was admitted to the Philippine Bar in 1993.

Michael P. Liwanag is the Vice President of Corporate Planning & Investor Relations of URC. Prior to joining the Company in 2001, he worked in different capacities in the fields of strategy and business analytics in Digital Telecommunications Phils., Inc., Global Crossings and Philippine Global Communications, Inc. He studied Industrial Engineering at the University of the Philippines and attended the Certified Management Accounting Program.

Rosalinda F. Rivera was appointed Corporate Secretary of URC on May 22, 2004 and has been Assistant Corporate Secretary since May 2002. She is also the Corporate Secretary of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., Robinsons Retail Holdings, Inc., and JG Summit Petrochemical Corporation. Prior to joining URC, she was a Senior Associate at Puno and Puno Law Offices. She received a Juris Doctor degree from the Ateneo de Manila University School of Law and a Masters of Law degree in International Banking from the Boston University School of Law. She was admitted to the Philippine Bar in 1995.

Socorro ML. Banting is Assistant Vice President and Assistant Treasurer of URC. She is also an officer of other related companies of URC. Prior to joining URC in 1986, she worked with State Investment House, Inc. and Manila Midtown Hotel. She obtained her Bachelor of Science degree in Business Administration from the Ateneo de Davao University.

The members of the Company's board of directors and executive officers can be reached at the address of its registered office at 110 E. Rodriguez Avenue, Bagumbayan, Quezon City, Philippines.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the members of the Board of Directors and Executive Officers of the Company are involved in any criminal, bankruptcy or insolvency investigations or proceedings.

Family Relationships

Mr. James L. Go is a brother of Mr. John Gokongwei, Jr. while Mr. Lance Y. Gokongwei is his son. Mr. Patrick Henry C. Go, Mr. Frederick D. Go and Mr. Johnson Robert G. Go, Jr. are the nephews of Mr. John Gokongwei, Jr.

Item 11. Executive Compensation

The following summarizes certain information regarding compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Directors and Executive Officers:

	Estimated - FY2015				Actual	
	Salary	Bonus	Other	Total	2014	2013
CEO and Four (4) most highly compensated executive officers	₱93,763,158	₱900,000	₱270,000	₱94,933,158	₱81,156,602	₱48,511,451
All officers and directors as a group unnamed	112,524,224	1,800,000	450,000	114,774,224	107,913,084	100,613,445

The following are the five (5) highest compensated directors and/or executive officers of the Company: 1. Director, Chairman Emeritus - John L. Gokongwei, Jr.; 2. Director, Chairman - James L. Go; 3. Director, President and Chief Executive Officer - Lance Y. Gokongwei; 4. Executive Vice President - Cornelio S. Mapa, Jr.; and 5. Vice President - Edwin S. Totanes.

Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

There are no special employment contracts between the Corporation and the named executive officers.

There are no compensatory plans or arrangements with respect to a named executive officer.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the Corporation's CEO, the named executive officers and all officers and directors as a group.

Item 12. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of September 30, 2014, URC knows no one who beneficially owns in excess of 5% of URC's common stock except as set forth in the table below.

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares Held	% to Total Outstanding
Common	JG Summit Holdings, Inc. [1] 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	1,215,223,061	55.71 %
Common	PCD Nominee Corporation[2] (Non-Filipino) G/F Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City (stockholder)	PCD Participants and their clients (See note 2)	Non-Filipino	720,570,389 (See Note 3)	33.03%
Common	PCD Nominee Corporation[2] (Filipino) G/F Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City (stockholder)	PCD Participants and their clients (See note 2)	Filipino	233,105,263	10.69%

1. As of September 30, 2014, Mr. John L. Gokongwei, Jr., Chairman Emeritus of JG Summit Holdings, Inc., (JGSHI), holds 962,567,160 common shares representing 13.72% of the total outstanding common shares of the said corporation. The Chairman and the President are both empowered under the By-Laws of JGSHI to vote any and all shares owned by JGSHI, except as otherwise directed by the Board of Directors. The incumbent Chairman and Chief Executive Officer and President and Chief Operating Officer of JGSHI are Mr. James L. Go and Mr. Lance Y. Gokongwei, respectively.

2. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares though his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

3. Out of the PCD Nominee Corporation (Non-Filipino) account, "The Hongkong and Shanghai Banking Corp. Ltd. - Clients' Acct." and "Deutsche Bank Manila - Clients' Acct." hold for various trust accounts the following shares of the Corporation as of September 30, 2014:

	No. of shares	% to Outstanding
The Hongkong and Shanghai Banking Corp. Ltd. - Clients' Acct.	247,401,299	11.34%
Deutsche Bank Manila - Clients' Acct.	236,169,646	10.83%

The securities are voted by the trustee's designated officers who are not known to the Corporation.

(2) Security Ownership of Management

Title of Class	Name of beneficial Owner	Position	Amount & nature of beneficial ownership	Citizenship	% to Total Outstanding
Named Executive Officers[1]					
Common	1. John L. Gokongwei, Jr.[2]	Director, Chairman Emeritus	2,479,401	Filipino	0.11%
Common	2. James L. Go	Director, Chairman	1	Filipino	*
Common	3. Lance Y. Gokongwei	Director, President & Chief Executive Officer	1	Filipino	*
-	4. Cornelio S. Mapa, Jr.	Executive Vice President	-	Filipino	-
-	5. Edwin S. Totanes	Vice President	-	Filipino	-
	Sub-Total		2,479,403		0.11%
Other Directors, Executive Officers and Nominees					
Common	6. Patrick Henry C. Go	Director, Vice President	45,540	Filipino	*
Common	7. Frederick D. Go	Director	11,501	Filipino	*
Common	8. Johnson Robert G. Go, Jr.	Director	1	Filipino	*
Common	9. Robert G. Coyiuto, Jr.	Director	1	Filipino	*
Common	10. Wilfrido E. Sanchez	Independent Director	1	Filipino	*
Common	11. Pascual S. Guerzon	Independent Director	1	Filipino	*
Common	12. Vincent Henry C. Go	Vice President	45,540	Filipino	*
Common	13. Anne Patricia C. Go	Vice President	8,855	Filipino	*
	Sub-Total		111,440		*
			2,590,843		0.13%

1. As defined under Part IV (B) (1) (b) of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of September 30, 2014.
2. Sum of shares in the name of "John Gokongwei, Jr." for one (1) share and "Elizabeth Y. Gokongwei and/or John Gokongwei, Jr." for 2,479,400.

* less than 0.01%

(3) Voting Trust Holders of 5% or more

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

Item 13. Certain Relationships and Related Transactions

The Company, in its regular conduct of business, had engaged in transactions with its major stockholder, JG Summit Holdings, Inc. and its affiliated companies. See Note 34 (Related Party Disclosures) of the Notes to Consolidated Financial Statements (page 142) in the accompanying Audited Financial Statements filed as part of this Form 17-A.

PART IV - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits (page 45)

(b) Reports on SEC Form 17-C

UNIVERSAL ROBINA CORPORATION
LIST OF CORPORATE DISCLOSURES/REPLIES TO SEC LETTERS
UNDER SEC FORM 17-C
APRIL 1, 2014 TO SEPTEMBER 30, 2014

Date of Disclosure	Description
April 3, 2014	Reply to PSE letter regarding news article entitled “URC sets revenue goal of $3B in five years”
May 13, 2014	Stockholders’ approval of amendment to Articles of Incorporation
May 13, 2014	Results of annual meeting of stockholders
May 13, 2014	Resutls of organizational meeting to the Board of Directors
May 13, 2014	Press Release entitled “URC posted strong 1H FY2014 operating results driven by branded foods Philippines with sales and operating income growing 13.5% and 42.2%, respectively”
July 21, 2014	Acquisition of shares of another corporation
July 22, 2014	Disclosure on substantial acquisition
August 14, 2014	Press release entitled “URC ended first 9M FY2014 with strong operating results with sales and operating income growing 14.5% and 37.0%, respectively, driven by branded foods Philippines”
September 23, 2014	Change in stock transfer and dividend paying agent

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of JAN 13 2015 on ________, 2015.

UNIVERSAL ROBINA CORPORATION
Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

LANCE Y. GOKONGWEI
President and Chief Executive Officer
Date 01-09-2015

CONSTANTE T. SANTOS
Senior Vice President - Corporate Controller
Date 01-09-2015

ROSALINDA F. RIVERA
Corporate Secretary
Date 01-09-2015

JAN 13 2015

SUBSCRIBED AND SWORN to before me this ___ day of January, 2015 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	27977247	01.20.14	Pasig City
Lance Y. Gokongwei	27977246	01.20.14	Pasig City
Constante T. Santos	06359910	03.10.14	Pasig City
Rosalinda F. Rivera	Driver's License No. N01-94-172453	06.12.11	Pasig City

EDWIN G. CONDAYA
NOTARY PUBLIC
PASIG, TAGUIG, PATEROS & SAN JUAN
UNTIL DEC. 31, 2015
PTR NO. 0345474/1-05-15
IBP NO. 977739/1-05-15
ROLL NO. 29663
TIN NO. 210-588-191-000
MCLE IV-0004493
2ND FLOOR ARAIAL BLDG. URBANO VELASCO AVE. MALINAO, PASIG CITY

Doc No. 112
Page No. 24
Book No. XXX
Series of 2015

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17- A, Item 7

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* Not applicable per section 1(b) (xii), 2(e) and 2 (I) of SRC Rule 68

** These schedules, which are required by Section 4(e) of SRC Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included/shown in the related URC & Subsidiaries' consolidated financial statements or in the notes thereto.

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 CONSOLIDATED 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, 2014 and 2013, 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 with 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 Chairman	LANCE Y. GOKONGWEI President and Chief Executive Officer	CONSTANTE T. SANTOS SVP - Corporate Controller

JAN 13 2015

SUBSCRIBED AND SWORN to before me this ___ day of January, 2015 affiant(s) exhibiting to me his/their Community Tax Certificates as follows:

NAMES	C.T. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
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Page No. 24
Book No. ~~xx~~
Series of 2015

EDWIN C. CONDAYA
NOTARY PUBLIC
PASIG, TAGUIG, PATEROS & SAN JUAN
UNTIL DEC. 31, 2015
PTR NO. [illegible]
IBP NO. [illegible]
ROLL NO. [illegible]
TIN NO. 210-585-191-000
MCLE IV - 0004493
2ND FLOOR ARNIAL BLDG. URBANO VELASCO AVE. MALINAO, PASIG CITY

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, 2014 and 2013, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

SGV
Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Universal Robina Corporation and Subsidiaries as at September 30, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended September 30, 2014 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. 4751344, January 5, 2015, Makati City

January 9, 2015

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱10,076,223,083**	₱12,033,308,581
Financial assets at fair value through profit or loss (Note 8)	**476,260,026**	413,732,312
Available-for-sale financial assets (Note 13)	**21,720,000**	21,720,000
Receivables (Notes 9 and 34)	**9,319,201,703**	8,522,417,589
Inventories (Note 10)	**15,129,022,837**	10,987,221,052
Biological assets (Note 14)	**1,278,304,318**	1,081,035,283
Other current assets (Note 11)	**3,976,999,288**	368,103,771
Total Current Assets	**40,277,731,255**	33,427,538,588
Noncurrent Assets		
Property, plant and equipment (Note 12)	**34,407,755,976**	30,180,400,059
Biological assets (Note 14)	**455,817,612**	483,025,181
Goodwill (Note 15)	**793,415,185**	798,627,776
Intangible assets (Note 15)	**475,000,000**	475,000,000
Investment in joint ventures (Note 16)	**441,223,735**	85,384,000
Investment properties (Note 17)	**57,175,938**	60,833,725
Deferred tax assets (Note 32)	**404,393,056**	559,311,176
Other noncurrent assets (Note 18)	**608,694,233**	474,847,025
Total Noncurrent Assets	**37,643,475,735**	33,117,428,942
TOTAL ASSETS	**₱77,921,206,990**	₱66,544,967,530
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Notes 20 and 34)	**₱11,246,038,503**	₱9,513,514,990
Short-term debt (Notes 19 and 22)	**4,327,990,825**	1,945,430,681
Trust receipts and acceptances payable (Notes 10 and 22)	**4,412,695,949**	2,384,316,199
Income tax payable	**1,181,335,804**	875,934,133
Total Current Liabilities	**21,168,061,081**	14,719,196,003
Noncurrent Liabilities		
Deferred tax liabilities (Note 32)	**463,982,054**	391,324,334
Net pension liability (Note 31)	**262,167,555**	604,417,551
Total Noncurrent Liabilities	**726,149,609**	995,741,885
Total Liabilities	**21,894,210,690**	15,714,937,888

(Forward)

	September 30	
	2014	2013
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 22)	**₱19,056,685,251**	₱19,056,685,251
Retained earnings (Note 22)	**42,789,191,854**	37,774,987,907
Other comprehensive income (Note 23)	**330,447,069**	174,469,201
Equity reserve (Note 22)	**(5,556,531,939)**	(5,556,531,939)
Treasury shares (Note 22)	**(670,386,034)**	(670,386,034)
	55,949,406,201	50,779,224,386
Equity attributable to non-controlling interests	**77,590,099**	50,805,256
Total Equity	**56,026,996,300**	50,830,029,642
TOTAL LIABILITIES AND EQUITY	**₱77,921,206,990**	₱66,544,967,530

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2014	2013	2012
SALE OF GOODS AND SERVICES (Notes 6 and 34)	**₱92,376,296,512**	₱80,995,215,642	₱71,201,677,779
COST OF SALES (Notes 24 and 34)	**64,005,377,917**	57,776,004,285	52,730,554,394
GROSS PROFIT	**28,370,918,595**	23,219,211,357	18,471,123,385
Selling and distribution costs (Note 25)	**(11,731,419,823)**	(10,646,381,015)	(8,696,876,368)
General and administrative expenses (Notes 26 and 34)	**(2,520,327,424)**	(2,293,782,850)	(1,924,695,851)
OPERATING INCOME	**14,119,171,348**	10,279,047,492	7,849,551,166
Finance revenue (Notes 6, 8 and 29)	**228,860,833**	529,639,680	1,229,729,268
Net foreign exchange gain (losses)	**72,777,508**	(156,974,222)	(634,390,049)
Market valuation gain on financial assets at fair value through profit or loss (Notes 6 and 8)	**62,525,954**	473,300,902	1,548,491,547
Equity in net income of joint ventures (Note 16)	**14,089,730**	19,244,938	31,172,102
Gain (loss) on sale of investments (Notes 8 and 13)	**–**	735,172,736	(29,907,211)
Impairment losses (Notes 6, 9, and 15)	**(122,272,279)**	(28,900,348)	(197,874,576)
Finance costs (Notes 6, 19, 21 and 30)	**(150,409,978)**	(266,033,395)	(693,273,870)
Other income (expenses) - net	**2,772,817**	(34,726,375)	82,531,936
INCOME BEFORE INCOME TAX	**14,227,515,933**	11,549,771,408	9,186,030,313
PROVISION FOR INCOME TAX (Note 32)	**2,572,223,919**	1,432,441,798	1,000,982,214
NET INCOME	**₱11,655,292,014**	₱10,117,329,610	₱8,185,048,099
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 33)	**₱11,558,709,746**	₱10,044,555,499	₱7,762,879,616
Non-controlling interests	**96,582,268**	72,774,111	422,168,483
	₱11,655,292,014	₱10,117,329,610	₱8,185,048,099
EARNINGS PER SHARE (Note 33)			
Basic/diluted, for income attributable to equity holders of the parent	**₱5.30**	₱4.60	₱3.70

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2014	2013	2012
NET INCOME	**₱11,655,292,014**	₱10,117,329,610	₱8,185,048,099
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments (Note 23)	**218,282,351**	458,152,713	(181,758,621)
Unrealized gain (loss) on available-for-sale financial assets (Notes 13 and 23)	–	(650,504,738)	393,466,028
	218,282,351	(192,352,025)	211,707,407
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans (Notes 23 and 31)	**(88,717,012)**	(239,816,807)	(282,415,496)
Income tax effect	**26,615,104**	71,945,042	84,724,648
	(62,101,908)	(167,871,765)	(197,690,848)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**156,180,443**	(360,223,790)	14,016,559
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱11,811,472,457**	₱9,757,105,820	₱8,199,064,658
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱11,714,687,614**	₱9,684,980,972	₱7,778,459,426
Non-controlling interests	**96,784,843**	72,124,848	420,605,232
	₱11,811,472,457	₱9,757,105,820	₱8,199,064,658

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 2014, 2013 AND 2012

	Attributable to Equity Holders of the Parent															
	Paid-up Capital (Note 22)			Retained Earnings (Note 22)				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 22)	Cumulative Translation Adjustments (Note 23)	Net Unrealized Gain (Loss) on Available-For-Sale Investments (Notes 13 and 23)	Total	Remeasurement Losses on Defined BenefitPlans	Total Other Comprehensive Income (Loss) (Note 23)	Treasury Shares (Note 22)	Total	Attributable to Non-controlling Interests (Note 16)	Total Equity
Balances as at October 1, 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**
Net income for the year	–	–	–	**11,558,709,746**	–	**11,558,709,746**	–	–	–	–	–	–	–	**11,558,709,746**	**96,582,268**	**11,655,292,014**
Other comprehensive income	–	–	–	–	–	–	–	**218,282,351**	–	**218,282,351**	**(62,304,483)**	**155,977,868**	–	**155,977,868**	**202,575**	**156,180,443**
Total comprehensive income	–	–	–	**11,558,709,746**	–	**11,558,709,746**	–	**218,282,351**	–	**218,282,351**	**(62,304,483)**	**155,977,868**	–	**11,714,687,614**	**96,784,843**	**11,811,472,457**
Cash dividends (Note 22)	–	–	–	**(6,544,505,799)**	–	**(6,544,505,799)**	–	–	–	–	–	–	–	**(6,544,505,799)**	**(70,000,000)**	**(6,614,505,799)**
Balances as at September 30, 2014	**₱2,227,638,933**	**₱16,829,046,318**	**₱19,056,685,251**	**₱42,789,191,854**	**₱–**	**₱42,789,191,854**	**(₱5,556,531,939)**	**₱819,382,429**	**₱–**	**₱819,382,429**	**(₱488,935,360)**	**₱330,447,069**	**(₱670,386,034)**	**₱55,949,406,201**	**₱77,590,099**	**₱56,026,996,300**
Balances as at October 1, 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
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 22)	–	–	–	(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	₱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	–	–	–	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 22)	–	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 22)	–	–	–	–	–	–	(5,556,531,939)	–	–	–	–	–	–	(5,556,531,939)	(1,650,935,943)	(7,207,467,882)
Cash dividends (Note 22)	–	–	–	(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

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱14,227,515,933**	₱11,549,771,408	₱9,186,030,313
Adjustments for:			
Depreciation and amortization of:			
Property, plant and equipment (Note 12)	**3,881,652,509**	3,617,945,589	3,415,369,881
Investment properties (Note 17)	**3,657,787**	3,657,787	3,657,795
Finance costs (Note 30)	**150,409,978**	266,033,395	693,273,870
Impairment losses on:			
Inventories (Note 10)	**103,876,120**	28,694,879	–
Receivables (Note 9)	**13,183,568**	205,469	–
Goodwill (Note 15)	**5,212,591**	–	–
Intangible assets (Note 15)	**–**	–	190,223,400
Property, plant and equipment (Note 12)	**–**	–	7,651,176
Loss (gain) on sale of:			
Property, plant and equipment	**(27,798,362)**	(38,805,967)	(27,681,325)
Available-for-sale investments (Note 13)	**–**	(680,679,297)	(55,192,209)
Financial assets at fair value through profit or loss (Note 8)	**–**	(54,493,439)	85,099,420
Amortization of debt issuance costs	**–**	9,544,074	9,396,636
Market valuation gain on derivative transactions (Note 8)	**–**	–	(12,226,523)
Equity in net income of joint ventures (Note 16)	**(14,089,730)**	(19,244,938)	(31,172,102)
Market valuation gain on financial assets at fair value through profit or loss (Note 8)	**(62,525,954)**	(473,300,902)	(1,548,491,547)
Net foreign exchange losses (gain)	**(72,777,508)**	156,974,222	634,390,049
Loss (gain) arising from changes in fair value less estimated costs to sell of swine stocks (Note 14)	**(182,987,646)**	(69,895,371)	15,524,660
Finance revenue (Note 29)	**(228,860,833)**	(529,639,680)	(1,229,729,268)
Operating income before working capital changes	**17,796,468,453**	13,766,767,229	11,336,124,226
Decrease (increase) in:			
Receivables	**(810,206,171)**	(1,279,188,548)	(1,034,436,932)
Inventories	**(4,250,625,060)**	(1,256,581,779)	(34,549,496)
Biological assets	**12,926,180**	(8,195,844)	(131,175,092)
Other current assets	**(3,608,895,517)**	86,038,931	197,214,436
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**1,578,474,391**	2,251,269,839	992,207,318
Trust receipts and acceptances payable	**1,935,765,149**	(1,165,118,202)	2,188,947,980
Net cash generated from operations	**12,653,907,425**	12,394,991,626	13,514,332,440
Interest received	**225,873,189**	749,040,000	1,227,580,030
Interest paid	**(119,368,035)**	(287,053,995)	(814,934,229)
Income taxes paid	**(2,012,631,304)**	(1,182,136,997)	(898,940,139)
Net cash provided by operating activities	**10,747,781,275**	11,674,840,634	13,028,038,102

(Forward)

	Years Ended September 30		
	2014	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Notes 12 and 37)	**(₱7,696,948,774)**	(₱5,545,756,692)	(₱5,129,191,994)
Investments in joint venture (Note 16)	**(360,250,000)**	–	–
Financial assets at fair value through profit or loss	**(1,760)**	–	(1,976,898,466)
Non-controlling interest (Note 22)	**–**	–	(7,200,000,000)
Proceeds from the sale of:			
Property, plant and equipment	**39,145,112**	84,818,228	63,908,741
Financial assets at fair value through profit or loss (Note 8)	**–**	10,713,882,489	2,740,543,903
Available-for-sale investments (Note 13)	**–**	4,717,681,000	954,610,881
Decrease (increase) in:			
Other noncurrent assets	**(133,847,208)**	(48,923,388)	(72,725,477)
Net pension liability	**(339,518,483)**	(6,495,846)	(52,389,622)
Dividends received (Note 16)	**18,499,995**	29,999,991	24,999,993
Net cash provided by (used in) investing activities	**(8,472,921,118)**	9,945,205,782	(10,647,142,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of:			
Short-term debt	**(1,113,740,856)**	(8,586,397,274)	(5,749,632,635)
Long-term debt (Note 21)	**–**	(3,000,000,000)	(7,848,762,768)
Proceeds from:			
Availment of short-term debt	**3,496,301,000**	1,945,430,681	8,588,536,884
Sale of treasury shares, net of transaction costs (Note 22)	**–**	–	7,344,768,000
Cash dividends paid (Note 22)	**(6,614,505,799)**	(5,291,604,639)	(3,916,853,672)
Net cash used in financing activities	**(4,231,945,655)**	(14,932,571,232)	(1,581,944,191)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,957,085,498)**	6,687,475,184	798,951,870
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**12,033,308,581**	5,345,833,397	4,546,881,527
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱10,076,223,083**	₱12,033,308,581	₱5,345,833,397

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 at 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 35). 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) financial assets 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 is the Philippine Peso.

Except for certain foreign subsidiaries of the Parent Company, which are disclosed below, the functional currency of other consolidated foreign subsidiaries is the US dollar (USD).

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

Subsidiaries	Country of Incorporation	Functional Currency
Universal Robina (Cayman), Limited (URCL)	Cayman Islands	US Dollar
URC Philippines, Limited (URCPL)	British Virgin Islands	- do -
URC Asean Brands Co. Ltd. (UABCL)	- do -	- do -
Hong Kong China Foods Co. Ltd. (HCFCL)	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- 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 -

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		
		2014	2013	2012
CCPI	Philippines	**100.00**	100.00	100.00
CFC Corporation	- do -	**100.00**	100.00	100.00
Bio-Resource Power Generation Corporation and a Subsidiary	- do -	**100.00**	100.00	100.00
Nissin-URC (NURC)	- do -	**65.00**	65.00	65.00
URCPL	British Virgin Islands	**100.00**	100.00	100.00
URCICL and Subsidiaries*	- do -	**100.00**	100.00	100.00
URCL	Cayman Islands	**100.00**	100.00	100.00
URCCCL	China	**100.00**	100.00	100.00

** Subsidiaries are located in Thailand, Singapore, Malaysia, Vietnam, Indonesia, China, Hong Kong, British Virgin Islands, and New Zealand.*

In 2014, URC Oceania Company Ltd., URC New Zealand Holding Company Ltd. (URCNZHCL), and URC New Zealand Hodling Finance Company Ltd. (URC NZ FinCo) were incorporated under URCICL.

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 22).

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 fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date when such control ceases. Control is achieved where the Parent Company is exposed, or has the rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiaries ceases when control is transferred out of the Parent Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

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
URCCCL	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.

If the Group loses control over a subsidiary, it:
- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statement of comprehensive income.

Under PFRS 10, Consolidated Financial Statements, it is acceptable to use, for consolidation purposes, the financial statements of subsidiaries for fiscal periods differing from that of the Parent Company if it is impracticable for the management to prepare financial statements with the same accounting period with that of the Parent Company and the difference is not more than three months.

Any significant transactions or events that occur between the date of the fiscal subsidiaries' financial statements and the date of the Parent Company's financial statements are adjusted in the consolidated financial statements.

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, 2013. 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.

- 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 additional disclosures required by the amendments are presented in Note 4 to the financial statements.

- 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 27. Management made an assessment based on PFRS 10 and concluded that the Group continues to have control over its subsidiaries and therefore continues to consolidate the said entities.

- 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. Management made an assessment and concluded that its joint arrangements meet the definition of joint venture and therefore continue to be accounted for under the equity method.

- 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 required disclosures are presented in Note 16.

- 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 Group does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance. The required disclosures are presented in Note 5.

The following new and amended PFRS, Philippine Interpretations and PAS did not have any impact on the financial position or performance of the Group:

- PAS 27 (as revised in 2011)
- PAS 28 (as revised in 2011)
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
- *Annual Improvements to PFRS* (2009-2011 cycle)
  - PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
  - PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
  - PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*
  - PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*
  - PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*

On October 1, 2013, 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, 2014.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The additional disclosures required by the amendments are presented in Note 15 to the Group's consolidated financial statements.

- *Annual Improvements to PFRS* (2010-2012 cycle)
  In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The additional disclosures required by the annual improvements are presented in Note 5 to the Group's consolidated financial statements.

The following new and amended PFRS, Philippine Interpretations and PAS that have been early adopted did not have any impact on the financial position or performance of the Group:

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)*
- Investment Entities (Amendments to PFRS 10, PFRS 12, and PAS 27)
- PAS 39, *Financial Instruments: Recognition and Measurement -Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
- *Annual Improvements to PFRS* (2011-2013 cycle)
  - PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS.*

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.

<u>Cash and Cash Equivalents</u>
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.

<u>Recognition of Financial Instruments</u>
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, held-to-maturity (HTM) investments, AFS financial assets 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.

'Day 1' difference
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;
- 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 equity securities only (see Note 8).

Derivatives classified as 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 cash in bank and cash equivalents, and trade and other receivables (see Notes 7 and 9).

AFS financial assets
AFS financial assets 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 financial assets 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 financial assets are excluded, from reported earnings and are reported under the ‘Unrealized gain (loss) on available-for-sale financial assets’ 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 financial assets 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 financial assets 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 financial assets held by the Group consist of equity securities only (see Note 13).

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 19) and long-term debt (see Note 21), accounts payable and other accrued liabilities (see Note 20) and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as pension liabilities or income tax payable).

Fair Value

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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.

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 9).

AFS 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.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded 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 financial assets, 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 consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated 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.

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 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.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal managmenet purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments.*

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 Joint Ventures
The Group has intressts in joint ventures. A joint venture is a contractual arrangement whereby two or more parties who have joint control over the arrangement have rights to the net assets of the arrangements.

The Group's investment in 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 12), investment properties (see Note 17), investment in joint ventures (see Note 16), goodwill (see Note 15), intangible assets (see Note 15) and biological assets at cost (see Note 14).

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.

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

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.

Pension Costs
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 or assets, even if that right is not explicitly specified in an arrangement.

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.

Cost and Expenses
Cost and 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. Cost and expenses are recognized when incurred.

Foreign Currency Translation/Transactions
The functional and presentation currency of the Parent Company and its Philippine 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 and balances
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 income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in statement of 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.

Group companies
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 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 under ‘other comprehensive income’. 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 changes in equity. 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 statement of income for the year in accordance with PFRS.

Treasury Shares
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.

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 income 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, 2014
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 2014 for adoption in fiscal year ending September 30, 2015

- PAS 19, *Employee Benefits- Defined Benefit Plans: Employee Contributions (Amendments)*
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The Group does not expect that adoption of the amendments in PAS 19 will have material financial impact in future financial statements.

Annual Improvements to PFRS (2010-2012 cycle)
The Annual Improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9, *Financial Instruments* (or PAS 39, *Financial Instruments: Recognition and Measurement,* if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's statement of financial position or statement of income.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's statement of financial position or statement of income.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of the Company for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's statement of financial position or statement of income.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's statement of financial position or statement of income.

Annual Improvements to PFRS (2011-2013 cycle)
The Annual Improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's statement of financial position or statement of income.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's statement of financial position or statement of income.

<u>*Effective subsequent to September 30, 2015*</u>

- PFRS 9, *Financial Instruments* - Classification and Measurement (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, Financial Instruments: Recognition and Measurement. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

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:

Going concern
The Group's management has made an assessment on the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared under the going concern basis.

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

Operating lease commitments - Group as lessee
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.

Operating lease commitments - Group as lessor
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.

Finance lease commitments - Group as 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.

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 Company 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 Company; 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 financial assets
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 2014, 2013 and 2012. As of September 30, 2014 and 2013, the carrying value of AFS equity investments amounted to ₱21.7 million (see Note 13).

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' in the consolidated statements of income) amounted to ₱13.2 million in 2014, ₱0.2 million in 2013 and nil in 2012. The Group recovered impaired receivables amounting to nil and ₱0.6 million in 2014 and 2013, respectively. Total receivables, net of allowance for impairment losses, amounted to ₱9.3 billion and ₱8.5 billion as of September 30, 2014 and 2013, respectively (see Note 9).

Determination of NRV of inventories
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 ₱377.6 million, ₱726.1 million and ₱640.4 million in 2014, 2013 and 2012, respectively (see Note 10).

The Group recognized impairment losses on its inventories amounting to ₱103.9 million, ₱28.7 million and nil in 2014, 2013 and 2012, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱15.1 billion and ₱11.0 billion for September 30, 2014 and 2013, respectively (see Note 10).

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, 2014 and 2013, the balances of the Group's depreciable property, plant and equipment, biological assets and investment properties follow:

	2014	2013
Property, plant and equipment - net (Note 12)	**₱24,936,586,545**	₱23,379,269,976
Biological assets - breeders (Note 14)	**455,817,612**	483,025,181
Investment properties - net (Note 17)	**57,175,938**	60,833,725

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, 2014 and 2013, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱1.6 billion and ₱1.4 billion, respectively (see Note 14). Gains arising from changes in the fair market value of biological assets amounted to ₱183.0 million, and ₱69.9 million in 2014 and, 2013, respectively (see Note 14). Losses arising from changes in the fair market value of biological assets amounted to ₱15.5 million in 2012.

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 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 2014 and 2013, the Group did not recognize any impairment losses on its property, plant and equipment (see Note 12) and its trademark (see Note 15). In 2014 and 2013, the Group recognized impairment losses on its goodwill (included under ‘Impairment losses’ on the consolidated statements of income) amounting to ₱5.2 million and nil, respectively (see Note 15).

As of September 30, 2014 and 2013, the balances of the Group’s nonfinancial assets, net of accumulated depreciation, amortization and impairment losses follow:

	2014	2013
Property, plant and equipment (Note 12)	**₱34,407,755,976**	₱30,180,400,059
Goodwill (Note 15)	**793,415,185**	798,627,776
Intangible assets (Note 15)	**475,000,000**	475,000,000
Biological assets at cost (Note 14)	**122,829,660**	172,262,355
Investment in a joint venture (Note 16)	**441,223,735**	85,384,000
Investment properties (Note 17)	**57,175,938**	60,833,725

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, 2014 and 2013, the balances of the Group’s net pension liability and other employee benefits follow:

	2014	2013	2012
Net pension liability (Note 31)	**₱262,167,555**	₱604,417,551	₱371,096,589
Other employee benefits (Note 28)	**1,100,013,481**	844,508,937	856,708,522

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 31.

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, 2014 and 2013, the Group recognized deferred tax assets amounting to ₱549.4 million and ₱652.3 million, respectively (see Note 32), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₱59.6 million as of September 30, 2014. Net deferred tax assets amounted to ₱168.0 million as of September 30, 2013 (see Note 32).

As of September 30, 2014 and 2013, 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 35).

As of September 30, 2014 and 2013, the total amount of unrecognized deferred tax assets of the Group amounted to ₱63.3 million and ₱153.1 million, respectively (see Note 32).

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 financial assets, 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 subsidiaries 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.

Risk Management Structure
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.

Corporate Governance Compliance Officer
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.

Enterprise Resource Management (ERM) Framework
The Parent Company's BOD is also responsible for establishing and maintaining a sound risk management framework and is accountable for risks taken by the Parent Company. The Parent Company's BOD also shares the responsibility with the ERMG in promoting the risk awareness program enterprise-wide.

The ERM framework revolves around the following eight interrelated risk management approaches:

1. Internal Environmental Scanning. It involves the review of the overall prevailing risk profile of the business unit to determine how risks are viewed and addressed by management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the Group.
2. Objective Setting. The Group's BOD mandates the business unit's management to set the overall annual targets through strategic planning activities, in order to ensure that management has a process in place to set objectives which are aligned with the Group's goals.
3. Event Identification. It identifies both internal and external events affecting the Group's set targets, distinguishing between risks and opportunities.
4. Risk Assessment. The identified risks are analyzed relative to the probability and severity of potential loss which serves as a basis for determining how the risks should be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's attention, and risks which may materially weaken the Group's earnings and capital.
5. Risk Response. The Group's BOD, through the oversight role of the ERMG, approves the business unit's responses to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.
6. Control Activities. Policies and procedures are established and approved by the Group's BOD and implemented to ensure that the risk responses are effectively carried out enterprise-wide.
7. Information and Communication. Relevant risk management information are identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.
8. Monitoring. The ERMG, Internal Audit Group, Compliance Office and Business Assessment Team constantly monitor the management of risks through risk limits, audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

Risk management support groups
The Group's BOD created the following departments within the Group to support the risk management activities of the Parent Company and the other business units:

1. Corporate Security and Safety Board (CSSB). Under the supervision of ERMG, the CSSB administers enterprise-wide policies affecting physical security of assets exposed to various forms of risks.
2. Corporate Supplier Accreditation Team (CORPSAT). Under the supervision of ERMG, the CORPSAT administers enterprise-wide procurement policies to ensure availability of supplies and services of high quality and standards to all business units.
3. Corporate Management Services (CMS). The CMS is responsible for the formulation of enterprise-wide policies and procedures.
4. Corporate Planning (CORPLAN). The CORPLAN is responsible for the administration of strategic planning, budgeting and performance review processes of business units.
5. Corporate Insurance Department (CID). The CID is responsible for the administration of the insurance program of business units concerning property, public liability, business interruption, money and fidelity, and employer compensation insurances, as well as, in the procurement of performance bonds.

Risk Management Policies
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 Corporate Accounts Receivable Monitoring Department (CARMD) 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 financial assets 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, 2014 and 2013, without considering the effects of collaterals and other credit risk mitigation techniques.

	2014	2013
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand amounting to ₱50.4 million and ₱46.0 million as of September 30, 2014 and 2013, respectively, see Note 7)	**₱10,025,858,152**	₱11,987,351,393
Receivables (Note 9):		
Trade receivables	**6,516,260,902**	5,643,670,497
Due from related parties	**1,447,647,173**	1,347,791,547
Advances to officers, employees and suppliers	**1,011,990,095**	927,354,662
Interest receivable	**8,026,469**	5,038,825
Other receivables	**335,277,064**	598,562,058
Total loans and receivables	**19,345,059,855**	20,509,768,982
Financial assets at FVPL (Note 8):		
Held-for-trading:		
Equity securities	**476,260,026**	413,732,312
AFS financial assets (Note 13):		
Equity securities:		
Quoted	**21,720,000**	21,720,000
	₱19,843,039,881	₱20,945,221,294

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, 2014 and 2013 before taking into account any collateral held or other credit enhancements are categorized by geographic location follows:

	2014					
	Philippines	**Asia**	**United States**	**Europe**	**Others***	**Total**
Loans and receivables:						
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱8,250,268,799**	**₱1,775,589,353**	**₱–**	**₱–**	**₱–**	**₱10,025,858,152**
Receivables (Note 9):						
Trade receivables	**3,835,384,742**	**2,657,848,738**	**12,833,312**	–	**10,194,110**	**6,516,260,902**
Due from related parties	**1,447,647,173**	–	–	–	–	**1,447,647,173**
Advances to officers, employees and suppliers	**684,164,665**	**327,825,430**	–	–	–	**1,011,990,095**
Interest receivable	**8,026,469**	–	–	–	–	**8,026,469**
Other receivables	**230,508,793**	**104,768,271**	–	–	–	**335,277,064**
Total loans and receivable	**14,456,000,641**	**4,866,031,792**	**12,833,312**	–	**10,194,110**	**19,345,059,855**
Financial assets at FVPL:						
Equity securities (Note 8):	**476,260,026**	–	–	–	–	**476,260,026**
AFS financial assets:						
Equity securities(Note 13)	**21,720,000**	–	–	–	–	**21,720,000**
	₱14,953,980,667	**₱4,866,031,792**	**₱12,833,312**	**₱–**	**₱10,194,110**	**₱19,843,039,881**

**Includes Brazil and Mexico.*

	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 (Note 9):						
Trade receivables	3,683,006,593	1,934,902,011	13,566,679	989,804	11,205,410	5,643,670,497
Due from related parties	1,347,791,547	–	–	–	–	1,347,791,547
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 (Note 8):	413,732,312	–	–	–	–	413,732,312
AFS financial assets:						
Equity securities(Note 13)	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.*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group’s financial assets as of September 30, 2014 and 2013 before taking into account any collateral held or other credit enhancements.

	2014						
	Manufacturing	**Financial Intermediaries**	**Petrochemicals**	**Tele-Communication**	**Mining**	**Others***	**Total**
Loans and receivables:							
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱–**	**₱10,025,858,152**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,025,858,152**
Receivables (Note 9):							
Trade receivables	**5,728,663,120**	–	**448,364,902**	–	–	**339,232,880**	**6,516,260,902**
Due from related parties	**319,429,680**	**37,778,902**	–	–	–	**1,090,438,591**	**1,447,647,173**
Advances to officers, employees and suppliers	**935,090,459**	–	–	–	–	**76,899,636**	**1,011,990,095**
Interest receivable	**380,245**	**7,646,224**	–	–	–	–	**8,026,469**
Other receivables	**220,803,816**	**153,855**	–	**13,567,446**	–	**100,751,947**	**335,277,064**
Total loans and receivables	**7,204,367,320**	**10,071,437,133**	**448,364,902**	**13,567,446**	–	**1,607,323,054**	**19,345,059,855**
Financial assets at FVPL:							
Equity securities (Note 8)	–	–	–	–	**646,817**	**475,613,209**	**476,260,026**
AFS financial assets:							
Equity securities (Note 13)	–	–	–	–	–	**21,720,000**	**21,720,000**
	₱7,204,367,320	**₱10,071,437,133**	**₱448,364,902**	**₱13,567,446**	**₱646,817**	**₱2,104,656,263**	**₱19,843,039,881**

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

	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 (Note 9):							
Trade receivables	4,926,743,091	39,597,965	464,450,260	–	–	212,879,181	5,643,670,497
Due from related parties	96,011,405	37,068,898	–	–	–	1,214,711,244	1,347,791,547
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 financial assets:							
Equity securities (see Note 13)	–	–	–	–	–	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.*

c. Credit quality per class of financial assets

The tables below show the credit quality by class of financial assets as of September 30, 2014 and 2013, gross of allowance for impairment losses:

	2014				
	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)	**10,025,858,152**	**–**	**–**	**–**	**10,025,858,152**
Receivables (Note 9):					
Trade receivables	**5,237,156,542**	**532,153,576**	**144,403,370**	**790,105,136**	**6,703,818,624**
Due from related parties	**1,447,647,173**	**–**	**–**	**–**	**1,447,647,173**
Advances to officers, employees and suppliers	**347,674,299**	**602,085,823**	**8,822,306**	**73,054,349**	**1,031,636,777**
Interest receivable	**8,026,469**	**–**	**–**	**–**	**8,026,469**
Other receivables	**72,312,328**	**115,916,485**	**75,748,013**	**240,383,014**	**504,359,840**
Total loans and receivables	**17,138,674,963**	**1,250,155,884**	**228,973,689**	**1,103,542,499**	**19,721,347,035**
Financial assets at FVPL (Note 8):					
Equity securities	**476,260,026**	**–**	**–**	**–**	**476,260,026**
AFS financial assets:					
Equity securities (Note 13)	**21,720,000**	**–**	**–**	**–**	**21,720,000**
	17,636,654,989	**1,250,155,884**	**228,973,689**	**1,103,542,499**	**20,219,327,061**

	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 (Note 9):					
Trade receivables	4,154,442,985	897,563,794	62,446,954	735,828,551	5,850,282,284
Due from related parties	1,347,791,547	–	–	–	1,347,791,547
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 (Note 8):					
Equity securities	413,732,312	–	–	–	413,732,312
AFS financial assets:					
Equity securities (Note 13)	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

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, 2014 and 2013 are as follows:

<u>As of September 30, 2014</u>

	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	**₱137,298,058**	**₱92,711,054**	**₱40,910,530**	**₱331,627,772**	**₱187,557,722**	**₱790,105,136**
Advances to officers, employees and suppliers	**7,409,140**	**4,445,031**	**202,818**	**41,350,678**	**19,646,682**	**73,054,349**
Others	**42,942,969**	**8,884,823**	**192,570**	**19,279,876**	**169,082,776**	**240,383,014**
Balances at end of year	**₱187,650,167**	**₱106,040,908**	**₱41,305,918**	**₱392,258,326**	**₱376,287,180**	**₱1,103,542,499**

<u>As of September 30, 2013</u>

	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

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, 2014 and 2013 based on the remaining undiscounted contractual cash flows.

	2014				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	**₱1,444,986,811**	**₱8,636,726,908**	**₱–**	**₱–**	**₱ 10,081,713,719**
Receivables:					
Trade receivables	**3,329,329,384**	**3,186,931,518**	–	–	**6,516,260,902**
Due from related parties	**1,447,647,173**	–	–	–	**1,447,647,173**
Advances to officers, employees and suppliers	**268,953,399**	**674,403,930**	**68,632,766**	–	**1,011,990,095**
Interest receivable	–	**8,026,469**	–	–	**8,026,469**
Other receivables	**247,470,102**	**50,333,552**	**37,473,410**	–	**335,277,064**
Total loans and receivables	**6,738,386,869**	**12,556,422,377**	**106,106,176**	–	**19,400,915,422**

(Forward)

	2014				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Financial assets at FVPL:					
Equity securities	**₱476,260,026**	**₱–**	**₱–**	**₱–**	**₱476,260,026**
AFS financial assets:					
Equity securities	**21,720,000**	**–**	**–**	**–**	**21,720,000**
	₱7,236,366,895	**₱12,556,422,377**	**₱106,106,176**	**₱–**	**₱19,898,895,448**
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and other accrued liabilities:					
Trade payable and accrued expenses	**₱5,001,928,540**	**₱5,773,851,880**	**₱151,496,789**	**₱–**	**₱10,927,277,209**
Due to related parties	**69,385,015**	**–**	**–**	**–**	**69,385,015**
Short-term debt	**–**	**4,348,431,109**	**–**	**–**	**4,348,431,109**
Trust receipts and acceptances payable	**75,291,275**	**2,255,008,961**	**2,107,074,035**	**–**	**4,437,374,271**
	₱5,146,604,830	**₱12,377,291,950**	**₱2,258,570,824**	**₱–**	**₱19,782,467,604**

	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	₱1,856,784,313	₱10,183,805,492	₱–	₱–	₱12,040,589,805
Receivables:					
Trade receivables	2,054,658,145	3,339,189,516	249,822,836	–	5,643,670,497
Due from related parties	1,347,791,547	–	–	–	1,347,791,547
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 loans and receivables	5,884,769,234	14,314,758,715	363,479,445	–	20,563,007,394
Financial assets at FVPL:					
Equity securities	413,732,312	–	–	–	413,732,312
AFS financial assets:					
Equity securities	21,720,000	–	–	–	21,720,000
	₱6,320,221,546	₱14,314,758,715	₱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
	₱1,930,072,392	₱4,855,467,957	₱6,931,615,314	₱–	₱13,717,155,663

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, 2014, 2013 and 2012, approximately 25.7%, 27.2% and 28.3% of the Group's total sales are denominated in currencies other than the functional currency. In addition, 50.48% and 55.07% of the Group's debt is denominated in US Dollar as of September 30, 2014 and 2013, 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:

	2014			
	NZ Dollar	**US Dollar**	**Other**	**Total**
Assets				
Cash and cash equivalents	**₱–**	**₱4,162,931,749**	**₱–**	**₱4,162,931,749**
Receivables	**–**	**307,058,458**	**–**	**307,058,458**
	–	**4,469,990,207**	**–**	**4,469,990,207**
Liabilities				
Accounts payable and other accrued liabilities	**–**	**–**	**32,292,224**	**32,292,224**
Short-term debt	**3,496,301,000**	**–**	**831,689,825**	**4,327,990,825**
Trust Receipts	**–**	**4,412,695,949**	**–**	**4,412,695,949**
	3,496,301,000	**4,412,695,949**	**863,982,049**	**8,772,978,998**
Net Foreign Currency-Denominated Assets (Liabilities)	**(₱3,496,301,000)**	**₱57,294,258**	**(₱863,982,049)**	**(₱4,302,988,791)**

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

	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 (Liabilities)	₱–	₱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

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, 2014 and 2013:

	2014	
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	**US Dollar**	**NZ Dollar**
₱5.00	**₱6,383,761**	**(₱499,999,870)**
(5.00)	**(6,383,761)**	**499,999,870**

	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)	–

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, 2014 and 2013 are deemed immaterial. As of September 30, 2014 and 2013, 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 US dollar-denominated financial assets and liabilities were ₱44.88 to US$1.00 and ₱43.54 to US$1.00 as of September 30, 2014 and 2013, respectively. The exchange rates used to restate the NZ dollar-denominated financial liabilities were ₱34.96 to NZ$1.00 as of September 30, 2014.

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 2014, 2013 and 2012, 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 ₱4.8 million, ₱4.1 million and ₱20.2 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 as of September 30, 2014 and 2013. 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, 2014 and 2013, 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:

2014									
	<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:									
New Zealand Dollar Loan	**NZD100,000,000**	**NZD–**	**NZD–**	**NZD–**	**NZD–**	**NZD100,000,000**	**3,496,301,000**	**–**	**3,496,301,000**
Interest rate	**4.75%**								
Thailand Baht loans	**THB600,800,000**	**THB–**	**THB–**	**THB–**	**THB–**	**THB600,800,000**	**831,689,825**	**–**	**831,689,825**
Interest rate	**2.62%**								
Trust receipt and acceptances payable	**USD98,333,057**	**USD–**	**USD–**	**USD–**	**USD–**	**USD98,333,057**	**4,412,695,949**	**–**	**4,412,695,949**
Interest rate	**0.925% to 1.003%**								
							8,740,686,774	**–**	**8,740,686,774**

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

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 2014, 2013 and 2012:

	2014			
	Reasonably Possible Changes in:			
	Interest rates		**Market prices**	
Changes in:	**1.5%**	**(1.5%)**	**1.5%**	**(1.5%)**
Income Before Income Tax	**–**	**–**	**₱–**	**₱–**
Equity	**–**	**–**	**–**	**–**

	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

5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability 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.

Biological assets
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.

Investment properties
Fair value of investment properties are based on cost method. Under this approach, an estimate is made of the current Cost of Replacement, New of the buildings and other land improvements in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional, and economic obsolescence based on personal inspection of the buildings and other land improvements and in comparison with similar new properties.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, based on the analysis of the buildings and other land improvements by breaking them down into major components such as foundation, columns, beams, floorings, wall, roofing, and others using workable units as lineal meter, square meter, and other appropriate basic unit. Equally given importance are the interior finishes. Bills of quantities for each building component using the appropriate basic unit are prepared and related to the unit cost for each component developed based on current market prices.

The Group has determined that the highest and best use of the building and building improvement classified as investment properties is its current use.

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).

	2014				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair value**
Assets measured at fair value					
Financial assets at FVPL:					
Quoted equity securities	**₱476,260,026**	**₱476,260,026**	**₱–**	**₱–**	**₱476,260,026**
AFS financial assets					
Quoted equity securities	**21,720,000**	**21,720,000**	**–**	**–**	**21,720,000**
Biological assets	**1,611,292,270**	**–**	**1,611,292,270**	**–**	**1,611,292,270**
Assets for which fair values are disclosed					
Investment properties	**57,175,938**	**–**	**–**	**232,236,000**	**232,236,000**
	₱2,166,448,234	**₱497,980,026**	**₱1,611,292,270**	**₱232,236,000**	**₱2,341,508,296**

	2013				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
Assets measured at fair value					
Financial assets at FVPL:					
Quoted equity securities	₱413,732,312	₱413,732,312	–	–	₱413,732,312
AFS financial assets					
Quoted equity securities	21,720,000	21,720,000	–	–	21,720,000
Biological assets	1,391,798,109	–	1,391,798,109	–	1,391,798,109
Assets for which fair values are disclosed					
Investment properties	60,833,725	–	–	192,365,000	192,365,000
	₱1,888,084,146	₱435,452,312	₱1,391,798,109	₱192,365,000	₱2,019,615,421

In 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements. Non-financial assets determined under Level 3 include investment properties. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Description of significant unobservable inputs to valuation:

Account	**Valuation Technique**	**Significant Unobservable Inputs**
Investment properties	Cost method	Replacement cost and depreciation for improvements

Significant increases (decreases) in adjustments for replacement cost and depreciation for improvements would result in a significantly higher (lower) fair value of the properties.

Significant Unobservable Inputs

Replacement cost	Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials.
Depreciation	Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings.

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 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 gains or 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, 2014, 2013, and 2012.

The Group's business segment information follows:

	2014					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
	(In Thousands)					
Sale of Goods and Services						
Third party	₱77,233,787	₱8,203,015	₱6,939,495	₱–	₱–	₱92,376,297
Inter-segment	9,350,272	4,152,627	6,007,458		(19,510,357)	–
	₱86,584,059	₱12,355,642	₱12,946,953	₱–	(₱19,510,357)	₱92,376,297
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱13,999,723	₱1,355,412	₱3,713,909	(₱1,064,563)	₱–	₱18,004,481
Depreciation and amortization (Note 27)	(2,901,342)	(288,632)	(622,207)	(73,129)	–	(3,885,310)
Earnings before interest and income tax (EBIT)	₱11,098,381	₱1,066,780	₱3,091,702	(₱1,137,692)	₱–	₱14,119,171
Finance revenue (Note 29)	₱80,939	₱103	₱1,766	₱146,053	₱–	228,861
Finance costs (Notes 19, 21 and 30)	(₱86,234)	(₱9,595)	(₱27,861)	(₱26,720)	₱–	(150,410)
Equity in net income of a joint venture (Note 16)	₱–	₱–	₱–	₱14,090	₱–	14,090
Market valuation gain on financial assets at FVPL (Note 8)	₱–	₱–	₱–	₱62,526	₱–	62,526
Impairment losses and others						(122,272)
Other expenses*						75,550
Income before income tax						14,227,516
Provision for income tax (Note 32)						(2,572,224)
Net income						₱11,655,292
Other Information						
Total assets	48,682,573	5,621,741	11,171,001	12,445,892	–	77,921,207
Total liabilities	10,465,748	2,896,084	4,185,517	4,346,862	–	21,894,211
Capital expenditures (Note 12)	4,302,565	292,088	2,823,549	278,747	–	7,696,949
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (Note 9)	₱7,216	₱1,296	₱–	₱4,671	₱–	₱13,183
Inventories (Note 10)	97,608	–	6,268	–	–	103,876
Goodwill (Note 15)	5,213	–	–	–	–	5,213
	₱110,037	₱1,296	₱6,268	₱4,671	₱–	₱122,272

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

	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	5,178,254	–	(15,356,323)	–
	₱72,054,610	₱10,917,304	₱13,379,625	₱–	(₱15,356,323)	₱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 (Note 27)	(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 (Note 29)	₱48,067	₱173	₱2,221	₱479,179	₱–	529,640
Finance costs (Notes 19, 21 and 30)	(₱41,649)	(₱11,187)	(₱41,999)	(₱171,198)	₱–	(266,033)
Equity in net income of a joint venture (Note 16)	₱–	₱–	₱–	₱19,245	₱–	19,245
Market valuation gain on financial assets at FVPL (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 (Note 32)						(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 (Note 12)	₱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 (Note 9)	₱–	₱–	₱205	₱–	₱–	₱205
Inventories (Note 10)	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					
	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	3,899,486	–	(12,878,115)	–
	₱61,820,419	₱10,785,079	₱11,474,295	₱–	(₱12,878,115)	₱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 (Note 27)	(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 (Note 29)	₱32,443	₱179	₱1,007	₱1,196,100	₱–	1,229,729
Finance costs (Notes 19, 21 and 30)	(₱22,258)	(₱45,766)	(₱82,400)	(₱542,850)	₱–	(693,274)
Equity in net income of a joint venture (Note 16)	₱–	₱–	₱–	₱31,172	₱–	31,172
Market valuation gain on financial assets at FVPL (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 (Note 32)						(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 (Note 12)	₱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 (Note 12)	₱7,651	₱–	₱–	₱–	₱–	₱7,651
Other intangibles assets (Note 15)	190,224	–	–	–	–	190,224
	₱197,875	₱–	₱–	₱–	₱–	₱197,875

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

Inter-segment Revenues
Inter-segment 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:

	2014	2013	2012
		(In Thousands)	
Domestic	**₱68,600,627**	₱58,941,454	₱51,044,862
Foreign	**23,775,670**	22,053,762	20,156,816
	₱92,376,297	₱80,995,216	₱71,201,678

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:

	2014	2013	2012
		(In Thousands)	
Domestic	**₱24,686,271**	₱21,429,562	₱20,583,499
Foreign	**12,552,812**	11,128,556	9,624,279
	₱37,239,083	₱32,558,118	₱30,207,778

7. Cash and Cash Equivalents

	2014	2013
Cash on hand	**₱50,364,931**	₱45,957,188
Cash in banks	**1,394,733,314**	1,810,827,125
Short-term investments	**8,631,124,838**	10,176,524,268
	₱10,076,223,083	₱12,033,308,581

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 1.0% to 4.0%, 1.4% to 2.1%, and 1.2% to 3.9% in 2014, 2013 and 2012, respectively.

8. Financial Assets at Fair Value Through Profit or Loss

This account consists of investments held-for-trading amounting to ₱476.3 million and ₱413.7 million in 2014 and 2013, respectively. Investments held-for-trading consists of quoted equity securities issued by certain domestic and foreign entities.

The Group reported net market valuation gains on financial assets at FVPL of ₱62.5 million, ₱473.3 million and ₱1.5 billion in 2014, 2013, and 2012, respectively. Breakdown of the market valuation gains per class of investment follows:

	2014	2013	2012
Equity securities	**₱62,525,954**	₱226,425,612	₱669,815,481
Private bonds	**–**	241,882,525	855,860,481
Government securities	**–**	4,992,765	22,815,585
	₱62,525,954	₱473,300,902	₱1,548,491,547

Interest income earned from private bonds amounted to nil, ₱170.5 million and ₱531.0 million in 2014, 2013, and 2012, respectively. Interest income from government securities amounted to nil, ₱3.7 million and ₱11.0 million in 2014, 2013, and 2012, respectively (see Note 29).

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. Receivables

	2014	2013
Trade receivables (Note 34)	**₱6,703,818,624**	₱5,850,282,284
Due from related parties (Note 34)	**1,447,647,173**	1,347,791,547
Advances to officers, employees and suppliers	**1,031,636,777**	947,001,344
Interest receivable	**8,026,469**	5,038,825
Others	**504,359,840**	767,644,834
	9,695,488,883	8,917,758,834
Less allowance for impairment losses	**376,287,180**	395,341,245
	₱9,319,201,703	₱8,522,417,589

Others include receivables from URC Retirement Plan amounting to ₱55.9 million and ₱492.0 million as of September 30, 2014 and 2013, respectively (see Note 31).

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

	2014			
	Individual Assessment		**Collective Assessment**	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Total**
Balances at beginning of year	**₱193,050,496**	**₱188,729,458**	**₱13,561,291**	**₱395,341,245**
Provision for impairment losses	**13,183,568**	**–**	**–**	**13,183,568**
Recovery/accounts written-off	**(32,237,633)**	**–**	**–**	**(32,237,633)**
Balances at end of year	**₱173,996,431**	**₱188,729,458**	**₱13,561,291**	**₱376,287,180**

	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

Allowance for impairment losses on other receivables includes impairment losses for advances to officers, employees and suppliers and other receivables, amounting to ₱19.6 million and ₱169.1 million respectively, as of September 30, 2014 and 2013.

10. **Inventories**

	2014	2013
At cost:		
Raw materials	**₱8,157,810,158**	₱5,503,790,724
Finished goods	**2,992,767,154**	2,145,519,999
	11,150,577,312	7,649,310,723
At NRV:		
Goods in-process	**720,606,320**	506,118,859
Containers and packaging materials	**1,610,001,186**	1,510,714,463
Spare parts and supplies	**1,647,838,019**	1,321,077,007
	3,978,445,525	3,337,910,329
	₱15,129,022,837	₱10,987,221,052

Under the terms of the agreements covering liabilities under trust receipts totaling ₱4.4 billion and ₱2.4 billion as of September 30, 2014 and 2013, respectively, certain inventories have been released to the Group in trust for the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds.

Inventory obsolescence, market decline and mark down amounted to ₱377.6 million, ₱726.1 million and ₱640.4 million in 2014, 2013 and 2012, respectively.

The Group recognized impairment losses on its inventories amounting to ₱103.9 million, ₱28.7 million and nil in 2014, 2013 and 2012, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱15.1 billion and ₱11.0 billion for September 30, 2014 and 2013, respectively.

The Group's raw materials used, which include raw materials and container and packaging materials inventory, (presented under the 'Cost of sales' in the consolidated statements of income), amounted to ₱46.8 billion, ₱43.8 billion, and ₱40.2 billion in 2014, 2013, and 2012, respectively (see Note 24).

11. Other Current Assets

	2014	2013
Deposit held in escrow	**₱3,516,223,391**	₱–
Input value-added tax (VAT)	**253,243,925**	194,290,841
Prepaid expenses	**207,531,972**	173,812,930
	₱3,976,999,288	₱368,103,771

Deposit held in escrow pertains to the NZ$100.0 million initial deposit for the purchase of New Zealand Snack Food Holdings Limited (NZSFHL) as specified under the terms of the Sale and Purchase Agreement (SPA) (see Note 38). Subject to the terms and conditions of the SPA, the deposit will be released to the seller upon completion date. This also includes interest income amounting to ₱20.5 million (see Note 29).

Prepaid expenses include prepaid insurance amounting to ₱110.2 million and ₱77.9 million in 2014 and 2013, respectively, and prepaid rent amounting to ₱23.6 million and ₱38.1 million in 2014 and 2013, respectively.

12. Property, Plant and Equipment

	2014				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances at beginning of year	**₱2,595,932,120**	**₱1,501,394,337**	**₱11,121,880,789**	**₱41,601,335,738**	**₱56,820,542,984**
Additions (Note 6)	**184,605,447**	**186,155,820**	**554,505,944**	**2,035,803,201**	**2,961,070,412**
Disposals, reclassifications and other adjustments	**59,161,369**	**(137,103,939)**	**(974,155,900)**	**2,901,155,720**	**1,849,057,250**
Balances at end of year	**2,839,698,936**	**1,550,446,218**	**10,702,230,833**	**46,538,294,659**	**61,630,670,646**
Accumulated Depreciation, Amortization and Impairment Losses					
Balances at beginning of year	–	**537,293,236**	**4,739,023,663**	**27,260,614,161**	**32,536,931,060**
Depreciation and amortization (Note 6)	–	**65,113,676**	**533,520,120**	**2,919,887,547**	**3,518,521,343**
Disposals, reclassifications and other adjustments	–	**(194,618,576)**	**(1,072,202,873)**	**1,045,054,996**	**(221,766,453)**
Balances at end of year	–	**407,788,336**	**4,200,340,910**	**31,225,556,704**	**35,833,685,950**
Net Book Value	**₱2,839,698,936**	**₱1,142,657,882**	**₱6,501,889,923**	**₱15,312,737,955**	**₱25,796,984,696**

	2014				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balances at beginning of year	**₱2,196,774,715**	**₱2,172,567,195**	**₱3,059,979,173**	**₱1,145,218,790**	**₱65,395,082,857**
Additions (Note 6)	**78,840,899**	**218,112,392**	**3,505,954,893**	**932,970,178**	**7,696,948,774**
Disposals, reclassifications and other adjustments	**(449,037,223)**	**288,393,432**	**(2,423,574,712)**	**410,922,173**	**(324,239,080)**
Balances at end of year	**1,826,578,391**	**2,679,073,019**	**4,142,359,354**	**2,489,111,141**	**72,767,792,551**
Accumulated Depreciation, Amortization and Impairment Losses					
Balances at beginning of year	**1,470,171,400**	**1,207,580,338**	–	–	**35,214,682,798**
Depreciation and amortization (Note 6)	**127,834,024**	**235,297,142**	–	–	**3,881,652,509**
Disposals, reclassifications and other adjustments	**(307,109,018)**	**(207,423,261)**	–	–	**(736,298,732)**
Balances at end of year	**1,290,896,406**	**1,235,454,219**	–	–	**38,360,036,575**
Net Book Value	**₱535,681,985**	**₱1,443,618,800**	**₱4,142,359,354**	**₱2,489,111,141**	**₱34,407,755,976**

	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 (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 (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 (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 (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

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 2014 and 2013, the Group did not recognize any impairment losses on its machinery and equipment. In 2012, the Group recognized impairment losses on its machinery and equipment amounting to ₱7.7 million (included under 'Impairment losses' in the consolidated statements of income).

Borrowing Costs
No borrowing costs have been capitalized as property, plant and equipment under construction as of 2014 and 2013.

Depreciation
The breakdown of consolidated depreciation and amortization of property, plant and equipment follows (see Note 27):

	2014	2013	2012
Cost of sales (Notes 24 and 27)	**₱3,574,535,758**	₱3,395,233,450	₱3,216,808,941
Selling and distribution costs (Notes 25 and 27)	**90,656,884**	83,892,540	86,640,875
General and administrative expenses (Notes 26 and 27)	**216,459,871**	138,819,599	111,920,065
	₱3,881,652,513	₱3,617,945,589	₱3,415,369,881

Collateral
As of September 30, 2014 and 203, the Group has no property and equipment that are pledged as collateral.

13. **Available-for-Sale Financial Assets**

This account consists of equity securities amounting to ₱21.7 million as of September 30, 2014 and 2013.

Interest income recognized from private bonds amounted to nil, ₱58.1 million and ₱202.6 million in 2014, 2013 and 2012, respectively. Interest income from government bonds amounted to nil, ₱36.7 million and ₱130.7 million in 2014, 2013 and 2012, respectively (see Note 29).

In 2014, no unrealized gain or loss was recognized on these securities as the carrying amounts approximate their fair values. In 2013, movements in the net unrealized gain on AFS financial assets follow:

Balance at beginning of year	₱650,504,738
Net changes shown in other comprehensive income (Note 23):	
Fair value changes during the period	110,370,180
Fair value changes taken to profit and loss upon sale of AFS investments	(760,874,918)
	(650,504,738)
Balance at end of year	₱–

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 financial assets amounted to ₱680.7 million.

14. **Biological Assets**

	2014						
	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	**₱464,201,910**	**₱1,001,731,932**	**₱1,465,933,842**	**₱185,254,463**	**₱79,303,351**	**₱264,557,814**	**₱1,730,491,656**
Additions	**162,192,202**	**2,781,511,798**	**2,943,704,000**	**168,931,820**	**56,633,538**	**225,565,358**	**3,169,269,358**
Disposal	**(169,709,436)**	**(2,726,636,231)**	**(2,896,345,667)**	**(224,060,712)**	**(88,628,526)**	**(312,689,238)**	**(3,209,034,905)**
Balances at end of year	**456,684,676**	**1,056,607,499**	**1,513,292,175**	**130,125,571**	**47,308,363**	**177,433,934**	**1,690,726,109**
Accumulated Depreciation							
Balances at beginning of year	**74,135,733**	**–**	**74,135,733**	**92,295,459**	**–**	**92,295,459**	**166,431,192**
Depreciation	**49,757,535**	**–**	**49,757,535**	**104,620,603**	**–**	**104,620,603**	**154,378,138**
Disposal	**(38,905,717)**	**–**	**(38,905,717)**	**(142,311,788)**	**–**	**(142,311,788)**	**(181,217,505)**
Balances at end of year	**84,987,551**	**–**	**84,987,551**	**54,604,274**	**–**	**54,604,274**	**139,591,825**
Gains arising from changes in fair value less estimated costs to sell	**8,599,190**	**174,388,456**	**182,987,646**	**–**	**–**	**–**	**182,987,646**
Net Book Value at End of Year	**₱380,296,315**	**₱1,230,995,955**	**₱1,611,292,270**	**₱75,521,297**	**₱47,308,363**	**₱122,829,660**	**₱1,734,121,930**

	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

Total biological assets shown in the consolidated statements of financial position follow:

	2014	2013
Current portion	**₱1,278,304,318**	₱1,081,035,283
Noncurrent portion	**455,817,612**	483,025,181
	₱1,734,121,930	₱1,564,060,464

The Group has about 259,117 and 240,579 heads of swine as of September 30, 2014 and 2013, respectively, and about 466,342 and 602,773 heads of poultry as of September 30, 2014 and 2013, respectively.

15. Goodwill and Intangible Assets

The composition and movements of goodwill follow:

	2014	2013
Cost		
Balances at beginning of year	**₱1,046,767,480**	₱1,046,767,480
Amounts written off	**(5,212,591)**	–
Balances at end of year	**1,041,554,889**	1,046,767,480
Accumulated Impairment Losses		
Balances at beginning and end of year	**248,139,704**	248,139,704
Net Book Value at End of Year	**₱793,415,185**	₱798,627,776

The Group's goodwill pertains to: (a) the acquisition of Advanson in December 2007 and (b) 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, and Advanson was translated at the applicable year-end exchange rate.

The composition of and movements of intangible assets follow:

	2014		
	Trademark	**Product Formulation**	**Total**
Cost			
Balances at beginning and end of year	**₱251,524,581**	**₱425,000,000**	**₱676,524,581**
Accumulated Amortization and Impairment Losses			
Balances at beginning and end of year	**201,524,581**	–	**201,524,581**
Net Book Value at End of Year	**₱50,000,000**	**₱425,000,000**	**₱475,000,000**

	2013		
	Trademark	Product Formulation	Total
Cost			
Balances at beginning and end of year	₱251,524,581	₱425,000,000	₱676,524,581
Accumulated Amortization and Impairment Losses			
Balances at beginning and end of year	201,524,581	–	201,524,581
Net Book Value at End of Year	₱50,000,000	₱425,000,000	₱475,000,000

Trademarks and product formulation were acquired from General Milling Corporation in 2008.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of September 30, 2014. The recoverable amounts of good will and other 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' in 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.

16. Investment in Joint Ventures

This account consists of:

	2014	2013
Acquisition Cost		
Balances at beginning of year	**₱1,250,000**	₱1,250,000
Additional investments	**360,250,000**	–
Balances at end of year	**361,500,000**	1,250,000
Accumulated Equity in Net Earnings		
Balances at beginning of year	**84,134,000**	94,889,053
Equity in net income during the year	**14,089,730**	19,244,938
Dividends received	**(18,499,995)**	(29,999,991)
Balances at end of year	**79,723,735**	84,134,000
Net Book Value at End of Year	**₱441,223,735**	₱85,384,000

Hunt-Universal Robina Corporation
The Parent Company has an equity interest in Hunt-Universal Robina Corporatin (HURC), a domestic joint venture which is a jointly controlled entity. HURC manufactures and distributes food products under the "Hunt's" brand name, which is under exclusive license to HURC in the Philippines.

Calbee-URC, Inc.
On January 17, 2014, the Parent Company entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee-URC, Inc. (CURCI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Calbee Jack 'n Jill" brand name, which is under exclusive license to CURCI in the Philippines.

Danone Universal Robina Beverages, Inc.
On May 23, 2014, the Parent Company entered into a joint venture agreement with Danone Asia Holdings Pte, Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the “B’lue” brand name, which is under exclusive license to DURBI in the Philippines.

The Parent Company’s percentage of ownership in its joint ventues and its related equity in the net assets are summarized below:

	Percentage of Ownership		Equity in Net Assets	
	2014	2013	**2014**	2013
			(In Millions)	
HURC	**50.0**	50.0	**₱84.3**	₱85.4
CURCI	**50.0**	–	**325.1**	–
DURBI	**50.0**	–	**31.8**	–

Summarized financial information in respect of the Group’s joint ventures as of September 30, 2014 and 2013 are presented below.

	HURC		CURCI		DURBI	
	2014	2013	**2014**	2013	**2014**	2013
			(Thousands)			
Current assets	**₱384,320**	₱494,373	**₱650,393**	₱–	**₱66,546**	₱–
Noncurrent assets	**1,467**	1,833	**–**	–	–	–
Current liabilities	**315,703**	424,188	**151**	–	**2,992**	–
Noncurrent liabilities	**529**	426	**–**	–	–	–
Revenue	**720,066**	662,500	**1,218**	–	**57**	–
Costs and expenses	**(673,644)**	(613,855)	**(4,975)**	–	**(3,003)**	–
Net income (loss)	**34,883**	40,847	**(3,758)**	–	**(2,946)**	–

The summarized financial information presented above represents amounts shown in the joint ventures’ financial statements prepared in accordance with PFRS.

<u>Investments in Subsidiaries</u>
As of September 30, 2014 and 2013, the Parent Company has the following percentage of ownership of shares in its wholly owned and partially owned subsidiaries as follows:

Subsidiaries	Country of Incorporation	Effective Percentages of Ownership 2014	2013
CCPI	Philippines	**100.00**	100.00
CFC Corporation	- do -	**100.00**	100.00
Bio-Resource Power Generation Corporation	- do -	**100.00**	100.00
NURC	- do -	**65.00**	65.00
URCPL	British Virgin Islands	**100.00**	100.00
URCICL and Subsidiaries*	- do -	**100.00**	100.00
URCL	Cayman Islands	**100.00**	100.00
URCCCL	China	**100.00**	100.00

The summarized financial information of subsidiaries with material non-controlling interest is provided below. This information is based on amounts before inter-company eliminations:

	2014	2013
	(In Thousands)	
Current assets	**₱1,083,215**	₱790,556
Noncurrent assets	**323,974**	308,757
Current liabilities	**907,181**	700,451
Noncurrent liabilities	**921,191**	713,052
Revenue	**2,433,507**	1,850,917
Costs and expenses	**(2,018,550)**	(1,560,458)
Net income	**299,157**	209,256

The percentage of equity interest held by non-controlling interest in subsidiaries with material non-controlling interest follows:

Name of Subsidiary	Country of incorporation and operation	**2014**	2013
NURC	Philippines	**65.00**	65.00

The accumulated non-controlling interest of the above subsidiary as of September 30, 2014 and 2013 amounted to ₱77.6 million and ₱50.8 million, respectively.

The profit or loss allocated to non-controlling interest of the above subsidiary for the year ended September 30, 2014, 2013 and 2012 amounted to ₱96.6 million ₱72.8 million, and ₱422.2 million, respectively.

17. Investment Properties

	2014	2013
Cost		
Balances at beginning and end of year	**₱107,947,364**	₱107,947,364
Accumulated Depreciation		
Balances at beginning of year	**47,113,639**	43,455,852
Depreciation	**3,657,787**	3,657,787
Balances at end of year	**50,771,426**	47,113,639
Net Book Value at End of Year	**₱57,175,938**	₱60,833,725

The investment properties consist of building, plant, and other land improvements which are made available for lease to certain related parties (see Note 34).

The aggregate fair value of the Group's investment properties amounted to ₱232.2 million and ₱192.4 million as of September 30, 2014 and 2013, respectively. The fair values of investment properties have been determined by qualified independent appraisers. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The current use of the investment properties represents its highest and best use.

Total rental income earned from investment properties (included under ‘Other income’ in the consolidated statements of income) amounted to ₱58.1 million, ₱59.7 million and ₱64.7 million in 2014, 2013 and 2012, respectively.

Direct operating expenses (included under ‘General and administrative expenses’ in the consolidated statements of income) arising from investment properties amounted to ₱0.9 million in 2014 and 2013, and ₱2.6 million in 2012.

Collateral

As of September 30, 2014 and 2013, the Group has no investment properties that are pledged as collateral.

18. Other Noncurrent Assets

	2014	2013
Input VAT	**₱272,121,814**	₱151,342,665
Deposits	**311,834,172**	282,471,618
Others	**24,738,247**	41,032,742
	₱608,694,233	₱474,847,025

19. Short-term Debt

	2014	2013
New Zealand Dollar denominated loan - with interest rate of 4.75% in 2014	**₱3,496,301,000**	₱–
Thai Baht denominated loans - with interest rates of 2.62% in 2014 and 3.03% to 3.85% in 2013	**831,689,825**	1,660,865,476
Chinese Yuan denominated loans - with interest rate of 4.80% in 2013	–	284,565,205
	₱4,327,990,825	₱1,945,430,681

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 ₱34.3 million and ₱3.2 million as of September 30, 2014 and 2013, respectively (see Note 20). Interest expense from the short-term debt amounted to ₱83.9 million, ₱81.3 million and ₱431.5 million in 2014, 2013 and 2012, respectively (see Note 30).

20. Accounts Payable and Other Accrued Liabilities

	2014	2013
Trade payables (Note 34)	**₱6,708,603,921**	₱6,554,240,441
Accrued expenses	**3,633,042,909**	2,247,821,024
Due to related parties (Note 34)	**69,385,015**	74,913,134
Customers' deposits	**370,977,913**	218,393,909
Advances from stockholders (Note 34)	**231,950,035**	229,985,437
Others	**232,078,710**	188,161,045
	₱11,246,038,503	₱9,513,514,990

Trade payables are noninterest-bearing and are normally settled on 30-60 day terms. Trade payables arise from purchases of inventories which include raw materials and indirect materials (i.e. packaging materials) and supplies, for use in manufacturing and other operations.

Customers' deposits represent downpayments for the sale of goods or performance of services which will be applied against accounts receivables upon delivery of goods or rendering of services.

As of September 30, 2014 and 2013, others include withholding taxes payable amounting to ₱130.4 million and ₱114.6 million, respectively.

The accrued expenses account consists of:

	2014	2013
Advertising and promotions	**₱2,647,344,022**	₱1,839,496,110
Freight and handling costs	**283,175,644**	136,011,568
Contracted services	**61,878,175**	42,052,442
Interest payable	**34,275,977**	3,234,034
Others	**606,369,091**	227,026,870
	₱3,633,042,909	₱2,247,821,024

As of September 30, 2014 and 2013, others include accrued utilities amounting to ₱215.9 million and ₱152.0 million, respectively.

21. 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.

22. Equity

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

	2014	2013	2012
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	2,181,501,933

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, 2014 and 2013:

		2014	2013	2012
(a)	Short-term debt (Note 19)	**₱4,327,990,825**	₱1,945,430,681	₱8,588,536,884
	Trust receipts payable (Note 10)	**4,412,695,949**	2,384,316,199	3,464,360,214
	Long-term debt (Note 21)	**–**	–	2,990,455,926
		₱8,740,686,774	₱4,329,746,880	₱15,043,353,024
(b)	Capital	**₱56,026,996,300**	₱50,830,029,642	₱46,364,528,461
(c)	Debt-to-capital ratio (a/b)	**0.16:1**	0.09:1	0.32:1

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, 2014 and 2013.

Retained Earnings
Accumulated equity in net earnings of the subsidiaries and associates
A portion of the Group's retained earnings corresponding to the net earnings of the subsidiaries and accumulated equity in net earnings of the associates and joint ventures amounting to ₱77.6 million and ₱50.8 million in September 30, 2014 and 2013, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon receipt of cash dividends from the investees.

Dividends
Details of the Group's dividend declarations follow:

	2014	2013	2012
Date of declaration	**February 6, 2014**	April 18, 2013	April 18, 2012
Dividend per share	**₱3.00**	₱2.40	₱1.90
Total dividends	**₱6.5 billion**	₱5.2 billion	₱3.9 billion
Date of record	**February 26, 2014**	May 10, 2013	May 8, 2012
Date of payment	**March 24, 2014**	June 6, 2013	June 1, 2012

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
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 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:

	2014	2013	2012
Balances at beginning of year	**₱670,386,034**	₱670,386,034	₱2,414,026,153
Sale during the year	**−**	−	(1,743,640,119)
Balances at end of year	**₱670,386,034**	₱670,386,034	₱670,386,034

The Parent Company has outstanding treasury shares of 46.1 million as of September 30, 2014, 2013 and 2012. 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, 2014, 2013 and 2012:

	2014	2013	2012
Common shares	**1,066**	1,085	1,110

23. Components of Other Comprehensive Income

	2014	2013	2012
Items to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments	**₱819,382,429**	₱601,100,078	₱142,947,365
Net unrealized gain on AFS financial assets (Note 13):			
Balances at beginning of year	**–**	650,504,738	257,038,710
Change in fair value during the period	**–**	110,370,180	446,319,850
Reclassification adjustment included in the profit or loss arising from disposal of AFS financial assets	**–**	(760,874,918)	(52,853,822)
Balances at end of year	**–**	–	650,504,738
	819,382,429	601,100,078	793,452,103
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans:			
Balances at beginning of year	**(609,472,681)**	(370,583,392)	(90,401,111)
Remeasurement losses on defined benefit plans during the year	**(89,006,406)**	(238,889,289)	(280,182,281)
Balances at end of year	**(698,479,087)**	(609,472,681)	(370,583,392)
Income tax effect	**209,543,727**	182,841,804	111,175,017
	(488,935,360)	(426,630,877)	(259,408,375)
	₱330,447,069	₱174,469,201	₱534,043,728

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

24. Cost of Sales

	2014	2013	2012
Raw materials used	**₱46,770,621,016**	₱43,817,028,459	₱40,177,314,934
Direct labor	**2,442,500,703**	2,063,484,958	2,028,691,748
Overhead costs	**15,853,990,814**	12,010,027,750	10,519,225,055
Total manufacturing costs	**65,067,112,533**	57,890,541,167	52,725,231,737
Goods in-process	**(214,487,461)**	(141,609,230)	87,162,924
Cost of goods manufactured	**64,852,625,072**	57,748,931,937	52,812,394,661
Finished goods	**(847,247,155)**	27,072,348	(81,840,267)
	₱64,005,377,917	₱57,776,004,285	₱52,730,554,394

Overhead costs are broken down as follows:

	2014	2013	2012
Utilities	**₱7,617,555,083**	₱5,204,472,840	₱4,138,653,789
Depreciation and amortization (Note 27)	**3,574,535,758**	3,395,233,450	3,216,808,941
Repairs and maintenance	**2,004,020,427**	1,462,403,873	1,445,307,713
Personnel expenses (Note 28)	**1,466,686,047**	1,321,879,981	1,213,493,075
Rental expense (Note 36)	**881,496,776**	393,609,271	221,551,914
Handling and delivery charges	**73,878,521**	56,480,317	58,187,875
Research and development	**73,139,925**	82,871,021	81,251,615
Others	**162,678,277**	93,076,997	143,970,133
	₱15,853,990,814	₱12,010,027,750	₱10,519,225,055

25. **Selling and Distribution Costs**

	2014	2013	2012
Advertising and promotions	**₱5,313,458,212**	₱5,127,544,573	₱4,001,355,991
Freight and other selling expenses	**4,992,463,143**	4,239,618,811	3,540,336,732
Personnel expenses (Note 28)	**1,108,922,133**	1,052,919,667	911,511,275
Repairs and maintenance	**94,303,151**	76,707,620	74,768,318
Depreciation and amortization (Note 27)	**90,656,884**	83,892,540	86,640,875
Other selling and distribution costs	**131,616,300**	65,697,804	82,263,177
	₱11,731,419,823	₱10,646,381,015	₱8,696,876,368

26. **General and Administrative Expenses**

	2014	2013	2012
Personnel expenses (Note 28)	**₱1,357,827,433**	₱1,063,694,395	₱991,808,246
Depreciation and amortization (Note 27)	**220,117,658**	142,477,386	115,577,860
Travel and transportation	**172,462,015**	270,853,622	232,534,644
Taxes, licenses and fees	**105,078,199**	110,542,170	84,868,260
Repairs and maintenance	**102,176,650**	94,336,606	33,161,801
Professional and legal fees	**84,146,493**	58,901,602	44,610,145
Security and contractual services	**64,308,796**	65,520,711	56,038,408
Utilities	**54,713,246**	47,490,740	43,696,135
Rental expense (Note 36)	**46,920,062**	48,774,294	33,839,986
Communication	**46,895,114**	45,289,786	41,513,708
Stationery and office supplies	**28,008,290**	29,185,129	26,052,378
Donations and contributions	**3,734,332**	101,705,353	4,319,541
Other expenses	**233,939,136**	215,011,056	216,674,739
	₱2,520,327,424	₱2,293,782,850	₱1,924,695,851

27. 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:

	2014	2013	2012
Cost of sales (Notes 12 and 24)	**₱3,574,535,758**	₱3,395,233,450	₱3,216,808,941
Selling and distribution costs (Notes 12 and 25)	**90,656,884**	83,892,540	86,640,875
General and administrative expenses (Notes 12, 15, 17, and 26)	**220,117,658**	142,477,386	115,577,860
	₱3,885,310,300	₱3,621,603,376	₱3,419,027,676

28. Personnel Expenses

	2014	2013	2012
Salaries and wages	**₱2,708,604,158**	₱2,491,067,248	₱2,180,367,474
Other employee benefits	**1,100,013,481**	844,508,937	856,708,522
Pension expense (Note 31)	**124,817,974**	102,917,858	79,736,600
	₱3,933,435,613	₱3,438,494,043	₱3,116,812,596

The breakdown of personnel expenses follows:

	2014	2013	2012
Cost of sales (Note 24)	**₱1,466,686,047**	₱1,321,879,981	₱1,213,493,075
Selling and distribution costs (Note 25)	**1,108,922,133**	1,052,919,667	911,511,275
General and administrative expenses (Note 26)	**1,357,827,433**	1,063,694,395	991,808,246
	₱3,933,435,613	₱3,438,494,043	₱3,116,812,596

29. Finance Revenue

	2014	2013	2012
Bank interest income	**₱191,054,204**	₱157,384,222	₱148,266,086
Interest income from an escrow fund (Note 11)	**20,466,995**	–	–
Dividend income	**16,151,434**	100,954,333	204,844,077
Interest income from investments in financial assets at FVPL (Note 8)	**–**	174,184,912	542,013,555
Interest income from AFS financial assets (Note 13)	**–**	94,805,348	333,262,515
Others	**1,188,200**	2,310,865	1,343,035
	₱228,860,833	₱529,639,680	₱1,229,729,268

30. **Finance Costs**

This account consists of finance costs arising from:

	2014	2013	2012
Short-term debt (Note 19)	**₱83,913,655**	₱81,339,791	₱431,509,913
Net interest on net defined liability (Note 31)	**27,684,710**	20,895,270	10,223,875
Long-term debt (Note 21)	**–**	129,907,337	205,774,105
Others	**38,811,613**	33,890,997	45,765,977
	₱150,409,978	₱266,033,395	₱693,273,870

31. **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, 2014.

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:

2014

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2013	**Current service cost**	**Net interest (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 2014**
Present value of defined benefit obligation	**₱2,000,367,577**	**₱120,714,565**	**₱91,216,762**	**₱211,931,327**	**(₱92,798,368)**	**₱–**	**₱120,590,546**	**₱–**	**(₱62,880,988)**	**₱57,709,558**	**₱–**	**₱2,177,210,094**
Fair value of plan assets	**(1,414,420,070)**	**–**	**(64,497,555)**	**(64,497,555)**	**92,798,368**	**31,688,507**	**–**	**–**	**–**	**31,688,507**	**(583,469,692)**	**(1,937,900,442)**
	₱585,947,507	**₱120,714,565**	**₱26,719,207**	**₱147,433,772**	**₱–**	**₱31,688,507**	**₱120,590,546**	**₱–**	**(₱62,880,988)**	**₱89,398,065**	**(₱583,469,692)**	**₱239,309,652**

2013

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2012	Current service cost	Net interest (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 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

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:

	2014	2013
Assets		
Cash and cash equivalents	**₱169,563,983**	₱234,003,697
Short-term notes receivable	**1,626,914,603**	1,638,936,627
Held-to-maturity investments	**103,777,014**	31,246,599
Interest receivable	**2,109,749**	2,276,406
Land	**91,448,525**	–
	1,993,813,874	1,906,463,329
Liabilities		
Accrued trust and management fees	**23,456**	22,092
Due to related party (Note 34)	**55,889,976**	492,021,167
	55,913,432	492,043,259
	₱1,937,900,442	₱1,414,420,070

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:

	2014	2013
Discount rate	**4.93%**	4.56%
Salary increase rate	**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%	(₱2,020,622,687)
	(1.00%)	2,359,216,529
Salary increase rate	1.00%	₱2,348,177,773
	(1.00%)	(2,026,795,708)

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

	Expected benefit payments
Less than one year	₱534,846,492
More than one year to five years	533,562,984
More than five years to 10 years	962,047,964
More than 10 years to 15 years	1,360,307,258
More than 15 years to 20 years	1,303,349,350
More than 20 years	2,690,106,921

The average duration of the defined benefit obligation at the end of the reporting period is 15.80 years.

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, 2014.

Changes in net defined benefit liability of funded funds of the Group's subsidiaries are as follows:

2014

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2013	**Current service cost**	**Net interest (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 2014**
Present value of defined benefit obligation	**₱29,803,972**	**₱4,103,409**	**₱1,557,219**	**₱5,660,628**	**₱–**	**₱–**	**(₱1,296,368)**	**₱–**	**₱386,043**	**(₱910,325)**	**₱–**	**₱34,554,275**
Fair value of plan assets	**(11,333,928)**	**–**	**(591,716)**	**(591,716)**	**–**	**229,272**	**–**	**–**	**–**	**229,272**	**–**	**(11,696,372)**
	₱18,470,044	**₱4,103,409**	**₱965,503**	**₱5,068,912**	**₱–**	**₱229,272**	**(₱1,296,368)**	**₱–**	**₱386,043**	**(₱681,053)**	**₱–**	**₱22,857,903**

2013

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2012	Current service cost	Net interest (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 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

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:

	2014	2013
Assets		
Cash and cash equivalents	**₱6,685,941**	₱8,890,602
Held-to-maturity investments	**4,957,202**	2,380,184
Interest receivable	**54,204**	64,086
	11,697,347	11,334,872
Liability		
Accrued trust and management fees	**975**	944
	₱11,696,372	₱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:

	2014	2013
Discount rate	**5.19% to 5.29%**	4.97% to 5.78%
Salary increase rate	**5.50%**	5.50%

The overall expected rate of return 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%	(₱29,357,362)
	(1.00%)	40,961,810
Salary increase rate	1.00%	₱40,674,952
	(1.00%)	(29,470,226)

Shown below is the maturity analysis of the Group's subsidiaries undiscounted benefit payments:

	Expected benefit payments
Less than one year	₱416,879
More than one year to five years	3,231,477
More than five years to 10 years	13,483,093
More than 10 years to 15 years	40,346,387
More than 15 years to 20 years	59,047,261
More than 20 years	337,279,267

The average duration of the defined benefit obligation of the subsidiaries at the end of the reporting period ranges from 20.82 years to 27.54 years.

32. Income Taxes

Provision for (benefit from) income tax consists of:

	2014	2013	2012
Current	**₱2,318,032,975**	₱1,631,297,901	₱918,424,497
Deferred	**254,190,944**	(198,856,103)	82,557,717
	₱2,572,223,919	₱1,432,441,798	₱1,000,982,214

Components of the Group's net deferred tax liabilities follow:

	2014	2013
Deferred tax assets on:		
Net unrealized foreign exchange loss	**₱150,079,185**	₱280,743,855
Impairment losses on trade receivables and property and equipment	**114,236,832**	119,906,090
Pension liabilities	**108,768,378**	206,900,071
Past service cost	**118,060,354**	–
Foreign subsidiaries	**24,343,386**	23,619,190
Inventory write-downs	**33,518,687**	20,749,965
MCIT	**355,351**	355,351
NOLCO	**59,532**	–
	549,421,705	652,274,522
Deferred tax liabilities on:		
Undistributed income of foreign subsidiaries	**431,331,183**	360,186,378
Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks	**132,431,588**	77,535,294
Foreign subsidiaries	**33,215,171**	32,227,045
Borrowing costs	**12,032,761**	14,338,963
	609,010,703	484,287,680
Net deferred tax assets (liabilities)	**(₱59,588,998)**	₱167,986,842

As of September 30, 2014 and 2013, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱63.3 million and ₱153.1 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 ₱98.7 million and ₱509.7 million in 2014 and 2013, respectively.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	2014	2013	2012
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible interest expense	**0.08**	0.12	0.15
Equity in net income of a joint venture	**0.03**	0.05	0.10
Income exempt from tax	–	(0.32)	(0.08)
Market valuation gain on financial assets at FVPL	**(0.13)**	(0.18)	(5.06)
Interest income subjected to final tax	**(0.28)**	(0.31)	(0.38)
Net income of subsidiaries for which no tax was provided	**(12.91)**	(19.68)	(10.86)
Others	**1.29**	2.72	(2.97)
Effective income tax rate	**18.08%**	12.40%	10.90%

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 ₱36.4 million, ₱33.5 million and ₱36.8 million in 2014, 2013 and 2012, 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.

33. Earnings Per Share

The following reflects the income and share data used in the basic/dilutive EPS computations:

	2014	2013	2012
Net income attributable to equity holders of the parent	**₱11,558,709,746**	₱10,044,555,499	₱7,762,879,616
Weighted average number of common shares	**2,181,501,933**	2,181,501,933	2,096,501,933
Basic/dilutive EPS	**₱5.30**	₱4.60	₱3.70

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 2014, 2013, and 2012.

34. 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:

			2014				
			Outstanding Balance in Statement of Financial Position				
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents** (Note 7)	**Trade Receivable (Payable) -net** (Notes 9 and 20)	**Non- trade Receivable (Payable) - net** (Notes 9 and 20)	**Terms**	**Conditions**
Ultimate Parent Company	Advances	**₱183,304**	**₱–**	**₱–**	**₱815,929,379**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Rental expense	**122,152,062**	–	–	–		
	Other expense	**(8,939,602)**	–	–	–		
Entity under common control							
Due from related parties	Advances	**31,143,140**	–	–	**631,717,794**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Sales	**287,074,160**	–	**558,543,657**	–	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Rental income	**16,558,539**	–	–	–		
	Engineering services	**9,457,541**	–	–	–		
Due to related parties		–	–	–	**(69,385,015)**		
Cash and cash equivalents	Cash in bank	**10,094,953**	**159,289,558**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
	Money market placements	**25,694,057**	**1,935,495,348**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
Joint Venture	Purchases	**718,840,162**	–	**(63,909,449)**	–	**1-30 days; non-interest bearing**	**Unsecured**

			2013					
			Outstanding Balance in Statement of Financial Position					
Related Party	Category/ Transaction	Amount/ Volume	Cash and Cash Equivalents (Note 7)	Trade Receivable (Payable) -net (Notes 9 and 20)	Non- trade Receivable (Payable) - net (Notes 9 and 20)	Terms	Conditions
Ultimate Parent Company	Advances	(₱99,709,183)	₱–	₱–	₱782,865,639	On demand; non-interest bearing	Unsecured; no impairment
	Rental expense	118,795,519	–	–	–		
	Other expense	39,451,744	–	–	–		
Entity under common control							
Due from related parties	Advances	766,695,828	–	–	564,925,908	On demand; non-interest bearing	Unsecured; no impairment
	Sales	341,388,699	–	584,628,149	–	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	
Related Party	Category/ Transaction	Volume/ Amount
Ultimate Parent Company	Rent expense	₱113,362,515
	Other expense	44,995,992
Entities under common control	Sales	305,571,992
	Purchases	92,856,909
	Rental income	25,513,943
	Engineering services	10,446,646
	Management fees	3,360,000
Joint Venture	Purchases	650,234,298
	Rental income	1,028,104

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 13).

(c) As of September 30, 2014 and 2013, the Group has advances from stockholders amounting to ₱232.0 million and ₱230.0 million, respectively.

Transactions with the retirement plan
The retirement fund of the Group's employee amounted to ₱1.9 billion and ₱1.4 billion as of September 30, 2014 and 2013, respectively (see Note 31). 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 (Note 31)	**2014**	**Advances**	**₱55,889,976**	**₱55,889,976**	On demand; non-interestbearing	Unsecured; Not impaired
	2013	-do-	118,110,859	492,021,167	-do-	-do-

The Group's plan assets also include amounts due from JGSHI totaling ₱1.9 billion (see Note 31).

<u>Compensation of Key Management Personnel</u>
The compensation of the Group's key management personnel by benefit type follows:

	2014	2013	2012
Short-term employee benefits	**₱189,069,686**	₱149,124,896	₱135,360,688
Post-employment benefits	**63,361,947**	60,495,875	52,813,232
	₱252,431,633	₱209,620,771	₱188,173,920

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.

35. 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.

Distillery
On August 28, 2013, Distillery was registered with the BOI as a manufacturer of bio-ethanol (fuel grade ethanol).

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years from March 2014 or date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the NIRC for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of domestic capital equipment, parts, and services.

Robina Farms - Poultry (RF - 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 rawmaterials 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.

<u>Robina Farms - Hogs (RF - Hogs)</u>
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.

<u>Bio-Resource Power Generation Corporation (BRPGC)</u>
BRPGC is registered with the BOI as pioneer status under the Omnibus Investments Code of 1987 otherwise known as Executive Order No. 226.

Under the terms of its registration, BRPGC 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.

<u>SONEDCO</u>
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 July 2010, the CCPI was registered with BOI as new export producer of printed flexible packaging materials.

Under the terms of the registration and subject to certain requirements and CSR guidelines, CCPI is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of four years starting October 2011; (b) additional deduction from taxable income on 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 years from the date of registration; (e) employment of foreign nationals; (f) tax credits on taxes and duties on raw materials and supplies used in the manufacture of export products and forming parts thereof for ten years from start of commercial operations; (f) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (g) access to customs bonded manufacturing warehouse (CBMW) subject to Customs rules and regulations provided the firm exports at least 70% of production output; (h) exemption from taxes and duties on imported spare parts and consumable supplies for exports producers with CBMW exporting at least 70% of production; and (i) exemption from wharfage dues and any export tax, duty, impost and fees for a period of ten years from the date of registration. As of September 30, 2014 and 2013, CCPI did not avail of the ITH incentive.

36. Commitments and Contingencies

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 ₱56.8 million, ₱61.6 million and ₱65.3 million in 2014, 2013 and 2012, respectively.

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 ₱161.1 million, ₱117.3 million and ₱104.5 million in 2014, 2013 and 2012, respectively.

Future minimum rentals payable under noncancellable operating leases follow:

	2014	2013	2012
Within one year	**₱71,984,748**	₱68,556,903	₱70,670,008
After one year but not more than five years	**287,938,993**	274,227,612	282,680,032
	₱359,923,741	₱342,784,515	₱353,350,040

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 ₱23.3 million, ₱11.8 million and ₱3.8 million, in 2014, 2013 and 2012, 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.

37. 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).

	2014	2013	2012
Biological assets	**₱49,757,535**	₱47,681,054	₱37,531,997
Cumulative translation adjustment	**218,760,416**	458,152,713	181,758,621
Land contributed to plan assets	**91,448,525**	–	–

38. Events After the Reporting Date

The following non-adjusting events happened subsequent to the respective reporting dates of the Parent Company and its subsidiaries:

Acquisition of NZSFHL
URC NZ FinCo, a newly formed wholly-owned subsidiary of URCICL entered into a Sale and Purchase Agreement with Pacific Equity Partners (PEP) for the acquisition of 100% equity interest in NZSFHL, which is the holding company of Griffin's Food Limited, the leading snack food company in New Zealand, subject to the approval of New Zealand's Overseas Investment Office (OIO) as required by Overseas Investment Act 2005 and Overseas Investment Regulation of

2005. The total consideration of the acquisition is NZ$700.0 million (approximately ₱24.5 billion), including the initial deposit of NZ$100.0 million (₱3.5 billion) and the balance upon completion (see Note 11).

On October 29, 2014, New Zealand's OIO granted its consent on the application for the acquisition of NZSFHL. On November 14, 2014, following the approval from OIO, the transaction was completed and the remaining balance of the consideration was settled.

The Group engaged a third party valuer to conduct a purchase price allocation. The accounting for the business combination will be completed based on further valuations and studies carried out within twelve months from completion date.

The following table represents the unaudited pro forma income statement of the Group and the acquired NZFHL portfolios as of September 30, 2014 have the acquisition been made as of October 1, 2013:

	Pro Forma* *(Unaudited)*
Total sale of goods and services	₱102,866,560,099
Net income attributable to the equity holders of the parent	11,621,905,411
Basic/diluted earnings per share	5.33

**The pro-forma financial results assume that the acquisition of NZSFHL occurred on October 1, 2013 and are not necessarily indicative of the actual results that would have occurred had those transactions been completed on that date*

Change in Ownership Structure of NURC through Share Purchase Agreement
In December 2014, the Parent Company and Mitsubishi Corporation (Mitsubishi) entered into a share purchase agreement with Nissin Foods (Asia) Pte, Ltd. (Nissin) to sell 14% and 10%, respectively, of their equity interests in NURC. As a result, the joint venture share of URC, Nissin and Mitsubishi Corporation changed from 65%, 25% and 10% to 51%, 49% and nil, respectively.

Sale of Noodle Line Assets through Asset Purchase Agreement
In December 2014, NURC entered into an asset purchase agreement with the Parent Company to acquire the latter's noodle line assets for an initial consideration of ₱367.1 million.

39. 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 9, 2015.

SGV
Building a better
working world

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
Universal Robina Corporation
110 E. Rodriguez Avenue
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Universal Robina Corporation and Subsidiaries (the Group) as at September 30, 2014 and 2013 and for each of the three years in the period ended September 30, 2014, included in this Form 17-A and have issued our report thereon dated January 9, 2015. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

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. 4751344, January 5, 2015, Makati City

January 9, 2015

Universal Robina Corporation and Subsidiaries
Schedule A - Financial Assets
September 30, 2014

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/ Notes	Valued Based on Market Quotations at Balance Sheet Date	Income Received and Accrued (including Dividends Received)
Various / Equity Securities		₱476,260,026	₱476,260,026	₱16,151,434

See Note 8 of the Consolidated Financial Statements.

Universal Robina Corporation and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
September 30, 2014

Name of Debtor	Balance at Beginning of Period	Additions	Collections	Balance at End of Period		
				Current	Non-Current	Total
Advances to officers and employees	₱51,385,556	₱10,952,676	₱–	₱62,338,232	₱–	₱62,338,232
Advances to stockholders	–	–	–	–	–	–
	₱51,385,556	₱10,952,676	₱–	₱62,338,232	₱–	₱62,338,232

See Note 9 of the Consolidated Financial Statements.

Universal Robina Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
September 30, 2014

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Balance at End of Period		
					Current	Non-Current	Total
CFC Corporation	₱33,004,137	₱15,009,163	₱–	₱–	₱48,013,300	₱–	₱48,013,300
CFC Clubhouse Property, Inc.	640,448,702	–	(421,436,228)	–	219,012,474	–	219,012,474
URC International Company, Ltd. and its Subsidiaries	6,367,869,323	1,281,683,125	(197,691,522)	–	7,451,860,926	–	7,451,860,926
Nissin - Universal Robina Corporation	6,335,785	53,910,119	–	–	60,245,904	–	60,245,904
	₱7,047,657,947	₱1,350,602,407	(₱619,127,750)	₱–	₱7,779,132,604	₱–	₱7,779,132,604

Universal Robina Corporation and Subsidiaries
Schedule D - Intangible Assets - Other Assets
September 30, 2014

Description	Beginning Balance	Additions at Cost	Deductions / Amortizations		Other Charges– Additions (Deductions	Ending Balance
			Charged to cost and Expenses	Charged to Other Accounts		
Goodwill	₱798,627,776	₱–	(₱5,212,591)	₱–	₱–	₱793,415,185
Trademark	50,000,000	–	–	–	–	50,000,000
Product formulation	425,000,000	–	–	–	–	425,000,000
Intangible Assets	₱1,273,627,776	₱–	(₱5,212,591)	₱–	₱–	₱1,268,415,185

See Note 15 of the Consolidated Financial Statements.

Universal Robina Corporation and Subsidiaries
Schedule E - Long-Term Debt
September 30, 2014

Name of Issuer and Type of Obligation	Amount Authorized By Indenture	Amount Shown as Current	Amount Shown as Long-term	Total

NONE TO REPORT

Universal Robina Corporation and Subsidiaries
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
September 30, 2014

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

NONE TO REPORT

Universal Robina Corporation and Subsidiaries
Schedule G - Guarantees of Securities and Other Issuers
September 30, 2014

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

NONE TO REPORT

Universal Robina Corporation and Subsidiaries
Schedule H - Capital Stock
September 30, 2014

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding (Net of Treasury Shares)	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Preferred stock - ₱1 par value	2,000,000	None	–	–	–	–
Common stock - ₱1 par value	2,998,000,000	2,181,501,933	–	1,217,841,260	14,290,843	949,369,830

See Note 22 of the Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS REQUIRED UNDER SRC RULE 68, AS AMENDED (2011)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓

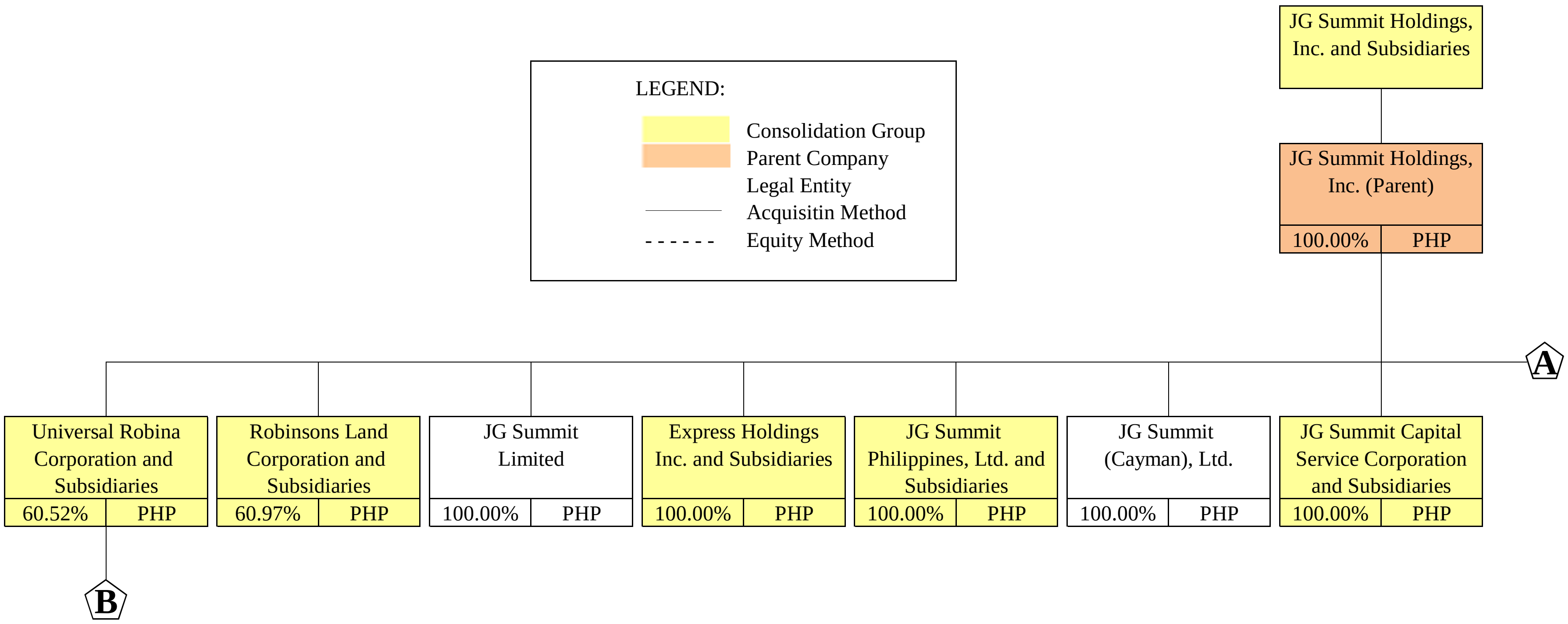
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements			✓
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture	✓		

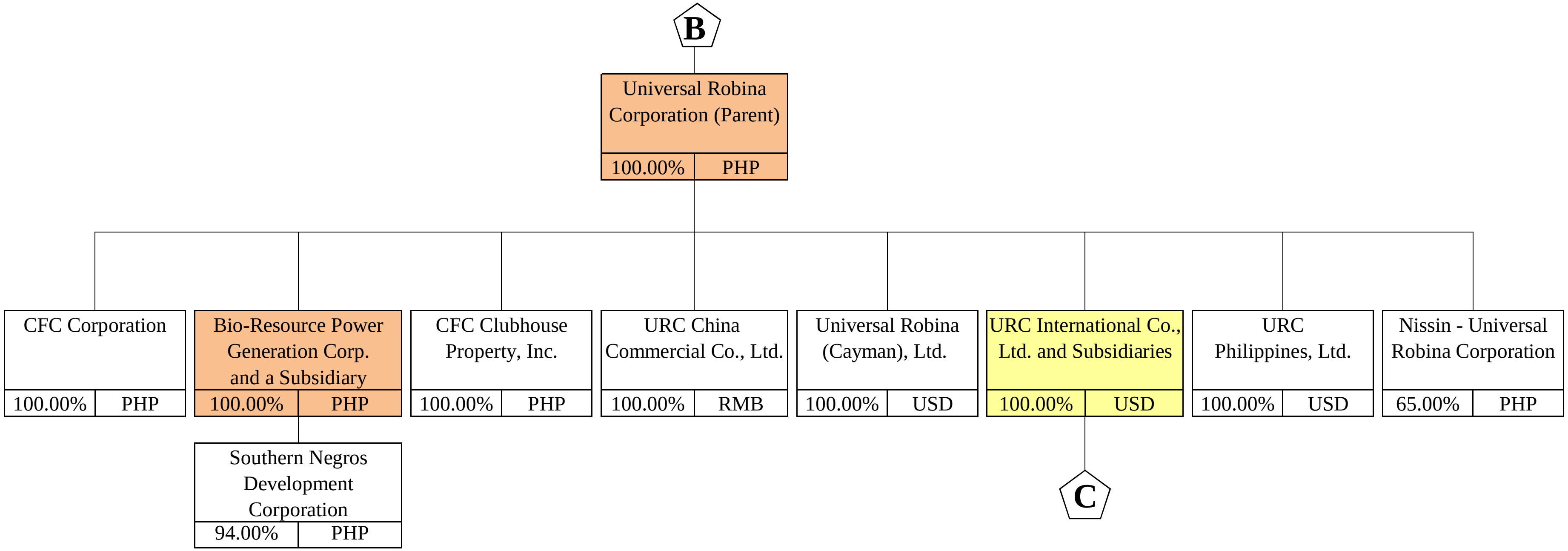
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓

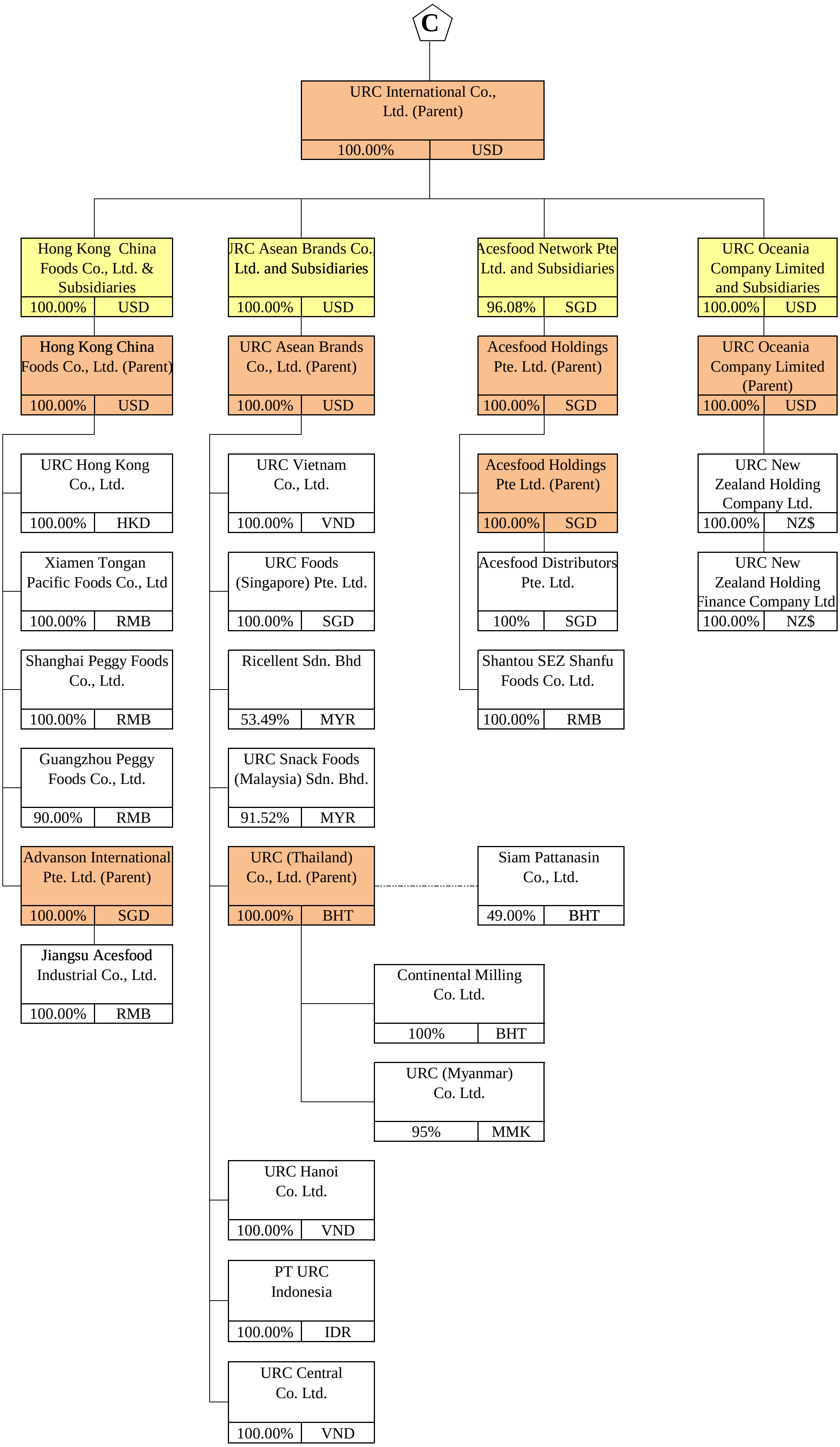
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓


LEGEND:
Consolidation Group
Parent Company
Legal Entity
Acquisitin Method
Equity Method
JG Summit Holdings, Inc. and Subsidiaries
JG Summit Holdings, Inc. (Parent)
100.00% PHP
A
Universal Robina Corporation and Subsidiaries
60.52% PHP
Robinsons Land Corporation and Subsidiaries
60.97% PHP
JG Summit Limited
100.00% PHP
Express Holdings Inc. and Subsidiaries
100.00% PHP
JG Summit Philippines, Ltd. and Subsidiaries
100.00% PHP
JG Summit (Cayman), Ltd.
100.00% PHP
JG Summit Capital Service Corporation and Subsidiaries
100.00% PHP
B

A

JG Petrochemical Corporation	100.00%	PHP
JG Summit Olefins Corporation	100.00%	PHP
CP Air Holdings, Inc. and Subsidiary	67.23%	PHP
Bauang Private Power Corporation	18.66%	USD
Unicon Insurance Brokers Corporation	100.00%	PHP
Batangas Agro-Industrial Development Corporation (BAID) and Subsidiaries	100.00%	PHP
Oriental Petroleum and Minerals Corporation	19.40%	USD
Sterling Holdings and Security Corp.	49.00%	PHP


B
Universal Robina Corporation (Parent)
100.00% PHP
CFC Corporation
100.00% PHP
Bio-Resource Power Generation Corp. and a Subsidiary
100.00% PHP
Southern Negros Development Corporation
94.00% PHP
CFC Clubhouse Property, Inc.
100.00% PHP
URC China Commercial Co., Ltd.
100.00% RMB
Universal Robina (Cayman), Ltd.
100.00% USD
URC International Co., Ltd. and Subsidiaries
100.00% USD
C
URC Philippines, Ltd.
100.00% USD
Nissin - Universal Robina Corporation
65.00% PHP


C
URC International Co., Ltd. (Parent)
100.00% USD
Hong Kong China Foods Co., Ltd. & Subsidiaries
100.00% USD
Hong Kong China Foods Co., Ltd. (Parent)
100.00% USD
URC Hong Kong Co., Ltd.
100.00% HKD
Xiamen Tongan Pacific Foods Co., Ltd
100.00% RMB
Shanghai Peggy Foods Co., Ltd.
100.00% RMB
Guangzhou Peggy Foods Co., Ltd.
90.00% RMB
Advanson International Pte. Ltd. (Parent)
100.00% SGD
Jiangsu Acesfood Industrial Co., Ltd.
100.00% RMB
URC Asean Brands Co. Ltd. and Subsidiaries
100.00% USD
URC Asean Brands Co., Ltd. (Parent)
100.00% USD
URC Vietnam Co., Ltd.
100.00% VND
URC Foods (Singapore) Pte. Ltd.
100.00% SGD
Ricellent Sdn. Bhd
53.49% MYR
URC Snack Foods (Malaysia) Sdn. Bhd.
91.52% MYR
URC (Thailand) Co., Ltd. (Parent)
100.00% BHT
Siam Pattanasin Co., Ltd.
49.00% BHT
Continental Milling Co. Ltd.
100% BHT
URC (Myanmar) Co. Ltd.
95% MMK
URC Hanoi Co. Ltd.
100.00% VND
PT URC Indonesia
100.00% IDR
URC Central Co. Ltd.
100.00% VND
Acesfood Network Pte Ltd. and Subsidiaries
96.08% SGD
Acesfood Holdings Pte. Ltd. (Parent)
100.00% SGD
Acesfood Holdings Pte Ltd. (Parent)
100.00% SGD
Acesfood Distributors Pte. Ltd.
100% SGD
Shantou SEZ Shanfu Foods Co. Ltd.
100.00% RMB
URC Oceania Company Limited and Subsidiaries
100.00% USD
URC Oceania Company Limited (Parent)
100.00% USD
URC New Zealand Holding Company Ltd.
100.00% NZ$
URC New Zealand Holding Finance Company Ltd
100.00% NZ$

UNIVERSAL ROBINA CORPORATION

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

The tables below present the retained earnings available for dividend declaration as at September 30, 2014 and 2013:

Unappropriated retained earnings as at September 30, 2013	**₱12,530,758,354**
Adjustments: (*see adjustments in previous year's Reconciliation*)	**(3,554,975,713)**
Unappropriated retained earnings as at September 30, 2013, as adjusted	**8,975,782,641**
Add: Net income actually earned /realized during the period	
Net income for the year ended September 30, 2014 closed to retained earnings	**5,260,060,598**
Less: Non-actual/unrealized income, net of tax	
Fair value adjustments arising from mark-to-market gain of financial assets at FVPL	**62,525,954**
Gain arising from changes in fair value less estimated costs to sell of swine stocks	**182,987,646**
Movement in deferred income taxes	**(175,091,435)**
Add: Non-actual losses	
Realized gain arising from changes in fair value less estimated cost to sell of swine stocks categorized as unrealized in previous year	**69,895,371**
Net income actually earned for the year ended September 30, 2014	**5,259,533,804**
Less: Dividend declarations during the year	**(6,544,505,799)**
Total retained earnings available for dividend declaration as at September 30, 2014	**₱7,690,810,646**

Unappropriated retained earnings as at September 30, 2012	₱14,274,978,254
Adjustments: (*see adjustments in previous year's Reconciliation*)	(8,139,056,519)
Unappropriated retained earnings as at September 30, 2012, as adjusted	6,135,921,735
Add: Net income actually earned /realized during the period	
Net income for the year ended September 30, 2013 closed to retained earnings (as restated)	3,491,384,739
Less: Non-actual/unrealized income net of tax	
Fair value adjustments arising from mark-to-market gain of financial assets at FVPL	104,587,227
Gain arising from changes in fair value less estimated costs to sell of swine stocks	69,895,371
Movement in deferred income taxes	359,299,341
Add: Non-actual losses	
Realized foreign exchange gain categorized as unrealized in previous year	117,862,745
Net income actually earned for the year ended September 30, 2013	3,075,465,545
Add (less):	
Appropriations during the year	(6,000,000,000)
Reversal of appropriations	11,000,000,000
Dividend declarations during the year	(5,235,604,639)
	(235,604,639)
Total retained earnings available for dividend declaration as at September 30, 2013	₱8,975,782,641