COVER SHEET

12397

S.E.C. Registration Number

PHINMA CORPORATION

(Company's Full Name)

LEVEL 12 - PHINMA PLAZA 39 PLAZA DRIVE, ROCKWELL CENTER MAKATI

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

LINA ANDRADA	8700100
Contact Person	Company Telephone Number

12	31	**SEC 17-Q**	**11**	**14**
Month	Day	FORM TYPE	Month	Day
Calendar Year				

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 – Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE (SRC) AND SRC RULE 17 (2)(b) THEREUNDER

1. For the quarterly period ended ***September 30, 2013***

2. Commission identification no. ***12397***

3. BIR Tax Identification No. ***000-107-026***

4. ***PHINMA Corporation***
   Exact name of registrant as specified in its charter

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

6. Industry Classification Code : __________

7. ***12/F, Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City 1210***
   Address of registrantōs principal office

8. ***(632) 870-01-00***
   Registrantōs telephone number, including area code

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

10. Common Shares - 258,907,058 shares issued and outstanding

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

    Yes (x) No ( )

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange, Inc. **Common Shares**

12. Indicate by check mark whether the registrant :

    (a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or 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 12 months (or for such shorter period the registrant was required to file such reports)

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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PART I - FINANCIAL INFORMATION

PHINMA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2013
(with Comparative Audited Figures as at December 31, 2012)

	September 30, 2013 (Unaudited)	December 31, 2012 (As restated ï see Note 3)
	(Amounts in thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱336,885**	₱465,179
Investments held for trading (Note 8)	**832,379**	800,415
Trade and other receivables(Note 9)	**852,175**	871,881
Inventories (Note 10)	**889,242**	956,472
Available-for-sale (AFS) investments (Note 12)	**97,520**	97,520
Input value-added taxes	**11,015**	5,425
Derivative asset and other current assets	**96,285**	81,363
Total Current Assets	**3,115,501**	3,278,255
Noncurrent Assets		
Investments in associates (Note 11)	**2,391,816**	2,344,065
Available-for-sale (AFS) investments (Note 12)	**124,785**	134,886
Property, plant and equipment (Note 13)	**2,421,169**	2,258,625
Investment properties (Note 14)	**437,096**	421,707
Intangible assets (Notes 6 and 15)	**1,091,033**	1,091,033
Deferred tax assets - net (Note 22)	**115,217**	104,912
Other noncurrent assets (Note 16)	**27,455**	31,515
Total Noncurrent Assets	**6,608,571**	6,386,743
	₱9,724,072	₱9,664,998

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 17)	**₱286,157**	₱373,676
Trade and other payables (Note 18)	**664,302**	536,683
Unearned revenues	**58,486**	197,051
Trust receipts payable	**43,491**	554,797
Income and other taxes payable	**31,193**	41,796
Due to related parties (Note 21)	**11,082**	17,655
Derivative liability	**2,491**	-
Current portion of long-term loan payable	**38,929**	23,645
Current portion of long-term debt (Note 19)	**96,010**	64,654
Total Current Liabilities	**1,232,141**	1,809,957

PHINMA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2013

(with Comparative Audited Figures as at December 31, 2012)

	September 30, 2013 (Unaudited)	December 31, 2012 (As restated ï see Note 3)
	(Amounts in thousands)	
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 19)	**₱876,577**	₱347,532
Long-term loan payable - net of current portion	**25,079**	47,290
Deferred tax liabilities - net (Note 21)	**322,235**	313,736
Deferred rent revenue - net of current portion	**46,062**	46,062
Pension and other post-employment benefits (Note 23)	**211,790**	192,966
Other noncurrent liabilities	**7,977**	6,727
Total Noncurrent Liabilities	**1,489,720**	954,313
Total Liabilities	**2,721,861**	2,764,270
Equity attributable to equity holders of the Parent		
Capital stock (Note 20)	**2,588,946**	2,588,946
Additional paid-in capital	**256,495**	256,495
Other components of equity (Note 20)	**36,129**	36,032
Actuarial gains (losses)	**21,106**	21,106
Retained earnings (Note 20)	**3,508,293**	3,404,643
Equity attributable to equity holders of the Parent	**6,410,969**	6,307,222
Non-controlling Interests	**591,242**	593,506
Total Equity	**7,002,211**	6,900,728
	₱9,724,072	₱9,664,998

PHINMA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Unaudited			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012 (As restated ï Note 3)	**2013**	2012 (As restated ï Note 3)
	(Amounts in Thousands)			
REVENUES (Note 1)				
Sale of goods	**₱778,440**	₱691,067	**₱2,466,110**	₱2,194,009
Tuition and school fees	**309,820**	273,066	**773,545**	668,859
Consultancy services	**123,642**	130,038	**373,966**	355,304
Animation services	**367**	28,817	**32,227**	59,142
Investment income (Notes 8 and 21)	**(24,441)**	34,953	**12,321**	71,975
Rental income	**3,280**	3,135	**11,726**	10,403
	1,191,108	1,161,076	**3,669,895**	3,359,692
COSTS AND EXPENSES				
Cost of sales, educational and animation services	**(821,058)**	(836,741)	**(2,539,152)**	(2,483,573)
Operating expenses	**(336,765)**	(289,078)	**(915,963)**	(765,687)
OTHER INCOME (CHARGES)				
Equity in net earnings of associates (Note 11)	**44,064**	24,957	**126,632**	73,356
Interest expense and other financial charges	**(14,502)**	(26,233)	**(49,949)**	(61,459)
Net gains (losses) on derivatives	**(968)**	4,093	**(7,198)**	8,502
Foreign exchange gains (losses) - net	**789**	(4,471)	**3,936**	(14,237)
Dividend income	**-**	819	**-**	23,231
Gain on sale of asset	**(150)**	12,202	**(150)**	16,919
Others - net	**(2,413)**	25,050	**(7,533)**	28,468
INCOME BEFORE INCOME TAX	**60,105**	71,674	**280,518**	185,212
PROVISION FOR INCOME TAX (Notes 22)	**11,046**	9,344	**46,202**	32,443
NET INCOME	**₱49,059**	₱62,330	**₱234,316**	₱152,769
Net Income Attributable To				
Equity holders of the Parent	**₱35,926**	₱64,137	**₱207,213**	₱148,964
Non-controlling interest	**13,133**	(1,807)	**27,103**	3,805
	₱49,059	₱62,330	**₱234,316**	₱152,769
Basic/Diluted Earnings Per Common Share - Attributable to Equity Holders of the Parent (Notes 24)	**₱0.14**	₱0.25	**₱0.80**	₱0.58

PHINMA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012 (As restated ï Note 3)	**2013**	2012 (As restated ï Note 3)
	(Amounts in Thousands)			
NET INCOME	**₱49,059**	₱62,330	**₱234,316**	₱152,769
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified to profit or loss in subsequent periods:				
Share in unrealized gain (loss) on change in fair value of AFS investments of associates (Note 12)	**3,972**	3,791	**(12,592)**	781
Unrealized gain (loss) on change in fair value of AFS investments (Note 11)	**-**	(673)	**(350)**	(742)
	3,972	3,118	**(12,942)**	39
Items that will not be reclassified to profit or loss in subsequent periods:				
Cumulative translation adjustments	**(1,232)**	(8,084)	**16,142**	(6,465)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**2,740**	(4,966)	**3,200**	(6,426)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**₱51,799**	₱57,364	**₱237,516**	₱146,343
Total Comprehensive Attributable To				
Equity holders of the Parent	**₱38,666**	₱59,171	**₱210,413**	₱142,538
Non-controlling interest	**13,133**	(1,807)	**27,103**	3,805
	₱51,799	₱57,364	**₱237,516**	₱146,343

PHINMA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)

	Equity Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 20)	Additional Paid-in Capital	Actuarial Gains (losses) (Note 3)	Share in Unrealized Gain (Loss) on Change in Fair Value of AFS Investments of Associates (Notes 11 and 20)	Unrealized Gain (Loss) on Change in Fair Value of AFS Investments (Notes 12 and 20)	Cumulative Translation Adjustments (Note 20)	Other Reserves (Note 20)	Retained Earnings Appropriated (Note 20)	Retained Earnings Unappropriated (Note 20)	Total	Non-controlling Interest	Total Equity
At January 1, 2013, as previously reported	₱2,588,946	₱256,495	₱–	₱23,764	₱350	(₱868)	₱12,786	₱1,000,000	₱2,510,855	₱6,392,328	₱593,506	₱6,985,834
Effect of Adoption PAS 19 (Revised)	–	–	–	-	-	-	-	-	(106,212)	(106,212)	-	(106,212)
At January 1, 2013, as restated	₱2,588,946	₱256,495	₱-	₱23,764	₱350	(₱868)	₱12,786	₱1,000,000	₱2,404,643	₱6,286,116	₱593,506	₱6,879,622
Total comprehensive income	–	–	21,106	(12,592)	(350)	16,142	-	-	207,213	231,519	26,371	257,890
Cash dividends (Note 20)	–	–	–	-	-	-	-	-	(103,563)	(103,563)	-	(103,563)
Dividends received	–	–	–	-	-	-	-	-	-	-	(28,635)	(28,635)
Stock purchase plan	–	–	–	-	-	-	(3,103)	-	-	(3,103)	-	(3,103)
At September 30, 2013	₱2,588,946	₱256,495	₱21,106	₱11,172	₱-	₱15,274	₱9,683	₱1,000,000	₱2,508,293	₱6,410,969	₱591,242	₱7,002,211
At January 1, 2012	₱2,577,249	₱255,785	₱-	₱19,051	₱985	₱4,935	₱8,943	₱1,000,000	₱2,649,960	₱6,516,908	₱660,668	₱7,177,576
Total comprehensive income	–	–	–	781	(742)	(6,465)	–	–	152,108	145,682	3,745	149,427
Cash dividends (Note 20)	–	–	–	–	–	–	–	–	(103,095)	(103,095)	–	(103,095)
Dividends received	–	–	–	–	–	–	–	–	–	–	(21,886)	(21,886)
Stock purchase plan	1,938	308	–	–	–	–	–	–	–	2,246	-	2,246
At September 30, 2012	₱2,579,187	₱256,093	₱–	₱19,832	₱243	(₱1,530)	₱8,943	₱1,000,000	₱2,698,973	₱6,561,741	₱642,527	₱7,204,268

PHINMA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited For the Nine Months Ended September 30	
	2013	2012
	(Amounts in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	**₱280,518**	₱188,356
Adjustments for:		
Depreciation and amortization	**127,709**	158,403
Equity in net earnings of associates (Note 11)	**(126,632)**	(73,356)
Loss (gain) on derivatives	**7,198**	(8,502)
Unrealized foreign exchange loss (gain) - net	**(3,936)**	14,237
Dividend income	**(1,046)**	(23,231)
Income tax paid	**(58,928)**	(54,663)
Changes in working capital and others	**69,181**	(85,783)
Net cash provided by operating activities	**294,064**	115,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Available for sale investment	**9,749**	9,738
Investments at equity	**(1,220)**	-
Property and equipment	**(305,642)**	(149,314)
Other noncurrent assets	**(42,626)**	(8,372)
Deposits for TA Oil stockrights offering	**-**	(134,271)
Proceeds received from settlement of derivative asset	**1,919**	2,946
Net settlement of derivative liability	**(6,792)**	(3,024)
Proceeds from sale of investment property	**-**	10,247
Dividends received	**100,086**	55,490
Net cash provided by (used in) investing activities	**(244,526)**	(216,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments of) :		
Short-term borrowing	**(598,825)**	396,716
Long-term borrowing	**553,474**	(359,853)
Payment of cash dividends	**(102,763)**	(151,981)
Issuance of capital stock	**-**	2,246
Non controlling interest	**(29,366)**	(21,945)
Net cash used in financing activities	**(177,480)**	(134,817)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(127,942)**	(235,916)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(352)**	(2,836)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**465,179**	916,157
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱336,885**	₱677,405

1. **Corporate Information**

PHINMA Corporation (PHN or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 12, 1957. On August 2, 2006, the Philippine SEC approved the extension of the Parent Companyös corporate life for another 50 years. Also, on May 27, 2010, the Philippine SEC approved the change in the Parent Companyös corporate name from Bacnotan Consolidated Industries, Inc. to PHINMA Corporation. Its principal activity is investment holdings of shares in various subsidiaries, associates and affiliates and other financial instruments.

Following are the subsidiaries of the Parent Company and the nature of their principal business activities:

		Calendar/Fiscal	Percentage of Ownership	
Name of Subsidiaries	Nature of Business	Yearend	**2013**	2012
Union Galvasteel Corporation (UGC)	Manufacture and distribution of steel products	December 31	98.08	98.08
One Animate Limited (OAL) and Subsidiary (	Animation services	December 31	80.00	80.00
Pamantasan ng Araullo (Araullo University), Inc.(AU) [(a)]	Educational institution	March 31	78.64	78.64
Cagayan de Oro College, Inc. (COC) [(a)]	Educational institution	March 31	74.21	74.21
University of Iloilo (UI) [(a)]	Educational institution	March 31	69.79	69.79
University of Pangasinan (UPANG) and Subsidiary [(a)]	Educational institution	March 31	69.75	69.75
P & S Holdings Corporation (PSHC)	Investment and real estate holdings	December 31	60.00	60.00
Asian Plaza, Inc. (API)	Lease of real property	December 31	57.62	57.62
Fuld & Company, Inc. (Fuld U.S.) and Subsidiary	Business Research	December 31	85.00	85.00
Fuld & Company (Philippines), Inc. (Fuld Philippines)	Business Research	December 31	85.00	85.00

[(a)] *Balances of these subsidiaries for the nine months s ended Sept. 30 were used for consolidation purposes, which is the same reporting period of PHN.*

The Parent Company and its subsidiaries (collectively referred to as ñthe Companyò) are all incorporated in the Philippines except for OAL and Fuld U.S. OAL is incorporated in Hong Kong while Fuld U.S. is incorporated in the United States of America (USA). The Companyös ultimate parent company is Philippine Investment-Management (PHINMA), Inc., which is also incorporated in the Philippines.

The information on the segments of the Company is presented in Note 25.

The registered office address of the Parent Company is 12th Floor, Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

The accompanying interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on November 6, 2013.

2. **Basis of Preparation and Statement of Compliance**

The accompanying interim condensed consolidated financial statements of the Company have been prepared using the historical cost basis, except for investments held for trading, available-for-sale (AFS) investments and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in Philippine peso, the Parent Companyô s functional currency. All values are rounded to the nearest thousand peso unless otherwise stated.The interim condensed consolidated financial statements have been prepared in accordance with PAS 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Groupô s annual financial statements as at and for the year ended December 31, 2012

3. **Changes in Accounting Policies and Disclosures**

New Standards and Interpretations Issued and Effective as of January 1, 2013

The accounting policies adopted are consistent with those of the previous financial year except for the following new, amended and improved PFRS and Philippine Interpretations which were adopted as of January 1, 2013:

- 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, *Financial Instruments*: *Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or ósimilar agreementô, 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 agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  (e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

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

- PFRS 10, *Consolidated Financial Statements,* PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standing Interpretation Committee (SIC) 12, *Consolidation - 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 a parent, compared with the requirements that were in PAS 27. The standard becomes effective for annual periods beginning on or after January 1, 2013.

A reassessment of control was performed by the Parent Company on all its subsidiaries in accordance with the provisions of PFRS 10. Following the reassessment, the Parent Company determined that it still controls all of its subsidiaries.

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 the equity method. The standard becomes effective for annual periods beginning on or after January 1, 2013. The adoption of the revised standard has no impact on the Companyøs consolidated financial statements.

- PFRS 12, *Disclosure of Interests 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 included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entityøs interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard becomes effective for annual periods beginning on or after January 1, 2013.

  The adoption of PFRS 12 affect disclosures only and have no impact on the Companyøs financial position or performance.

- PFRS 13, *Fair Value Measurement*, PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013.

  The adoption of the interpretation has no impact on the Companyøs financial position or performance.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)* (Amendments), The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or õrecycledö) to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Companyøs financial position or performance. The amendment affects presentation only and has therefore no impact on the Companyøs financial position or performance.

- PAS 19, *Employee Benefits* (Revised), Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments become effective for annual periods beginning on or after January 1, 2013. Once effective, the Company has to apply the amendments retroactively to the earliest period presented.

The Company reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Company obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard.

The company has adopted this standard and the impacts is:

	As at December 31, 2012 ₱ô000	As at January 1, 2012 ₱ô000
Consolidated statements of financial position		
Increase (decrease) in:		
Net defined benefit asset/liability	104,787	85,997
Deferred tax asset/liability	26,031	14,187
Other comprehensive income	21,106	(5,340)
Retained earnings	(99,862)	(66,471)

	For the Nine Months ended Sept. 30, 2012 ₱ô000
Consolidated statement of income	
Increase (decrease) in:	
Net benefit cost	33,927
Income tax expense	(8,883)
Profit for the period	25,044

	For the Nine Months ended Sept. 30, 2012 ₱ô000
Consolidated statement of comprehensive income	
Increase (decrease) in other comprehensive income	19,834

- PAS 27, *Separate Financial Statements* (as revised in 2011), As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 has no significant impact on the separate financial statements of the entities in the Company.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011), As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013. The adoption of the revised standard has no impact on the Companyôs financial position or performance.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine,* This interpretation applies to waste removal costs (ñstripping costsò) that are incurred in surface mining activity during the production phase of the mine (ñproduction stripping costsò). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met (ñstripping activity assetò). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The interpretation is effective for annual periods beginning on or after January 1, 2013. This new interpretation is not relevant to the Company.

Improvements to PFRSs (2009-2011 cycle)

The *Annual Improvements to PFRSs* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*

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

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*

  The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affects presentation only and has therefore no impact on the Companyôs financial position or performance.

- *PAS 16, Property, Plant and Equipment - Classification of servicing equipment*

  The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory, if otherwise. The amendment does not have any significant impact on the Companyôs financial position or performance.

- *PAS 32, Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*

  The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12. The adoption of the amendment does not have any impact on the Companyôs financial position or performance.

▪ PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entityôs previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Companyôs financial position or performance.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective in 2014
The Group will adopt the following new standards, interpretations and amendments to existing standards enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these revised standards and amendments to PFRS to have a significant impact on the Groupôs interim consolidated financial statements.

Effective 2014

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

Effective 2015

PFRS 9, *Financial Instruments*, PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. 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 liabilityôs 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 Group conducted an evaluation of the early adoption of PFRS 9 and has assessed that the first phase of PFRS 9 will have an effect on the classification and measurement of financial assets. The Group will quantify the effect on the interim consolidated financial statements in conjunction with the other phases, when issued, to present a comprehensive picture.

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

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreement for the Construction of Real Estate*

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

4. Summary of Significant Accounting and Financial Reporting Policies

Principles of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and all of its subsidiaries as at September 30, 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represents the portion of profit or loss, other comprehensive income and net assets not held by the Group and are presented separately in the consolidated statements of income, consolidated statements of comprehensive income and within equity section the consolidated balance sheets , separately from equity attributable to owners of the Parent.

5. Significant Accounting Judgments, Estimates and Assumptions

The accompanying interim condensed consolidated financial statements prepared in conformity with PFRS require management to make judgments, estimates and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and related notes. In preparing the Companyôs interim condensed consolidated financial statements, management has made its best judgments, estimates and assumptions of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the accompanying interim condensed consolidated financial statements are based upon managementôs evaluation of relevant facts and circumstances as of the date of the interim condensed consolidated financial statements. Actual results could differ from such estimates.

The Company believes the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its interim condensed consolidated financial statements.

Judgment
In the process of applying the Companyӽs accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Companyӽs interim condensed consolidated financial statements:

Loss of Significant Influence Over AB Capital. The Company lost significant influence of AB Capital effective June 29, 2012 in favor of Vicsal due to the following:

a. The conditions precedent required for the Vicsal to takeover AB Capital under the signed Share Purchase Agreement dated March 25, 2011 have been met;

b. PHINMA tendered an irrevocable proxy and special power of attorney to sell and cause the transfer of AB Capital shares subject to completion of return of capital; and

c. All income, gains and losses of AB Capital will be for the account of the Vicsal upon takeover.

The sale transaction of AB Capital is not fully consummated pending completion of certain closing conditions, such as, the return of PHINMA assets in the form of ABCIC Property shares. This condition is substantive and is significant for the sale of AB Capital shares to be completed.

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

6. Business Combinations and Acquisition of Non-controlling Interests

Acquisition in Fuld US
In August 2012, FULD US acquired Outward Insights, LLC by issuing FULD US common stock. Goodwill arising from acquisition amounted to ₱6.1 million. The carrying value of the net assets acquired approximates its fair values. The net assets of Outward Insights, LLC recognized in the Companyӽs December 31, 2012 financial statements were based on provisional assessment of fair values as the audit and fair valuation of the identifiable net assets acquired were not yet completed.

Acquisition of non-controlling interest in Toon City
On February 29, 2012, OAL acquired the remaining 5% non-controlling interest in Toon City for ₱10.1 million. The difference between the acquisition cost and the book value of the interest acquired amounting to ₱8.1 million was recognized as ӒOther reservesӓ in the equity section of the consolidated statement of financial position.

7. Cash and Cash Equivalents

This account consists of:

	Unaudited	Audited
	September 30, 2013	December 31, 2012
	(Amounts in thousands)	
Cash on hand and in banks	**₱108,174**	₱150,264
Short-term deposits	**228,711**	314,915
	₱336,885	₱465,179

8. Investments Held for Trading

This account consists of:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Investments in:		
UITFs	**₱301,662**	₱302,687
Bonds	**522,516**	491,127
Marketable equity securities	**8,201**	6,601
	₱832,379	₱800,415

9. Trade and Other Receivables

This account consists of:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Trade	**₱865,860**	₱889,284
Installment contract receivables	**-**	68,884
Advances to suppliers and contractors	**42,553**	56,002
Accrued interest	**4,012**	10,696
Receivable from PHN Retirement/Gratuity Plan (PHN Retirement)	**8,939**	8,939
Advances to officers and employees	**11,157**	8,875
Due from related parties (see Note 26)	**69,083**	2,913
Others	**53,584**	24,062
	1,055,188	1,069,655
Less allowance for doubtful accounts	**203,013**	197,774
	₱852,175	₱871,881

10. Inventories

This account consists of:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
At cost:		
Finished goods	**₱791,897**	₱875,576
Raw materials	**31,060**	19,796
Other inventories	**25,977**	27,350
At net realizable value -		
Spare parts and others	**40,308**	33,750
	₱889,242	₱956,472

11. Investments in Associates

This account consists of the Companyθs investments in the following entities:

	Percentage of Ownership	
	Sept. 30, 2013	December 31, 2012
PHINMA Property Holdings Corporation (PPHC)	**35.35**	35.35
Trans-Asia Oil and Energy Development Corporation (TA Oil)	**26.21**	26.21
AB Capital and Investment Corporation (AB Capital) [a]	**26.51**	26.51
Luzon Bag Corporation[b]	**21.05**	21.05
Asia Coal Corporation (Asia Coal) [c]	**12.08**	12.08

[a] *In 2012, represents the shares to be received by PHN from AB Capital upon return of capital.*
[b] *Liquidated in 2012.*
[c] *Ceased commercial operations and considered as an associate although percentage of ownership is below 20% since the Company has significant influence as evidenced in its representation in the BOD of Asia Coal.*

The movements and details of investments in associates are as follows:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Acquisition costs:		
Balance at beginning of year	**₱2,305,179**	₱1,888,248
Additions	**33,703**	533,153
Reclassified to AFS investment	**-**	(116,222)
Balance at end of year	**2,338,882**	2,305,179
Accumulated equity in net income (losses):		
Balance at beginning of year	**15,122**	(72,154)
Equity in net earnings for the year	**126,630**	118,944
Dividends received	**(99,991)**	(54,201)
Reclassified to AFS investment	**-**	22,533
Balance at end of year	**41,761**	15,122
Share in net unrealized gain on change in fair value of AFS investments of associates:		
Balance at beginning of year	**₱23,764**	₱19,051
Change in fair value during the year	**(12,591)**	4,713
Balance at end of year	**11,173**	23,764
	₱2,391,816	₱2,344,065

The detailed carrying values of investments in associates which are accounted for under the equity method are as follows:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
TA Oil*	**₱1,841,499**	₱1,828,597
PPHC	**414,949**	413,034
AB Capital	**100,679**	100,227
Trans-Asia Petroleum Corporation	**32,482**	-
Academy of Competitive Intelligence**	**1,939**	1,939
Asia Coal	**268**	268
	₱2,391,816	₱2,344,065

**The fair value based on quoted share price amounted to ₱2,751.4 million and ₱1,476.9 million as of Sept. 30, 2013 and December 31, 2012, respectively.*
***Associate of Fuld U.S.*

Following are status of operations and significant transactions of certain associates:

a. TA Oil

TA Oil is involved in power generation and oil and mineral exploration activities.

On July 23, 2013, the BOD of TA Oil declared a dividend composed of shares of stock in Trans-Asia Petroleum Corporation (TAP) at the rate of 2.55 TAP shares for every 100 Trans-Asia shares held, and cash in the amount of P0.013 per share to Trans-Asiaôs shareholders of record as of August 5, 2013, with shareholders residing in the United States receiving cash of P0.0385 per Trans-Asia share in lieu of TAP shares and the Php0.013 cash dividend subject to the approval of the Securities and Exchange Commission and other regulatory agencies.

On March 21, 2013, the BOD of TA Oil declared cash dividend amounting to ₱194.3 million equivalent to ₱0.04 a share to all common stockholders of record as of April 8, 2013. This was paid on May 6, 2013.

On February 16, 2012, the BOD of TA Oil declared cash dividend amounting to ₱66.5 million equivalent to ₱0.04 a share to all common stockholders of record as of March 1, 2012. This was paid on March 27, 2012.

On March 20, 2012, the stockholders of TA Oil approved the increase in the authorized capital stock subject to the approval of the SEC from ₱4.2 billion divided into 4.2 billion shares with a par value of ₱1 per share to ₱8.4 billion divided in to 8.4 billion shares with a par value of ₱1 per share. The said increase in authorized capital stock shall be funded by a stock rights offering, the terms and conditions of which, including the final issue size, rights entitlement, offer price and record date shall be determined by the board of directors. The application for the increase in authorized capital stock was approved by the SEC in November 2012.

On October 3, 2012, the SEC approved the stock rights offering of 1.415 billion shares of TA Oil at the rate of one share for every two shares held as of record date of November 14, 2012, at a price of ₱1.00 per share. The offer period commenced on November 14, 2012 and ended on November 20, 2012. TA Oil also offered an additional 212.25 million shares to meet additional demand from eligible stockholders (ñOverallotment Optionò). Total proceeds will be used to finance its equity investments in a 54MW wind energy project in San Lorenzo, Guimaras and the second 135MW clean coal-fired power plant in Calaca, Batangas, and other power project opportunities.

b. PPHC

PPHC is engaged in real estate development, particularly in the development of affordable medium and high-rise condominium units.

On November 27, 2012, the BOD approved the stock rights offering at the rate of one share for every five shares held as of record date of November 28, 2012, at a price of ₱0.10 per share. The existing shareholders of PPHC subscribed to and fully paid for 1,801,470,025 shares valued at ₱180.1 million.

On March 13, 2012, the BOD of PPHC declared a cash dividend amounting to ₱63.5 million or 7% of outstanding capital stock to all shareholders of record as of March 23, 2012. This was paid in 2012.

c. AB Capital

AB Capital is an investment house that engages in corporate finance, fixed-income securities dealership, stock brokerage and fund management.

Pursuant to an agreement between PHN and Vicsal Investment Inc. (Vicsal), PHN agreed to sell its shares in AB Capital subject to certain conditions, including the following:

(a) Approval of the Bangko Sentral ng Pilipinas (BSP)
(b) Removal of assets other than those identified and agreed to be retained by Vicsal in AB Capital, by transfer to a New Company in exchange for shares in New Company and/or by sale or assignment of assets to the New Company
(c) Return of capital to PHN pertaining to shares in New Company
(d) Selling Shareholders shall secure all Government Authorizations, including approvals and clearances, required for the return of capital of AB Capital to PHN and other sellers
(e) On Closing Date, PHN shall transmit to the Buyer the Deed of Absolute Sale

On June 29, 2012, in accordance with PAS 28, PHN discontinued the use of the equity method on the AB Capital shares to be sold to Vicsal due to the change in relationship of PHN with AB Capital. The investment in AB Capital to be sold to Vicsal is accounted for in accordance with PAS 39 from that date.

The AB Capital shares to be sold to Vicsal are presented at its fair value as an available-for-sale financial asset in accordance with PAS 39 amounted to ₱101.8 million. The difference between the fair value and carrying amount of the AB Capital shares to be sold to Vicsal amounting to ₱6.7 million is recorded as ñUnrealized fair value adjustment on AFS investment previously held as associateò and included under ñOthers-netò in the consolidated statements of comprehensive income.

Investment in AB Capital presented as part of Investments in Associates in the statements of consolidated financial position represents the New Company shares to be received by PHN from AB Capital upon return of capital.

d. Asia Coal

Asia Coal is engaged in the trading of coal. On March 19, 2009, the BOD and stockholders of Asia Coal approved the shortening of the term of Asia Coalôs corporate existence until October 31, 2009, thereby causing the dissolution of Asia Coal as of such date, subject to the approval of the SEC. As of December 31, 2012, Asia Coal is in the process of securing a tax clearance with the Bureau of Internal Revenue (BIR) in connection with the filing with the SEC of its application for dissolution.

12. AFS Investments

This account consists of investments in quoted and unquoted equity securities:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Quoted	**₱-**	₱10,101
Unquoted (Note 11)	**170,302**	267,822
	170,302	277,923
Less accumulated impairment losses	**45,517**	45,517
	₱124,785	₱232,406

13. Property, Plant and Equipment

This account consists of:

	January 1, 2013	**Additions**	**Disposals**	**Reclassifi-cation**	**Sept. 30, 2013**
			(Amounts in thousands)		
Cost					
Land	**₱1,098,305**	**₱55,982**	**₱–**	**₱ï**	**₱1,154,287**
Plant site improvements	**28,656**	**1,372**	**–**	**20,130**	**50,158**
Buildings and improvements	**1,302,539**	**21,240**	**(1,844)**	**-**	**1,321,935**
Machinery and equipment	**730,327**	**40,133**	**(48)**	**-**	**770,412**
Transportation and other equipment	**473,915**	**29,743**	**(38,932)**	**-**	**464,726**
	3,633,742	**148,470**	**(40,824)**	**20,130**	**3,761,518**
Less Accumulated Depreciation					
Plant site improvements	**₱23,784**	**₱2,140**	**₱–**	**₱ï**	**₱25,924**
Buildings and improvements	**534,588**	**43,256**	**(1,844)**	**901**	**576,901**
Machinery and equipment	**567,105**	**54,918**	**(32)**	**(579)**	**621,412**
Transportation and other equipment	**343,377**	**27,007**	**(34,932)**	**3,270**	**338,722**
	1,468,854	**127,321**	**(36,808)**	**3,592**	**1,562,959**
	2,164,888	**21,149**	**(4,016)**	**16,538**	**2,198,559**
Construction in progress	**93,737**	**173,163**	ï	**(44,290)**	**222,610**
Net Book Value	**₱2,258,625**	**₱194,312**	**(₱4,016)**	**(₱27,752)**	**₱2,4,21,169**

	January 1, 2012	**Additions**	**Disposals**	**Reclassifi-cation**	**December 31, 2012**
			(Amounts in thousands)		
Cost					
Land	₱1,085,875	₱36,190	(₱23,760)	₱ï	₱1,098,305
Plant site improvements	22,834	528	(119)	5,413	28,656
Buildings and improvements	1,252,026	52,233	(4,522)	2,802	1,302,539
Machinery and equipment	723,353	50,514	(115,222)	71,682	730,327
Transportation and other equipment	469,532	65,519	(20,682)	(40,454)	473,915
	3,553,620	204,984	(164,305)	39,443	3,633,742

Less Accumulated Depreciation					
Plant site improvements	17,809	₱2,555	(₱119)	₱3,539	₱23,784
Buildings and improvements	482,495	55,268	(2,328)	(847)	534,588
Machinery and equipment	568,813	100,794	(114,754)	12,252	567,105
Transportation and other equipment	339,065	64,679	(17,643)	(42,724)	343,377
	1,408,182	223,296	(134,844)	(27,780)	1,468,854
	2,145,438	(18,312)	(29,461)	67,223	2,164,888
Construction in progress	115,306	45,654	ï	(67,223)	93,737
Net Book Value	₱2,260,744	₱27,342	(₱29,461)	₱ï	₱2,258,625

14. Investment Properties

This account consists of:

	January 1, 2013	**Additions**	**Disposals** (see Note 10)	**Sept. 30, 2013**
		(Amounts in thousands)		
Cost:				
Land	**₱347,279**	**₱20,000**	**₱-**	**₱367,279**
Buildings for lease	**93,316**	**-**	**-**	**93,316**
	440,595	**20,000**	**-**	**460,595**
Less accumulated depreciation - Buildings for lease	**18,888**	**4,611**	**-**	**23,499**
	₱421,707	**₱15,389**	**₱-**	**₱437,096**

	January 1, 2012	Additions	Disposals (see Note 10)	December 31, 2012
		(Amounts in thousands)		
Cost:				
Land	₱330,314	₱25,226	(₱8,261)	₱347,279
Buildings for lease	93,316	ï	ï	93,316
	423,630	25,226	(8,261)	440,595
Less accumulated depreciation - Buildings for lease	12,740	6,148	ï	18,888
	₱410,890	₱19,078	(₱8,261)	₱421,707

15. Intangible Assets

Following are the details and movements of this account:

	January 1, 2013	**Additions**	**Adjustment**	**Impairment**	**Sept. 30, 2013**
			(Amounts in thousands)		
Cost					
Goodwill (Note 6)	**₱1,043,877**	**₱–**	**₱–**	**₱–**	**₱1,043,877**
Student lists	**131,120**	–	–	–	**131,120**
Trademarks (Note 6)	**47,156**	–	–	–	**47,156**
Customer contracts	**22,080**	–	–	–	**22,080**

	January 1, 2013	Additions	Adjustment	Impairment	Sept. 30, 2013
			(Amounts in thousands)		
	1,244,233				**1,244,233**
Accumulated amortization					
Student lists	**131,120**	–	–	–	**131,120**
Customer contracts	**22,080**	–	–	–	**22,080**
	153,200	–	–	–	**153,200**
	₱1,091,033	**₱–**	**₱–**	**₱–**	**₱1,091,033**

	January 1, 2012	Additions	Adjustment	Impairment	December 31, 2012
			(Amounts in thousands)		
Cost					
Goodwill (Note 6)	₱1,257,186	₱6,054	(₱7,063)	(₱212,300)	₱1,043,877
Student lists	131,120	ï	ï	ï	131,120
Trademarks (Note 6)	47,156	ï	ï	ï	47,156
Customer contracts	22,080	ï	ï	ï	22,080
	1,457,542	6,054	(7,063)	(212,300)	1,244,233
Accumulated amortization					
Student lists	127,516	3,604	ï	ï	131,120
Customer contracts	22,080	ï	ï	ï	22,080
	149,596	3,604	ï	ï	153,200
	₱1,307,946	₱2,450	(₱7,063)	(₱212,300)	₱1,091,033

16. Other Noncurrent Assets

This account consists of:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Input VAT - net of allowance for unrecoverable amount of ₱118.6 million in December 2012	**₱-**	₱605
Refundable deposits	**-**	8,349
Others - net of allowance for doubtful advances of ₱51.5 million in December 2012	**27,455**	22,561
	₱27,455	₱31,515

17. Notes Payable

This account consists of notes payable of the following subsidiaries:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
UGC	**₱130,554**	₱274,821
AU	**59,385**	50,751

COC	**96,218**	35,604
UI	**-**	12,500
	₱286,157	₱373,676

18. Trade and Other Payables

This account consists of:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Trade	**₱210,707**	₱127,079
Payable to third parties	**43,347**	124,583
Accruals for :		
Personnel costs (see Note 25 and 28)	**62,756**	65,400
Professional fees and others (see Note 26)	**95,766**	38,194
Interest (see Note 26)	**3,069**	8,291
Freight, hauling and handling	**7,043**	6,549
Customersô deposits	**68,431**	91,977
Dividends	**39,382**	30,274
Others	**133,801**	44,336
	₱664,302	₱536,683

19. Long-term Debts

This account consists of long-term liabilities of the following subsidiaries:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
UPANG	**₱231,072**	₱228,500
AU	**20,268**	30,000
UGC	**568,374**	-
	819,714	258,500
Less debt issuance cost	**-**	2,267
	819,714	256,233
PSHC	**152,873**	152,873
Fuld U.S.	**-**	3,080
	972,587	412,186
Less current portion - net of debt issuance cost	**96,010**	64,654
	₱876,577	₱347,532

UGC

As at March 31, 2013, UGC obtained a five-year term loan from Security Bank Corporation and Banco de Oro Unibank, Inc. in the amount of P300 million respectively. The said loan is secured by a real estate mortgage on UGCôs land, plant site improvements, buildings and installation, and machinery and equipment in Calamba City and Davao City.

Below is a summary of the terms of the said loans:

Banks	BDO	Security Bank
Amount	PHP 300,000,000.00	PHP 300,000,000.00
Tenor	5 years	5 years
Price	4.5% fixed for 5 years	5% fixed for 5 years
Repriced on year 4 (Lender's Option)	2 year PDST-F + 1.375% or 4.5% whichever is higher	None
or	or	
Repriced on Year 5 (Lender's Option)	1 year PDST-F + 1.375% or 4.5% whichever is higher	None
Payment of Principal	19 equal quarterly payments PHP 6,250,000.00 Final Quarter Bullet payment PHP 181,250,000.00	19 equal quarterly payments PHP 6,250,000.00 Final Quarter Bullet payment PHP 181,250,000.00
Prepayment	Allowed after 3rd Year w/o penalty	N/A
Drawdown Date	21-Mar-13	25-Mar-13
Start of Amortization Payment	21-Jun-13	21-Jun-13
End of Term Loan	21-Mar-18	25-Mar-18
Collateral	50% Real Estate Mortgage Land, Building and Machinery Calamba and Davao Plants	50% Real Estate Mortgage Land, Building and Machinery Calamba and Davao Plants
Use of Proceeds	Working Capital Requirements Capex (Conversion of CGL to CCL)	Working Capital Requirements Capex (Conversion of CGL to CCL)

On September 19, 2012, the outstanding long-term debt of ₱240 million from BDO and RCBC were pre-terminated.

20. Equity

a. Capital Stock

The composition of the Parent Companyȏs capital stock as of Sept. 30, 2013 and December 31, 2012 is as follows:

	Number of Shares	
	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
Preferred - cumulative, nonparticipating, ₱10 par value		
Class AA		
Authorized	**50,000,000**	50,000,000

	Number of Shares	
	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
Class BB		
Authorized	**50,000,000**	50,000,000
Common - ₱10 par value		
Authorized	**420,000,000**	420,000,000
Common shares :		
Issued	**258,867,064**	258,867,064
Subscribed	**39,994**	39,994
Issued and subscribed (see Note 35)	**258,907,058**	258,907,058

The issued and outstanding shares as of September 30, 2013 and December 31, 2012 are held by 1,271 and 1,278 equity holders, respectively.

Capital stock presented in the statements of financial position is net of subscription receivables amounting to ₱124 thousand as at September 30, 2013 and December 31, 2012.

The following summarizes the information on the Companyôs track record of registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	No. of Shares Issued	Issue/Offer Price
March 12, 1957	1,200,000	172,298	₱10
June 30, 1959	ï	47,868	10
June 30, 1967*	800,000	ï	ï
June 30, 1968*	1,000,000	ï	ï
January 21, 1980*	2,000,000	ï	ï
November 3, 1988*	10,000,000	ï	ï
July 21, 1992*	25,000,000	ï	ï
January 15, 1995*	60,000,000	ï	ï
March 16, 1999*	320,000,000	ï	ï

**Increase in authorized capital stock.*

a. Retained Earnings

On March 6, 2013, the BOD of PHN declared a cash dividend of ₱0.40 a share to all common shareholders of record as of March 22, 2013.

On March 22, 2012, the BOD of PHN declared a cash dividend of ₱0.40 a share to all common shareholders of record as of April 11, 2012.

On March 3, 2011, the BOD of PHN declared a cash dividend of ₱0.40 a share to all common shareholders of record as of March 29, 2011.

On March 3, 2010, the BOD of PHN declared a cash dividend of ₱0.40 a share to all common shareholders of record as of March 29, 2010.

On October 5, 2005, the BOD of PHN appropriated ₱1.0 billion of retained earnings for future investments. As approved by the BOD of PHN last March 6, 2013, the said appropriation shall remain in effect and shall be used for the following, subject to specific terms and conditions as the Board shall fix:

i. Investments in PPHC of up to ₱300 million by year 2014;
ii. Investments in Microtel Development Corporation of up to ₱200 million by year 2015; and
iii. Investments in Trans-Asia Oil and Energy Development Corporation of up to ₱500 million by year 2016.

The BOD of PHN declared the following stock dividends:

Date	Dividend Rate	Shareholdersô Record Date
April 14, 2008	10%	June 13, 2008
March 30, 2007	15%	June 15, 2007
May 31, 2006	20%	August 11, 2006

The retained earnings account is restricted for the payment of dividends to the extent of ₱599.1 million and ₱594.1 million as of December 31, 2012 and 2011, respectively, representing the accumulated equity in net earnings of the subsidiaries and associates. The accumulated equity in net earnings of the subsidiaries and associates is not available for dividend distribution until such time that the Parent Company receives the dividends from the subsidiaries and associates.

c. Other Components of Equity

This account consists of:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Share in unrealized gain on change in fair value of AFS investments of associates (Note 11)	**₱11,172**	₱23,764
Cumulative translation adjustments	**15,274**	(868)
Unrealized gain on change in fair value of AFS investments (Note 12)	**-**	350
Other reserves:		
Reserve for Stock Purchase Plan	**8,805**	11,908
Other reserves resulting from change in ownership interest in subsidiaries without loss of control (Notes 1 and 6)	**878**	878
	₱36,129	₱36,032

21. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions and the parties are subject to common control. Related parties may be individual or corporate entities.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For the nine (9) months of CY 2013 and year ended December 31, 2012, the Company has not recorded any impairment of receivables from related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The significant related party transactions entered into by the Company with its associates and entities under common control and the amounts included in the interim condensed consolidated financial statements with respect to such transactions follow:

September 30, 2013

Company	**Nature**	**Amount/ Volume**	**Amount Due to Related Parties**	**Amount Due from Related Parties (see Note 9)**	**Terms**	**Conditions**
			(Amounts in thousands)			
Ultimate Parent						
	Share in expenses, management fees	**₱18,267**	**₱10,572**	**₱6,922**	Non-interest bearing	Unsecured, no impairment
Associates						
	Share in expenses & dividend	**68,153**	ï	**17,053**	Non-interest bearing	Unsecured, no impairment
Other Related Parties						
	Advances for future subscription	**45,000**	ï	**45,000**	Non-interest bearing	Unsecured, no impairment
	Share in expenses	**821**	**510**	**108**	Non-interest bearing	Unsecured, no impairment
			₱11,082	**₱69,083**		

December 31, 2012

Company	Nature	Amount/ Volume	Amount Due to Related Parties	Amount Due from Related Parties (see Note 9)	Terms	Conditions
			(Amounts in thousands)			
Ultimate Parent						
	Share in expenses, management fees	₱28,231	₱12,608	₱299	Non-interest bearing	Unsecured, no impairment
Associates						
	Grant of interest bearing advances	1,500	ï	1,500	4.87%-5.07% 30-60 days	Unsecured, no impairment
	Share in expenses	1,563	ï	821	Non-interest bearing	Unsecured, no impairment
Other Related Parties						
	Share in expenses	5,687	5,047	293	Non-interest bearing	Unsecured, no impairment
			₱17,655	₱2,913		

PHINMA, Inc. The Company has a management contract with PHINMA, Inc. up to June 30, 2013, renewable thereafter mutual agreement. Under this contract, PHINMA, Inc. has a general management authority with corresponding responsibility over all operations and personnel of the Company including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance and other business activities of the Company. Under the existing management agreement, the Parent Company pays PHINMA, Inc. a fixed monthly management fee plus an annual incentive based on a certain percentage of the Parent Companyôs net income.

TA Oil and TA Power. TA Oil and TA Power are likewise controlled by PHINMA, Inc. through a management agreement. Phinma Corporation bills TA Oil and TA Power for their share in expenses.

PPHC. The Company grants interest bearing advances to PPHC for a period of 30-60 days. The Company also bills PPHC their share in expenses.

PSHC. PSHC has outstanding long-term debt to UPPC arising from the acquisition of land from UPPC, then an associate of the Company (see Note 19). PSHC leases the land to UPPC for a period of 50 years, renewable for another 25 years upon the approval of the Philippine Department of Trade and Industry. Annual lease income during the entire lease term is initially fixed at ₱14.6 million. In connection with the lease, UPPC was required to make a lease deposit with PSHC of ₱55.5 million in July 2003 and an additional ₱2.9 million in April 2005, aggregated and reflected as part of ñOther noncurrent liabilitiesò at amortized cost at the end of the reporting period, and refundable to UPPC upon the expiration of the lease. The lease depositôs present value was calculated using an effective interest rate of 12.0% per annum. On August 2, 2006, PSHC and UPPC amended the lease agreement increasing the annual rent revenue from ₱14.6 million to ₱19.2 million effective January 1, 2006.

The difference between the face value of the lease deposit and its corresponding present value at inception was aggregated and reflected as unearned revenue that is being amortized as rent revenue simultaneous with the accretion of the lease deposit.

The consolidated statements of financial position include the following outstanding balances as of December 31 resulting from the aforementioned transactions:

	2012	2011
	(Amounts in thousands)	
Trade and other receivables	**₱–**	₱1,712
Unearned revenues	**47,228**	48,394
Trade and other payables	**–**	1,144
Long-term debt	**152,873**	151,050
Other noncurrent liabilities	**595**	531

Retirement Fund. The Parent Company has established a retirement fund that is managed by a trustee. The carrying value and fair value of the retirement fund of the Parent Company amounts to ₱46.0 million as of December 31, 2012.

Management and Directorsô Compensation

PHN, UGC, COC, AU, UPang and UI are under common management by PHINMA, Inc. and pay PHINMA, Inc. a fixed annual management fee plus an annual bonus based on a certain percentage of the respective companiesô adjusted net income, as defined in the management contract between PHINMA, Inc. and the respective companies, pursuant to the provisions of the same contract.

Management fees and bonuses, included in ñProfessional fees and outside servicesò account under ñGeneral and administrative expensesò, amounted to ₱65 million and ₱35.5 million in September 2013 and December 2012, respectively. The related unpaid amount, included in ñAccruals for professional fees and othersò account under ñTrade and other payablesò in the consolidated statements of financial position, amounted to ₱50 million and ₱13.7 million as of September 30, 2013 and December 31, 2012, respectively.

PHN, UGC, UI and AU recognized bonus to directors computed based on net income with pre-agreed adjustments. Directorsô bonus, included in ñPersonnel costsò account under ñGeneral and administrative expensesò, amounted to ₱22 million and ₱12.5 million in September 2013 and December 2012, respectively. The related unpaid amount, included in ñAccruals for personnel costsò account under ñTrade and other payablesò in the consolidated statements of financial position, amounted to ₱21 million and ₱6.7 million as of September 30, 2013 and December 31, 2012, respectively.

22. Income Tax

The deferred tax assets and liabilities are presented in the consolidated statements of financial position as follows:

	Unaudited	Audited
	Sept. 30, 2013	December 31, 2012
	(Amounts in thousands)	
Deferred tax assets	**₱115,217**	₱85,231
Deferred tax liabilities	**(322,235)**	(313,736)
	(₱207,018)	(₱228,505)

Deferred tax assets amounting to ₱95.5 million and ₱139.4 million in September 2013 and December 2012, respectively, were not recognized since management believes that it is not probable that sufficient future taxable profit will be available to allow said deferred tax assets to be utilized.

AU, UPang, UI and COC, as private educational institutions, are taxed based on the provisions of Republic Act (R.A.) No. 8424, which was passed into law effective January 1, 1998. Section 27(B) of R.A. No. 8424 defines and provides that: ñA Proprietary Educational Institution is any private school maintained and administered by private individuals or groups with an issued permit to operate from the Department of Education, Culture and Sports, or Commission on Higher Education, or Technical Education and Skills Development Authority, as the case may be, in accordance with the existing laws and regulations - shall pay a tax of ten percent (10%) on their taxable income.ò

MCIT totaling ₱7.8 million can be deducted against RCIT due while NOLCO totaling ₱364.3 million can be claimed as deduction against taxable income, as follows:

		Amount	
Date Paid/Incurred	Expiry Date	MCIT	NOLCO
		(Amounts in thousands)	
December 31, 2010	December 31, 2013	₱4,788	₱6,507
December 31, 2011	December 31, 2014	1,137	223,104
December 31, 2012	December 31, 2015	1,833	134,705
		₱7,758	₱364,316

MCIT amounting to ₱2.5 million expired in 2012. No MCIT and NOLCO were claimed as deduction against regular taxable income in 2012.

23. Pension and Other Post-employment Benefits

Pension and other post-employment benefits consist of:

	Sept. 2013	(as restated) December 2012
	(Amounts in thousands)	
Net pension liability	**₱167,737**	₱156,575
Vacation and sick leave	**44,054**	36,391
	₱211,791	₱192,966

Pension and other employee benefits expenses under ñCost of salesò, ñGeneral and administrative expensesò and ñSelling expensesò, consist of:

	Sept. 2013	Sept. 2012
	(Amounts in thousands)	
Net pension expense	**₱23,814**	₱74,244
Vacation and sick leave	**7,663**	7,474
	₱31,477	₱81,718

Annual contribution to the retirement plans consists of a payment to cover the current service costs for the year plus a payment toward funding the actuarial accrued liability.

The following tables summarize the components of net pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the respective plans.

Net pension expense consists of:

	Sept. 2013	Sept. 2012
	(Amounts in thousands)	
Current service cost	**₱23,814**	₱49,544
Interest cost on defined benefit obligation	**-**	10,984
Expected return on plan assets	**-**	(6,326)
Past service cost	**-**	17,135
Net actuarial loss recognized	**-**	2,909
Net pension expense	**₱23,814**	₱74,244

Details of net pension liability are as follows:

	Sept. 2013	(as restated) December 2012
	(Amounts in thousands)	
Present value of defined benefit obligation	**₱309,817**	₱305,109
Fair value of plan assets	**(142,080)**	(142,080)
Unfunded obligation	**167,737**	163,029
Benefits paid	**-**	(6,454)
Pension liability	**₱167,737**	₱156,575

Changes in the present value of the defined benefit obligation are as follows:

	Sept. 2013	*(as restated)* December 2012
	(Amounts in thousands)	
Balance at beginning of year	**₱305,109**	₱305,653
Current service cost	**23,814**	20,822
Interest cost on defined benefit obligation	**-**	14,645
Actuarial losses	**(19,106)**	(51,466)
Benefits paid	**-**	(7,974)
Increase in past service cost	**-**	23,429
Balance at end of year	**₱309,817**	₱305,109

Change in the fair value of plan assets are as follows:

	Sept. 2013	December 2012
	(Amounts in thousands)	
Balance at beginning of year	**₱142,080**	₱120,150
Contributions by employer	**-**	25,310
Benefits paid	**-**	(7,974)
Interest income	**-**	8,435
Actuarial gains (losses)	**-**	(3,841)
Balance at end of year	**₱142,080**	₱142,080
Actual return on plan assets	**₱-**	₱4,594

The Company expects to contribute ₱34.3 million to its defined benefit pension plans in 2013.

The principal assumptions used in determining pension benefits are as follows:

	Sept. 2013	December 2012
Discount rates	**5-8%**	5-8%
Rates of salary increase	**5-8%**	3-8%

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

	Sept. 2013	December 2012
Fixed income securities and others	**84%**	84%
Equities	**14%**	14%
Property	**2%**	2%
	100%	100%

The expected return on plan assets is based on the Companyꞌs expectation that assets will yield at least equal to the risk-free rate for the applicable period over which the obligation is to be settled.

The Company has established a retirement fund that is managed by a trustee. The carrying value and fair value of the retirement fund of the Company amounts to ₱46.0 million as of December 31, 2012. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Sept. 2013	**December 2012**
Cash and short-term investments	**83%**	**83%**
Property	**12**	**12**
Marketable equity securities	**5**	**5**
	100%	**100%**

Cash and short-term investments include liquid investments in Special Deposit Accounts (SDAs), government securities and mutual funds and UITFs. Marketable equity securities can be sold through the Philippine Stock Exchange. These include shares of stock of the Parent Company with a fair value of ₱2.2 million as of December 31, 2012. Cumulative unrealized fair value gains on the shares amount to ₱0.5 million. The plan assets also include an investment in a unit in Island Palm Garden Condominium located in Quezon City.

The voting rights over the shares are exercised through the trustee by the retirement committee, the members of which are directors or officers of the Parent Company.

Amounts for the current and previous four periods are as follows:

	2012	2011	2010	2009	2008
			(Amounts in thousands)		
Present value of defined benefit obligation	**₱300,184**	₱219,656	₱165,644	₱156,033	₱47,564
Fair value of plan assets	**(142,080)**	(120,150)	(113,945)	(81,870)	(73,022)
Unfunded (surplus) obligation	**158,104**	99,506	51,699	74,163	(25,458)
Experience adjustments on plan liabilities	**(35)**	(27)	(5,469)	(1,284)	1,900
Experience adjustments on plan assets	**43**	7	2,026	ï	36

24. EPS Computation

	Unaudited	
	Sept. 30, 2013	Sept. 30, 2012
(a) Net income attributable to equity holders of the parent	**₱207,213**	**₱148,964**
(b) Number of shares outstanding at beginning of year	**258,907**	**257,931**
Basic/Diluted EPS attributable to equity holders of the parent (a/e)	**₱.80**	**₱.58**

25. Segment Information

For management purposes, the Company's operating businesses are organized and managed separately according to business activities and has five reportable operating segments as follows:

- Investment holdings – The Parent Company and PSHC are engaged in investment holding activities of shares of stocks and other financial instruments.
- Property development – API leases its real and personal properties.
- Steel – UGC manufactures and trades iron and steel products.
- Educational services – AU, COC, UPang and UI offer graduate, tertiary, secondary and elementary education services.
- BPO – OAL and Toon City are engaged in film, video, television and animation services. Fuld U.S. and Fuld Philippines are engaged in intelligence research.

The Company has no geographical segment for segment reporting format as the Company's risks and rates of return are substantially in the same economic and political environment, with the companies incorporated and operated in the Philippines.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements. However, Company financing (including finance costs and finance income) 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.

Segment Information

Financial information on the operating segments are summarized as follows:

	Investment Holdings	Property Development	Steel	Educational Services	BPO	Eliminations	Total Operations
				(Amounts in thousands)			
January – September 30, 2013							
Revenues							
Segment revenue	₱271,997	₱583	₱2,466,110	₱773,545	₱406,193	(₱259,807)	₱3,658,621
Investment income	6,425	4,849	-	-	-	-	11,274
Total revenues	₱278,422	₱5,432	₱2,466,110	₱773,545	₱406,193	(₱259,807)	₱3,669,895
Results							
Segment results	₱181,153	(₱1,830)	₱156,969	₱136,631	₱329	(₱280,691)	₱192,561
Investment income	6,425	4,849	-	-	-	-	11,274
Equity in net earnings of an associate	-	1,914	-	-	-	124,718	126,632
Interest expense and financing charges	(2,484)	-	(28,803)	(17,297)	(1,365)	-	(49,949)
Benefit from (provision for) income tax	(608)	(154)	(37,952)	(10,026)	-	2,537	(46,203)
Share of non-controlling interest	-	-	-	(721)	-	(26,381)	(27,102)
Net income attributable to equity holders of parent	₱184,486	₱4,779	₱90,214	₱108,587	(₱1,036)	(₱179,817)	₱207,213
As at September 30, 2013							
Assets and Liabilities							
Segment assets	₱1,612,989	₱365,510	₱1,938,766	₱2,472,395	₱216,525	₱610,854	₱7,217,039
Investment in associates	4,820,510	-	6,017	-	1,939	(2,436,650)	2,391,816
Deferred tax assets	-	-	58,069	-	33,714	23,435	115,218
Total assets	₱6,433,499	₱365,510	₱2,002,852	₱2,472,395	₱252,178	(₱1,802,361)	₱9,724,073
Segment liabilities	₱479,310	₱734	₱1,094,697	₱844,434	₱456,584	(₱507,2326)	₱2,368,433
Income and other taxes payable	4,476	177	16,876	9,429	235	-	31,193
Deferred tax liabilities	5,852	9	50,970	120,703	-	144,701	322,235
Total liabilities	₱489,638	₱920	₱1,162,543	₱974,566	₱456,819	(₱362,625)	₱2,721,861
Other Segment Information							
Capital expenditures	₱4,173	₱-	₱129,775	₱222,567	₱2,347	₱-	₱358,862
Depreciation and amortization	9,418	500	52,382	54,289	2,662	8,457	127,708

	Investment Holdings	Property Development	Steel	Educational Services	BPO	Eliminations	Total Operations
	Continuing Operations						
				(Amounts in thousands)			
January – September 2012							
Revenues							
Segment revenue	₱9,937	₱466	₱2,194,009	₱668,859	₱414,446	₱-	₱3,287,717
Investment income	₱61,151	₱10,824	-	-	-	-	71,975
Total revenues	₱71,088	₱11,290	₱2,194,009	₱668,859	₱414,446	₱-	₱3,359,692
Results							
Segment results	₱158,262	(₱25,849)	₱115,144	₱102,593	(₱35,720)	(₱209,945)	₱104,485
Investment income	61,151	10,824	-	-	-	-	71,975
Equity in net earnings of an associate	-	(24,978)	-	-	-	98,334	73,356
Interest expense and financing charges	(2,853)	-	(33,896)	(18,290)	(6,420)	-	(61,459)
Benefit from (provision for) income tax	(1,315)	(596)	(23,973)	(9,817)	(361)	3,619	(32,443)
Share of non-controlling interest	-	-	-	(1,556)	-	(2,249)	(3,805)
Net income attributable to equity holders of parent	₱215,245	(₱40,599)	₱57,275	₱72,930	(₱42,501)	(₱110,241)	₱152,109
As at September 30, 2012							
Assets and Liabilities							
Segment assets	₱2,242,056	₱472,866	₱2,016,317	₱2,193,372	₱504,683	₱401,931	₱7,831,225
Investment in associates	4,351,739	ï	10,287	ï	2,144	(2,513,734)	1,850,436
Deferred tax assets	ï	ï	-	-	15,155	3,996	19,151
Total assets	₱6,593,795	₱472,866	₱2,026,604	₱2,193,372	₱521,982	(₱2,107,807)	₱9,700,812
Segment liabilities	₱472,953	₱674	₱1,110,617	₱703,659	₱411,590	(₱496,204)	₱2,203,289
Income and other taxes payable	1,945	169	11,146	6,135	991	ï	20,386
Deferred tax liabilities	-	7,281	23,287	109,108	3,117	130,076	272,869
Total liabilities	₱474,898	₱8,124	₱1,145,050	₱818,902	₱415,698	(₱366,128)	₱2,496,544
Other Segment Information							
Capital expenditures	₱13,924	₱-	₱15,701	₱79,043	₱18,098	₱-	₱126,766
Depreciation and amortization	8,363	500	69,391	55,692	8,379	12,062	154,387

Item 2 – Management's Discussion and Analysis of Financial Condition and Results Of Operations

For the nine-month period ended September 30, 2013, consolidated net income of Phinma Corporation (PHN) increased 53% to P 234.3 million, from P152.8 million for the same period in 2012. Core income hit P 245.5 million, more than double the core income of P 106.5 million for the comparable period last year. Net income attributable to equity holders of the parent amounted to P 207.2 million in the period, up from P 149.0 million for the same period in 2012.

During the period, revenues of Phinma Corporation increased by 9% to P 3.7 billion. Revenues of Union Galvasteel Corporation (UGC) climbed 12% to P 2,466.1 million from P 2,194.0 million. As a result, UGC ended the period with net income of P 90.2 million, a 57% improvement over the same period last year.

Phinma Education Network (PEN) registered an increase in income from P 72.9 million to P108.6 million driven mainly by an increase in overall enrolment. For the first semester of the school year, enrolment grew 18% from 26,816 students to 31,1612 students. Earlier during the year, PEN expanded Cagayan de Oro College, Incôs Basic Education Department and established a new Araullo University campus located in the Southern district in Cabanatuan.

During the period, volume of Fuld & Co. and Fuld Philippines grew 5%, from combined revenues of P 355 million to P374 million for the same period last year. However, net of costs and expenses, the companies posted a net loss of P 2.7 million, compared to net income of P 1.7 million for same period last year.

In the area of affordable housing, Phinma Property Holdings Corporation (Phinma Properties) almost doubled its revenue, from P 373.0 million in 2012 to P 691.9 million in 2013 as a result of sales contributions from its Solano Hills and Arezzo Place Pasig projects. Phinma Properties ended the period with a modest income of P 5.4 million, a turnaround from a net loss of P 70.7 million for the comparable period in 2012.

Trans-Asia Oil and Energy Development Corporation (Trans-Asia Oil) continued to post positive operating results. Equitized income from Trans-Asia Oil amounted to P 124.3 million, up 27% from last yearôs equitized income of P 97.5 million, on the back of increased income from its electricity supply business.

Phinma Corporation has a healthy balance sheet, with cash of P 1.2 billion, total assets of P 9.7 billion and equity of P 7.0 billion as of the end of September.

Union Galvasteel Corporation (UGC)

I. Marketing

For the nine months ended September 30 2013, the company sold 5.2 million sheets or 4% above the 5.0 million sheets sold over the same period of 2012.

II. Production

The color line processed 27,703 MT with a utilization of 93% in the nine months ended September 2013 compared to 24,848 MT with a utilization of 84% over the same period in 2012.

The new Calamba polyurethane line operated at 56% utilization and produced 38,059 MT in the nine months ended September 2013. The Davao polyurethane line operated at a utilization of 49% and production of 31,737 MT in period compared to a utilization of 58%% and a production of 37,476 MT over the same period of 2012.

III. Financials

Revenue generated was P2,466 million with a contribution margin of P431 million resulting in a Gross Profit (GP) rate of 17% and a net income of P90 million. In the previous year, GP rate was 17% and net income was P57 million.

Araullo University (AU)

For the nine months ended September 2013, Araullo University registered revenues amounting to P166 million while direct costs amounted to P79 million. General and administrative expenses for the same period amounted to P48 million, resulting in net income of P20 million, at approximately the same level as last year. During the year, the school established a new campus located in the Southern district of Cabanatuan.

Cagayan de Oro College, Inc. (COC)

COC net income increased from P16 million in the nine months ended September 2012 to P25 million for the nine months ended September 2013.. This reflects the growth in student enrollment, which increased 24% from 6,559 students in School Year (SY) 2012/13 to 8,152 students in SY 2013/14.

For the nine months ended September 2013, COC registered revenues amounting to P157 million. Direct cost and operating expenses were P62 million and P50 million respectively.

University of Pangasinan (UPANG)

For the nine months ended September 2013, UPANG registered revenues amounting to P278 million and net income of P43 million, which was an increase from revenues of P238 million and net income of P35 million over the same period in 2012. Student enrollment increased 7% from 8,691 for SY 2012/13 to 9,277 for SY 2013/14.

University of Iloilo (UI)

For the nine months ended September 2013, UI posted a net income of P21 million compared to P2 million over the same period in 2012. The increase was due to a 30% increase in regular enrollment from 5,836 students for SY 2012/13 to 7,567 students for SY 2013/14.

One Animate Limited (OAL)

During the period, OAL completed its Curious George contract with Universal Studios and registered revenues of P32 million and net income of P2 million.

Fuld & Company, Inc. (Fuld)
Fuld & Company (Philippines), Inc.

In June 2011, the Company acquired an 85% interest in Fuld & Company, Inc. (Fuld). Fuld is a business research and consulting firm focusing on business and competitive intelligence. Fuld is incorporated in the United States with offices in the US, UK and China.
In July 2011, PHN acquired an 85% interest in Fuld & Company (Philippines), Inc. (formerly Business Back Office, Inc. (BBI). Fuld Philippines is a knowledge process outsourcing provider based in Manila.

For the nine months ended September 2013, Fuld US and Fuld Philippines posted combined revenues of P372 million, from P355 million over the same period last year. Net of costs and expenses, however, the companies posted a net loss of P4 million, from net income of P2 million over the same period the previous year.

Asian Plaza, Inc. (API)

API is a 57.6% subsidiary of PHN.

For the nine months ended September 2013, API posted net income of P3 million on revenues of P5 million mainly due to an unrealized gain on investments in a bond fund.

Key Performance Indicators (KPI)

The top five (5) KPIõs used to measure the financial performance of PHN and its subsidiaries as of September 30, 2013 compared to the same period last year are shown in the following table:

Financial KPI	Definition	2013	2012
Profitability			
Return on Equity (ROE)	Net income (loss) / Ave. total equity attributable to PHN equity holders	**3.2%**	2.3%
Gross Profit Margin	Gross profit / Net sales	**30.8%**	26.1%
Efficiency			
Cash Flow Margin	Cash flow from operating Activities / Net sales	**8.01%**	3.44%

Liquidity			
Current Ratio	Current assets / Current liabilities	**2.53 : 1.00**	1.81 : 1.00
Debt-to Equity Ratio	Total liabilities / Total equity	**0.42 : 1.00**	0.44 : 1.00

Profitability

The return on equity for the period of 3.2% is higher than the 2.3% return for the same period last year, due to the increase in net income for the period January to September 2013. Gross profit margin increased from 26.1% in September 2012 to 30.8% in September 2013 due to gross profit margin improvements in UGC, COC, UI, and Fuld & Company, Inc.

Efficiency

Net cash inflow from operations was P 294 million for the period January to September 2013 compared to P 115 million for the same period in 2012. This is attributable mainly to an increase in cash flow from operations of UGC.

Liquidity

Current ratio as of September 30, 2013 increased from 1.81:1.00 last year to 2.53:100 this year mainly due a decrease in Notes Payables of various subsidiaries and Trust Receipts Payables of UGC. As a result, debt-equity ratio of PHN and its subsidiaries as of end September, 2013 of 0.42 was lower than the D/E ratio of 0.44 during the same period last year.

Other Financial Ratios are as follows :

Financial Ratio	**Definition**	**September 2013**	**June 2012**
Asset to Equity	Total Assets / Total Equity	1.52	1.53
Interest rate coverage ratio	EBITDA / Interest expense	9.17	6.53

PHNôs asset to equity ratio of 1.52 was at approximately the same level last year. Interest rate coverage ratio as of September 30, 2013 increased to 9.17 this year due to higher EBITDA.

Accounting Policies and Principles

The accompanying consolidated financial statements of Phinma Corporation have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS). The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, available for sale investments and derivative investments that have been measured at fair value.

The consolidated financial statements are prepared in Philippine pesos, the companyøs functional and presentation currency.

Interim Disclosures on Financial Statements

Below are additional disclosures on the Companyøs operations :

a. Any known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way.

PHN does not anticipate having any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing loans.

b. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None

a. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other person created during the reporting period.

None

d. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

None

e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The operations of Phinma Corporation and its subsidiaries continue to be affected by the economic performance of the Philippines and the countries in which they operate.

f Any significant elements of income or loss that did not arise from the Issuerøs continuing operations.

None.

g. The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.

Increase or decrease of 5% or more in the financial statements are discussed below.

h. Any seasonal aspects that had a material effect on the financial condition or results of operations.

The parent company is a holding company and has no seasonal aspects that will have any material effect on its financial condition.

Like any other company in the construction industry, the operations of UGC are affected by seasonal demand. During the summer months starting December to May, demand for roofing materials are greater than during the rainy months of June to November. The demand for the first semester of the calendar year is normally higher than that of the second semester.

The revenues of the schools under the Phinma Education network decline during summer months.

For other subsidiaries, there is no significant seasonality that would materially affect their operations.

Material Changes in Statement of Financial Position Accounts

Cash and cash equivalents

The decrease in cash and cash equivalents of P128 million are shown in the cash flow statement.

Inventories

The decrease in inventories amounting to P67 million comes mainly from the decrease in UGCôs finished goods inventories.

Input value-added taxes

The increase in the account of P6 million represents an increase in input tax of UGC during the nine months ended September 30, 2013.

Other current assets

The movement in the account of P15 million is mainly due to an increase in various assets of University of Pangasinan.

Available for sale investments

The P 10 million decrease in AFS investments is attributable to the redemption of First Philippine Holdings preferred shares.

Property, plant and equipment

The increase in the amount of P162 million represents an increase in the construction-in-progress account of UGC from P37 million to P124 million brought about by the conversion of the continuous galvanizing line to color coating line, as well as the expansion of COCôs Basic Education Department and AUôs new campus.

Deferred tax assets

The increase in the account of P10 million represents increase in deferred tax assets of UGC.

Other noncurrent assets

The P 4 million decrease in other assets is attributable mainly to the decrease in deferred charges of University of Pangasinan.

LIABILITIES

Notes payable

The decrease of P88 million in the account is due to the payment of short-term borrowings of UGC.

Trust receipts payable

The P 511 million decrease in the account is attributable to the full payment made by UGC on its trust receipt payable outstanding as of December 31, 2012.

Trade and other payables

The increase in the account from P537 million to P675 million represents increase in trade payables of UGC, UPang, UI and COC.

Unearned revenues

The account decreased from P197 million in December 2012 to P58 million in September 2013. Tuition fees received at the start of the semester are booked under Unearned Revenues, and the account is decreased as the income is earned over the semester.

Income and other taxes payable

The decrease in the account of P11 million represents decrease in income tax payable of UGC and AU.

Due to related parties

The decrease in the account of P18 million represents settlement by various subsidiaries of accounts with Phinma, Inc.

Derivative liability

The amount of P2 million represents unrealized loss on outstanding non-deliverable forward contracts of PHN.

Current portion of long-term loan payable

The P 15 million increase in the account represents revaluation of USD loans due to the movement of the PHP:USD exchange rate from P41.05 in December 2012 to P43.54 in September 2013.

Current portion of long-term debt

The P 31 million increase in the account represents reclassification of loans which will fall due within one year, from long-term portion to current portion

Long-term debt – net of current portion

The increase in the account in the amount of P529 million is mainly due to UGCôs availment of long-term loans from Security Bank Corporation and Banco de Oro Unibank, Inc. in the amount of P600 million.

Long-term loan payable - net of current portion

The decrease in the account amounting to P22 million represents payment of a loan by PHN in June.

Pension and other post employment

The increase amounting to P19 million represents increase in accrual for post employment benefits of UGC, AU, COC, UPang and UI.

Other non-current liabilities

The increase amounting to P1 million represents increase in other non-current liabilities of Fuld US.

EQUITY

Share in unrealized gain on financial assets of associates

The change is due to a decline in fair values of marketable securities held by Trans-Asia Oil and Energy Development Corporation.

Unrealized gain (loss) on change in fair value of available for sale investments

The change is due to the reversal of unrealized gains on First Philippine Holdings preferred shares held by Phinma Corporation. The unrealized gains were reversed in view of the redemption of the said shares.

Cumulative translation adjustments

The increase of P16 million in the account represents cumulative adjustments arising from the translation of the financial statements of OAL and Fuld & Company, Inc. from US dollars to Philippine pesos.

Reserve for Stock Purchase Plan

The decrease in the account represents accrual of expense in relation to the companyôs Stock Purchase Plan.

Material Changes in Income Statement Accounts

Revenues

The increase in revenues in the amount of P310 million is due to the increase in revenues of UGC, AU, UPANG, UI and Fuld and Company, Inc..

Operating expenses

The increase in operating expenses amounting to P150 million represents an increase in operating expenses of Fuld & Company, Inc. in the amount of P130 million as well as UGC in the amount of P29 million.

Equity in net earnings of associates

The increase in the account of P53 million is largely due to the increase in PHNôs equitized share in income of Trans-Asia Oil & Energy Development Corporation from P98 million last year to P124 million this year. Trans-Asia Oil and Energy Development Corporation continued to post strong results, with net income for the period January to September 2013 amounting to ₱ 474 million, compared to ₱ 348 million for the same period last year, on the back of significant gains from its electricity supply business.

Equitized earnings from Phinma Property Holdings Corporation likewise improved from an equitized net loss of P25 million to equitized income of P2 million as of September 30, 2013. During the 1st nine months, Phinma Property Holdings Corporation (PPHC) more than doubled its revenue, from ₱ 373.0 million in 2012 to ₱ 691.9 million in 2013, as a result of new sales contributions from its Solano Hills and Arezzo Place Pasig projects. Net income for the nine month period amounted to ₱ 5.4 million, compared to a net loss of ₱ 70.7 million for the first half of 2012.

Net gain (loss) on derivatives

This account reflects a net loss in derivatives amounting to P7.2 million for the nine-month ended September 30, 2013 and a net gain of P8.5 million of the same period last year.

As of September 30, 2013, the company has outstanding non-deliverable contracts with an aggregate notional amount of US$2.9 million, the unrealized loss on which is P1.8 million. The company also booked a net derivative loss on settled contracts amounting to P5.4 million.

Last year the company, recognized an unrealized gain on derivatives amounting to P6.3 million and a realized gain on derivatives of P2.2 million.

Foreign exchange gain (loss)

Foreign exchange gain as of September 30, 2013 was P4 million due to the movement in foreign exchange rate from P41.05 as of Dec. 31, 2012 to P43.54 as of September 30, 2013.

Interest expense and other financial charges

Interest expense of UGC decreased from P34 million in September 2012 to P29 million this year due decrease in notes payable and trust receipts payable from P 956 million in December 2012 to P330 million in September 2013.

Dividend income

The decrease in the account is mainly due to the one-off liquidating dividend received by PHN from Luzon Bag Corporation during the 1st half of 2012.

Gain on sale of asset

There was no significant sale of asset during the period.

Other income (charges)

The decrease in the account of P36 million represents a decrease in other income of UPang and UI .

Provision for income tax

The increase in provision for income tax from P32 million to P46 million is attributable to higher income of UGC, which increased from P57 million last year to P90 million this year.

Comprehensive Income

Comprehensive income increased from P146 million for the nine month period ended September 30, 2012 to P238 million this year due to the increase in net income from P153 million last year to P234 million this year. For other comprehensive income / (charges), kindly refer to the comments on equity accounts.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHINMA CORPORATION

REGINA B. ALVAREZ	***RIZALINA P. ANDRADA***
Senior Vice President - Finance	Vice President - Finance

November 14, 2013

PHINMA CORPORATION
Consolidated Aging of A/R-Trade
As of September 30, 2013
in thousands

	Amount
Current	629,421
1 - 30 days	31,805
31 - 60 days	16,154
61 - 90 days	12,255
Over 90 days	176,225
TOTAL	**865,860**
Less : Allowance for doubtful accounts	200,043
Net Trade Receivable	**665,817**

PHINMA CORPORATION

Consolidated Aging of A/R-Nontrade

As of September 30, 2013

in thousands

	Amount
Current	177,516
1 - 30 days	-
31 - 60 days	-
61 - 90 days	-
Over 90 days	11,812
TOTAL	**189,328**
Less : Allowance for doubtful accounts	2,970
Net AR - Non Trade	**186,358**