IMPORTANT NOTICE

This Prospectus is being displayed on the website to make the Prospectus accessible to more investors. The Philippine Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in the Prospectus. Furthermore, the Philippine Stock Exchange makes no representation as to the completeness of the Prospectus and disclaims any liability whatsoever for any loss arising from or in reliance in whole or in part on the contents of the Prospectus.

Robinsons Retail Holdings, Inc.

(incorporated with limited liability in the Republic of the Philippines)

Primary Offer of 461,897,500 Common Shares
With an Over-allotment Option of up to 22,852,500 Common Shares
Offer Price of ₱58.00 per Offer Share

To be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Joint Global Coordinators, Bookrunners and International Lead Managers

Deutsche Bank AG, Hong Kong Branch

J.P. Morgan Securities plc

UBS AG, Hong Kong Branch

Sole Domestic Lead Underwriter

Maybank ATR Kim Eng Capital Partners, Inc.

THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

This Prospectus is dated October 24, 2013

Robinsons Retail Holdings, Inc.
110 E. Rodriguez Jr., Ave
Bagumbayan, Quezon City
Philippines
Telephone Number: +632 635 0751 to 64
Website: www.robinsonsretailholdings.com.ph

This Prospectus relates to the offer and sale of 461,897,500 common shares (the “Primary Offer”, and such shares, the “Primary Offer Shares”), par value ₱1.00 per share (the “Shares”), of Robinsons Retail Holdings, Inc., a corporation organized under Philippine law (the “Issuer” or the “Company”) as further described below. The Primary Offer Shares shall be offered at a price of ₱58.00 per Share (the “Offer Price”). The determination of the Offer Price is further discussed on page 56 of this Prospectus and was based on a book-building process and discussion between the Company, Deutsche Bank AG, Hong Kong Branch (“Deutsche Bank”), J.P. Morgan Securities plc (“J.P. Morgan”), UBS AG, Hong Kong Branch (“UBS”) (the “International Lead Managers”) and the Sole Domestic Lead Underwriter (as defined below). A total of up to 1,385,000,000 Shares shall be outstanding after the Offer (as defined below).

The Company has granted UBS, in its role as stabilizing agent (the “Stabilizing Agent”), an option exercisable in whole or in part for a period beginning on the date of the initial listing of the Shares on the PSE (as defined below) (the “Listing Date”) and ending on a date no later than 30 calendar days from and including the Listing Date, to purchase up to an additional 22,852,500 Shares from the Company at the Offer Price (the “Optional Shares”, and together with the Primary Offer Shares, the “Offer Shares”), on the same terms and conditions as the Primary Offer Shares as set forth in this Prospectus, solely to cover over-allotments, if any (the “Over-allotment Option”). The offer of the Offer Shares, including the Optional Shares, is referred to as the “Offer”. If the whole or part of the Over-allotment Option is exercised, such Optional Shares will be sold as part of the International Offer (as defined below). See “Plan of Distribution” beginning on page 241 of this Prospectus.

The total proceeds to be raised by the Company from the sale of Primary Offer Shares shall be ₱26,790.1 million. Assuming no exercise of the Over-allotment Option, the estimated net proceeds to be raised by the Company from the sale of Primary Offer Shares (after deduction of estimated fees and expenses) shall be approximately ₱26,069.1 million. The Company intends to use a majority of its net proceeds from the Primary Offer for its expansion plans. For a more detailed discussion on the proceeds from the Primary Offer and the Company’s proposed use of proceeds, see “Use of Proceeds” beginning on page 51 of this Prospectus.

The International Lead Managers will each receive a transaction fee from the Company equivalent to 1% of the gross proceeds from the sale of the International Offer Shares and the Sole Domestic Lead Underwriter will receive a transaction fee from the Company equivalent to 1.5% of the gross proceeds from the sale of the Domestic Offer Shares. This is inclusive of the amounts to be paid to other participating underwriters and selling agents, where applicable. For a more detailed discussion on the fees to be received by the International Lead Managers and the Sole Domestic Lead Underwriter, see “Plan of Distribution” beginning on page 241 of this Prospectus.

The Company is authorized to declare dividends. Each holder of Shares will be entitled to such dividends as may be declared by the Company’s Board of Directors (the “Board”), provided that any stock dividends declaration requires the further approval of shareholders holding at least two-thirds of the Company’s total outstanding capital stock. The Philippine Corporation Code has defined “outstanding capital stock” as the total shares of stock issued, whether paid in full or not, except treasury shares. The Company may declare dividends only from its unrestricted retained earnings. The Company intends to maintain an annual cash dividend payout ratio of twenty per cent (20%) of its audited consolidated net income for the preceding fiscal year subject to compliance with the requirements of applicable laws and regulations, the terms and conditions of its outstanding loan facilities and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances wherein the Company proposes to implement and undertake major projects and developments through its subsidiaries. There can be no guarantee that the Company will pay any dividends in the future. See “Dividends and Dividend Policy” and “Risk Factors — Risks Relating to Our Organization and Structure — We rely on dividends and distributions from our subsidiaries to fund our cash and financing requirements” beginning on pages 54 and 42 of this Prospectus, respectively.

323,328,250 Primary Offer Shares (or 70% of the Primary Offer Shares) (the “International Offer Shares”) are being offered and sold outside the United States by the International Lead Managers in offshore transactions in reliance on Regulation S (“Regulation S”) under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) and within the United States by the International Lead Managers only to “qualified institutional buyers” (“QIBs”) in reliance on Rule 144A under the U.S. Securities Act (“Rule 144A”) (the “International Offer”).

138,569,250 Primary Offer Shares (or 30% of the Primary Offer Shares) are being offered and sold at the Offer Price to all of the duly licensed securities brokers who are the trading participants of The Philippine Stock Exchange, Inc. (the “PSE”) (the “PSE Trading Participants”) and to local small investors under the Local Small Investors Program in the Philippines (the “Domestic Offer”, and such shares, the “Domestic Offer Shares”). Maybank ATR Kim Eng Capital Partners, Inc. (the “Sole Domestic Lead Underwriter”) will act as the sole domestic lead underwriter of the Domestic Offer. Prior to the closing of the Domestic Offer, any allocation of Domestic Offer Shares not taken up by the PSE Trading Participants and the local small investors shall be distributed by the Sole Domestic Lead Underwriter to its clients or the general public in the Philippines. Domestic Offer Shares not taken up by the PSE Trading Participants, the Sole Domestic Lead Underwriter’s clients or the general public in the Philippines shall be purchased by the Sole Domestic Lead Underwriter.

The allocation of the Offer Shares between the Domestic Offer and International Offer is subject to adjustment as agreed between the International Lead Managers and the Sole Domestic Lead Underwriter.

Each person contemplating an investment in the Offer Shares should make his or her own investigation and analysis of the Company and his or her own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood any aspect of investing in the securities or the nature of risks involved in trading securities. A prospective purchaser should carefully consider several factors inherent to the Company (described in “Risk Factors” beginning on page 27 of this Prospectus) such as:

- risks relating to the Company’s business;
- risks relating to the Company’s organization and structure;
- risks relating to the Philippines;
- risks relating to the Offer Shares; and

- risks relating to the presentation of information in this Prospectus,

in deciding whether to invest.

As of the date of this Prospectus, the Company had a total of 900,250,000 outstanding common shares with a par value of ₱1.00 per share. A total of up to 1,385,000,000 Shares will be issued and outstanding after the Offer. The Offer Shares will represent up to approximately 35% of the issued and outstanding capital stock of the Company after completion of the Offer.

An application to list the Offer Shares as well as the rest of the Shares was approved by the PSE on September 11, 2013. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of this Prospectus. The approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the Philippine Securities and Exchange Commission (the "Philippine SEC") of the Offer Shares. Prior to the Offer, there has been no public market for the Common Shares. Accordingly, there has been no market price for the Shares derived from day to day trading.

Application has been made to the Philippine SEC to register the Offer Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No.8799) (the "SRC").

The Offer Shares are offered subject to the receipt and acceptance of any order by the Company and subject to the Company's right to reject any order in whole or in part. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the Philippine Depository and Trust Corporation (the "PDTC") on or about November 11, 2013.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

By:
(original signed)

Robina Y. Gokongwei-Pe

Robina Y. Gokongwei-Pe
President

No representation or warranty, express or implied, is made by the Company, International Lead Managers or the Sole Domestic Lead Underwriter, regarding the legality of an investment in the Offer Shares under any legal, investment or similar laws or regulations. No representation or warranty, express or implied, is made by the International Lead Managers, or the Sole Domestic Lead Underwriter as to the accuracy or completeness of the information herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the International Lead Managers or the Sole Domestic Lead Underwriter. The contents of this Prospectus are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of the Company and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited.

THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES IN THE PHILIPPINES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

The Offer Shares have not been and will not be registered under the U.S. Securities Act. The Offer Shares may be subject to certain transfer restrictions as described herein.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the International Lead Managers or the Sole Domestic Lead Underwriter. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to the date of this Prospectus.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company, the International Lead Managers and the Sole Domestic Lead Underwriter require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this Prospectus and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or resales, and none of the Company, the International Lead Managers and the Sole Domestic Lead Underwriter shall have any responsibility therefore.

In connection with the Offer, UBS, as stabilizing agent (the “Stabilizing Agent”) or any person acting on its behalf may over-allot Optional Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no assurance that the Stabilizing Agent (or any person acting on behalf of the Stabilizing Agent) will undertake stabilization activities. Any stabilization activities may begin on or after the Listing Date and, if begun, may be ended at any time, but must end no later than 30 calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, regulations and rules. The total number of Offer Shares which the Stabilizing Agent or any of its agents may buy to undertake any stabilizing activities shall not exceed 4.95% of the aggregate number of the Primary Offer Shares.

The Company reserves the right to withdraw the offer and sale of Offer Shares at any time, and the International Lead Managers and the Sole Domestic Lead Underwriter reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the Philippine SEC and the PSE. The International Lead Managers and the Sole Domestic Lead Underwriter and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

Industry, Market and Other Data

Market data used throughout this Prospectus has been obtained from market research, reports and studies, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts, market research and the underlying economic assumptions relied upon therein, while believed to be reliable, have not been independently verified, and none of the Company, the International Lead Managers nor the Sole Domestic Lead Underwriter makes any representation as to the accuracy of that information. The data relating to the Philippine retail market was obtained from Euromonitor and was included for the purpose of expressing the Company's share of the Philippine retail market and for describing the Philippine retail market generally. Euromonitor is an international retail analyst firm that produces profiles of businesses in the retail sector and provides country-specific retail sector information. Euromonitor data reflects information obtained from direct consultation with companies and from industry and financial specialist publications and websites. Information in this Prospectus on the retailing market is from independent market research carried out by Euromonitor but should not be relied upon in making, or refraining from making, any investment decision.

The operating information used throughout this Prospectus has been calculated by the Company on the basis of certain assumptions made by it. As a result, this operating information may not be comparable to similar operating information reported by other companies.

Forward-Looking Statements

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's ability to maintain relationships with franchisors and licensors;
- the Company's ability to successfully implement its current and future strategies;
- the Company's ability to anticipate and respond to market trends;
- the Company's ability to successfully manage its growth;
- the condition of and changes in, the Philippine, Asian or global economies;
- any future political instability in the Philippines;
- general political, social and economic conditions in the Philippines;
- competition in the retail industry;
- the Company's ability to secure additional financing and manage its capital structure;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. dollar and other currencies; and
- changes in laws, rules and regulations, including tax laws and licensing requirements, in the Philippines.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company, the International Lead Managers and the Sole Domestic Lead Underwriter expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "will," "would," "could" and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Company accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "Risk Factors" and elsewhere, important factors that could cause actual results to differ materially from the Company's expectations. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements. Investors should not place undue reliance on any forward-looking information.

Conventions which apply to this Prospectus

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "Philippines" herein are references to the Republic of the Philippines. All references to the "Government" herein are references to the Government of the Republic of the Philippines. All references to the "BSP" herein are references to Bangko Sentral ng Pilipinas, the central bank of the Philippines. All references to "United States" or "U.S." herein are to the United States of America. All references to "Peso" and "₱" herein are to the lawful currency of the Philippines and all references to "U.S. dollars" or "US$" herein are to the lawful currency of the United States.

For convenience, unless stated otherwise, certain Peso amounts have been translated into U.S. dollar amounts, based on the prevailing exchange rate on June 28, 2013 of ₱43.307 = U.S.$1.00, being the average rate on that date for the purchase of U.S. dollars for Pesos which is quoted by the Philippine Dealing System (the "PDS" and the "PDS Rate"). Such translations should not be construed as representations that the Peso or U.S. dollar amounts referred to could have been, or could be, converted into Pesos or U.S. dollars, as the case may be, at that rate or at all. On October 23, 2013, the PDS Rate was ₱43.110 = U.S.$1.00. For further information regarding rates of exchange between the Peso and the U.S. dollar, see "Exchange Rates" beginning on page 55 of this Prospectus.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures which are totals may not be an arithmetic aggregate of their components.

Presentation of Financial Information

Unless otherwise stated, all financial information relating to the Company contained herein is stated in accordance with Philippine Financial Reporting Standards ("PFRS").

The Company's fiscal year begins on January 1 and ends on December 31 of each year. In this Prospectus, references to "2010", "2011" and "2012" refer to the fiscal years ended December 31, 2010, December 31, 2011 and December 31, 2012, respectively. The Company's audited historical financial statements as of and for the years ended December 31, 2010, 2011 and 2012, and reviewed historical financial statements as of and for the six months ended June 30, 2012 and 2013, are included in this Prospectus.

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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

affiliate	A corporation that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under the common control of, another corporation.
Applicant	A person, whether natural or juridical, who seeks to subscribe for the Offer Shares.
Application	An application to subscribe for Offer Shares pursuant to the Offer.
average basket size	The amount of net sales divided by the number of transactions for a given period.
BIR	Philippine Bureau of Internal Revenue.
Board	The board of directors of the Company.
BSP	Bangko Sentral ng Pilipinas, the central bank of the Philippines.
CAGR	Compound annual growth rate.
catchment area	The area and population from which a city or individual service attracts visitors or customers.
CNC	Certificate of Non-Coverage, issued by the EMB/LLDA certifying that a project is not covered by the EIS system and is not required to secure an ECC.
"the Company", "our", "we" and "us"	Robinsons Retail Holdings, Inc., a corporation organized under Philippine law, and where the context so requires, includes each of its consolidated subsidiaries.
Consumer Act	The Consumer Act of the Philippines, Republic Act No. 7394.
convenience store	According to Euromonitor, chained grocery retail outlets selling a wide range of groceries and fitting several of the following characteristics: extended opening hours; selling area of less than 400 sqm; located in residential neighborhoods; handling two or more of the following product categories: audio-visual goods (for sale or rent), take-away food (ready-made sandwiches, rolls or hot food), newspapers or magazines, cut flowers or pot plants, greetings cards.

cross-docking	The logistical practice of unloading goods or materials from an incoming transportation system (for example, freight, rail, air) and loading these directly onto distribution vehicles (for example, trucks, trailers, vans, etc.), with little or no storage time in between unloading and loading.
DA	The Philippine Department of Agriculture.
department store	According to Euromonitor, an outlet selling mainly non-grocery merchandise and at least five lines in different departments, usually with a sales area of over 2,500 sqm and arranged over several floors.
DENR	The Philippine Department of Environment and Natural Resources.
DIY	do-it-yourself, the method of building, modifying or repairing something without the aid of experts or professionals.
DOH	The Philippine Department of Health.
Domestic Offer............................	The offer for sale of the Domestic Offer Shares to be made in the Philippines.
Domestic Offer Settlement Date ..	The date on which the Domestic Offer ends and domestic subscriptions are paid, expected to be on or about November 11, 2013.
Domestic Offer Shares	138,569,250 of the Offer Shares being offered pursuant to the Domestic Offer.
Domestic Receiving Agent	Robinsons Bank – Trust & Investments Group.
Domestic Underwriting Agreement	The underwriting agreement dated October 24, 2013 between the Company and the Sole Domestic Lead Underwriter.
DTI	The Philippine Department of Trade and Industry.
ECC...	Environmental Compliance Certificate, issued by the DENR/ EMB.
EIS	Environmental Impact Statement, which must be submitted to the EMB for environmentally critical projects.
EMB	The Philippine Environmental Management Bureau.
EIU	Economist Intelligence Unit.
Euromonitor	Euromonitor International Limited.
FDA...	The Food and Drug Administration.

First Closing Date........................ Delivery of the Primary Offer Shares, which is expected to occur in Manila on or about November 11, 2013 or such other date as the International Lead Managers, the Sole Domestic Lead Underwriter and the Company shall agree in writing.

Food, Drug and Cosmetics Act ... The Food, Drug and Cosmetics Act, Republic Act No. 3720.

Food Fortification Act .... The Philippine Food Fortification Act of 2000, Republic Act No. 8976.

Foreign Investment Act .... The Foreign Investments Act of 1991, Republic Act No. 7042.

GDP.. Gross domestic product or the monetary value of all the finished goods and services produced within a country's borders, calculated on an annual basis.

Generics Act .... The Generics Act of the Philippines, Republic Act No. 6675.

Gokongwei Family .... Means any of the following:

(i) Mr. John L. Gokongwei, Jr., Mr. James L. Go, and Ms. Lily Ngo Chua;

(ii) A relative up to the third degree of consanguinity of any person named in clause (i) above;

(iii) Trusts or other analogous arrangements established for the benefit of any person described or named in clause (i) or (ii) above or of which any such person is a trustee, or holder of an analogous office, including, without limitation, the Gokongwei Brothers Foundation, Inc.

Government .... The Government of the Republic of the Philippines.

Handyman Do it Best.................. A brand name operated by RHMI, or Waltermart-Handyman, Inc., or Handyman Expressmart, Inc., which are all subsidiaries of the Company.

home improvement and gardening store .... According to Euromonitor, home improvement and gardening stores are chained or independent retail outlets with a primary focus on selling one or more of the following categories: home improvement materials and hardware, paints, coatings and wall coverings, kitchen and bathroom, fixtures and fittings, gardening equipment, house/garden plants. Home improvement and gardening stores include: home improvement centers/DIY stores, hardware stores (Ironmongers), garden centers, kitchen and bathroom showrooms, tile specialists, and flooring specialists.

Howards Australia	Howards Storage World International Pty Ltd.
Howards Storage World..............	International brand name owned by Howards Australia and operated by RHMI, as the sole franchisee in the Philippines.
International Lead Managers	Deutsche Bank, J.P. Morgan and UBS.
International Offer	The offer for sale of the International Offer Shares outside the United States in offshore transactions in reliance on Regulation S and within the United States only to QIBs in reliance on Rule 144A.
International Offer Shares	323,328,250 of the Primary Offer Shares being offered for sale pursuant to the International Offer.
International Offer Settlement Date..	The date on which final allocation of the International Offer Shares is to be made, expected to be on or about November 11, 2013.
International Underwriting Agreement	The underwriting agreement dated October 24, 2013 between the Company and the International Lead Managers.
JG Summit	JG Summit Holdings, Inc.
JG Summit Group	JG Summit Holdings, Inc. and its subsidiaries.
Jumbo Certificate	A certificate covering all the securities lodged with the PDTC and issued in the name of the PCD Nominee.
Listing Date	The date on which trading of the Offer Shares on the PSE begins, expected to be on or about November 11, 2013.
LLDA	The Laguna Lake Development Authority, one of the attached agencies of the DENR responsible for the preservation, development and sustainability of the Laguna de Bay and its major tributaries.
LSIs...	Local small investors.
Meat Inspection Code	The Meat Inspection Code of the Philippines, Republic Act No. 9296.
Metro Manila	The metropolitan area comprising the city of Manila, the cities of Caloocan, Las Piñas, Navotas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Parañaque, Pasay, Pasig, Quezon, San Juan, Taguig and Valenzuela and the municipality of Pateros.
middle-income	Households with nominal disposable income per annum of more than US$5,000 but less than US$50,000.

Ministop .... A Japanese chain of convenience stores sub-franchised by RCSI, a subsidiary of the Company and exclusive master franchisee in the Philippines.

modern grocery retail .... According to Euromonitor, modern grocery retailing is the aggregation of those grocery channels that have emerged alongside the growth of chained retail. While there can be traditional (i.e., non-chained) supermarkets or forecourt retailers, for example, due to the store's presence in the channel, these stores are still considered as modern for Euromonitor.

Multi-Format Retailer .... Retailer that operates more than a single type of retail business.

net sales .... Gross sales net of VAT, less sales returns and allowances and sales discounts.

net selling space .... The area of the store where items are displayed, excluding the backroom and warehouse.

net selling space growth .... The comparisons of net selling space between two corresponding periods.

Nielsen Company .... The Nielsen Company, a global marketing and advertising research company with headquarters in New York City, USA.

NMIS .... The Philippine National Meat Inspection Service, a specialized regulatory agency attached to the DA.

Offer .... The offer and sale of the Offer Shares on, and subject to, the terms and conditions stated herein.

Offer Price .... ₱58.00 per Offer Share.

Offer Shares .... The Primary Offer Shares and the Optional Shares.

OFW .... Overseas Filipino Workers.

Optional Shares .... Up to 22,852,500 new Shares to be issued upon exercise of the Over-allotment Option.

Over-allotment Option .... An option granted by the Company to the Stabilizing Agent, exercisable within 30 days from and including the Listing Date, to purchase Optional Shares.

parapharmacy/drug store .... According to Euromonitor, a retail outlet selling mainly over-the-counter healthcare, cosmetics and toiletries, disposable paper products, household care products and other general merchandise. Such outlets may also offer prescription-bound medicines under the supervision of a pharmacist.

PCD .... Philippine Central Depository.

PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC.
PDS	The Philippine Dealing System.
PDS Rate	The closing spot rate on any particular date for the purchase of U.S. dollars for Pesos, which is quoted by the PDS.
PDTC	The Philippine Depository and Trust Corporation.
Permit to Sell	The permit issued by the Philippine SEC granting the effectivity of the registration statement filed in relation to the Offer Shares.
Pesos or ₱	The legal currency of the Philippines.
PFRS	Philippine Financial Reporting Standards.
Pharmacy Law	An Act Regulating The Practice Of Pharmacy And Setting Standards Of Pharmaceutical Education In The Philippines, Republic Act No. 5921.
Philippines	Republic of the Philippines.
Philippine Corporation Code	B.P. 68 otherwise known as the Corporation Code.
Philippine National	As defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.
Philippine SEC	The Philippine Securities and Exchange Commission.
POS	Point of sale.
Primary Offer	The offer and sale of the Primary Offer Shares.
Primary Offer Shares	461,897,500 new Shares to be issued and offered by the Company pursuant to the Offer.
PSE	The Philippine Stock Exchange, Inc.

PSE Main Board..........................	The main board of the PSE that enables companies that meet higher profit or other financial standards requirements to raise funds in the market. Generally, to be listed on the Main Board, a company must have a minimum authorized capital stock of ₱500 million, of which a minimum of twenty-five percent (25%) must be subscribed and fully paid, and show, among others: (i) a track record of profitable operations for three full fiscal years prior to the filing of the listing application; (ii) positive stockholders' equity in the fiscal year immediately preceding the filing of the listing application; (iii) a market capitalization of at least ₱500 million at listing; and (iv) operating history of at least three (3) years prior to the filing of the listing application.
PSE Trading Participants	Duly licensed securities brokers who are trading participants of the PSE.
QIBs..	Qualified institutional buyers within the meaning of Rule 144A.
Regulation S...............................	Regulation S under the U.S. Securities Act.
RCSI..	Robinsons Convenience Stores, Inc.
Renminbi.....................................	The lawful currency of the People's Republic of China.
Retail Trade Liberalization Act....	The Retail Trade Liberalization Act of 2000, Republic Act No. 8762, enacted into law on March 7, 2000.
RHMI	Robinson's Handyman Inc.
RI	Robinson's Incorporated.
RLC...	Robinsons Land Corp.
Robinsons Bank	Robinsons Bank Corp.
Robinsons Department Store or RDS..	The business unit/entity owned, managed and operated by RI or Robinsons Ventures Corp., which are subsidiaries of the Company.
Robinsons Supermarket.............	The brand name of the business unit/entity owned, managed and operated by RSC or Angeles Supercenter, Inc., which are subsidiaries of the Company.
RSC...	Robinsons Supermarket Corporation.

Rule 144A	Rule 144A under the U.S. Securities Act.
same store sales growth	The comparisons of net sales between two periods generated by the relevant stores. The stores that are included in comparisons are those that have been in operation during the entirety of the two periods of comparison. The comparison for each store takes into account net sales by that store during the same period it was in operation in both the reporting period and the period of comparison. The net sales of all the relevant stores in the relevant period are then aggregated and compared.
SCCP	Securities Clearing Corporation of the Philippines.
Shares	The common shares of par value ₱1.00 each of the Company.
SKU	Stock-keeping unit. A store's or catalog's product and service identification code, often portrayed as a machine-readable bar code that helps the item to be tracked for inventory.
Sole Domestic Lead Underwriter	Maybank ATR Kim Eng Capital Partners, Inc.
South Star Drug	A brand operated by SSDI, a subsidiary of the Company.
SSDI	South Star Drug, Inc.
sqm	Square meters.
SRC	Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended.
Stabilizing Agent	UBS, in its role as stabilizing agent, whereby it may engage in stabilization activities relating to any over-allotment of Shares from the Company for a period beginning on the Listing Date and ending on a date no later than 30 calendar days from and including the Listing Date.
store-based retailing	According to Euromonitor, store-based retailing is the aggregation of grocery retailers and non-grocery retailers.
supermarket	According to Euromonitor, a retail outlet selling groceries with a selling space of between 400 and 2,500 sqm (excludes discounters, convenience stores and independent grocery stores).
total selling space	The total area of the store, including the area of the store where items are displayed, the backroom and the warehouse.

True Value	International brand name operated by Robinsons True Serve Hardware Philippines. Inc., a subsidiary of the Company, and a member of True Value Company, a U.S.-based cooperative of independent retailers.
URC	Universal Robina Corp.
U.S.	The United States of America.
U.S. dollars or US$	The lawful currency of the United States.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
VAT	Value-added tax.

SUMMARY

Summary

This summary highlights information contained elsewhere in this Prospectus. This summary is qualified in its entirety by more detailed information and financial statements, including notes thereto, appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating an investment in the Offer Shares, see "Risk Factors". Investors should read this entire Prospectus carefully, including the Company's financial statements and related notes contained therein.

Overview

We are one of the leading retail groups in the Philippines. According to Euromonitor's store-based retailing market share data, we are the second largest Multi-Format Retailer in the Philippines in terms of revenue in 2012. With over 30 years of retail experience, we possess a deep understanding of Philippine consumers and enjoy market leading positions across all of our business segments. Since the opening of our first *Robinsons Department Store* in Metro Manila in 1980, we have successfully expanded into five other business segments, entering into the supermarket business in 1985, the DIY business in 1994, the convenience store and specialty store businesses in 2000 and the drug store business in 2012. We operate our supermarkets, department stores and consumer electronics and appliances stores under the *Robinsons* brand name, which we believe is widely recognized and respected in the Philippines, and our other store formats under well-known international and domestic brands such as *Handyman Do it Best*, *True Value*, *Topshop*, *Topman*, *Toys "R" Us* and *Ministop*. We believe we operate one of the broadest ranges of retail formats of any retail group in the Philippines and accordingly, are well-positioned to capture the continuing macroeconomic growth in the Philippines, particularly the increase in disposable income and consumption of the middle-income segment, one of our key target markets.

The success of our multi-format business model is predicated on our ability to open stores in attractive locations with high customer traffic, such as in established business, commercial or residential centers, or at major crossroads. In identifying such locations, we benefit from our affiliation with RLC as we enjoy an anchor tenant status in each of its current malls. In addition, as we roll out our presence in a high traffic location, we are able to leverage our extensive portfolio of retail formats to establish the most appropriate store format to best cater to the needs of the local community. In this way, we are able to efficiently and profitably enter into new markets and foster new retail communities. As of June 30, 2013, we had a portfolio of 940 stores nationwide, with 428 stores in Metro Manila, 423 in Luzon (outside Metro Manila), 55 in Visayas and 34 in Mindanao, with a total net selling space of approximately 545,337 sqm.

We conduct our core retail operations in six business segments — supermarkets, department stores, DIY stores, convenience stores, drug stores and specialty stores:

Supermarkets. According to Euromonitor, we are the second largest supermarket operator in the Philippines in terms of revenue in 2012, with 75 stores as of June 30, 2013. Our supermarkets are operated under the *Robinsons Supermarket* brand name. We believe *Robinsons Supermarket* is the first major supermarket chain in the Philippines specifically positioned with a focus on health and wellness, and we believe this focus is a key point of differentiation from our competitors. Our supermarket business recorded net sales of ₱23,716 million, ₱25,643 million, ₱29,295 million, ₱13,390 million and ₱14,999 million, representing 52.7%, 52.6%, 50.6%, 52.7% and 47.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. Consignor-based sales represented 25.8% of supermarket revenues in the first six months of 2013.

Department Stores. According to Euromonitor, we are the second largest department store operator in the Philippines in terms of revenue in 2012, with 36 stores as of June 30, 2013. Our department stores are operated under the *Robinsons Department Store* brand name and offer a large selection of both local and international branded products that are grouped into six categories: (i) shoes, bags and accessories (including health and beauty aid products), (ii) ladies' wear; (iii) men's wear, (iv) children's wear, (v) household items; and (vi) others, focused on catering to middle-income customers. Our department store business recorded net sales of ₱9,552 million, ₱10,315 million, ₱11,374 million, ₱5,200 million and ₱5,534 million, representing 21.2%, 21.1%, 19.6%, 20.5% and 17.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We operate under a consignor and outright sales business model at our department stores and 94.0% of our department store segment revenues were derived from sales of consigned merchandise in the first six months of 2013.

DIY Stores. According to Euromonitor, we are the second largest operator of home improvement and gardening stores in the Philippines in terms of revenue in 2012. As of June 30, 2013, we operated 114 DIY stores under the brand names *Handyman Do it Best* and *True Value*, of which we are member-retailers in the Philippines, and *Howards Storage World,* of which we are the authorized franchisee in the Philippines. Each brand has its own specialized positioning, with *Handyman Do it Best* focused on affordable, high quality DIY and home improvement products, *True Value* positioned as an upmarket lifestyle home center, and *Howards Storage World* positioned as a themed concept store focused on storage organizers and space savers. Our DIY stores business recorded net sales of ₱4,878 million, ₱5,382 million, ₱6,195 million, ₱2,905 million and ₱3,365 million, representing 10.8%, 11.0%, 10.7%, 11.4% and 10.7% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We operate under a consignor and outright sale business model at our DIY stores and 71.0% of our DIY store segment revenue was derived from sales of consigned merchandise in the first six months of 2013.

Convenience Stores. We are the exclusive Philippine master franchisee of *Ministop* and according to Euromonitor, we are the second largest operator of convenience stores in the Philippines in terms of revenue in 2012. *Ministop* commenced operations in the Philippines in 2000 and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. As of June 30, 2013, we had a total of 345 *Ministop* stores, primarily located in Metro Manila, all of which are franchised to franchisees. We primarily generate revenue in our convenience stores business through selling merchandise to our franchisees and recorded net sales of ₱3,323 million, ₱3,481 million, ₱3,826 million, ₱1,898 million and ₱2,077 million, representing 7.4%, 7.1%, 6.6%, 7.5% and 6.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We also generate revenue from royalties received from our franchisees, amounting to ₱727 million, ₱770 million, ₱941 million, ₱490 million and ₱545 million in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively.

Drug Stores. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI, the third largest parapharmacy/drug store operator in the Philippines in terms of revenue in 2012 according to Euromonitor. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. As of June 30, 2013, South Star Drug operated 170 stores under its own brand and another 53 stores under the "*Manson Drug*" name. South Star Drug carries a wide range of prescription and over-the-counter pharmaceutical products together with a range of food, personal care and other products. The drug store business recorded net sales of ₱5,694 million for the full year of 2012, of which ₱2,443 million, being the net sales generated from August 1, 2012, was included in our consolidated results in 2012, and ₱3,017 million in the first six months of 2013, representing 4.2% and 9.6% of our total consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue) in 2012 and the first six months of 2013, respectively.

Specialty Stores. As of June 30, 2013, our specialty stores portfolio includes a chain of 42 consumer electronics and appliances stores operated by Robinsons Appliances Corp., which include 33 stand-alone stores operated under the *Robinsons Appliances* brand name, two concept stores under non-exclusive arrangements with existing suppliers and various concessionaire arrangements with third parties; the *Toys "R" Us* Philippine franchise, which operates 52 stores, and is the second largest traditional toys and games store operator in the Philippines in terms of revenue in 2012 according to Euromonitor; a chain of 39 fashion retail stores which carries brands such as *Topshop*, *Topman*, and *Dorothy Perkins*; and 14 one-price-point stores under the *Saizen* brand name, under a license from Daiso Industries Co. Ltd. of Japan. Our specialty stores business recorded net sales of ₱3,543 million, ₱3,962 million, ₱4,762 million, ₱2,016 million and ₱2,503 million, representing 7.9%, 8.1%, 8.2%, 7.9% and 7.9% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively.

For the six months ended June 30, 2013, our consolidated net sales was ₱31,317 million, an increase of 24.1% from ₱25,234 million for the six months ended June 30, 2012. Net income grew by 98.4% to ₱1,272 million for the first six months of 2013 from ₱641 million for the first six months of 2012. Our consolidated net sales amounted to ₱44,559 million, ₱48,303 million and ₱57,393 million in 2010, 2011 and 2012, respectively. Our net income amounted to ₱456 million, ₱476 million and ₱1,345 million in 2010, 2011 and 2012, respectively.

Competitive Strengths

We believe our competitive strengths position us well to continue to capitalize on the growth in disposable income and consumer spending in the Philippines.

Leading and highly-diversified Multi-Format Retailer with presence across the Philippines

According to Euromonitor's store-based retailing market share data, we are the second largest Multi-Format Retailer in the Philippines in terms of revenue in 2012 and we believe we operate one of the broadest ranges of retail formats among our peers. Building upon the experience from our well-established supermarket and department store operations, we have continued to expand our business across a number of other attractive retail formats over the past 30 years, establishing market-leading positions in each format. Leveraging upon our scale and highly diversified portfolio of leading retail formats and brands, we enjoy strong bargaining power in securing prime retail locations at attractive terms. Our ability to lease multiple sites and deliver the most appropriate mix of retail formats for a specific target customer base at a given location makes us an attractive anchor tenant for landlords of shopping malls and other high traffic commercial centers and locations, which has allowed us to develop a strong and established presence across the Philippines. As of June 30, 2013, we had a presence across the Philippine archipelago with 428 stores in Metro Manila, 423 in Luzon (outside Metro Manila), 55 in Visayas and 34 in Mindanao.

Our multi-format business model and ability to obtain attractive locations also facilitate the growth of our newer business segments. For example, we are able to open *South Star Drug* stores in our *Robinsons Supermarket* stores and establish a *Toys "R" Us Toybox* section in our *Robinsons Department Stores*, when it may not be cost-effective or appropriate to establish a stand-alone store at a particular location. This allows such newer formats to benefit from the high customer traffic of our existing formats. Similarly, in locations where it is viable to establish several stand-alone stores, we are able to group a number of formats close together in an effective manner to increase customer traffic, for example by co-locating *Handyman Do it Best* stores with our *Robinsons Supermarket stores*.

In addition, our size and diversification as a Multi-Format Retailer provide us with broad exposure to Philippine consumers and help us capture a good mix of non-discretionary spending (through our supermarkets, drug stores and convenience stores) and discretionary spending (through our department stores, DIY stores and specialty stores), which help diversify both our growth drivers and potential commercial risks. By operating multiple retail segments with leading market positions across the country, we believe we are well-positioned to capture the continuing macroeconomic growth and increase in disposable income and consumption in the Philippines, particularly in the middle-income segment, one of our key target markets.

Large scale and complementary operations driving synergies and operating leverage

We believe our operational scale and complementary retail formats provide us with significant benefits and synergies. Such synergies include sourcing and purchasing benefits among complementary formats. For example, given our high volume of procurement of similar goods and services across formats such as supermarkets and convenience stores, we are able to negotiate for favorable prices from our suppliers. In addition, our multi-format operations and the frequent co-location of our stores provide us with opportunities for cross-selling and cross-marketing between businesses, which we believe increases customer traffic and average spending. In May 2013, we introduced the Robinsons Rewards Card, a loyalty card that allows holders to redeem accrued points across three of our retail formats, *Robinsons Supermarket, Robinsons Department Store and Toys "R" Us* stores. By the end of 2014, we expect the card to be accepted in the other retail formats, excluding *Ministop* and *South Star Drug* stores, for which the card is expected to be accepted in 2015. We believe the Robinsons Rewards loyalty program will be a powerful means of increasing customer retention and enhancing customer loyalty across our businesses.

Further, we increasingly benefit from economies of scale and operating leverage. As we continue to expand our operations, we are increasingly able to share centralized services, head office functions, existing infrastructure to minimize personnel costs and other fixed costs, and spread development costs across formats, to enhance our margins. In addition, we also generate scale benefits through increased negotiating power with landlords with respect to obtaining favorable rental rates.

Well-recognized market leading brands with distinctive brand propositions

The brands we operate under and carry include both well-recognized international brands as well as well-established local brands. The *Robinsons* brand name which we use for our supermarkets, department stores and consumer electronics and appliances stores, has over 30 years of history and we believe it has developed high brand recognition and symbolizes quality among Philippine consumers.

Our brands have each developed a well-defined brand proposition through their innovative and distinctive positioning. For example, we believe *Robinsons Supermarket* is the first major supermarket chain in the Philippines to focus on fresh food products which accounted for 17.2% of supermarket sales in the first six months of 2013, *Robinsons Department Store* takes pride in its private label clothing brands which accounted for 11.1% of department store sales in the first six months of 2013, and *Ministop* which we believe is the first mover in the on-site preparation of ready-to-eat products. Within our other retail formats, we also have a number of well-recognized brands such as *Handyman Do it Best* and *True Value* in DIY, *Topshop*, *Topman* and *Dorothy Perkins* in fashion specialty and *Toys "R" Us* in the toy specialty, each with its own distinctive brand image.

We believe that our well-recognized brands, with their unique and distinctive brand propositions, have contributed to our success in becoming the second largest Multi-Format Retailer in the Philippines while also enjoying market-leading positions in each of our formats. According to Euromonitor, in terms of revenue in 2012, we are the second largest operator of supermarkets, department stores and convenience stores and home improvement stores and the third largest parapharmacy/drug store operator in the country. Our multi-format business model, which allows us to establish multiple stores formats in a given location, combined with our brand leadership across multiple segments strengthens our position as the tenant of choice and enables us to enjoy strong bargaining power with landlords in securing prime retail locations and preferential rental rates. We believe the increased visibility and brand recognition of our stores will continue to strengthen our leading market positions.

Deep understanding of Philippine consumers with a proven track record of format extension and integrating new brands and retail concepts

Through our extensive history and retail experience, we believe we possess a deep understanding of Philippine consumers which has allowed us to establish a strong track record of revenue and earnings growth. Since the opening of the first *Robinsons Department Store* over 30 years ago, we have continued to successfully identify new opportunities and expand into a number of different retail formats, through both new store openings and acquisitions. According to Euromonitor, we are the second largest Multi-Format Retailer in terms of revenue in 2012 based on store-based retailing market share, with one of the broadest range of retail formats among our peers. We believe our experience and track record puts us in a strong position to continue to identify additional growth opportunities as well as successfully and seamlessly integrate new businesses in the future.

We have developed the *Robinsons* brand over several decades, and have established a strong reputation and track record of success across our formats. We have been able to capitalize on brand franchising and licensing opportunities by becoming the partner of choice for many international brand owners and retailers who have sought to benefit from an association with us, as well as the *Robinsons* brand in their expansion into the Philippines. In the apparel segment, we have developed an extensive brand portfolio with exclusive operating rights to renowned international fashion labels including *Topshop*, *Topman*, *Dorothy Perkins*, *Warehouse*, *Miss Selfridge*, *Ben Sherman* and *G2000*. In other segments, we have also successfully partnered with leading international retailers such as *Ministop* in Japan, *Toys "R" Us* in the United States, *Daiso* in Japan and *Howards Storage World* in Australia, as well as international cooperatives such as *Do it Best* and *True Value*.

Furthermore, our continued success has been recognized by trade associations and its trade partners. For example, in 2013, *Robinsons Supermarket* was awarded the Philippine Retailers Association's ("PRA") Outstanding Philippine Retailers Hall of Fame (Supermarket Category 2012) and a Chairman's Award from Unilever Philippines for Highest Organic Growth 2012; *Toys "R" Us* was awarded the PRA's Outstanding Filipino Retailers Foreign Brand Retailer Award, Category Killer 2012; *Topshop* was awarded the PRA Foreign Brand Retailer, Fashion Apparel, Medium Category 2012; Howards Storage World Philippines was awarded as the Master Franchisor of the Year 2012 ; and Robinsons Retail Group was awarded as one of the Top 10 Retailers in the Philippines in 2011 in the Retail Asia-Pacific Top 500 Awards and the Special 15th Year Award in the Ayala Malls Merchants Rewards in May 2013.

Strong infrastructure with advanced management information systems

As of June 30, 2013, we operated a network of 940 stores in the Philippines with a presence across the major regions. In order to operate our large-scale business efficiently and effectively, our operations are supported by advanced and customized information technology systems. Our world-class management information systems include a merchandise management system from JDA Software Group Inc. (formerly JDA Worldwide, Inc.), and an advanced merchandise analytics solutions system developed by Manthan Systems, Pvt. Ltd. which allow us to analyze and optimize merchandise performance, and make proactive decisions on our day-to-day operations providing us with the ability to quickly and efficiently respond to changes in customer trends. We also deploy a POS system from Retalix Ltd., and have a sophisticated supplier portal system that allows us to collaborate with our suppliers, and through which suppliers have access to our database, providing them with the ability to manage their own inventory in real-time, helping to ensure consistently high service levels and facilitating more targeted marketing activities. Further, we use a warehouse management system to ensure just-in-time delivery and sufficient stock at our stores, thus optimizing inventory levels across our distribution centers and store network. Further, we utilize financial and asset management systems from SAP AG.

We believe our strong infrastructure and management information systems are invaluable in allowing us to maximize the efficiency of our operations, maintain optimal inventory levels and reduce costs and operating expenses. We believe our infrastructure is scalable to support the growth and expansion of all our existing as well as potentially new formats nationwide. We also plan to mitigate risks caused by unforeseen disasters through our disaster recovery site, which would ensure that our business operations will not be interrupted.

Highly experienced leadership and management team

Our leadership from the top down is encouraged to develop innovative business ideas to enhance our long term development. This corporate culture has driven our growth from a single department store to a leading nationwide Multi-Format Retailer.

Our Board leadership has inherited an entrepreneurial culture from the Gokongwei Family, with a strong emphasis on operating businesses in a financially prudent manner. We also have an experienced and dedicated management team with extensive retail industry experience across each of our operating formats. Many of our senior management team members have been with us since the commencement of our operation and instrumental in our development and growth. The general managers of each of our operating formats have an average of 22 years of experience in the retail industry. We continue to develop our management team through a policy of promoting from within that is supported by well-developed in-house and external training programs.

The close and continuous collaboration with leading global retailers across various formats has also enabled us to adopt many global best practices as well as to acquire market knowledge and international standards of operational excellence. We have obtained valuable technical, logistical and other support from our international partners.

Relationship with the JG Summit Group and the Gokongwei Family

We believe our relationship and synergies with members of the JG Summit Group enhance our competitive position. Generally, we believe that the strong reputation of the JG Summit Group contributes to the perception of us as a reputable partner and a successful and capable retail operator.

We enjoy an anchor tenant status in each of the malls owned by RLC which allows us to secure prime locations in each of its malls. We are also provided the first opportunity at an early stage to evaluate the commercial feasibility of establishing a store at a particular site where RLC intends to build a shopping mall, as well as to secure prime locations in RLC's new shopping malls to the extent that such a store opening is consistent with our expansion plans.

Further, Summit Media, also owned by the Gokongwei Family, is a leading consumer magazine publisher in the Philippines and offers us broad advertising exposure and frequent features in a wide range of media platforms such as magazines, digital, mobile and internet media as well as in outdoor media. In addition, Robinsons Bank, an approximately 60% owned subsidiary of JG Summit Capital Services, a wholly-owned subsidiary of JG Summit, and in which we own 40% of the total common shares, provides commercial banking services to our suppliers, consignors, business partners and employees.

Although we derive benefits from our relationships with members of the JG Summit Group and the Gokongwei Family, we believe that all of our transactions with those companies are conducted on an "arm's length" basis.

Strategies

Our objective is to continue to strengthen our market position across all our formats through disciplined and strategic expansion, particularly in Visayas and Mindanao, and to continue to capture the increasing disposable income and consumption levels of the Philippines' emerging middle class. We intend to achieve our objective through the following strategies:

Continue to leverage our multi-format retail platform to drive growth and increase profitability

We believe our multi-format business model provides us with multiple avenues to expand and strengthen our operations. Our diversified retail offering allows us to deliver a broad range of attractive shopping options which increases customer traffic and enhances the overall shopping experience in a particular shopping mall or location. We will continue to leverage this dynamic to secure prime locations and favorable rental rates from developers and landlords, further enhance same store sales growth and improve cost efficiency.

In terms of securing strategic locations and increasing our market penetration, we intend to accelerate our expansion efforts in provincial areas with a particular focus on second tier cities where we see high growth potential by (i) cooperating with other major developers in provincial regions, (ii) further establishing smaller format operations such as drug stores, *Ministop* stores and compact supermarket formats in more regional markets and (iii) developing community commercial centers in smaller catchment areas which are to be anchored by our various store formats. We will also continue to evaluate attractive opportunities to further strengthen our operations in existing geographic markets, including Metro Manila.

We plan to increase our total number of stores across all retail formats to approximately 1,400 by the end of 2014, from 940 stores as of June 30, 2013. Approximately half of the proposed new openings are planned for Metro Manila, with the remaining new openings planned for the rest of the country. Approximately 20% of the new stores are expected to be larger format stores (supermarkets, department stores and DIY stores).

We also plan to seek further cooperation opportunities with more international market players in our existing formats, in particular by adding more new fashion brands to our international fashion specialty portfolio.

Further enhance same store sales growth

We will continue to focus on providing products at competitive prices and increasing our customers' average basket size by expanding our product range. We will also look to enhance our store environment for a higher quality shopping experience and continue to optimize our product offering by leveraging our management information systems to adjust our product mix in line with changing customer trends. For example, at *Robinsons Appliances* stores, we adjusted the product mix by offering more high-end appliances (e.g. Apple products, light-emitting diodes televisions, plasma televisions, side-by-side refrigerators, split-type air conditioners and digital single-lens reflex cameras), obtaining exclusive electronic and appliances models from the suppliers (e.g. General Electric, Electrolux and Toshiba) and improving in stock availability through advanced vendor forecasting. Same store sales growth increased from 1.0% in 2011 to 12.1% in 2012. We expect that similar such initiatives will continue to lead to increasing store traffic and will enable us to better capture the potential trading up of consumers in the Philippines to higher priced and higher quality products as disposable income continues to increase.

We will also continue to develop our private and exclusive labels to further differentiate our product offering from competitors, enhance brand recognition and increase repeat purchases. Furthermore, to facilitate cross-selling and cross-marketing between our formats, we will continue to explore co-location opportunities among our various retail formats. In addition, we recently introduced the Robinsons Rewards Card in May 2013. We believe this loyalty program, which will eventually allow holders to collect and redeem points across all our formats, will enhance our brand image and also increase customer loyalty. We expect that Robinsons Rewards Cards will be accepted in all of our retail formats, including *Ministop* stores and *South Star Drug* stores, over the next two years.

Further increase operating efficiency and margins

We intend to continue to leverage our multi-format business model and scale to realize greater synergies in sourcing and procurement and also to maximize our bargaining position with our suppliers and consignors. As we continue to grow our business, we negotiate for additional discounts for advertising support, product distribution, enlistment of new products, satisfactory service levels, volume purchase, offering preferential gondola placement and display to our suppliers, discounts for senior citizens and persons with disabilities, and supplier portal access, among others, to help increase our margins. We will also leverage our increasing bargaining power with landlords, to secure store places at prime locations and to seek attractive rental rates. Further, centralizing certain functions, such as information technology, marketing, intellectual property management and human resources functions across our operating formats has also helped control operating expenses. In the past three years, as a result of our cost control measures, our total operating expenses, as a percentage of total net sales, has remained relatively constant at 17.6%, 18.9% and 18.5% in 2010, 2011 and 2012, respectively.

In addition, we will look to improve margins through the optimization of our product offering mix. For example, we intend to increase the mix of higher margin non-pharmaceutical products from 40% to 50% at our drug stores by adding more beauty and healthcare products. We also intend to enhance the positioning of our convenience stores as a lifestyle store by strengthening its leadership in higher margin ready-to-eat products.

To further improve operating efficiency and productivity, we will continue to implement regular staff training. We will also continue to upgrade and enhance our unified information technology systems that will be implemented in a standard format across all existing and future formats and business segments.

Expand into new retail segments and pursue attractive acquisition opportunities

By leveraging the strong financial base provided by our established businesses, we intend to continue to explore expansion into new retail segments, such as home furniture, sporting goods, school and office supplies and coffee shops, which we believe will complement our existing portfolio, through new store openings and opportunistically through acquisitions. On July 8, 2013, Robinsons Gourmet Food and Beverage, Inc., a wholly-owned subsidiary of RI, was incorporated to engage in the business of establishing, operating and managing retail coffee shops and espresso shops. In addition, within our existing retail formats, we will also look to pursue acquisitions of smaller local supermarket chains, DIY, drug store chains and consider including *Babies "R" Us* as a concept store within the *Toys "R" Us* store as a prospective expansion in an effort to consolidate the market, strengthen our market position and increase scale efficiencies. We intend to evaluate and assess each potential acquisition based on, among other things, the reputation, track record and locations of the targets. To ensure the successful integration of acquired businesses, we intend to standardize the operating procedures of any newly acquired assets. Our track record of successfully identifying and integrating new retail formats and businesses provides us with the confidence to continue to execute such a strategy going forward.

Company Information

The Company is a Philippine corporation with its registered office located at 110 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Philippines. The Company's telephone number is +632 635 0751. The Company's website is www.robinsonsretailholdings.com.ph. The information on the Company's website is not incorporated by reference into, and does not form part of, this Prospectus.

SUMMARY OF THE OFFER

The following is a general summary of the Offer. This summary is derived from and should be read in conjunction with the rest of the information in this Prospectus.

Issuer	Robinsons Retail Holdings, Inc., a corporation organized under the laws of the Republic of the Philippines.
Joint Global Coordinators, Bookrunners and International Lead Managers	Deutsche Bank, J.P. Morgan and UBS.
Sole Domestic Lead Underwriter	Maybank ATR Kim Eng Capital Partners, Inc.
The Offer	The offer of up to 484,750,000 new Shares, consisting of 461,897,500 Primary Offer Shares and up to 22,852,500 Optional Shares pursuant to the Over-allotment Option granted by the Issuer (as described below).
International Offer	323,328,250 or 70% of the Primary Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and within the United States only to QIBs in reliance on Rule 144A as part of the International Offer. The Optional Shares will form part of the International Offer.
Domestic Offer	138,569,250 or 30% of the Primary Offer Shares are being offered in the Philippines at the Offer Price. Out of the Domestic Offer, 92,379,500 or 20% of the Primary Offer Shares are being offered and sold to PSE Trading Participants, and 46,189,750 or 10% of the Primary Offer Shares are being offered and sold to LSIs as part of the Domestic Offer. Maybank ATR Kim Eng Capital Partners, Inc. will act as the Sole Domestic Lead Underwriter. Domestic Offer Shares not taken up by the PSE Trading Participants and by the LSIs shall be distributed by the Sole Domestic Lead Underwriter to its clients or the general public in the Philippines prior to the close of the Domestic Offer or as otherwise agreed with the International Lead Managers. The Sole Domestic Lead Underwriter shall purchase the Domestic Offer Shares not taken up by the PSE Trading Participants or clients of the Sole Domestic Lead Underwriter or the domestic underwriting syndicate or the general public in the Philippines, subject to agreement between the International Lead Managers and the Sole Domestic Lead Underwriter on any clawback, clawforward or other such mechanism.
Offer Price	₱58.00 per Offer Share.
Offer Shares	461,897,500 Primary Offer Shares and up to 22,852,500 Optional Shares offered by the Company pursuant to the Offer.

Over-allotment Option	The Company has granted the Stabilizing Agent an option, exercisable in whole or in part, to purchase up to 22,852,500 Optional Shares (approximately 4.95% of the total number of Primary Offer Shares) at the Offer Price, on the same terms and conditions as the Primary Offer Shares as set forth in this Prospectus, solely to cover over-allotments, if any, under the Offer. The Over-allotment Option is exercisable from and including the Listing Date and ending on the date 30 days from the Listing Date. See "Plan of Distribution — The Over-allotment Option" beginning on page 243 of this Prospectus.
Transfer Restrictions	The International Offer Shares are initially being offered and sold within the United States only to QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. The Offer Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States See "Plan of Distribution — The International Offer" beginning on page 242 of this Prospectus.
Use of Proceeds	See "Use of Proceeds" beginning on page 51 of this Prospectus for details of how the total net proceeds from the Offer are expected to be applied.
Domestic Offer Period	The Domestic Offer Period shall commence at 9:00 a.m., Manila time, on October 29, 2013 and end at 12:00 p.m., Manila time, on November 5, 2013. The Company and the Sole Domestic Lead Underwriter reserve the right to extend or terminate the Domestic Offer Period with the approval of the Philippine SEC and the PSE.
	Applications must be received by the Domestic Receiving Agent not later than 12:00 p.m., Manila time on November 5, 2013, filed directly with the Sole Domestic Lead Underwriter. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to the Sole Domestic Lead Underwriter, and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the Application. The actual purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Sole Domestic Lead Underwriter under the Domestic Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement.

Eligible Investors	The Domestic Offer Shares may be purchased by any natural person of legal age residing in the Philippines regardless of nationality, or any corporation, association, partnership, trust account, fund or entity residing in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality, subject to the Company's right to reject an Application or reduce the number of Offer Shares applied for subscription or purchase. The International Offer Shares are being offered and sold within the United States only to QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Subscription to, and purchase of, the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.
Restrictions on Ownership........	The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities. For more information relating to restrictions on the ownership of the Shares, see the sections entitled "Description of the Shares" beginning on page 220 of this Prospectus and "Risk Factors" beginning on page 27 of this Prospectus.
Lock-up	Pursuant to the listing rules of the PSE, the Company's existing shareholders who own an equivalent of at least 10% of the issued and outstanding Shares cannot sell, assign or in any manner dispose of their Shares for a minimum period of 180 days after the listing of the Offer Shares. A total of 70,129,577 Shares held by JE Holdings, Inc. will be subject to such 180 day lock-up. See "Security Ownership of Certain Record and Beneficial Owners and Management" beginning on page 218 of this Prospectus.

	In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price, all such Shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such Shares. 414,620,420 shares held by JE Holdings, Inc., 70,282,078 shares held by Lance Y. Gokongwei, 127,500 shares held by Robina Y. Gokongwei-Pe, 50,000 shares held by James L. Go, and 42,500 shares held by Lisa Y. Gokongwei-Cheng, 42,500 shares held by Faith Y. Gokongwei-Lim, 42,500 shares held by Marcia Y. Gokongwei, and 8,792,499 shares held by Lance Y. Gokongwei and/or Elizabeth Gokongwei will be subject to such 365 day lock-up. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD participant for the electronic lock-up of the shares or enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution. See "Security Ownership of Certain Record and Beneficial Owners and Management" beginning on page 218 of this Prospectus. In addition to the lock-up obligations required by the PSE, the Company and each of JE Holdings, Inc., Lance Y. Gokongwei and Robina Y. Gokongwei-Pe have agreed with the International Lead Managers and the Sole Domestic Lead Underwriter that, for a period of 180 days after the First Closing Date, neither the Company, JE Holdings, Inc., Lance Y. Gokongwei, Robina Y. Gokongwei-Pe nor any person acting on behalf of any of them will, without the prior written consent of the International Lead Managers and the Sole Domestic Lead Underwriter, subject to any applicable PSE regulation, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options. See "Plan of Distribution — Lock-Up" for further information relating to these lock-ups on page 244 of this Prospectus.
Minimum Subscription	Each Application must be for a minimum of 100 Primary Offer Shares, and thereafter, in multiples of 10 Primary Offer Shares. Applications for multiples of any other number of Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.

Reallocation.............................	The allocation of the Offer Shares between the Domestic Offer and the International Offer is subject to adjustment as agreed between the International Lead Managers and the Sole Domestic Lead Underwriter. In the event of an under-application in the International Offer and a corresponding over-application in the Domestic Offer, Primary Offer Shares in the International Offer may be reallocated to the Domestic Offer (with the consent of the International Lead Managers and the Sole Domestic Lead Underwriter). If there is an under-application in the Domestic Offer and a corresponding over-application in the International Offer, Primary Offer Shares in the Domestic Offer may be reallocated to the International Offer (with the consent of the International Lead Managers and the Sole Domestic Lead Underwriter). The reallocation shall not apply in the event of over-application in both the Domestic Offer and the International Offer.
Procedure for Application for the Domestic Offer...................	Application forms to purchase Offer Shares in the Domestic Offer may be obtained from the Sole Domestic Lead Underwriter listed in this Prospectus. All Applications shall be evidenced by the application to purchase form, duly executed in each case by an authorized signatory of the applicant and accompanied by one completed signature card which, for corporate and institutional applicants, should be authenticated by the corporate secretary, and the corresponding payment for the Offer Shares covered by the Application and all other required documents. The duly executed Application and required documents should be submitted during the Domestic Offer Period to the same office where it was obtained. Failure to complete the application form or provide the required document may result in a rejection on the Application. If the applicant is a corporation, partnership or trust account, the Application must be accompanied by the following documents: (i) A certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership); (ii) A certified true copy of the applicant's Philippine SEC certificate of registration or certificate of filing amended articles of incorporation or by-laws, as the case may be, duly certified by its corporate secretary (or managing partner in the case of a partnership); and

	(iii) A notarized corporate secretary's certificate (or certificate of the managing partner in the case of a partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the Application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying to the percentage of the applicant's capital or capital stock held by Philippine Nationals.
	Foreign corporate and institutional applicants who qualify as Eligible Investors, in addition to the documents listed above, are required to submit in quadruplicate, a representation and warranty stating that their purchase of the Offer Shares to which their Application relates will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed, under such laws, to acquire, purchase and hold the Offer Shares.
Payment Terms for the Domestic Offer.........................	The Domestic Offer Shares in the Domestic Offer must be paid for in full upon submission of the Application.
	Payment for the Offer Shares shall be made either by: (i) a personal or corporate check drawn against an account with a BSP authorized bank at any of its branches located in Metro Manila; or (ii) a manager's or cashier's check issued by an authorized bank.
	All checks should be made payable to "Robinsons Retail Holdings, Inc. IPO", crossed "Payee's Account Only," and dated the same date as the application.
	The applications and the related payments will be received at any of the offices of the Sole Domestic Lead Underwriter or the selling agents.
Acceptance/Rejection of Applications for the Domestic Offer..	The actual number of Domestic Offer Shares that an applicant will be allowed to purchase in the Domestic Offer is subject to the confirmation of the Sole Domestic Lead Underwriter. Applications shall be subject to the Company's final approval. The Company reserves the right to accept or reject, in whole or in part, any Application due to any grounds specified in the Domestic Underwriting Agreement entered into by the Company and the Sole Domestic Lead Underwriter. Applications shall be subject to the Company's final approval. Applications where checks are dishonored upon first presentation and Applications which do not comply with the terms of the Domestic Offer shall be rejected outright. Moreover, any payment received pursuant to the Application does not mean the Company's approval or acceptance of the Application.

	An Application, when accepted, shall constitute an agreement between the applicant and the Company for the purchase of the Offer at the time, in the manner and subject to terms and conditions set forth in the Application and those described in this Prospectus. Notwithstanding the acceptance of any Application by the Sole Domestic Lead Underwriter or its duly authorized representatives, acting for or on behalf of the Company, the actual purchase by the applicant of the Offer Shares will become effective only upon listing of the Offer Shares on the PSE and upon the obligations of the Sole Domestic Lead Underwriter under the Domestic Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provisions of such agreements. If such conditions have not been fulfilled on or before the periods provided above, all application payments will be returned to the applicants without interest and, in the meantime, the said application payments will be held in a separate bank account with the Domestic Receiving Agent.
Refunds..................................	In the event that the number of Offer Shares to be received by an applicant, as confirmed by the Sole Domestic Lead Underwriter, is less than the number covered by its Application, or if an Application is rejected by the Company, then the Sole Domestic Lead Underwriter shall refund, without interest, within five banking days from the end of the Domestic Offer Period, all, or a portion, of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Sole Domestic Lead Underwriter with whom the applicant has filed the Application, at the applicant's risk.
Issuance Taxes........................	All standard taxes applicable to the issuance of the Offer Shares by the Company, pursuant to the Offer shall be for the account of the Company.
Registration and Lodgment of Shares with the PDTC.............	Offer Shares purchased by applicants will be lodged with the PDTC. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC at least two trading days prior to Listing Date. The Applicant may request to receive stock certificates evidencing such Applicant's investment in the Offer Shares through his/her broker after the Listing Date. Any expense to be incurred by such issuance of certificates shall be borne by the Applicant.

Listing and Trading	The Shares are expected to be listed on the PSE under the symbol "RRHI". The Company's application for the listing of the Shares was approved by the PSE on September 11, 2013. All of the Shares in issue or to be issued, including the Offer Shares, are expected to be listed on the PSE on November 11, 2013. Trading is expected to commence on the same date, except for those shares subject to the lock-up.
Dividends	The Company is authorized to declare dividends. Each holder of Shares will be entitled to such dividends as may be declared by the Board, provided that any stock dividends declaration requires the further approval of shareholders holding at least two-thirds of the Company's total outstanding capital stock. The Philippine Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares. The company may declare dividends only from its unrestricted retained earnings. The Company intends to maintain an annual cash dividend payout ratio of twenty per cent (20%) of its audited consolidated net income for the preceding fiscal year subject to compliance with the requirements of applicable laws and regulations, the terms and conditions of its outstanding loan facilities and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances wherein the Company proposes to implement and undertake major projects and developments through its subsidiaries. There can be no guarantee that the Company will pay any dividends in the future.
Registration of Foreign Investments	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "Philippine Foreign Exchange Controls" beginning on page 236 of this Prospectus.

Restriction on Issuance and Disposal of Shares..................	Except for the issuance of Offer Shares pursuant to the Offer or Shares for distribution by way of stock dividends and certain option grants and issuances under employee incentive schemes, the PSE will require the Company, as a condition to the listing of the Shares, not to issue new shares in capital or grant any rights to or issue any securities convertible into or exchangeable for, or otherwise carrying rights to acquire or subscribe to, any shares in its capital or enter into any arrangement or agreement whereby any new shares or any such securities may be issued for a period of 180 days after the Listing Date. Existing shareholders who own an equivalent of at least 10.0% of the Company's issued and outstanding Shares after the Offer are required under the revised listing rules of the PSE applicable to companies applying for listing on the PSE Main Board, not to sell, assign or otherwise dispose of their Shares for a minimum period of 180 days after the Listing Date. In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price, all Shares availed of shall be subject to a lock-up period of at least 365 days from full payment of such Shares. See "— Lock-up" above and "Security Ownership of Certain Record and Beneficial Owners and Management" beginning on page 218 of this Prospectus. These restrictions are in addition to the contractual lock-up described above.
Tax Considerations	See "Philippine Taxation" beginning on page 237 of this Prospectus for further information on the tax consequences of the purchase, ownership and disposal of the Offer Shares.

Expected Timetable..................	The timetable of the Offer is expected to be as follows:

Pricing and allocation of the International Offer Shares	October 24, 2013
Notice of final Offer Price to Philippine SEC and PSE	October 25, 2013
PSE Trading Participants' Commitment Period	October 29 to 31, 2013
Domestic Offer Period	
Start	October 29, 2013
End:	
Trading Participants	November 5, 2013
Local Small Investors	November 5, 2013
General Public/ Underwriters	November 5, 2013
Domestic Offer Settlement Date	November 11, 2013
International Offer Settlement Date	November 11, 2013
Listing Date and commencement of trading on the PSE	November 11, 2013

The dates included above are dates in the Philippines and subject to market and other conditions and may be changed.

Risk Factors	Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section entitled "Risk Factors" beginning on page 27 of this Prospectus.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

Summary Consolidated Financial Information

The following tables present summary consolidated financial information of the Company. This summary should be read in conjunction with the independent auditors' report and with the consolidated financial statements of the Company and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's summary consolidated financial information as of and for the years ended December 31, 2010, 2011 and 2012 was derived from the audited consolidated financial statements of the Company, and the Company's summary consolidated financial information as of June 30, 2013 and for the six months ended June 30, 2012 and 2013, was derived from the reviewed consolidated financial statements of the Company prepared in accordance with PFRS. The summary consolidated balance sheet information as at December 31, 2012 below has been restated to reflect the finalization of the purchase price allocation for the acquisition of South Star Drug, Inc. in 2012. The effect of the restatement is disclosed in Note 25 to the unaudited consolidated financial statements of the Company as of June 30, 2013 and for the six months ended June 30, 2012 and 2013. Our independent auditor for the years ended December 31, 2010, 2011 and 2012 was Sycip Gorres Velayo & Co., CPAs ("SGV & Co."). The Company's summary financial information below should not be considered indicative of the results of future operations. The translation of Peso amounts into U.S. dollars as of and for the year ended December 31, 2012 and the six months ended June 30, 2013 as presented herein is provided for convenience only.

Summary Consolidated Income Statement Information

	For the years ended December 31, (Audited)			(Unaudited)	For the six months ended June 30, (Unaudited)		
	2010	2011	2012	2012	2012	2013	2013
	(₱ million)			(US$ million)[1]	(₱ million)		(US$ million)[1]
REVENUE							
Sales — net of sales discounts and returns	44,559	48,303	57,393	1,325.3	25,234	31,317	723.1
Royalty, rent and other income	950	854	1,079	24.9	545	646	14.9
	45,509	49,157	58,472	1,350.2	25,779	31,963	738.0
COST AND EXPENSES							
Cost of merchandise sold	37,175	39,596	46,414	1,071.7	20,423	24,770	572.0
Operating expenses	7,860	9,126	10,636	245.6	4,824	5,574	128.7
	45,035	48,722	57,050	1,317.3	25,247	30,344	700.7
	474	435	1,422	32.9	532	1,619	37.3
OTHER INCOME (CHARGES)							
Equity in net earnings of an associate	17	144	159	3.7	103	127	2.9
Interest income	121	107	114	2.6	48	41	0.9
Dividend income	14	11	4	0.1	2	3	0.1
Investment income	—	—	130	3.0	130	—	—
Interest expense	(27)	(35)	(58)	(1.3)	(15)	(46)	(1.1)
	125	227	349	8.1	268	125	2.8
INCOME BEFORE INCOME TAX	599	662	1,771	41.0	800	1,744	40.1
PROVISION FOR INCOME TAX							
Current	192	201	419	9.7	153	469	10.8
Deferred	(49)	(15)	7	0.2	6	3	0.1
	143	186	426	9.9	159	472	10.9
NET INCOME	456	476	1,345	31.1	641	1,272	29.2
OTHER COMPREHENSIVE INCOME							
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:							
Changes in fair value of available-for-sale financial assets and share in change in fair value of available-for-sale financial asset of an associate	3	52	(5)	(0.1)	(32)	142	3.3
Share in change in translation adjustment of an associate	—	—	—	—	—	(23)	(0.5)
Income tax effect	(1)	(16)	2	—	—	15	0.3
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:							
Share in actuarial losses on pension liability of an associate	—	—	—	—	—	(7)	(0.2)
Actuarial losses on pension liabilities	—	(67)	(32)	(0.7)	(29)	(81)	(1.9)
Income tax effect	—	20	9	0.2	9	24	0.6
	2	(11)	(26)	(0.6)	(52)	70	1.6
TOTAL COMPREHENSIVE INCOME	458	465	1,319	30.5	589	1,342	30.8
Net income attributable to:							
Equity holders of the Parent Company	403	483	1,200	27.8	568	1,086	25.1
Non-controlling interest in consolidated subsidiaries	53	(7)	145	3.3	73	186	4.3
	456	476	1,345	31.1	641	1,272	29.4
Total comprehensive income attributable to:							
Equity holders of the Parent Company	405	472	1,174	27.2	516	1,156	26.7
Non-controlling interest in consolidated subsidiaries	53	(7)	145	3.3	73	186	4.3
	458	465	1,319	30.5	589	1,342	31.0
Basic/Diluted Earnings Per Share	₱1.88	₱1.16	₱2.89	US$0.07	₱1.37	₱2.62	US$0.06

Note:

1. Based on the PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.

Summary Consolidated Balance Sheet Information

	As of December 31, (Audited)		As of December 31, (Unaudited)		As of June 30, (Unaudited)	
	2010	2011	2012	2012	2013	2013
	(₱ million)			(US$ million)[1]	(₱ million)	(US$ million)[1]
ASSETS						
Current Assets						
Cash and cash equivalents	4,327	5,242	6,052	139.7	3,967	91.6
Short term investments	304	304	310	7.2	311	7.2
Available-for-sale financial assets	158	53	52	1.2	—	—
Trade and other receivables	480	579	737	17.0	479	11.1
Merchandise inventories	2,775	3,310	6,082	140.4	5,673	131.0
Other current assets	524	604	872	20.1	861	19.9
Total Current Assets	8,568	10,092	14,105	325.6	11,291	260.8
Noncurrent Assets						
Property and equipment	4,374	4,681	5,164	119.2	5,751	132.8
Investment in shares of stocks	1,193	1,395	1,549	35.8	1,790	41.3
Goodwill	85	85	—	—	—	—
Intangible assets	—	—	2,519	58.2	2,513	58.0
Deferred tax assets — net	125	146	152	3.5	188	4.3
Other noncurrent assets	490	578	743	17.2	847	19.6
Total Noncurrent Assets	6,267	6,885	10,127	233.9	11,089	256.0
	14,835	16,977	24,232	559.5	22,380	516.8
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	8,305	9,395	12,320	284.5	9,393	216.9
Current portion of loans payable	540	540	412	9.5	346	8.0
Income tax payable	128	127	336	7.8	342	7.9
Other current liabilities	139	211	234	5.4	185	4.3
Total Current Liabilities	9,112	10,273	13,302	307.2	10,266	237.1
Noncurrent Liabilities						
Loans payable - net of current portion	—	—	2,117	48.9	1,370	31.6
Deferred tax liability	—	—	470	10.9	470	10.9
Pension liability	129	215	285	6.6	392	9.0
Total Noncurrent Liabilities	129	215	2,872	66.3	2,232	51.5
Total Liabilities	9,241	10,488	16,174	373.5	12,498	288.6
Equity						
Capital stock	214	415	415	9.6	415	9.6
Additional paid-in capital	142	142	142	3.3	142	3.3
Deposit for future stock subscription	—	—	—	—	485	11.2
Other comprehensive income	7	(4)	(30)	(0.7)	40	0.9
Equity reserve	—	98	116	2.6	116	2.7
Retained earnings	4,631	5,109	6,309	145.7	7,392	170.7
Total equity attributable to equity holders of the Parent Company	4,994	5,760	6,952	160.5	8,590	198.4
Non-controlling interest in consolidated subsidiaries	600	729	1,106	25.5	1,292	29.8
Total Equity	5,594	6,489	8,058	186.0	9,882	228.2
	14,835	16,977	24,232	559.5	22,380	516.8
Other non-balance sheet items						
Return on Equity[2]	0.08	0.08	0.18	0.18	0.14	0.14
Asset to Sales Ratio[3]	0.32	0.33	0.36	0.36	0.74	0.74

Notes:

1. Based on PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.

2. Return on equity is calculated by dividing the net income by total equity.

3. Asset to sales ratio is calculated by dividing total asset by net sales.

Summary Consolidated Cash Flow Information

	For the years ended December 31, (Audited)			(Unaudited)	For the six months ended June 30, (Unaudited)		
	2010	2011	2012	2012	2012	2013	2013
	(₱ million)			(US$ million)[(1)]	(₱ million)		(US$ million)[(1)]
CASH FLOWS FROM OPERATING ACTIVITIES							
Income before income tax	599	662	1,771	40.9	800	1,744	40.3
Adjustments for:							
Depreciation and amortization	1,126	1,259	1,578	36.4	703	467	10.8
Interest expense	27	35	58	1.3	15	46	1.1
Provision for impairment losses — property and equipment	—	76	21	0.5	7	4	0.1
Provision for impairment losses — receivables	—	30	—	—	—	—	—
Loss on asset retirement/ derecognition	—	—	1	0.02	—	—	—
Investment income	—	—	(130)	(3.0)	(130)	—	—
Dividend income	(14)	(11)	(4)	(0.1)	(2)	(3)	(0.1)
Interest income	(121)	(107)	(114)	(2.6)	(48)	(41)	(0.9)
Equity in net earnings of an associate	(17)	(144)	(159)	(3.7)	(104)	(127)	(2.9)
Operating income before working capital changes	1,600	1,800	3,022	69.8	1,241	2,090	48.0
Decrease (increase) in:							
Trade and other receivables	1,254	(100)	(98)	(2.3)	191	254	5.9
Merchandise inventories	(129)	(535)	(1,423)	(32.9)	(453)	408	9.4
Other current assets	(156)	(81)	(207)	(4.8)	(144)	(185)	(4.3)
Short-term investments	(303)	—	(6)	(0.1)	(32)	—	—
Increase (decrease) in:							
Trade and other payables	74	1,195	2,012	46.5	(1,355)	(2,926)	(67.6)
Other current liabilities	27	71	20	0.5	(68)	(50)	(1.2)
Pension liability	21	19	20	0.5	19	25	0.6
Net cash flows provided by (used in) operations	2,388	2,369	3,340	77.1	(601)	(384)	(9.2)
Income tax paid	(191)	(202)	(215)	(5.0)	(166)	(267)	(6.2)
Interest received	109	108	113	2.6	48	45	1.0
Net cash flows provided by (used in) operating activities	2,306	2,275	3,238	74.8	(719)	(606)	(14.4)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from disposals of:							
AFS financial assets	—	100	—	—	—	50	1.2
Property and equipment	28	9	13	0.3	—	1	0.02
Shares of stocks	—	—	142	3.3	142	—	—
Dividends received	14	11	4	0.1	2	3	0.1
Increase in other noncurrent assets	(103)	(88)	(132)	(3.0)	(96)	(103)	(2.4)

	For the years ended December 31,				For the six months ended June 30,		
	(Audited)			(Unaudited)	(Unaudited)		
	2010	2011	2012	2012	2012	2013	2013
	(₱ million)			(US$ million)[1]	(₱ million)		(US$ million)[1]
Acquisitions of:							
Property and equipment	(1,934)	(1,651)	(1,912)	(44.1)	(1,238)	(1,053)	(24.3)
License	—	—	(121)	(2.8)	—	—	—
Investment in shares of stocks	(1,176)	—	—	—	—	—	—
Acquisition through business combination — net of cash received	—	—	(2,152)	(49.7)	—	—	—
Net cash flows used in investing activities	(3,171)	(1,619)	(4,158)	(96.0)	(1,190)	(1,102)	(25.4)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from stock subscriptions	—	—	—	—	—	485	11.2
Proceeds from issuances of capital stock by subsidiaries to non-controlling interest	—	299	46	1.1	47	—	—
Availments of loans	150	—	2,004	46.3	—	—	—
Payment of loans	—	—	(262)	(6.0)	(85)	(813)	(18.8)
Interest paid	(25)	(35)	(58)	(1.3)	(15)	(46)	(1.1)
Dividends paid	(4)	(5)	—	—	—	(3)	(0.1)
Net cash flows provided by (used in) financing activities	121	259	1,730	40.1	(53)	(377)	(8.8)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(744)	915	810	18.7	(1,962)	(2,085)	(48.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,071	4,327	5,242	121.0	5,242	6,052	139.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,327	5,242	6,052	139.7	3,280	3,967	91.1

Note:

1. Based on the PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.

Operating Information

	As of and for the years ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
Supermarkets					
Net sales (₱ million)	23,716	25,643	29,295	13,390	14,999
Average basket size (₱)	388	382	395	380	397
Number of transactions (million)	61	67	74	35	38
Same store sales growth (%)	4.7(1)	2.3	4.0	4.4	1.7
Number of stores	55	62	74(2)	66	75
Net selling space (sqm)	132,384	144,645	169,056(2)	154,089	169,857
Average net selling space (sqm)	2,407	2,333	2,285	2,335	2,265
Net selling space growth (%)	9.0	9.3	16.9	11.6	10.2
Department Stores					
Net sales (₱ million)	9,552	10,315	11,374	5,200	5,534
Average basket size (₱)	481	527	549	553	570
Number of transactions (million)	20	20	21	9	10
Same store sales growth (%)	5.3(1)	4.9	2.1	8.0	1.0
Number of stores	29	33	36(2)	35	36
Net selling space (sqm)	174,472	185,830	207,788(2)	200,538	210,737
Average net selling space (sqm)	6,016	5,631	5,772	5,730	5,854
Net selling space growth (%)	1.1	6.5	11.8	10.8	5.1
DIY Stores					
Net sales (₱ million)	4,878	5,382	6,195	2,905	3,365
Average basket size (₱)	427	448	476	441	501
Number of transactions (million)	11	12	13	7	7
Same store sales growth (%)	5.6(1)	4.7	7.2	11.2	6.1
Number of stores	82	92	111(2)	97	114
Net selling space (sqm)	62,935	67,253	75,916(2)	69,874	77,955
Average net selling space (sqm)	767	731	684	720	684
Net selling space growth (%)	8.2	6.9	12.9	7.2	11.6
Convenience Stores					
Net sales (₱ million)	3,323	3,481	3,826	1,898	2,077
Average basket size (₱)(3)	46	48	49	49	49
Number of transactions (million)	108	110	119	61	65
Same store sales growth (%)	0.4(1)	0.2	8.4	11.0	3.9
Number of stores	326	326	336	328	345
Net selling space (sqm)	26,297	26,410	27,076	26,537	27,705
Average net selling space (sqm)	81	81	81	81	80
Net selling space growth (%)	19.0	0.4	2.5	7.5	4.4

	As of and for the years ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
Drug Stores[4]					
Net sales (₱ million)	—	—	2,443	—	3,017
Average basket size (₱)	—	—	121	—	123
Number of transactions (million). . . .	—	—	20	—	25
Same store sales growth (%)	—	—	—	—	—
Number of stores.	—	—	218	—	223
Net selling space (sqm)	—	—	21,431	—	21,786
Average net selling space (sqm) . . .	—	—	98	—	98
Specialty Stores					
Net sales (₱ million)[5]	3,543	3,962	4,762	2,016	2,503
Average basket size (₱)	1,031	1,007	1,036	1,065	1,087
Number of transactions (million). . . .	3	4	5	2	2
Same store sales growth (%)	8.2[1]	0.4	6.8	10.5	10.5
Number of stores.	101	118	137	121	147
Net selling space (sqm)	35,222	39,529	41,901	39,340	44,359
Average net selling space (sqm) . . .	349	335	306	325	302
Net selling space growth (%)	14.1	12.2	6.0	8.5	12.8

Notes:

1. The comparisons of net sales between 2009 and 2010 generated by the relevant stores.

2. On December 31, 2012, one supermarket, one department store and one DIY store, with net selling space of 2,174 sqm, 1,826 sqm and 952 sqm, respectively, were closed. These supermarket, department and DIY stores contributed ₱87 million (representing 0.3%), ₱35 million (representing 0.3%) and ₱111 million (representing 1.8%) to the net sales of the respective business segments in 2012. As such, the number of stores and net selling space for the supermarkets, department stores and DIY stores as of December 31, 2012 still included these closed stores and their respective net selling spaces.

3. The average basket size of convenience stores is computed by dividing system-wide sales over the total number of transactions. As all convenience stores are franchised, we earn revenues through sales of products to the franchise stores which is considered as cost of sales of the franchise stores. System-wide sales are sales generated by our franchise stores to end customers.

4. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. SSDI recorded net sales of ₱5,694 million in 2012, of which ₱2,443 million was included in our consolidated results from August 1, 2012. Accordingly, the drug store business segment reflects the consolidated figures from August 1, 2012.

5. The net sales prior to the intersegment adjustments on intersegment net sales, i.e., the net sales of *Toys "R" Us Toybox* sections in department stores.

An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Our past performance is not a guide to our future performance. There may be a large difference between the buying price and the selling price of the Offer Shares. For investors that deal in a range of investments, each investment carries a different level of risk.

Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on our business prospects, financial condition, results of operation, the market price of the Offer Shares and our ability to make dividend distributions to our shareholders. All or part of an investment in the Offer Shares could be lost.

The means by which we intend to address the risk factors discussed herein are principally presented under "Business — Competitive Strengths" beginning on page 111, "Business — Strategies" beginning on page 115, "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 66, "Industry" beginning on page 94 and "Board of Directors and Senior Management — Corporate Governance" on page 213 of this Prospectus. We believe that our efforts to manage the risks relating to our business will help to alleviate the risks relating to the Philippines that we have not specifically addressed.

This risk factors discussion does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors may request publicly available information on us from the Philippine SEC. An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of this Offer or the nature of risks involved in purchasing, holding and trading the Shares. Each investor should consult his or her own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of an investment in the Shares.

Risks Relating to Our Business

We may experience difficulty in implementing our growth strategy.

Our growth depends on the execution of our strategy to continue to establish and successfully operate stores in new locations in the Philippines. There are a number of factors affecting our ability to implement our growth strategy, including, among others:

- favorable economic conditions and regulatory environment;
- our ability to identify suitable sites for store locations;
- our ability to purchase or lease appropriate real estate for store locations;
- our ability to bear the increase in logistics costs when regional expansion occurs;
- our ability to open new stores in a timely manner;
- our ability to introduce new brands to the market;
- our ability to continue to attract customers to our stores;
- our ability to obtain new franchises;

- our ability to obtain financing and other support from our business partners for our expansion;
- our ability to maintain the scale and stability of our information technology systems to support our current operations and continuous business growth;
- the hiring, training and retention of skilled store personnel;
- the identification and relocation of experienced store management personnel;
- the effective management of inventory to meet the needs of our stores on a timely basis;
- the availability of sufficient levels of cash flow or necessary financing to support our expansion; and
- our ability to successfully address competitive merchandising, distribution and other challenges encountered in connection with expansion into new geographic areas and markets.

If we fail to successfully implement our growth strategy due to the absence of, or our inability to carry out, any of the above mentioned factors, or otherwise, our business, financial condition and results of operations may be materially and adversely affected.

In addition, if we are unable to successfully manage the potential difficulties associated with store growth, we may not be able to capture the scale efficiencies that we expect from expansion. If we are unable to continue to capture scale efficiencies, improve our systems, continue our cost discipline and enhance our merchandise offerings, we may not be able to achieve our goals with respect to operating margins. Furthermore, if we do not adequately refine and improve our various ordering, tracking and allocation systems, we may not be able to increase sales or reduce inventory shrinkage, which may also cause our operating margins to stagnate or decline.

Our future store openings may not be successful, and our existing stores may not be able to continue to benefit from the current favorable retail environment.

A significant part of our expansion strategy entails the opening of new stores in prime locations in various areas of the Philippines. There is no assurance that we will be able to identify and procure suitable sites for our new stores. Due to the increased competition for desirable store sites, we may not be able to lease or purchase appropriate real estate for our new store locations, on terms acceptable to us or at all. There is also no assurance that our new stores will be successful or profitable. In addition, we may experience difficulties in expanding into the smaller community areas outside Metro Manila, where the retail market is dominated by independent local operations and where we have relatively limited operational experience. Expansion into new geographical areas will also expose us to additional operational, logistical and other risks. We may find it difficult to obtain regulatory or local government approvals for our new stores in these areas due to differences in local requirements and processes. We may also experience difficulty in building our "*Robinsons*" and other brand names in these new areas. Operationally, we may experience supply, distribution, transportation and/or inventory management difficulties, due to our lack of familiarity with the suppliers, distribution network and transportation systems in these new geographical areas. In particular, we may experience additional operational difficulties in the smaller community areas outside Metro Manila that we expand into, due to the limited presence of large retailers and the underdevelopment of distribution networks in such areas. Any difficulties we experience with respect to developing our business operations in new geographical areas may materially and adversely affect our business, financial condition and results of operations.

In addition, there is no assurance that our existing stores will be able to operate on a profitable basis if the current retail environment becomes less favorable to us. For example, the opening of any new stores by our competitors or any consolidation among our competitors in the geographical areas in which our existing stores are located, may result in reduced sales volumes at our existing stores in those geographical areas. Due to the increased competition for desirable store sites, we may not be able to renew the leases for the sites of our existing stores upon their expiry, on terms acceptable to us or at all. The surrounding environment of our existing stores may also change in terms of consumer demographics, or in terms of store mix, as different businesses move in or out of the surrounding areas. There is no assurance that we will have the flexibility to move our existing store locations or to modify our existing stores in response to changes in the surrounding environment and to changes in market and consumer preferences. If we fail to predict and respond to changes in the retail environment, our business, financial condition and results of operation may be materially and adversely affected.

We may not be able to expand through acquisitions successfully.

Managing our growth through acquisitions will result in substantial demands on our management, operational and other resources. There is no assurance that we will be able to identify suitable acquisition targets and implement our acquisition plans successfully. We may also not be able to obtain new franchise opportunities on acceptable terms or at all. In addition, we may be unable to successfully integrate our new operations and the companies or business we acquire into our existing operational financial and management systems, procedures and controls. Such acquisitions involve numerous risks and uncertainties, including but not limited to:

- our inability to identify suitable acquisition targets or complete acquisitions at acceptable terms or prices;
- the availability, terms and costs of any financing required to make an acquisition;
- potential ongoing financial obligations and unforeseen or hidden liabilities of our acquisition targets;
- our failure to achieve the intended objectives or benefits, or to generate sufficient revenue to recover the costs and expenses, of an acquisition;
- the diversion of resources and management attention from our existing businesses;
- the costs of and difficulties in integrating acquired businesses and managing a larger business; and
- delays in or inability to secure necessary governmental approvals, third-party consents and land use rights.

If we fail to address or deal with any of the abovementioned risks and uncertainties successfully, our financial condition and results of operations may be materially and adversely affected.

New stores may place a greater burden on our existing resources and adversely affect our business.

Our proposed expansion will place increased demands on our operational, managerial, financial and administrative resources. These increased demands could cause our business operations to be less efficient, which in turn could cause deterioration in the financial performance of our existing stores. In addition, we, or our third-party vendors and suppliers, may not be able to adapt our respective distribution, management information and other operating systems to adequately supply products to our new stores at competitive prices. Any expansion may adversely affect the efficiency of our existing operations and quality of our customer service, and may materially affect our business, financial condition and results of operations.

We face the risk of market saturation.

We face the risk of market saturation due to increased competition in our business segments, particularly in the supermarket, convenience store and drug store businesses. In recent years, our key competitors have opened a large number of new retail stores in the Philippines, particularly in Metro Manila. New store openings by us or our competitors in catchment areas where we have existing stores may result in reduced demand, sales volumes and earnings at those existing stores. Our retail stores in certain geographical areas may have reached or may be close to reaching a point of saturation where the number of such types of stores exceeds demand from consumers. In such cases, it will not be commercially viable to open new stores in those geographical areas, as any such new stores may not be able to operate on a profitable basis. Due to the concentrated population and the relatively high degree of penetration of retail stores, our growth prospects across our business segments are dependent on the future growth of the Philippine economy and our successful acquisitions of existing retail chains, which may or may not occur.

We may face increased competition from other retail companies in the Philippines.

The retail industry in the Philippines is highly competitive. The intensity of the competition in the Philippine retail industry varies from region to region, but Metro Manila is generally considered to be the most competitive market in the Philippines. Metro Manila is our largest market in terms of net sales. We compete principally with national and international operators of retail chains in the Philippines, such as SM Investments, Puregold Price Club Inc., Rustan's, Ace Hardware, Mercury Drug Corporation, 7-Eleven, Family Mart and Bench Group, among others. Each of these competitors competes with us on the basis of product selection, product quality, acquisition or development of new brands, customer service, price, store location or a combination of these factors. We anticipate competition from new market entrants and joint partnerships between national and international operators. We expect that an increasing number of international retailers may enter the Philippine market in the event that the geographical and shareholding restrictions on foreign enterprises engaging in the Philippine retail business are removed. In addition, some of our competitors are also aggressively expanding their number of stores or their product offerings. Some of these competitors may have been in business longer or may have greater financial, distribution or marketing resources than us and may be able to devote greater resources to sourcing, promoting and selling their products. There can be no assurance that we will be able to compete successfully against current competitors or new entrants. As competition in certain areas intensifies or competitors open stores within close proximity to our stores, our results of operations may be negatively impacted through a loss of sales, reductions in margins from competitive price changes or greater operating costs. In addition, any loss of our market share could be permanent. Competitive pressures, including those arising in connection with our expansion strategy, may have a material adverse effect on our business, financial condition and results of operations.

We depend on RLC and other mall operators for the development of parts of our business.

Historically, certain of our businesses, particularly our supermarkets, department stores, and specialty stores, have been primarily mall-based. As of June 30, 2013, we had 30 supermarkets, 21 department stores and 73 specialty stores in RLC's malls in the Philippines. In finding sites for our stores, we benefit from our affiliation with RLC and we have an anchor tenant status in each of RLC's malls. We are also anchor tenants in a number of other third party malls in the Philippines, including Ayala malls, Megaworld lifestyle malls, the Power Plant mall of Rockwell Land Corp., the Shangri-La mall, Federal Land malls, Festival mall of Filinvest Land, and Gaisano malls. As of June 30, 2013, we had 33 supermarkets, 15 department stores and 74 specialty stores in other third party malls in the Philippines. A significant amount of our growth will still depend on the growth of RLC and other mall operators. There is no assurance that these mall operators will continue to grow at a rate that is consistent with our planned rate of growth. In addition, there is no assurance that we will continue to be able to obtain "anchor tenant" status or spaces in new malls whether operated by RLC or third party mall operators, on terms acceptable to us or at all. In the event that we are unable to obtain "anchor tenant" status or space in a sufficient number of malls, we may be unable to fully implement our expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

Our retail business depends on our ability to source and sell the appropriate mix of products to suit changing consumer preferences.

Our success depends in part on our ability to source and sell products that both meet our standards for quality and appeal to changing customers' preferences. A small number of our employees are primarily responsible for both sourcing products that meet our specifications and identifying and responding to changes in customer preferences. Failure to source and market such products, or to accurately forecast changes in customer preferences, could lead to a decrease in the number of customer transactions at our stores and a decrease in the amount customers spend when they visit our stores.

Consumer demand for our products is directly affected by consumer preferences. Consumer preferences in the markets in which we operate or intend to operate may cease to favor our store formats and/or our products as a result of changes in lifestyle and dietary preferences or as a result of national or regional economic conditions. Similarly, local conditions may cause customer preferences to vary from region to region. We may also be affected negatively by changes in the consumer preferences relating to the method of shopping, for example by increases in the levels of Internet or home shopping. Moreover, the rapid availability of new products and changes in consumer preferences have made it more difficult to reliably predict sales demand. We rely on our significant experience and established processes to accurately forecast and manage fluctuations in demand. However, there is no assurance that we will continue to be successful in this respect. The future growth of our business depends on the attractiveness of our brands to our customers. In the event that the brands which we currently carry are superseded by merchandise carried by our competitors, our business, financial condition, results of operations and prospects may be materially and adversely affected. If we are unable to identify and adapt to such changes in consumer preferences quickly, consumer demand for our products may decline, which could have a material adverse effect on our business, financial condition and results of operations.

The success of our business depends in part on our ability to develop and maintain good relationships with our current and future suppliers and consignors.

We derive substantially all our revenue from direct sales and sales of consigned merchandise, and our success depends on our ability to retain existing, and attract new suppliers and consignors on terms favorable to us. The sourcing of our products is dependent, in part, on our relationships with our suppliers. We have long-standing working relationships with a broad range of national and multinational suppliers across all business segments. If we are unable to maintain these relationships, or if we lose suppliers for any reason, we may not be able to continue to source products at competitive prices that both meet our standards and appeal to the customers. Our five largest suppliers accounted for 13.3% of consolidated net sales in 2012, 13.7% in both 2010 and 2011, and 12.5% for the six months ended June 30, 2013. The loss of any one of these major suppliers would have an adverse effect on our sales.

We obtain deals, discounts, and rebates from suppliers, which allow us to maintain our competitive pricing. Should changes occur in market conditions or our competitive position, we may not be able to maintain or negotiate adequate support, which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to maintain good relationships with our existing suppliers and consignors, or if we are unable to develop and maintain new supplier and consignor relationships, we will be unable to carry merchandise and products that are in demand and can generate profit for us. Furthermore, if any of our suppliers or consignors changes its distribution methods, we may experience a disruption in our product supply. As a result, our market positioning, image and reputation may be adversely affected, and our revenue and profitability may be impaired.

We rely on third-party suppliers for provision of merchandise.

We rely on third-party suppliers for provision of merchandise. We may experience material disruptions in the supply of merchandise due to prolonged interruptions in the operations of these suppliers, which may in turn be caused by a number of factors, including equipment failures or property damage experienced by these suppliers, changes in laws and regulations that affect their manufacturing processes, or financial difficulties, and labor disputes faced by these suppliers. There is no assurance that our third-party suppliers will have sufficient resources to continue to meet our demands. In the event that these suppliers cannot fulfill their obligations to supply sufficient qualities of merchandise to us, we may not be able to find suitable alternative third-party suppliers on a timely basis to supply the same or similar types and quantities of merchandise, which may materially and adversely affect our business, financial condition and results of operations.

We rely on our consignors to provide a variety of products and brands and for a substantial amount of our revenue.

It is our strategy to focus on selling middle- to high-end products to consumers with relatively high disposable income. We believe it is important to provide quality goods and services and to optimize brand mix to satisfy growing and changing consumer demand. We offer a variety of products to our customers largely through consignors. Our business is subject to changing customer preferences. There is no assurance that our consignors will be able to consistently supply merchandise in the amounts or with the quality that we require. There also is no assurance that the merchandise selection of our consignors will accurately reflect customer preferences at any given time. If our consignors fail to deliver sufficient acceptable merchandise or if we or our consignors fail to anticipate accurately the market for merchandise or customers' purchasing habits, our sales may be reduced, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, sale of merchandise purchased from consignors accounted for 43.9%, 44.9%, 42.7% and 39.6% of our total consolidated net sales in 2010, 2011, 2012 and the first six months of 2013, respectively. The success of our business and growth strategy, therefore, depends to a significant extent on our relationships with our consignors. Our agreements with our consignors with respect to trading terms generally have a term of one to two years. There is no assurance that we will be able to successfully renew our existing consignor agreements upon their expiration on terms acceptable to us or at all. If we fail to renew our contracts with a significant number of our consignors upon expiration of such contracts and we fail to find suitable consignors as replacements, our financial results and reputation in the consumer market may be adversely affected.

A deterioration of the value of our brand names and trademarks may have a material adverse effect on our business.

Our "Robinsons" brand name and trademarks are key assets of our business. Maintaining the reputation of our brand names and trademarks is critical to our success. We rely on the strength of our brand names to, among other things, attract customers to our stores and attract international brands to partner with us. Substantial erosion in the value of our brand names due to product recalls, customer complaints, health issues, adverse publicity, legal action or other factors may have a material adverse effect on our business, financial condition and results of operations. We also have no control over the business operations of our franchisors, and our franchisees may conduct their business in contravention of the terms of our agreements with them. If any of our franchisors or franchisees conduct their business in a manner that is detrimental to our brand names, our business and reputation may be materially and adversely affected. In addition, the trademarks that we own have been registered in the Philippines only. We cannot be certain that any steps we have taken to secure our trademarks and other intellectual property will be sufficient or that third parties will not infringe or challenge such rights. If we are unable to protect our intellectual property rights against infringement, it may have a material adverse effect on our business, financial conditions and results of operations.

The success of our business depends in part on our ability to develop and maintain good relationships with our franchisors and/or licensors.

We are a holder of several international franchise and licensed stores, including "*Topshop*", "*Warehouse*", "*Coast London*", "*Toys "R" Us*", "*Ministop*" and "*Howards Storage World*", pursuant to individual franchise, license and distribution agreements. The revenue derived from our franchise and licensed distribution operations accounted for 11.2%, 11.2%, 10.5% and 10.0% of our total consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue) in 2010, 2011, 2012 and the first six months of 2013, respectively. We do not have exclusive rights in some of our franchise, license or distribution agreements to be the sole franchisor, licensor or distributor in the country. If any other party is granted the right to franchise, license or distribute the products of our franchisors or licensors, we may face significant competition from such other parties and may lose the benefit of the capital and other resources we have expended to market the franchise or licensed brands in the country. Additionally, if we lose any of our franchisors and/or licensors for any reason including due to changes in the business model of any franchisor and/or licensor, any of our franchisors and/or licensors going out of business or any franchisor and/or licensor declining to extend the term of our franchise and/or license, our business, financial condition and results of operations may be adversely affected.

We have entered or may enter into franchise, license or distribution agreements with internationally recognized brands. Our agreements generally require us to comply with the business plan for the respective franchisor or licensor, which typically covers requirements for the number of stores, sales targets and fit-out requirements. We also have to comply with operating standards which are subject to change over time, in some cases at the direction of the franchisor or licensor, and such standards may restrict our ability to make improvements or modifications to a property without the consent of the franchisor or licensor. Failure to comply with the business plan or operating standards can lead to the loss of a franchise or distribution license, which could have a negative effect on our reputation and make it more difficult to seize future partnership or franchise opportunities.

In addition, disputes may arise between our franchisors or licensors and us. If a dispute cannot be resolved in a timely manner or at all, it may cause disruption to or termination of the relevant franchise or distribution operations, or lead to potential litigation. Our business, financial condition and reputation may be materially and adversely affected as a result of such disputes.

We rely significantly on distributors, service providers and the distribution networks of our multinational suppliers for our logistics requirements.

We rely significantly on distributors, third-party service providers and the distribution networks of our multinational suppliers for transportation, warehousing and deliveries of products to our stores. The majority of our merchandise is delivered to our distribution centers by our suppliers and from our distribution centers to our stores by third-party service providers. Any deterioration in our relationships with these distributors or service providers or other changes relating to these parties, including changes in supply and distribution chains, could have a material adverse effect on our business, financial condition and results of operations.

In addition, there is no assurance that we will be able to effectively coordinate our logistics strategy to the degree necessary for the realization of our growth plans. As we expand outside Metro Manila and Luzon, we will need to ensure that we are able to secure similarly efficient distributors and service providers for our stores to be opened in these regions. Compared to our Metro Manila and Central and South Luzon operations, which are relatively more developed, we may not have the same logistics network and contacts with respect to the delivery of our products across these other regions in the Philippines. Any failure to establish such a network could have a material adverse effect on our expansion plans, operating costs and our results of operations. See "Business — Retail Management Policies and Infrastructure — Inventory and Logistics" beginning on page 178 of this Prospectus.

We rely on services rendered by independent contractors that may not always meet our requirements for quality or be available or completed within our budget.

We rely on independent contractors to provide various services, including construction, piling and foundation and building and property fitting-out works. Our major independent contractors are, among others, ILO Construction, Stages Construction and Design, and DDT Konstruct. We generally select independent contractors by conducting tenders and taking into consideration factors such as experience, reputation for quality, track record and the contractor's relationship with us. Although we supervise the construction and fit-out progress of our independent contractors, there is no assurance that the services rendered by any of our independent contractors will always be satisfactory or match our requirements for quality, particularly in respect of the fitting-out works in our specialty stores where strict compliance with the relevant franchisor's requirements is required. In addition, we may be required to provide additional capital in excess of the contractor's bid to complete construction of a new store or refurbishment of an existing store. Further, the completion of certain construction or renovation projects has been delayed from time to time in the past and may occur again in the future. As a result, we may incur additional costs and our sales performance may be negatively affected. Moreover, there is no assurance that we will be able to find or engage an independent contractor for any particular project within our budget which could result in costs increases or project delays. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

Systems failures and delays in our information technology systems could adversely affect our business operations.

Our business operations are heavily dependent on the integrity of the information technology systems supporting them. Our information technology systems are vulnerable to damage or interruption from human error, data inconsistency, natural disasters, power loss, computer viruses, intentional acts of vandalism, breach of security and similar events. We have contingency plans in place to deal with such events which, however, may not be able to prevent our systems from suffering failures or delays that might cause significant losses to our business. Equipment breakdowns may result in productivity losses and potential inoperability of store trading software for significant periods of time. Significant systems failures and delays could also cause unanticipated disruptions in service, loss of inventory, decreased customer service and customer satisfaction and harm to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

We lease all of our premises and we may not be able to continue to renew these leases or to enter into new leases in favorable locations on acceptable terms.

As of June 30, 2013, we leased all of our net selling space and all of our distribution centers. Of our aggregate leased selling space, 53.9% is leased from related parties and 46.1% is leased from third parties. There is no assurance that we will be able to renew our leases with third parties on acceptable terms or at all upon their expiry. For example, we are facing increasing competition across each of our business segments for desirable sites. Leases of premises in large shopping centers may not be available for extension because landlords may decide to change tenants for better commercial arrangements. In addition, if we are unable to renew leases with related parties, we may have to enter into new agreements with third parties. There is no assurance that we will be able to enter into such new agreements with third parties on terms which are acceptable to us or at all. Moreover, if rent prices increase significantly throughout the Philippines, or in a particular region, it may cease to be economical to lease stores and we may have to discontinue operations at some of our stores. Any inability to renew leases as they expire or acquire new leases in other favorable locations and sites on acceptable terms, termination of the existing leases, or revision of the terms of leases to our detriment may have a material adverse effect on our business, financial condition and results of operations. Further, a number of our landlords are normally granted the right to terminate the leases prior to their expiration. In the event that any of our leases are terminated for any reason prior to their expiration, we will need to relocate to alternative premises. Relocation of any of our operations may cause disruptions to our business and may require significant expenditure, and we cannot assure that we will be able to find suitable premises on acceptable terms or at all in a timely manner.

Our operations may require significant capital expenditure and financing which we may not be able to secure.

Our growth depends largely on significant capital expenditures for the refurbishment of existing stores and the development and acquisition of new stores. We may not be able to fund capital improvements or acquisitions solely from cash from our operating activities or existing cash or proceeds from the Offer and we may not be able to obtain additional debt or equity financing. For our businesses with minority shareholders, such as our DIY, convenience stores and consumer electronics and appliances businesses, our minority partners may either disagree with our capital expenditure plans or be unable to fund their portion of such expenditures. We may also require additional financing to fund day-to-day operational needs and debt service payments. Additional financing may not be available as and when required. If we incur additional debt, it will result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets, that would restrict our operations. Without required financing, we may not be able to continue our operations, hire, train and retain employees or respond to competitive pressures. There can be no assurance that necessary financing will be available in amounts or on terms acceptable to us, or at all.

Our margins may be affected by increases in our operating and other expenses.

Our operations may be subject to increases in operating and other expenses due to a number of factors including, but not limited to, any of the following:

- increases in rent;

- increases in construction, repair and maintenance costs for new and existing stores;

- a change in statutory laws, regulations or government policies which increases the cost of compliance with such laws, regulations or policies;

- increases in subcontracted service costs;

- increases in labor costs;

- increases in the rate of inflation;

- adverse changes in the cost of existing and future debt financing;

- increases in insurance premiums;

- increases in the cost of utilities; and

- increases in property taxes and other statutory charges.

Any increase in our operating and other expenses will have an impact on our cash flow. Due to the nature of our retail business and our relationship with suppliers, our margins may be affected by increases in our operating and other expenses. The resulting buffer available to account for changes to costs is consequently small. If our stores do not generate revenue sufficient to meet our operating expenses and debt service and capital expenditure requirements, our business, results of operations and financial condition could be materially and adversely affected.

Our business is sensitive to changes in purchase and selling prices.

Our margins are very sensitive to price increases in the merchandise sold in our stores. For example, since 2008, the cost of basic agricultural commodities has increased globally, including in the Philippines, which has affected our purchase prices for food products. There is no assurance that we will be able to successfully contain the growth of our purchase prices if prices for our merchandise or of agricultural commodities rise again in the future. If these prices do rise, we may need to pass all or a portion of these additional costs on to our customers to maintain our gross profit margins. However, it may not be possible for us to significantly increase our retail prices to offset price increases by suppliers, particularly if our main competitors choose not to implement such price increases. As competition in the Philippine retail market intensifies, any unilateral price increases may lead to declines in sales, loss of customer traffic, loss of market share and other adverse consequences. Consequently, we may be significantly constrained in our pricing policy. In the event that we are unable to pass increases in prices charged by our suppliers on to our customers, our financial condition and results of operations may be materially and adversely affected.

In addition, our retail business, by nature, involves high volume and is therefore sensitive to changes in selling prices. The retail sector is very competitive, and one of the principal bases of competition is price. If most or all of our competitors decide to engage in a price war, we may be forced to decrease the selling prices of our products substantially, in order to compete effectively with our competitors. In addition, certain of our products are subject to price regulations imposed by the government. Under the Price Act, a price ceiling on basic necessities (including rice, corn, bread, fish and milk) and prime commodities (including flour, pork, beef, poultry meat and other dairy products) may be imposed, in cases of calamities, emergencies, price manipulation or when the prevailing prices have risen to unreasonable levels. In the event any such price restrictions are imposed on any of our products, we may be unable to sell such products at prices sufficient to generate a profit or to enable us to break even, and this would have a material adverse effect on our business, financial condition and results of operations.

Product liability claims in respect of defective goods sold in our stores and food safety and food-borne illness concerns could adversely affect our reputation and our financial prospects.

Our business involves an inherent risk of product liability, product recall, adverse publicity and exposure to public liability claims. We do not currently have any product liability insurance and will therefore be subject to the full amount of any product liability we may incur. Although each of our consignors and suppliers provides us with a written indemnity covering the full extent of any third-party liability we incur through their operations and sales in our stores, there is no assurance that we will be successful in obtaining such indemnity payments or that the indemnity payments will fully cover all of our costs associated with the original liability. If we are found responsible for damage caused by defective goods sold in our stores, the reputation of our stores may be adversely affected. This could lead to erosion of consumer confidence in our brands and a subsequent reduction in sales. Such an event would be likely to have an adverse effect upon our business, financial condition, results of operations and prospects.

We dedicate substantial resources to ensure that our customers enjoy safe and quality food products, particularly fresh and freshly prepared food. Preparation, packaging, transportation, storage and sale of fresh and freshly prepared food products and non-food products entail the inherent risk of product contamination, deterioration or defect, which could potentially lead to product recalls, liability claims and adverse publicity. Food and non-food products may contain contaminants that could, in certain cases, cause illness, injury or death. Any shipment or sale of contaminated, deteriorated or defective products may be grounds for a product liability claim or product recall. The risks of product liability claims or product recall obligations are particularly relevant in the context of our sales of freshly prepared food products. Although our suppliers bear the risk of product liability claims, we could incur adverse publicity through our association with such claims, which could have an adverse effect on our business, financial condition and results of operations.

In addition, we sell a range of private label products. Any product liability claim brought against us regarding our private label products, if successful, could have a material adverse effect on our ability to market our private label products successfully and therefore on our brand, business, financial condition and results of operations.

Our business and operations are dependent upon key executives.

Our key executives and members of management have greatly contributed to our success with their experience, knowledge, business relationships and expertise. Also, we depend on members of the Gokongwei Family to fill certain key executive positions and we may not be successful in attracting and retaining executive talent to replace such family members should they leave. If we are unable to fill any vacant key executive or management positions with qualified candidates, our business, operating efficiency and financial performance may be adversely affected.

For more information on our key personnel, see the profiles in the "Board of Directors and Senior Management" section beginning on page 205 of this Prospectus.

We operate in a regulated industry and our business is affected by the development and application of regulations in the Philippines.

We operate our businesses in a regulated environment. Retail establishments are subject to a variety of government ordinances, which vary from one locality to another but typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. We must also comply with food safety, consumer quality and pricing regulations.

The primary regulations applicable to our operations include standards regarding:

- the suitability of the store site;
- air pollution;
- price controls;
- food inspection;
- promotional activities;
- packaging safety;
- waste discharge;
- electricity supply;
- construction;
- business permits;
- fire safety;
- sanitation; and
- sale of pharmaceutical products.

For more details, see "Regulatory and Environmental Matters" beginning on page 193 of this Prospectus.

All construction and development plans are required to be filed with and approved by the local government unit concerned. The requirements of each local government unit may vary but in general, approval of such plans is conditional upon, among other things, the developer's financial, technical and administrative capabilities and, where the project site is leased, presentation of the lease contract or authority from the registered owner of the land authorizing the construction. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that we or our associates or partners will be able to obtain governmental approvals for our projects or that when given, such approvals will not be revoked. There can also be no assurance that we will continue to pass ongoing consumer safety and quality inspections in all of our store locations.

Continued compliance with, and any changes in, environmental laws and regulations may adversely affect our results of operations and financial condition.

We are subject to various laws relating to environmental matters. Such laws provide that we could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect our operations on such sites and could potentially also result in claims against the owner by private plaintiffs. Additionally, we could be held liable if environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems, which are located on contaminated properties or as to which inadequate reserves had been established, are successfully brought against us.

In general, operators of supermarkets with total store areas (including parking) of more than 10,000 sqm and/or operators of supermarkets with food stalls are required to obtain an ECC for each store prior to opening to certify that the project will not have an unacceptable environmental impact from DENR. Operators of supermarkets may also apply for and secure a CNC that exempts them from securing an ECC for their projects. There can be no assurance that there will be no changes in the requirements and exemptions relating to obtaining ECCs or CNCs. There can also be no assurance that we will be able to obtain the necessary licenses, permits and other authorizations or that when given, such licenses, permits and other authorization will not be revoked. We may incur penalties if we do not secure the ECCs or CNCs or if any of these are revoked.

In addition, we cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to our business could have a material adverse effect on our business, financial condition and results of operations.

We may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration.

We are required to maintain licenses, permits and other authorizations, including licenses relating to the operation of pharmacies, the sale of alcohol and certain construction activities. We are also required to obtain and renew various permits, including business permits and permits concerning, for example, health and safety, environmental standards and distribution standards. Our licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. If we fail to meet the terms of any of our licenses, permits or other authorizations necessary for our operations, these may be suspended or terminated, leading to temporary or potentially permanent closing of stores, suspension of construction activities or other adverse consequences. In addition, we cannot be certain that any given license, permit or authorization will be deemed sufficient by the relevant governmental authorities to fully cover activities conducted in reliance on such license, permit or authorization.

There can be no assurance that we will continue to be able to renew the necessary licenses, permits and other authorizations for our stores as necessary or that such licenses, permits and other authorizations will not be revoked. If we are unable to obtain or renew them or are only able to do so on unfavorable terms, this could have a material adverse effect on our business, financial condition and results of operations.

We may incur liability for goods sold in our stores that violate the intellectual property rights of third parties.

We and our consignors source merchandise worldwide. Our measures implemented to minimize potential infringement of intellectual property rights of third parties may not always be successful. In the event that goods sold in our stores violate the intellectual property rights of third parties, we, in our capacity as retailer, may be found liable for intellectual property violation and may be compelled to pay damages. Moreover, we cannot assure that we can successfully obtain indemnity payments from our consignors or that such indemnity payments will fully cover all of our loss associated with our liability. If any claims alleging infringement of intellectual property rights are brought against us or our consignors, our reputation may also be damaged.

The sale of counterfeit products may affect our reputation and profitability.

As our brands enjoy consumer recognition, we may encounter counterfeiting of our products, such as unauthorized imitation or replication of our designs, trademarks, or labeling by third parties. There can be no assurance that our actions taken to combat against counterfeiting of our products will be successful in prevention of counterfeiting. A significant presence of counterfeit products in the market could have a negative impact on the value and image of our brands, result in a loss of consumer confidence in our brands, and as a consequence, adversely affect our business and results of operations.

Damage to, or other potential losses involving, our assets may not be covered by insurance.

We maintain comprehensive property and liability insurance policies with coverage features and insured limits that we believe are consistent with market practice in the wholesale and retail industries in the Philippines. Nonetheless the scope of insurance coverage that we can obtain or our ability to obtain such coverage at reasonable rates may be limited. Design, construction or other latent property or equipment defects or deficiencies in our properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties, that may not be covered by insurance. In addition, certain types of losses, generally of a catastrophic nature, such as natural disasters, terrorist acts, the outbreak of infectious disease or any resulting losses, may be uninsurable or the required insurance premiums may be too expensive to justify obtaining insurance. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment or that of our tenants or in some cases could result in certain losses being uninsured. Accordingly, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenue from that property, and we could remain obligated for guarantees, debt, or other financial obligations related to such property. We do not maintain product liability or business interruption insurance.

Moreover, our insurance policies and terms of coverage will be subject to renewals and negotiations on a periodic basis and there is no assurance that adequate insurance coverage will be available on commercially reasonable terms in the future. Any material increase in insurance rates, decrease in available coverage or any failure to maintain adequate insurance in the future could adversely affect our business, financial condition and results of operations. See "Business — Retail Management Policies and Infrastructure — Insurance" on page 187 of this Prospectus.

Our business, financial performance and results of operations are subject to seasonality.

We experience seasonal fluctuations in our department stores, supermarkets and specialty stores operations. Sales increase in November, and peaks in December at double the usual monthly sales volume. Sales thereafter slow down in the first quarter of the year, and start to pick up in the second quarter, driven by the summer season, the school break in April and May and the opening of school in June. This is followed by a slowdown in sales in the third quarter due to the rainy season. In preparation for our peak selling periods, we incur additional expenses for the acquisition of additional inventory, particularly in our supermarkets, fashion and, consumer electronics and appliances businesses, and to carry out marketing and advertising activities. If sales during our peak selling periods are significantly lower than we expect for any reason, or if there is any prolonged disruption in our operations during our peak selling periods, we may be unable to adjust our expenses in a timely manner and may be left with a substantial amount of unsold inventory, especially seasonal merchandise that is difficult to liquidate after the applicable season. This may materially and adversely affect our business, financial condition and results of operations.

We are exposed to certain risks in connection with the substantial use of cash in our operations.

Due to the nature of our retail business and the demographics of the majority of our customers, we process a large volume of cash transactions in the course of our operations. Our customers usually pay for their purchases in cash. Therefore, we are exposed to the risk of cash shortages, petty theft and robbery, which, if substantial in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to unionization, work stoppages, slowdowns or increased labor costs.

Our workforce is non-unionized. If our employees unionize, it could result in demands that may increase our operating expenses and adversely affect our profitability. If our employees were to unionize and we were unable to reach agreement on the terms of their collective bargaining agreement or we were to experience widespread employee dissatisfaction, our business operations could be subject to work slowdowns or stoppages. In addition, we may be subject to disruptions by organized labor groups protesting the non-union status of our workforce. Any of these events would be disruptive to our operations and could harm our business. See "Business — Retail Management Policies and Infrastructure — Human Resources" on page 188 of this Prospectus for further details.

The use of third party manpower service providers may expose us to liability under the Labor Code.

As a means of providing for some of our labor requirements, a significant portion of our workforce is outsourced through third party manpower agencies. Outsourcing carries with it certain inherent risks including potential litigation from the employees of our third party manpower service providers who may claim an employer-employee relationship with us; and the risk that the current arrangements we currently have in place are later on found by the Department of Labor and Employment to be "labor-only contracting" which would have the consequence of effectively making us the employer of the relevant employees and thus, obliging us to extend to the relevant employees the same salaries and benefits we extend to our regular employees, which could have a significant impact on our labor costs. As the principal in the outsourcing arrangement, we can also be held jointly and severally liable with our third party manpower service providers to the latter's employees for unpaid wages for work performed under their respective contracts, or for any violation by our manpower service providers of the provisions of the Labor Code.

We are and may be exposed to risks relating to the leasing and sub-leasing of portions of our supermarket space.

We currently lease or sub-lease portions of our supermarket space outside the supermarket selling area to various third parties, including bakeries and food kiosks. We intend to procure our own properties and construct our own buildings, and anticipate that as a result our level of leasing and sub-leasing will increase in the future. Certain factors concerning our current and future tenants and sub-tenants could affect our financial condition, including:

- untimely expiration of leases/sub-leases and vacancies of tenants/sub-tenants;
- delays in the payment of rent due to tenant's/sub-tenant's declining sales or slow turnover;
- tenants/sub-tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental payments;

- our inability to collect rental payments, inability to accept new lease/sub-lease agreements, or termination of the tenant's/sub-tenant's lease/sub-lease;
- tenants/sub-tenants who do not comply with the general terms of the lease/sub-lease, entailing additional expenditures for us; and
- changes in laws and governmental regulations relating to real estate including those governing usage, zoning, taxes and government charges, which may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

Any unfavorable developments with respect to our tenants or sub-tenants could adversely affect our results of operations.

Our senior citizen discounts for purchases of prescribed medicines and prime commodities may be subject to abuse or unchecked fraudulent practices by unqualified customers.

We offer senior citizen discounts at our *South Star Drug* stores, *Ministop* stores and supermarkets in respect of purchases of certain prescribed medicines and prime commodities, such as rice, cooking oil, sugar, meat, poultry, seafood and laundry products, as required by the Expanded Senior Citizen Act No. 9994. Senior citizens aged 60 or above can enjoy a 20% senior citizen discount for prescribed medicines and are exempt from paying VAT. We absorb most of the cost of the senior citizen discounts. This system may be subject to abuse or unchecked fraudulent practices by unqualified customers which, if significant, could have a significant effect on the operating results of the affected businesses.

We may face difficulty in hiring sufficient pharmacists to meet the demands of our drug store operations due to shortage of registered pharmacists in the Philippines.

Our ability to continue expanding our drug store operations depends on our ability to attract and retain qualified and skilled staff, especially licensed pharmacists, as we are required to have a licensed pharmacist in each drug store that dispenses prescription medicine. Due to the shortage of registered pharmacists in the Philippines, we may face difficulty in hiring sufficient pharmacists to meet the demands of our drug store operations. We compete for pharmacists with both our direct and indirect competitors in the Philippines and overseas, which include pharmacies, hospitals and manufacturers of pharmaceutical products. In the event that we fail to hire sufficient pharmacists to meet the demands of our drug store operations, we may face the temporary closure of branches that are not supervised by a registered pharmacist and our drug store operations and our expansion plans with respect to those operations may be materially and adversely affected. In addition, competition for pharmacists could cause us to offer higher compensation and other benefits in order to attract and retain them.

Risks Relating to Our Organization and Structure

We rely on dividends and distributions from our subsidiaries to fund our cash and financing requirements.

We are a holding company with no independent commercial operations or source of revenue. We therefore rely on dividends and distributions from our subsidiaries to fund any cash and financing requirements which we may have, including the funds necessary to service any debt we may incur. If any of our subsidiaries incurs debt in its own name in the future, the instruments governing the debt may restrict the payment of dividends or other distributions to us. Any limitation on the ability of our subsidiaries to pay dividends and distributions to us could have a material adverse effect on our business, financial condition and results of operation.

We are controlled by the Gokongwei Family and our interests may differ significantly from the interests of other shareholders.

We are controlled by members the Gokongwei Family who, prior to the Offer, beneficially owned 100% of the Shares, and immediately after the Offer, will beneficially own approximately 65% of the Shares. Members of the Gokongwei Family also serve as our directors and executive officers. Certain members of the Gokongwei Family are also major shareholders of the JG Summit Group, which comprises JG Summit and its subsidiaries and affiliates, and, either individually or collectively, have private interests in a number of other companies. There is nothing to prevent companies that are controlled by the Gokongwei Family or that are part of the JG Summit Group from engaging in activities that compete directly with our retail businesses or activities, which could have a negative impact on our business. The interests of the Gokongwei Family as our controlling shareholders may differ significantly from or compete with our interests or the interests of our other shareholders, and there can be no assurance that the Gokongwei Family will exercise influence over us in a manner that is in the best interests of our other shareholders. See "— We are a party to a large number of related party transactions".

We are party to a large number of related party transactions.

Certain companies controlled by the Gokongwei Family and the JG Summit Group companies have significant commercial transactions with us. Our revenue received from our related parties arising from our transactions with them accounted for 1.3%, 1.5%, 2.2% and 2.5% of our total consolidated revenues (prior to intersegment eliminating adjustments on intersegment revenue) in 2010, 2011, 2012 and for the six months ended June 30, 2013, respectively. Our payables and rent and utilities due to our related parties arising from our transactions with them accounted for 8.1%, 7.5%, 5.4% and 1.4% of our total consolidated trade and other payables in 2010, 2011, 2012 and for the six months ended June 30, 2013, respectively. Our related party transactions are described in greater detail under "Related Party Transactions" on page 204 of this Prospectus and the notes to our financial statements appearing elsewhere in this Prospectus.

Such interdependence may mean that any material adverse changes in the operations or financial condition of the companies which are controlled by the Gokongwei Family or are part of the JG Summit Group could adversely affect our results of operations.

We expect that we will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Gokongwei Family. These transactions may involve potential conflicts of interest which could be detrimental to us and/or our shareholders. Conflicts of interest may also arise between the Gokongwei Family and us in a number of other areas relating to our businesses, including:

- major business combinations involving us, including transfers of affiliated companies into the JG Summit Group or vice versa;
- plans to develop our respective businesses; and
- business opportunities that may be attractive to both the Gokongwei Family and us.

Under Section 50 of the National Internal Revenue Code, in the case of two or more businesses owned or controlled directly or indirectly by the same interests, the BIR Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income.

In January 23, 2013, the BIR issued Regulation No. 2-2013 on Transfer Pricing Regulations (the "Transfer Pricing Regulations") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Regulations are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Regulations defines related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises.

The arm's length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm's length. In such a case, the BIR can make the necessary adjustments to the taxable profits of the related parties so as to reflect the true value that would otherwise be derived on an arm's length basis.

The Company has a number of related party transactions that have been entered into on an arm's length basis. However, we have no assurance if the BIR will view these transactions as arm's length on the basis of the Transfer Pricing Regulations.

We can provide no assurance that our high level of related party transactions will not have a material adverse effect on our business or results of operations.

Our operating results and financial condition are affected by a significant minority shareholding in Robinsons Bank.

As of June 30, 2013, we own 40% of the total common shares of Robinsons Bank that we acquired in March 2010. The remaining of 60% ownership stake is held by JG Summit Capital Services, a wholly-owned subsidiary of JG Summit. We do not participate in the management of Robinsons Bank. Robinsons Bank recorded net income of ₱304 million, ₱384 million, ₱410 million and ₱281 million in 2010, 2011, 2012 and the first six months of 2013, respectively, and our equity in net earnings were ₱17 million, ₱144 million, ₱159 million and ₱127 million for those periods, respectively. A significant portion of the bank's income is derived from its earnings on investment securities, the value of which can fluctuate significantly. Any significant fluctuation in the bank's income or its market value may have a significant adverse effect on our net income and the value of our investment in the bank's shares.

Risks Relating to the Philippines

Our operations are concentrated in the Philippines, and therefore any downturn in general economic conditions in the Philippines could have a material adverse impact on our business operations.

As all of our business operations are conducted in the Philippines and our entire revenue is sourced from the Philippines, the results of operations, financial condition and prospects are subject to a significant degree to the general state of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Peso and the imposition of exchange controls. In addition, the global financial, credit and currency markets have, since the second half of 2007, experienced, and may continue to experience, significant dislocations and liquidity disruptions. These and other related events have had a significant impact on the global capital markets and the global credit and financial markets as a whole. The related slowdown in the economies of the United States, the European Union and certain Asian countries has affected, and such slowdowns may adversely affect in the future, economic growth in the Philippines. Our financial performance and results of operations are closely tied to the performance of OFW remittances and the increase in BPO business in the Philippines, both of which depend to a significant degree on the performance of the global economy.

Any deterioration in the Philippines economy as a result of these or other factors, including a significant depreciation of the Peso or increase in interest rates, may adversely affect consumer sentiment and lead to a reduction in demand for retail and consumer goods. This, in turn, could materially and adversely affect our financial condition and results of operations, and our ability to implement our business strategy and expansion plans.

The occurrence of natural disasters or other catastrophes, severe weather conditions, or outbreaks of contagious diseases may materially adversely affect the Philippine economy and disrupt our operations.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, floods, volcanic eruptions and earthquakes. In the past, these events have affected our operating results. For example, heavy rains and related flooding in 2012 negatively affected the operating results of our department stores. There can be no assurance that the occurrence of such catastrophes will not materially disrupt our operations in the future. We could experience substantial inventory or property loss as a result of any such catastrophes and might not be able to rebuild or restore operations in a timely fashion. We maintain third-party insurance covering only fire, floods and typhoons. We do not maintain full third-party insurance to cover other catastrophes, and we do not maintain business interruption insurance. Therefore, the occurrence of natural or other catastrophes or severe weather conditions could have a material adverse effect on our business, financial condition and results of operations.

In 2003, Taiwan, the People's Republic of China, Singapore and other countries experienced an outbreak of Severe Acute Respiratory Syndrome ("SARS"), which adversely affected the economies of many countries in Asia, including the Philippines. In addition, since late 2003, a number of countries in Asia, including the Philippines, as well as countries in other parts of the world, have had confirmed cases of the highly pathogenic H5N1 strain of the avian influenza virus in birds. These cases severely affected the poultry and related industries and resulted in the death or culling of large stocks of poultry. In addition, certain countries in Southeast Asia have reported cases of bird to human transmission of avian influenza resulting in numerous human deaths. Recently, China has experienced outbreaks of a new strain of the H7N9 avian influenza virus which was found to have been transmitted to humans, causing death in some instances.

Avian influenza, swine flu and SARS outbreaks have adversely affected, and any future outbreaks of these diseases or other contagious diseases could adversely affect, the Philippine economy and economic activity in the region and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Any political instability in the Philippines may adversely affect our business operations.

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the previous administration. No assurance can be given that the political environment in the

Philippines will stabilize and any political instability in the future could reduce consumer demand for retail and consumer goods to our disadvantage, or result in inconsistent or sudden changes in regulations and policies that affect our business operations, which could have an adverse effect on our results of operations and financial condition.

Continued terrorist activities and high-profile violent crime in the Philippines could destabilize the country, adversely affecting our business environment.

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine army has been in conflict with the Abu Sayyaf organization which has been identified as being responsible for kidnapping and terrorist activities in the Philippines, and is also alleged to have ties to the Al-Qaeda terrorist network. There have been sporadic bombings and prominent kidnappings and slayings of foreigners in the Philippines. Most recently, the hijacking of a tourist bus carrying Hong Kong tourists that resulted in the deaths of several passengers took place. This could have a negative impact on our business since department stores, supermarkets and retail stores may be particularly vulnerable to and adversely affected by terrorist attacks and high-profile violent crime because of the pedestrian flow and general public access. The occurrence of a terrorist attack or high-profile violent crime at any one of our department stores, supermarkets or retail stores, in particular, could have a significant adverse effect on our business. There can be no assurance that the Philippines will not be subject to further acts of terrorism in the future, and violent acts arising from, and leading to, instability and unrest may have a material adverse effect on us and our financial condition, results of operations and prospects.

Future changes in the value of the Peso against the U.S. dollar and other currencies may adversely affect our results of operations

We purchase imported products from the United States and China through our local distributors and imported raw materials are used in some of the locally produced merchandise we purchase from our suppliers. Fluctuations in the exchange rate between the Peso against foreign currencies, particularly against the U.S. dollar and Renminbi, will therefore affect our net profit margins and may result in net foreign currency gains or losses. There is no assurance that the exchange rate of the Peso will remain stable against the U.S. dollar, Renminbi or any other foreign currencies in the future. Any significant changes in the exchange rate between the Peso against the U.S. dollar, Renminbi or any other foreign currencies may adversely affect our results of operations. At present, the country's exchange rate policy supports a freely floating exchange rate system whereby the BSP leaves the determination of the exchange rate to market forces. Under a market-determined exchange rate framework, the BSP does not set the foreign exchange rate but instead allows the value of the Peso to be determined by the supply and demand of foreign exchange

Risks Relating to the Offer Shares

There can be no guarantee that the Offer Shares will be listed on the PSE.

Purchasers of Offer Shares will be required to pay for such Offer Shares on the Domestic Offer Settlement Date, which is expected to be on or about November 11, 2013 and on the International Offer Settlement Date, which is expected to be on or about November 11, 2013. There can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

There has been no prior market for the Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

The Gokongwei Family beneficially owned 100% of the Shares as of June 30, 2013 and, following the Offer, will beneficially own at least 65% of the outstanding Shares on a fully diluted basis (assuming Shares are sold pursuant to the full exercise of the Over-allotment Option). As there has been no prior trading in the Shares, there can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained.

The Offer Price has been determined after taking into consideration a number of factors including, but not limited to, our prospects, the market prices for shares of companies engaged in related businesses similar to that of our business and prevailing market conditions. The price at which the Shares will trade on the PSE at any point in time after the Offer may vary significantly from the Offer Price.

The market price of the Shares may be volatile, which could cause the value of investors' investments in the Shares to decline.

The market price of Shares could be affected by several factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks in general and other retail stocks in particular;
- the market value of our assets;
- changes to Government policy, legislation or regulations; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Shares.

Shareholders may be subject to limitations on minority shareholders' rights and regulations may differ from those in more developed countries.

Our corporate affairs are governed by our Articles of Incorporation and by-laws and the Philippines Corporation Code. The laws of the Philippines relating to the protection of interests of minority shareholders differ in some respects from those established under the laws of more developed countries. Such differences may mean that our minority shareholders may have less protection than they would have under the laws of more developed countries. The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or the United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Philippine Corporation Code, however, provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. See "Description of the Shares — Shareholders' Meetings — Fundamental Matters" on page 229 of this Prospectus. The Philippine Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. See "Description of the Shares — Appraisal Rights" on page 224 of this Prospectus. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

There can be no assurance that we will be able to pay dividends or maintain any given level of dividends.

If our retail investments and any of our other assets held by us from time to time do not generate sufficient net operating profit, our income and resulting ability to pay dividends will be adversely affected. Dividends shall be declared and paid out of our unrestricted retained earnings, which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. We intend to maintain an annual cash dividend payout ratio of twenty per cent (20%) of our audited consolidated net income for the preceding fiscal year subject to compliance with the requirements of applicable laws and regulations, the terms and conditions of our outstanding loan facilities and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances wherein we propose to implement and undertake major projects and developments through our subsidiaries. The Board may, at any time, modify such dividend payout ratio taking into consideration various factors including: the level of our cash earnings, return on equity and retained earnings; our results for, and our financial condition at the end of, the year in respect of which the dividend is to be paid and its expected financial performance; the projected levels of capital expenditure and other investment plans; restrictions of payment of dividends that may be imposed on us by any of our financing arrangements and current and prospective debt service requirements; and such other factors as the Board deems appropriate. See "Dividends and Dividend Policy" beginning on page 54 of this Prospectus.

No assurance can be given as to our ability to make or maintain dividends. Nor is there any assurance that the level of dividends will increase over time, or that acquisition of additional retail properties or increases in revenues from wholesale and retail investments will increase our income available for dividends to shareholders.

Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of our business and operations, the Board will consider the funding options available to them at the time, which may include the issue of new Shares. If additional funds are raised by us through the issuance of new equity or equity-linked securities other than on a pro rata basis to existing shareholders, the percentage ownership of existing shareholders may be reduced, shareholders may experience subsequent dilution or such securities may have rights, preferences and privileges senior to those of the Offer Shares.

Further, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Shares or our ability to raise capital in the future at a time and at a price we deem appropriate.

The PSE rules require existing shareholders owning at least 10% of the outstanding shares of a company not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares. In addition, all shares issued or transferred within 180 days prior to the commencement of the Offer at an issue price less than the price per Offer Share shall be subject to a lock-up period of at least 365 days from the date that full payment is made on such Shares, as required by the PSE. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD Participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

In addition to the lock-up obligations required by the PSE, we and each of JE Holdings, Inc., Lance Y. Gokongwei, and Robina Y. Gokongwei-Pe have agreed with the International Lead Managers and the Sole Domestic Lead Underwriter that, other than in connection with the Over-allotment Option, and the issuance of stock dividends, for a period of 180 days after the First Closing Date, neither we nor any person acting on our behalf will, without the prior written consent of the International Lead Managers and the Sole Domestic Lead Underwriter, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options.

Moreover, a listed company on the PSE shall be prohibited from offering additional securities, except offerings for stock dividends and employees stock option plan, within 180 calendar days from the date of initial listing.

Except for such restrictions, there is no restriction on our ability to issue Shares or the ability of any of our shareholders to dispose of, encumber or pledge, their Shares, and there can be no assurance that we will not issue Shares or that such shareholders will not dispose of, encumber or pledge, their Shares.

The Shares may be subject to Philippine foreign ownership limitations, if we acquire land in the Philippines.

The Philippine Constitution and related statutes restrict land ownership to Philippine Nationals. The term "Philippine National" as defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals. As of the date of this Prospectus, we do not own land in the Philippines. However, this does not preclude us from acquiring land in the Philippines in the future should the demand of our operations so requires.

Considering the foregoing, in the event that we acquire land in the Philippines and for so long as we continue to own land in the Philippines, foreign ownership in our capital stock is limited to a maximum of 40% of our issued and outstanding capital stock. We cannot allow the issuance or the transfer of shares to persons other than Philippine Nationals and cannot record transfers in our books if such issuance or transfer would result in us ceasing to be a Philippine National for purposes of complying with the restrictions on foreign land ownership discussed above. These restrictions may adversely affect the liquidity and market price of the Shares to the extent international investors are not permitted to purchase Shares in normal secondary transactions.

Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer.

The issue price of the Shares in the Offer may be substantially higher than the net tangible book value of net assets per share of the outstanding Shares. Therefore, purchasers of Shares in the Offer may experience immediate and substantial dilution and our existing shareholders may experience a material increase in the net tangible book value of net assets per share of the Shares they own. See "Dilution" beginning on page 58 of this Prospectus.

Future changes in the value of the Peso against the U.S. dollar and other currencies will affect the foreign currency equivalent of the value of the Shares and any dividends.

Fluctuations in the exchange rate between the Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Shares on the PSE. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in Pesos by us on, and the Peso proceeds received from any sales of, the Shares.

Risks Relating to the Presentation of Information in this Prospectus

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus relating to the Philippines, the industries in which we compete and the markets in which we operate, including statistics relating to market size, is derived from various Government and private publications. This Prospectus also contains industry information which was prepared from available public sources and independent market research conducted by Euromonitor to provide an overview of the retail industries in which the Company's businesses operate. The information contained in that section may not be consistent with other information regarding the Philippine retail industry. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by us nor the International Lead Managers, nor any of their respective affiliates or advisors, and may not be accurate, complete, up to date or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

USE OF PROCEEDS

We estimate that our net proceeds from the Primary Offer, based on an Offer Price of ₱58.00 per Offer Share, will be approximately ₱26,069.1 million after deducting the applicable underwriting fees and commissions and expenses for the Primary Offer (excluding any additional expenses that may be incurred in relation to the Over-allotment Option) payable by us.

We intend to use a majority of our net proceeds from the Primary Offer to partially fund capital expenditures in connection with the establishment of new stores. We intend to use the remainder of our net proceeds from the Primary Offer to partially fund renovation of existing stores and repay all outstanding bank loans. Further details of the proposed use of proceeds are as follows:

Proposed Use	Estimated Amounts	Percentage
	(₱ million)	(%)
Expansion of store network	**21,912.7**	**84.1**
Supermarkets	13,261.4	50.9
Department stores	1,330.0	5.1
DIY stores	909.9	3.5
Convenience stores	3,110.1	11.9
Drug stores	1,248.0	4.8
Specialty stores	2,053.3	7.9
Renovation of existing stores	**1,887.4**	**7.2**
Supermarkets	329.0	1.3
Department stores	462.7	1.8
DIY stores	257.1	1.0
Convenience stores	287.9	1.1
Drug stores	276.2	1.1
Specialty stores	274.6	1.1
Repayment of bank loans	**1,715.3**	**6.6**
Other corporate purposes	**553.7**	**2.1**
Total Amount	**₱26,069.1**	**100.0**

Capital Expenditures for New and Existing Stores

Expenses for buildings and leasehold improvements include, but are not limited to, the following: building construction/structural works, civil/architectural electrical, mechanical, sanitary, plumbing, cabling works and expenses for securing necessary permits, licenses and professional advisory and labor fees.

Expenses for furniture and fixtures are expected to include, among other items, purchases of display fixtures/modules/gondolas/racks, shopping carts and baskets, cash (POS) counters, pallet racks, shelves and cabinets for storing inventory, lockers, table counters and office furnishings.

Expenses for equipment are expected to include, among other items, escalators, walkalators, freight and passenger elevators, air conditioning units, refrigeration systems, generator sets, barcode printers, kiosks, card printers, bill and coin counters, computers, weighing scales, facsimile machines, handheld scanners, ice makers, laminating machines, meat processors, paging systems, paper shredders, rotisseries, security systems and voice and data cabling.

If the expected gross proceeds are not realized, the Company will use its internally generated funds from operations and existing cash, existing credit lines, and other potential borrowings to finance the expected uses.

We are in discussions with various parties regarding the actual locations of the new stores, and the type of construction, leasehold improvements and equipment in which we will invest using the proceeds from the Primary Offer. Consequently, the proceeds from the Primary Offer that will not be immediately used for the above purposes will be segregated from the other funds of the Company and maintained in separate accounts.

In the event of an exercise of the over-allotment option, the additional proceeds will be used for capital expenditures for new and existing stores.

The proposed use of proceeds described above represents best estimates of the use of net proceeds of the Primary Offer based on our current plans and expenditures. The actual amount and timing of disbursement of the net proceeds from the Primary Offer for the uses stated above will depend on various factors which include, among others, changing market conditions or new information regarding the cost or feasibility of our expansion projects. Our cost estimates may change as we develop our plans, and actual costs may be different from our budgeted costs. To the extent that the net proceeds from the Primary Offer are not immediately applied to the above purposes, we will invest the net proceeds in interest-bearing short term demand deposits and/or money market instruments. In the event of any deviation, adjustment or reallocation in the planned use of proceeds, we shall inform our shareholders, the Philippine SEC and the PSE in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board and disclosed to the PSE. In addition, we shall submit via the PSE's Online Disclosure System the following disclosure to ensure transparency in the use of proceeds:

(i) any disbursements made in connection with the planned use of proceeds from the Offer;

(ii) quarterly Progress Report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;

(iii) annual summary of the application of the proceeds on or before January 31 of the following year; and

(iv) approval by the Board of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

We shall submit a certification by the Company's Chief Financial Officer or Treasurer and external auditor on the accuracy of the information reported by us to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any, in our quarterly and annual reports as required in items (ii) and (iii) above. Such detailed explanation will state the approval of the Board as required in item (iv) above.

Discharge of Debt

We intend to use approximately ₱1,715 million of the net proceeds from the Primary Offer to prepay our loan obligations, consisting of (i) loans with no fixed maturity from Metropolitan Bank & Trust Company (''Metrobank''), originally in the amount of ₱2,000 million but with an outstanding amount of ₱1,230 million as of June 30, 2013, with interest rates ranging from

3.3% to 3.9%, to RSC and RI, the proceeds of which were used to acquire SSDI; (ii) a 5-year loan of ₱250 million maturing in 2016 from Metrobank to SSDI to be used for capital expenditures which has an outstanding amount of ₱195 million as of June 30, 2013; (iii) loans maturing in 2013 and 2014 from Robinsons Bank to RCSI in the amount of ₱150 million as of June 30, 2013, consisting of three promissory notes with interest rates ranging from 5.0% to 6.4%; and (iv) short term loans in the amount of ₱140 million as of June 30, 2013 from Metrobank and Robinsons Bank to Robinsons Appliances, with interest rates ranging from 4.2% to 6.3%. These credit agreements are described in ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness'' on page 88 of this Prospectus.

Expenses

Based on an Offer Price of ₱58.00 per Offer Share, we estimate that our total proceeds from the Primary Offer, total expenses for the Primary Offer and the net proceeds from the Primary Offer will be (excluding any additional expenses that may be incurred in relation to the Over-allotment Option):

Estimated total proceeds from the Primary Offer	₱26,790.1 million
Expenses	
Underwriting and selling fees for Offer Shares	₱314.4 million
Taxes to be paid by the Company	₱270.2 million
PSE listing and processing fee	₱52.6 million
Philippines SEC registration, filing and research fees	₱11.4 million
Estimated professional fees	₱41.4 million
Estimated other expenses	₱31.0 million
Total expenses	**₱721.0 million**
Net proceeds from the Primary Offer	**₱26,069.1 million**

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above.

DIVIDENDS AND DIVIDEND POLICY

The Company is authorized to declare dividends. A cash dividend declaration does not require any further approval from shareholders. Each holder of Shares will be entitled to such dividends as may be declared by the Board, provided that any stock dividends declaration requires the further approval of shareholders holding at least two-thirds of the Company's total outstanding capital stock. The Philippine Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares. The Company may declare dividends only from its unrestricted retained earnings, representing the net accumulated earnings of the Company with its unimpaired capital, which are not appropriated for any other purpose.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP. See "Philippine Foreign Exchange Control" on page 236 of this Prospectus.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements. See "Description of the Shares — Shareholders' Meetings — Dividends" on page 227 of this Prospectus.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than 10 days or more than 30 days from the date the cash dividends are declared.

With respect to stock dividends, the record date is to be not less than 10 days nor more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. If no record date is set, under Philippine SEC rules the record date will be deemed fixed at 15 days from the date of the stock dividend declaration. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividends

The Company has not declared any cash or stock dividends in the last three years.

On July 4, 2013, the Company's dividend policy was approved by its Board. The Company intends to maintain an annual cash dividend payout ratio of twenty per cent (20%) of its audited consolidated net income for the preceding fiscal year subject to compliance with the requirements of applicable laws and regulations, the terms and conditions of its outstanding loan facilities and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances wherein the Company proposes to implement and undertake major projects and developments through its subsidiaries. There can be no guarantee that the Company will pay any dividends in the future.

EXCHANGE RATES

Fluctuations in the exchange rates between the Peso and the U.S. dollar and other foreign currencies will affect the equivalent in U.S. dollars and such other foreign currencies of the Peso price of the Shares on the PSE, of dividends distributed in Pesos by the Company, if any, and of the Peso proceeds received by investors on a sale of the Shares on the PSE, if any. Fluctuations in such exchange rates will also affect the Peso value of the Company's assets and liabilities which are denominated in currencies other than Pesos, if any.

The PDS, a computer network supervised by the BSP, through which the members of the Bankers Association of the Philippines effect spot and forward currency exchange transactions, was introduced in 1992. The PDS was adopted by the BSP as a means to monitor foreign exchange rates. The PDS Rate is the average rate for the purchase of U.S. dollars with Pesos which is quoted by the PDS and published in BSP's Reference Exchange Rate Bulletin and the major Philippine financial press on the following business day. On June 28, 2013, the PDS Rate was ₱43.307 = U.S.$1.00.

The following table sets out certain information concerning the PDS Rate between the Peso and the U.S. dollar for the periods and dates indicated, expressed in Pesos per U.S.$1.00:

	Peso/U.S. dollar exchange rate			
Year	**Period end**	**Average(1)**	**High(2)**	**Low(3)**
2008	46.356	44.475	49.984	40.360
2009	46.356	47.637	49.056	45.947
2010	43.885	45.248	46.983	42.516
2011	43.928	43.313	44.585	41.955
2012	41.192	42.229	44.246	40.862
2013				
January	40.653	40.730	41.078	40.569
February	40.736	40.672	40.736	40.603
March	40.938	40.713	40.938	40.588
April	41.161	41.142	41.377	40.811
May	42.376	41.298	42.376	40.774
June	43.307	42.907	43.894	41.906
July	43.402	43.356	43.661	43.100
August	44.580	43.932	44.730	43.470
September	43.475	43.764	44.535	43.049
October (through October 23, 2013)	43.110	43.148	43.395	43.045

Source: Reference Exchange Rate Bulletin, Treasury Department of the BSP.

Notes:

1. Simple average of daily closing exchange rates for the period.

2. Highest closing average exchange rate for the period.

3. Lowest closing average exchange rate for the period.

DETERMINATION OF OFFER PRICE

The Offer Price has been set at ₱58.00 per Offer Share. The Offer Price was determined through a book-building process and discussions among the Company, the International Lead Managers and the Sole Domestic Lead Underwriter. Since the Shares have not been listed on any stock exchange, there has been no market price for Shares derived from day-to-day trading.

The factors considered in determining the Offer Price were, among others, our ability to generate earnings and cash flow, our short and long term prospects, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer and the market price of listed comparable companies. The Offer Price does not have any correlation to the actual book value of the Offer Shares.

CAPITALIZATION

The following table sets out the Company's consolidated short-term debt, and long-term debt, equity and capitalization as of June 30, 2013 and as adjusted to reflect the sale of the Offer Shares based on an Offer Price of ₱58.00 per Offer Share, assuming no exercise of the Over-allotment Option, and the use of proceeds as described in this Prospectus.

The table should be read in conjunction with the Company's consolidated financial statements and the notes thereto, included in this Prospectus beginning on page F-1. Other than as described below, there has been no material change in the Company's capitalization since June 30, 2013.

	Actual as of June 30, 2013		As adjusted after giving effect to the Offer and increased capital(1)	
	(in ₱ million)	(in US$ million)(2)	(in ₱ million)	(in US$ million)(2)
Total short-term debt(3)	345.6	8.0	—	—
Total long-term debt	1,369.7	31.6	—	—
Equity:				
Capital stock: ₱1.00 par value per Share; 500,000,000 Shares authorized as of June 30, 2013; increased to 2,000,000,000 shares on July 3, 2013; 415,000,000 Shares issued and fully paid up as of June 30, 2013; 1,362,147,500 Shares issued and fully paid up after the Offer, assuming the Over-allotment Option is not exercised	415.0	9.6	1,362.1(5)	31.5(5)
Additional paid-in capital	141.8	3.3	25,749.0(5)	594.6(5)
Deposit for future stock subscription	485.3	11.2	—	—
Other comprehensive income	39.9	0.9	39.9	0.9
Equity reserve	116.5	2.7	116.5	2.7
Retained earnings	7,391.8	170.7	7,391.8	170.7
Total equity(4)	8,590.2	198.4	34,659.3(5)	800.3(5)
Total equity, long-term debt and short-term debt	10,305.5	238.0	34,659.3(5)	800.3(5)

Notes:

1. As approved by the Board on June 7, 2013, the Company increased its authorized capital stock from ₱500 million divided into 500,000,000 common shares with par value of ₱1.00 to 2,000,000,000 common shares with par value of ₱1.00.

2. Based on the PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.

3. Comprised of loans payable.

4. Total equity attributable to equity holders of the parent company.

5. Assuming full exercise of the Over-allotment Option, capital stock would be ₱1,385.0 million (US$32.0 million), additional paid-in capital would be ₱26,300.0 million (US$607.3 million), total equity would be ₱35,234.1 million (US$813.6 million), and total equity, long-term debt and short-term debt would be ₱35,234.1 million (US$813.6 million).

DILUTION

As of June 30, 2013, the Company's net tangible book value per Share was ₱20.70. Net tangible book value per Share represents total assets minus total liabilities and goodwill divided by the total number of Shares outstanding. After giving effect to the sale of the Offer Shares (at an Offer Price of ₱58.00 per Offer Share), and deducting estimated discounts, commissions, estimated fees and expenses of the Offer, the net tangible book value per Share would increase to ₱25.44 per Offer Share. At the Offer Price of ₱58.00 the Shares will be purchased at a premium of ₱32.56 to net tangible book value per Share.

The following table illustrates dilution on a per Share basis based on an Offer Price of ₱58.00 per Offer Share assuming full exercise of the Over-allotment Option:

Offer Price per Offer Share	**₱58.00**
Net tangible book value per Share as of June 30, 2013[(1)]	₱20.70
Pro forma net tangible book value per share after the Offer[(2)]	₱25.44
Dilution to investors in the Offer[(3)]	₱32.56

Notes:

1. Total equity attributable to equity holders of the parent company per share.

2. Total equity after giving effect to the Offer divided by Shares issued and fully paid after the Offer.

3. Calculated as Offer Price of ₱58.00 per Offer Share less pro forma net tangible book value per Share after the Offer.

The following table sets out the shareholdings, and percentage of Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer assuming full exercise of the Over-allotment Option:

	Number of Shares	%
Existing shareholders	900,250,000	65.0
New investors	484,750,000	35.0
Total	**1,385,000,000**	**100.0**

See also "Risk Factors — Risks Relating to the Offer Shares — Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings" on page 48 of this Prospectus.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

Selected Financial Data

The following tables present selected consolidated financial information of the Company. This selected data should be read in conjunction with the independent auditors' report and with the consolidated financial statements of the Company and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's selected financial data as of and for the years ended December 31, 2010, 2011 and 2012 was derived from the audited consolidated financial statements of the Company, and the Company's selected financial data as of June 30, 2013 and for the six months ended June 30, 2012 and 2013, was derived from the reviewed consolidated financial statements of the Company prepared in accordance with PFRS. The selected consolidated balance sheet information as at December 31, 2012 below has been restated to reflect the finalization of the purchase price allocation for the acquisition of South Star Drug, Inc. in 2012. The effect of the restatement is disclosed in Note 25 to the unaudited consolidated financial statements of the Company as of June 30, 2013 and for the six months ended June 30, 2012 and 2013. The Company's consolidated financial information below should not be considered indicative of the results of future operations. The translation of Peso amounts into U.S. dollars as of and for the year ended December 31, 2012 and the six months ended June 30, 2013 as presented herein is provided for convenience only.

Selected Consolidated Income Statement Information

	For the years ended December 31,				For the six months ended June 30,		
	(Audited)			(Unaudited)	(Unaudited)		
	2010	2011	2012	2012	2012	2013	2013
	(₱ million)			(US$ million)(1)	(₱ million)		(US$ million)(1)
REVENUE							
Sales — net of sales discounts and returns	44,559	48,303	57,393	1,325.3	25,234	31,317	723.1
Royalty, rent and other income	950	854	1,079	24.9	545	646	14.9
	45,509	49,157	58,472	1,350.2	25,779	31,963	738.0
COST AND EXPENSES							
Cost of merchandise sold	37,175	39,596	46,414	1,071.7	20,423	24,770	572.0
Operating expenses	7,860	9,126	10,636	245.6	4,824	5,574	128.7
	45,035	48,722	57,050	1,317.3	25,247	30,344	700.7
	474	435	1,422	32.9	532	1,619	37.3
OTHER INCOME (CHARGES)							
Equity in net earnings of an associate	17	144	159	3.7	103	127	2.9
Interest income	121	107	114	2.6	48	41	0.9
Dividend income	14	11	4	0.1	2	3	0.1
Investment income	—	—	130	3.0	130	—	—
Interest expense	(27)	(35)	(58)	(1.3)	(15)	(46)	(1.1)
	125	227	349	8.1	268	125	2.8
INCOME BEFORE INCOME TAX	599	662	1,771	41.0	800	1,744	40.1
PROVISION FOR INCOME TAX							
Current	192	201	419	9.7	153	469	10.8
Deferred	(49)	(15)	7	0.2	6	3	0.1
	143	186	426	9.9	159	472	10.9
NET INCOME	456	476	1,345	31.1	641	1,272	29.2
OTHER COMPREHENSIVE INCOME							
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:							
Changes in fair value of available-for-sale financial assets and share in change in fair value of available-for-sale financial asset of an associate	3	52	(5)	(0.1)	(32)	142	3.3
Share in change in translation adjustment of an associate	—	—	—	—	—	(23)	(0.5)
Income tax effect	(1)	(16)	2	—	—	15	0.3
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:							
Share in actuarial losses on pension liability of an associate	—	—	—	—	—	(7)	(0.2)
Actuarial losses on pension liabilities	—	(67)	(32)	(0.7)	(29)	(81)	(1.9)
Income tax effect	—	20	9	0.2	9	24	0.6
	2	(11)	(26)	(0.6)	(52)	70	1.6
TOTAL COMPREHENSIVE INCOME	458	465	1,319	30.5	589	1,342	30.8
Net income attributable to:							
Equity holders of the Parent Company	403	483	1,200	27.8	568	1,086	25.1
Non-controlling interest in consolidated subsidiaries	53	(7)	145	3.3	73	186	4.3
	456	476	1,345	31.1	641	1,272	29.4
Total comprehensive income attributable to:							
Equity holders of the Parent Company	405	472	1,174	27.2	516	1,156	26.7
Non-controlling interest in consolidated subsidiaries	53	(7)	145	3.3	73	186	4.3
	458	465	1,319	30.5	589	1,342	31.0
Basic/Diluted Earnings Per Share	₱1.88	₱1.16	₱2.89	US$0.07	₱1.37	₱2.62	US$0.06

Note:

1. Based on the PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.

Selected Consolidated Balance Sheet Information

	As of December 31,				As of June 30, (Unaudited)	
	(Audited)		(Unaudited)			
	2010	2011	2012	2012	2013	2013
	(₱ million)			(US$ million)(1)	(₱ million)	(US$ million)(1)
ASSETS						
Current Assets						
Cash and cash equivalents	4,327	5,242	6,052	139.7	3,967	91.6
Short term investments	304	304	310	7.2	311	7.2
Available-for-sale financial assets	158	53	52	1.2	—	—
Trade and other receivables	480	579	737	17.0	479	11.1
Merchandise inventories	2,775	3,310	6,082	140.4	5,673	131.0
Other current assets	524	604	872	20.1	861	19.9
Total Current Assets	8,568	10,092	14,105	325.6	11,291	260.8
Noncurrent Assets						
Property and equipment	4,374	4,681	5,164	119.2	5,751	132.8
Investment in shares of stocks	1,193	1,395	1,549	35.8	1,790	41.3
Goodwill	85	85	—	—	—	—
Intangible assets	—	—	2,519	58.2	2,513	58.0
Deferred tax assets — net	125	146	152	3.5	188	4.3
Other noncurrent assets	490	578	743	17.2	847	19.6
Total Noncurrent Assets	6,267	6,885	10,127	233.9	11,089	256.0
	14,835	16,977	24,232	559.5	22,380	516.8
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	8,305	9,395	12,320	284.5	9,393	216.9
Current portion of loans payable	540	540	412	9.5	346	8.0
Income tax payable	128	127	336	7.8	342	7.9
Other current liabilities	139	211	234	5.4	185	4.3
Total Current Liabilities	9,112	10,273	13,302	307.2	10,266	237.1
Noncurrent Liabilities						
Loans payable - net of current portion	—	—	2,117	48.9	1,370	31.6
Deferred tax liability	—	—	470	10.9	470	10.9
Pension liability	129	215	285	6.6	392	9.0
Total Noncurrent Liabilities	129	215	2,872	66.3	2,232	51.5
Total Liabilities	9,241	10,488	16,174	373.5	12,498	288.6
Equity						
Capital stock	214	415	415	9.6	415	9.6
Additional paid-in capital	142	142	142	3.3	142	3.3
Deposit for future stock subscription	—	—	—	—	485	11.2
Other comprehensive income	7	(4)	(30)	(0.7)	40	0.9
Equity reserve	—	98	116	2.6	116	2.7
Retained earnings	4,631	5,109	6,309	145.7	7,392	170.7
Total equity attributable to equity holders of the Parent Company	4,994	5,760	6,952	160.5	8,590	198.4
Non-controlling interest in consolidated subsidiaries	600	729	1,106	25.5	1,292	29.8
Total Equity	5,594	6,489	8,058	186.0	9,882	228.2
	14,835	16,977	24,232	559.5	22,380	516.8
Other non-balance sheet items						
Return on Equity(2)	0.08	0.08	0.18	0.18	0.14	0.14
Asset to Sales Ratio(3)	0.32	0.33	0.36	0.36	0.74	0.74

Notes:

1. Based on PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.
2. Return on equity is calculated by dividing the net income by total equity.
3. Asset to sales ratio is calculated by dividing total asset by net sales.

Selected Consolidated Cash Flow Information

	For the years ended December 31,				For the six months ended June 30,		
	(Audited)			(Unaudited)	(Unaudited)		
	2010	2011	2012	2012	2012	2013	2013
	(₱ million)			(US$ million)[1]	(₱ million)		(US$ million)[1]
CASH FLOWS FROM OPERATING ACTIVITIES							
Income before income tax	599	662	1,771	40.9	800	1,744	40.3
Adjustments for:							
Depreciation and amortization	1,126	1,259	1,578	36.4	703	467	10.8
Interest expense	27	35	58	1.3	15	46	1.1
Provision for impairment losses — property and equipment	—	76	21	0.5	7	4	0.1
Provision for impairment losses — receivables	—	30	—	—	—	—	—
Loss on asset retirement/ derecognition	—	—	1	0.02	—	—	—
Investment income	—	—	(130)	(3.0)	(130)	—	—
Dividend income	(14)	(11)	(4)	(0.1)	(2)	(3)	(0.1)
Interest income	(121)	(107)	(114)	(2.6)	(48)	(41)	(0.9)
Equity in net earnings of an associate	(17)	(144)	(159)	(3.7)	(104)	(127)	(2.9)
Operating income before working capital changes	1,600	1,800	3,022	69.8	1,241	2,090	48.0
Decrease (increase) in:							
Trade and other receivables	1,254	(100)	(98)	(2.3)	191	254	5.9
Merchandise inventories	(129)	(535)	(1,423)	(32.9)	(453)	408	9.4
Other current assets	(156)	(81)	(207)	(4.8)	(144)	(185)	(4.3)
Short-term investments	(303)	—	(6)	(0.1)	(32)	—	—
Increase (decrease) in:							
Trade and other payables	74	1,195	2,012	46.5	(1,355)	(2,926)	(67.6)
Other current liabilities	27	71	20	0.5	(68)	(50)	(1.2)
Pension liability	21	19	20	0.5	19	25	0.6
Net cash flows provided by (used in) operations	2,388	2,369	3,340	77.1	(601)	(384)	(9.2)
Income tax paid	(191)	(202)	(215)	(5.0)	(166)	(267)	(6.2)
Interest received	109	108	113	2.6	48	45	1.0
Net cash flows provided by (used in) operating activities	2,306	2,275	3,238	74.8	(719)	(606)	(14.4)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from disposals of:							
AFS financial assets	—	100	—	—	—	50	1.2
Property and equipment	28	9	13	0.3	—	1	0.02
Shares of stocks	—	—	142	3.3	142	—	—
Dividends received	14	11	4	0.1	2	3	0.1
Increase in other noncurrent assets	(103)	(88)	(132)	(3.0)	(96)	(103)	(2.4)

	For the years ended December 31,				For the six months ended June 30,		
	(Audited)			(Unaudited)	(Unaudited)		
	2010	2011	2012	2012	2012	2013	2013
		(₱ million)		(US$ million)[1]	(₱ million)		(US$ million)[1]
Acquisitions of:							
Property and equipment	(1,934)	(1,651)	(1,912)	(44.1)	(1,238)	(1,053)	(24.3)
License	—	—	(121)	(2.8)	—	—	—
Investment in shares of stocks	(1,176)	—	—	—	—	—	—
Acquisition through business combination — net of cash received	—	—	(2,152)	(49.7)	—	—	—
Net cash flows used in investing activities	(3,171)	(1,619)	(4,158)	(96.0)	(1,190)	(1,102)	(25.4)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from stock subscriptions	—	—	—	—	—	485	11.2
Proceeds from issuances of capital stock by subsidiaries to non-controlling interest	—	299	46	1.1	47	—	—
Availments of loans	150	—	2,004	46.3	—	—	—
Payment of loans	—	—	(262)	(6.0)	(85)	(813)	(18.8)
Interest paid	(25)	(35)	(58)	(1.3)	(15)	(46)	(1.1)
Dividends paid	(4)	(5)	—	—	—	(3)	(0.1)
Net cash flows provided by (used in) financing activities	121	259	1,730	40.1	(53)	(377)	(8.8)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(744)	915	810	18.7	(1,962)	(2,085)	(48.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,071	4,327	5,242	121.0	5,242	6,052	139.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,327	5,242	6,052	139.7	3,280	3,967	91.1

Note:

1. Based on the PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.

Operating Information

	As of and for the years ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
Supermarkets					
Net sales (₱ million)	23,716	25,643	29,295	13,390	14,999
Average basket size (₱)	388	382	395	380	397
Number of transactions (million)	61	67	74	35	38
Same store sales growth (%)	4.7[(1)]	2.3	4.0	4.4	1.7
Number of stores	55	62	74[(2)]	66	75
Net selling space (sqm)	132,384	144,645	169,056[(2)]	154,089	169,857
Average net selling space (sqm)	2,407	2,333	2,285	2,335	2,265
Net selling space growth (%)	9.0	9.3	16.9	11.6	10.2
Department Stores					
Net sales (₱ million)	9,552	10,315	11,374	5,200	5,534
Average basket size (₱)	481	527	549	553	570
Number of transactions (million)	20	20	21	9	10
Same store sales growth (%)	5.3[(1)]	4.9	2.1	8.0	1.0
Number of stores	29	33	36[(2)]	35	36
Net selling space (sqm)	174,472	185,830	207,788[(2)]	200,538	210,737
Average net selling space (sqm)	6,016	5,631	5,772	5,730	5,854
Net selling space growth (%)	1.1	6.5	11.8	10.8	5.1
DIY Stores					
Net sales (₱ million)	4,878	5,382	6,195	2,905	3,365
Average basket size (₱)	427	448	476	441	501
Number of transactions (million)	11	12	13	7	7
Same store sales growth (%)	5.6[(1)]	4.7	7.2	11.2	6.1
Number of stores	82	92	111[(2)]	97	114
Net selling space (sqm)	62,935	67,253	75,916[(2)]	69,874	77,955
Average net selling space (sqm)	767	731	684	720	684
Net selling space growth (%)	8.2	6.9	12.9	7.2	11.6
Convenience Stores					
Net sales (₱ million)	3,323	3,481	3,826	1,898	2,077
Average basket size (₱)[(3)]	46	48	49	49	49
Number of transactions (million)	108	110	119	61	65
Same store sales growth (%)	0.4[(1)]	0.2	8.4	11.0	3.9
Number of stores	326	326	336	328	345
Net selling space (sqm)	26,297	26,410	27,076	26,537	27,705
Average net selling space (sqm)	81	81	81	81	80
Net selling space growth (%)	19.0	0.4	2.5	7.5	4.4

	As of and for the years ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
Drug Stores[4]					
Net sales (₱ million)	—	—	2,443	—	3,017
Average basket size (₱)	—	—	121	—	123
Number of transactions (million)	—	—	20	—	25
Same store sales growth (%)	—	—	—	—	—
Number of stores	—	—	218	—	223
Net selling space (sqm)	—	—	21,431	—	21,786
Average net selling space (sqm)	—	—	98	—	98
Specialty Stores					
Net sales (₱ million)[5]	3,543	3,962	4,762	2,016	2,503
Average basket size (₱)	1,031	1,007	1,036	1,065	1,087
Number of transactions (million)	3	4	5	2	2
Same store sales growth (%)	8.2[1]	0.4	6.8	10.5	10.5
Number of stores	101	118	137	121	147
Net selling space (sqm)	35,222	39,529	41,901	39,340	44,359
Average net selling space (sqm)	349	335	306	325	302
Net selling space growth (%)	14.1	12.2	6.0	8.5	12.8

Notes:

1. The comparisons of net sales between 2009 and 2010 generated by the relevant stores.

2. On December 31, 2012, one supermarket, one department store and one DIY store, with net selling space of 2,174 sqm, 1,826 sqm and 952 sqm, respectively, were closed. These supermarket, department and DIY stores contributed ₱87 million (representing 0.3%), ₱35 million (representing 0.3%) and ₱111 million (representing 1.8%) to the net sales of the respective business segments in 2012. As such, the number of stores and net selling space for the supermarkets, department stores and DIY stores as of December 31, 2012 still included these closed stores and their respective net selling spaces.

3. The average basket size of convenience stores is computed by dividing system-wide sales over the total number of transactions. As all convenience stores are franchised, we earn revenues through sales of products to the franchise stores which is considered as cost of sales of the franchise stores. System-wide sales are sales generated by our franchise stores to end customers.

4. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. SSDI recorded net sales of ₱5,694 million in 2012, of which ₱2,443 million was included in our consolidated results from August 1, 2012. Accordingly, the drug store business segment reflects the consolidated figures from August 1, 2012.

5. The net sales prior to the intersegment adjustments on intersegment net sales, i.e., the net sales of *Toys "R" Us Toybox* sections in department stores.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition and certain trends, risks and uncertainties that may affect the our business should be read in conjunction with the independent auditor's reports and our audited consolidated financial statements, reviewed financial statements, and notes thereto contained in this Prospectus.

The discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as, but not limited to, those set out in the section entitled "Risk Factors" and elsewhere in this Prospectus.

Overview

We are one of the leading retail groups in the Philippines. According to Euromonitor's store-based retailing market share data, we are the second largest Multi-Format Retailer in the Philippines in terms of revenue in 2012. With over 30 years of retail experience, we possess a deep understanding of Philippine consumers and enjoy market leading positions across all of our business segments. Since the opening of our first *Robinsons Department Store* in Metro Manila in 1980, we have successfully expanded into five other business segments, entering into the supermarket business in 1985, the DIY business in 1994, the convenience store and specialty store businesses in 2000 and the drug store business in 2012. We operate our supermarkets, department stores and consumer electronics and appliances stores under the *Robinsons* brand name, which we believe is widely recognized and respected in the Philippines, and our other store formats under well-known international and domestic brands such as *Handyman Do it Best*, *True Value*, *Topshop*, *Topman*, *Toys "R" Us* and *Ministop*. We believe we operate one of the broadest ranges of retail formats of any retail group in the Philippines and accordingly, are well-positioned to capture the continuing macroeconomic growth in the Philippines, particularly the increase in disposable income and consumption of the middle-income segment, one of our key target markets.

The success of our multi-format business model is predicated on our ability to open stores in attractive locations with high customer traffic, such as in established business, commercial or residential centers, or at major crossroads. In identifying such locations, we benefit from our affiliation with RLC as we enjoy an anchor tenant status in each of its current malls. In addition, as we roll out our presence in a high traffic location, we are able to leverage our extensive portfolio of retail formats to establish the most appropriate store format to best cater to the needs of the local community. In this way, we are able to efficiently and profitably enter into new markets and foster new retail communities. As of June 30, 2013, we had a portfolio of 940 stores nationwide, with 428 stores in Metro Manila, 423 in Luzon (outside Metro Manila), 55 in Visayas and 34 in Mindanao, with a total net selling space of approximately 545,337 sqm.

We conduct our core retail operations in six business segments — supermarkets, department stores, DIY stores, convenience stores, drug stores and specialty stores:

Supermarkets. According to Euromonitor, we are the second largest supermarket operator in the Philippines in terms of revenue in 2012, with 75 stores as of June 30, 2013. Our supermarkets are operated under the *Robinsons Supermarket* brand name. We believe *Robinsons Supermarket* is the first major supermarket chain in the Philippines specifically positioned with a focus on health and wellness, and we believe this focus is a key point of differentiation from our competitors. Our supermarket business recorded net sales of ₱23,716 million, ₱25,643 million, ₱29,295 million, ₱13,390 million and ₱14,999 million, representing

52.7%, 52.6%, 50.6%, 52.7% and 47.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. Consignor-based sales represented 25.8% of supermarket revenues in the first six months of 2013.

Department Stores. According to Euromonitor, we are the second largest department store operator in the Philippines in terms of revenue in 2012, with 36 stores as of June 30, 2013. Our department stores are operated under the *Robinsons Department Store* brand name and offer a large selection of both local and international branded products that are grouped into six categories: (i) shoes, bags and accessories (including health and beauty aid products), (ii) ladies' wear; (iii) men's wear, (iv) children's wear, (v) household items; and (vi) others, focused on catering to middle-income customers. Our department store business recorded net sales of ₱9,552 million, ₱10,315 million, ₱11,374 million, ₱5,200 million and ₱5,534 million, representing 21.2%, 21.1%, 19.6%, 20.5% and 17.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We operate under a consignor and outright sales business model at our department stores and 94.0% of our department store segment revenues were derived from sales of consigned merchandise in the first six months of 2013.

DIY Stores. According to Euromonitor, we are the second largest operator of home improvement and gardening stores in the Philippines in terms of revenue in 2012. As of June 30, 2013, we operated 114 DIY stores under the brand names *Handyman Do it Best* and *True Value*, of which we are member-retailers in the Philippines, and *Howards Storage World,* of which we are the authorized franchisee in the Philippines. Each brand has its own specialized positioning, with *Handyman Do it Best* focused on affordable, high quality DIY and home improvement products, *True Value* positioned as an upmarket lifestyle home center, and *Howards Storage World* positioned as a themed concept store focused on storage organizers and space savers. Our DIY stores business recorded net sales of ₱4,878 million, ₱5,382 million, ₱6,195 million, ₱2,905 million and ₱3,365 million, representing 10.8%, 11.0%, 10.7%, 11.4% and 10.7% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We operate under a consignor and outright sale business model at our DIY stores and 71.0% of our DIY store segment revenue was derived from sales of consigned merchandise in the first six months of 2013.

Convenience Stores. We are the exclusive Philippine master franchisee of *Ministop* and according to Euromonitor, we are the second largest operator of convenience stores in the Philippines in terms of revenue in 2012. *Ministop* commenced operations in the Philippines in 2000 and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. As of June 30, 2013, we had a total of 345 *Ministop* stores, primarily located in Metro Manila, all of which are franchised to franchisees. We primarily generate revenue in our convenience stores business through selling merchandise to our franchisees and recorded net sales of ₱3,323 million, ₱3,481 million, ₱3,826 million, ₱1,898 million and ₱2,077 million, representing 7.4%, 7.1%, 6.6%, 7.5% and 6.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We also generate revenue from royalties received from our franchisees, amounting to ₱727 million, ₱770 million, ₱941 million, ₱490 million and ₱545 million in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively.

Drug Stores. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI, the third largest parapharmacy/drug store operator in the Philippines in terms of revenue in 2012 according to Euromonitor. The acquisition represents a 90%

ownership interest on the shares of stock of SSDI. As of June 30, 2013, South Star Drug operated 170 stores under its own brand and another 53 stores under the "*Manson Drug*" name. South Star Drug carries a wide range of prescription and over-the-counter pharmaceutical products together with a range of food, personal care and other products. The drug store business recorded net sales of ₱5,694 million for the full year of 2012, of which ₱2,443 million, being the net sales generated from August 1, 2012, was included in our consolidated results in 2012, and ₱3,017 million in the first six months of 2013, representing 4.2% and 9.6% of our total consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue) in 2012 and the first six months of 2013, respectively.

Specialty Stores. As of June 30, 2013, our specialty stores portfolio includes a chain of 42 consumer electronics and appliances stores operated by Robinsons Appliances Corp., which include 33 stand-alone stores operated under the *Robinsons Appliances* brand name, two concept stores under non-exclusive arrangements with existing suppliers and various concessionaire arrangements with third parties; the *Toys "R" Us* Philippine franchise, which operates 52 stores, and is the second largest traditional toys and games store operator in the Philippines in terms of revenue in 2012 according to Euromonitor; a chain of 39 fashion retail stores which carries brands such as *Topshop*, *Topman*, and *Dorothy Perkins*; and 14 one-price-point stores under the *Saizen* brand name, under a license from Daiso Industries Co. Ltd. of Japan. Our specialty stores business recorded net sales of ₱3,543 million, ₱3,962 million, ₱4,762 million, ₱2,016 million and ₱2,503 million, representing 7.9%, 8.1%, 8.2%, 7.9% and 7.9% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively.

The following table sets out our total revenue, net sales, costs of merchandise sold, gross profit, net income, number of stores and same store sales growth, and the total revenue, net revenue, cost of merchandise sold, gross profit, number of stores and same store sales growth of each of our business segments, as of and for the years ended December 31, 2010, 2011 and 2012, and as of and for the six months ended June 30, 2012 and 2013.

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
	(in ₱ million except where otherwise stated)				
The Company					
Total revenue(1)	45,509	49,157	58,472	25,779	31,963
Net sales(2)	44,559	48,303	57,393	25,234	31,317
Cost of merchandise sold(3)	37,175	39,596	46,414	20,423	24,770
Gross profit(4)	7,384	8,707	10,979	4,811	6,547
Net income	456	476	1,345	641	1,272
Number of stores(5)	593	631	912	647	940
Same store sales growth (%)	4.8(6)	2.8	4.6	7.0	3.2
Supermarkets					
Total revenue(7)	23,806	25,767	29,449	13,470	15,081
Net sales	23,716	25,643	29,295	13,390	14,999
Cost of merchandise sold(3)	20,587	21,816	24,439	11,203	12,302
Gross profit(4)	3,129	3,827	4,856	2,187	2,697
Number of stores	55	62	74(8)	66	75
Same store sales growth (%)	4.7(6)	2.3	4.0	4.4	1.7

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
	(in ₱ million except where otherwise stated)				
Department Stores					
Total revenue(7)	9,559	10,324	11,383	5,204	5,541
Net sales	9,552	10,315	11,374	5,200	5,534
Cost of merchandise sold(3)	6,981	7,540	8,234	3,813	3,902
Gross profit(4)	2,571	2,775	3,140	1,387	1,632
Number of stores	29	33	36(8)	35	36
Same store sales growth (%)	5.3(6)	4.9	2.1	8.0	1.0
DIY Stores					
Total revenue(7)	4,878	5,382	6,195	2,905	3,365
Net sales	4,878	5,382	6,195	2,905	3,365
Cost of merchandise sold(3)	3,644	4,012	4,624	2,165	2,308
Gross profit(4)	1,234	1,370	1,571	740	1,057
Number of stores	82	92	111(8)	97	114
Same store sales growth (%)	5.6(6)	4.7	7.2	11.2	6.1
Convenience Stores					
Total revenue(7)	4,205	4,253	4,773	2,390	2,627
Net sales	3,323	3,481	3,826	1,898	2,077
Cost of merchandise sold(3)	3,243	3,198	3,486	1,741	1,901
Gross profit(4)	80	283	340	157	176
Number of stores	326	326	336	328	345
Same store sales growth (%)	0.4(6)	0.2	8.4	11.0	3.9
Drug Stores(9)					
Total revenue(7)	—	—	2,491	—	3,059
Net sales	—	—	2,443	—	3,017
Cost of merchandise sold(3)	—	—	2,083	—	2,527
Gross profit(4)	—	—	360	—	490
Number of stores	—	—	218	—	223
Same store sales growth (%)	—	—	—	—	—
Specialty Stores					
Total revenue(7)	3,553	3,971	4,776	2,022	2,510
Net sales(10)	3,543	3,962	4,762	2,016	2,503
Cost of merchandise sold(3)	2,720	3,030	3,549	1,501	1,830
Gross profit(4)	823	932	1,213	515	673
Number of stores	101	118	137	121	147
Same store sales growth (%)	8.2(6)	0.4	6.8	10.5	10.5

Notes:

1. The total revenue is the sum of net sales and royalty, rent and other income.

2. The net sales after intersegment eliminating adjustments on intersegment net sales, i.e., the net sales of *Toys "R" Us Toybox* sections in department stores.

3. The cost of merchandise sold after intersegment eliminating adjustments.

4. The gross profit is the difference between net sales and cost of merchandise sold.

5. Number of stores is as of December 31, 2010, 2011 and 2012, and as of June 30, 2012 and 2013.

6. The comparison of net sales between 2009 and 2010 generated by the relevant stores.

7. The total revenue is the sum of net sales, other income and intersegment revenue.

8. On December 31, 2012, one supermarket, one department store and one DIY store were closed. These supermarket, department and DIY stores contributed ₱87 million (representing 0.3%), ₱35 million (representing 0.3%) and ₱111 million (representing 1.8%) to the net sales of the respective business segments in 2012. As such, the number of stores for the supermarkets, department stores and DIY stores as of December 31, 2012 still included these closed stores and their respective net selling spaces.

9. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. SSDI recorded net sales of ₱ 5,694 million in 2012, of which ₱2,443 million was included in our consolidated results from August 1, 2012. Accordingly, the drug store business segment reflects the consolidated figures from August 1, 2012.

10. The net sales prior to intersegment eliminating adjustments on intersegment revenue, i.e., the net sales of *Toys "R" Us Toybox* sections in department stores.

Factors Affecting Our Results of Operations

Our results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected our financial results in the past and which we expect to affect our results in the foreseeable future. Factors other than those set forth below could also have a significant impact on our results of operations and financial condition.

Philippine macroeconomic conditions and trends

As all of our stores are located in the Philippines, our operations are substantially affected, and will continue to be affected, by Philippine macroeconomic conditions. Demand for, and prevailing prices of, our products in all retail segments are directly related to the strength of the Philippine economy and consumer confidence, including overall growth levels, and the amount of business activity in the Philippines. Economic growth in the Philippines over the past years has led to growth in personal disposable income and has resulted in increasing purchasing power and greater demand for consumer products. This demand has been driven primarily by the middle-income segment, which is one of our key target markets. According to EIU, per capita personal disposable income in the Philippines grew at a CAGR of 4.8% between 2008 and 2012. As a result of rising disposable income, the percentage of middle-income households increased from 45% in 2008 to 53% in 2012. The growth in personal disposable income and the emergence of the middle-income class is expected to continue to provide a solid basis for consumption growth in the Philippines.

Some of the products sold in our retail segments, particularly in our department stores, specialty stores, DIY stores and consumer electronics and appliances stores, are discretionary consumer products, and demand for these products tends to decline during economic downturns when consumers' disposable income declines. Some of our other products, particularly those sold in supermarkets, drug stores and convenience stores have a more constant demand and are less affected by periods of economic downturn. Overall, however, any deterioration in the Philippine economy may adversely affect consumer sentiment and lead to a contraction in demand for our products.

Growth of our operations

We believe that our large scale and multi-format business model are important factors in driving our revenue growth and profitability. New stores are accretive to revenues and help us to increase our market share by expanding our ability to reach consumers. As we have expanded from 593 stores as of December 31, 2010 to 912 stores as of December 31, 2012, our net sales have increased from ₱44,559 million for the year ended December 31, 2010 to ₱57,393 million for the year ended December 31, 2012, representing a CAGR of 13.5%.

The following table sets out our expansion since 2010.

	As of December 31,			As of June 30,	
	2010	2011	2012	2012	2013
Total number of stores	**593**	**631**	**912**	**647**	**940**
Supermarkets	55	62	74[1]	66	75
Department Stores	29	33	36[1]	35	36
DIY Stores	82	92	111[1]	97	114
Convenience Stores	326	326	336	328	345
Drug Stores[2]	—	—	218	—	223
Specialty Stores	101	118	137	121	147
Total net selling space (sqm)[3]	**425,868**	**457,709**	**536,047**	**484,172**	**545,337**
Supermarkets	132,384	144,645	169,056[1]	154,089	169,857
Department Stores	174,472	185,830	207,788[1]	200,538	210,737
DIY Stores	62,935	67,253	75,916[1]	69,874	77,955
Convenience Stores	26,297	26,410	27,076	26,537	27,705
Drug Stores[2]	—	—	21,431	—	21,786
Specialty Stores	35,222	39,529	41,901	39,340	44,359
Eliminating adjustments	(5,442)	(5,958)	(7,121)	(6,206)	(7,061)

Notes:

1. On December 31, 2012, one supermarket, one department store and one DIY store, with net selling space of 2,174 sqm, 1,826 sqm and 952 sqm, respectively, were closed. These supermarket, department and DIY stores contributed ₱87 million (representing 0.3%), ₱35 million (representing 0.3%) and ₱111 million (representing 1.8%) to the net sales of the respective business segments in 2012. As such, the number of stores and net selling space for the supermarkets, department stores and DIY stores as of December 31, 2012 still included these closed stores and their respective net selling spaces.

2. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. SSDI recorded net sales of ₱ 5,694 million in 2012, of which ₱2,443 million was included in our consolidated results from August 1, 2012. Accordingly, the drug store business segment reflects the consolidated figures from August 1, 2012.

3. The total net selling spaces of the Company after intersegment eliminations, i.e., the net selling spaces of *Toys "R" Us Toybox* sections in department stores, as well as the drug stores located in supermarkets.

Because of the nature and scale of our operations, we have been able to increase our purchasing power with suppliers, our leverage with landlords and our product offering to our customers, all of which has led to increasing profitability that has facilitated further expansion of our operations. We plan to continue to increase the number of stores across all our retail formats.

Our revenue and profitability are also driven by our ability to successfully grow sales at the existing stores that we operate. We calculate this same store sales growth based on the period-on-period change in total merchandise sales for our stores in operation throughout the relevant period. Our overall same store sales growth was 4.8%, 2.8% and 4.6% for the years ended December 31, 2010, 2011 and 2012, respectively, and 7.0% and 3.2% for the six months ended June 30, 2012 and 2013. Our same store sales growth is affected by a number of factors, including store size and location, competition, weather conditions, product mix and the expansion of our operations in the formats that show higher rates of growth.

Our stores are strategically located in prime shopping districts and densely populated areas, allowing us to efficiently maximize our exposure and reach our target customers. We have not limited our business development to Metro Manila as we believe much of the growth in the country's disposable income will take place in the provincial areas. In 2011, we added 16 net stores in Metro Manila and 22 net stores outside Metro Manila and in 2012 we added 34 net stores in Metro Manila and 29 net stores outside Metro Manila (excluding South Star Drug Stores). In July 2012, we also acquired South Star Drug which had 47 stores in Metro Manila and 161 stores outside Metro Manila. As of June 30, 2013, we had a portfolio of 940 stores nationwide, with 428 stores in Metro Manila, 423 in Luzon (outside Metro Manila), 55 in Visayas and 34 in Mindanao, with a total net selling space of approximately 545,337 sqm. We plan to continue to increase our number of stores in the second-tier cities which are mainly located in the provincial areas outside Metro Manila.

Our ability to secure retail locations will continue to affect our business, financial conditions and results of operations. Our expansion is affected by the business plan and investments of property developers, as we rely on property developers to provide suitable sites for our stores, especially for our larger-format stores such as supermarkets and department stores. The growth of our department stores, in particular, depends on the growth of shopping malls built by property developers. On the other hand, our smaller-format stores, for example, convenience stores and drug stores, are able to expand more rapidly than supermarkets, as the capital expenditures and space required for smaller-format business segments are less than that those required for a larger-format business segment. As such, we believe that our multi-format business model provides us flexibility with several avenues to expand and improve our operations. We intend to leverage our scale and multi-format business model to secure favorable locations and rental terms, enhance same store sales growth and improve cost efficiency.

New and revitalized operating formats

Our operating results have improved by the addition of new operating formats and by changes we have made to some of our existing formats. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI, the third largest parapharmacy/drug store operator in the Philippines in terms of revenue, according to Euromonitor. As a result, South Star Drug became a consolidated subsidiary as of the acquisition date and ₱2,443 million of net sales of South Star Drug was consolidated into our net sales in 2012. The acquisition of South Star Drug expands our retail formats and allows us to offer complementary products to our customers, as well as increases our geographical footprint with the addition of over 200 stores across the country.

Over the past three years, we have also revitalized a number of our existing businesses to achieve a higher net sales and same store sales growth. For example, our convenience store business segment recorded same store sales growth of 0.4% in 2010 and 0.2% in 2011, which increased significantly to 8.4% in 2012. This increase was attributable to our (i) rationalizing our expansion strategy by shifting our focus from residential areas to the central business districts of Metro Manila, locations near business processing offices and call centers and in stand-alone commercial centers and (ii) changing our inventory management practices and assuming greater control over stock levels in the stores.

We also changed the business strategy at one of our specialty store formats, *Robinsons Appliances*. After the same store sales growth of our consumer electronics and appliances retail format dropped from 10.3% in 2010 to 1.0% in 2011, we adjusted the product mix by offering more high-end appliances and obtaining exclusive electronic and appliances models from the suppliers. As a result, same store sales growth in this format rebounded to 12.1% in 2012 and net sales increased from ₱1,737 million in 2010 to ₱2,313 million in 2012.

In addition, we continually seek to optimize the size of our stores to enhance same store sales growth and maximize average sales per sqm for each store. For example, in 2011 we renovated a number of our DIY stores to enlarge store sizes, which allowed us to increase the number of products offered and provide a more desirable shopping environment. That effort, and the opening of new stores, contributed to the increase in net sales from ₱4,878 million in 2010 to ₱6,195 million in 2012 and to the increase in same store sales growth from 5.6% in 2010 to 7.2% in 2012 for our DIY store business segment. On a group level, our average sales per sqm increased from ₱6,903 to ₱6,958 and ₱7,055 in 2010, 2011 and 2012, respectively.

Our ability to effectively manage costs and expenses

We operate in a volume driven industry and must carefully control our costs. We believe our large-scale multi-format operations offer us enhanced operational and cost efficiencies and position us favorably against other retailers in the Philippines. The cost of purchasing merchandise for our stores is the largest component of our cost of sales and we have established various cost control measures to reduce our cost of merchandise sold and operating expenses. We seek to control these costs by, among other things, leveraging our scale and multi-format business model to consolidate procurement through careful supplier selection, centralize negotiations and purchases and exercise bargaining power with suppliers and landlords. We manage the effect of increasing merchandise costs by negotiating for additional discounts for advertising support, product distribution, enlistment of new products, satisfactory service levels and volume purchases, while offering preferential gondola placement and display to our suppliers. Where possible, we also seek to pass on merchandise price increases to our customers. We also focused on improving our margins by seeking volume discounts, advertising support, and premium placements. By coordinating our efforts across business segments, we are able to purchase in larger volumes and secure better supplier discounts and ensure that best practices are shared across our operations, which help us to increase our sales margins. As such, our overall gross profit margin enjoyed steady growth from 16.6% to 18.0% and to 19.1% in 2010, 2011 and 2012, respectively. In the future, we will encourage greater coordination across our business segments to further improve purchasing synergies.

We also seek to control our operating expenses, especially personnel costs and rental expenses. Wages in the Philippines have historically increased and we expect them to continue to increase. To reduce recruitment costs while increasing the hiring of personnel, we outsource a significant number of staff to third party manpower agencies. To control our operating expenses we are able to share certain common expenses, such as expenses relating to our information technology, marketing, intellectual property management and human resources functions, at the holding company level. To control the increase in our rental and utilities expenses, the largest component in our operating expenses, our business segments jointly negotiate with landlords to obtain a more favorable package in terms of rental rates, leasing terms and preferential locations.

As a result of our cost control measures, our total operating expenses, as a percentage of total net sales, has remained relatively constant at 17.6%, 18.9% and 18.5% in 2010, 2011 and 2012, respectively.

Competition from other retailers

Our results of operations are affected by the competition we face from other retailers in the Philippines. The retail market is intensely competitive and many of our competitors offer similar products and pursue similar strategies as we do. Historically, the opening of competing stores has resulted in negative effects on the net sales of our stores in the same vicinity. Given the intense competition and interconnectedness of the retailers, our sales and operating performance depend on, among other factors, the overall growth of the Philippines retail industry. According to Euromonitor, store-based retail sales in the Philippines increased from ₱2,289.7 billion in 2008 to ₱2,664.2 billion in 2012, representing a CAGR of 3.9%. Growth in the Philippine economy has led our competitors to undertake aggressive expansion, which could place additional competitive pressure on us. We compete with retailers for both prime locations (existing and new) as well as for customers. We believe that our scale of operations as a leading nationwide Multi-Format Retailer has allowed us to expand and compete effectively, especially in Metro Manila which is currently our largest market. Going forward, we anticipate additional competition from new market entrants and joint partnerships between national and international operators. We expect that an increasing number of international retailers may enter the Philippine market following the removal of geographical and shareholding restrictions on foreign enterprises engaging in the Philippine retail business.

Seasonality and weather

We experience seasonal fluctuations in our operations, particularly in our department stores, supermarkets and specialty stores. Past experience indicates that our sales peak during the fourth quarter of the year due to increased sales attributable to the Christmas and New Year holidays. The sales generated in the fourth quarter accounted for approximately 31.3% of our total sales for the year ended December 31, 2012. The second quarter of the year is also a peak season, especially due to spending prior to the beginning of the school year in the Philippines. We incur additional expenses in advance of peak selling periods to carry out marketing and advertising activities and require additional working capital to acquire additional inventory. We also incur additional expenses in hiring of seasonal employees, which are typically more than offset by increases in sales during the relevant period.

In addition, weather conditions in the Philippines have historically affected our operating results. Typhoons, monsoon rains or other extreme weather conditions over a prolonged period might make it difficult for our customers to travel to our stores. Generally, our business slows down during the monsoon season from July through September. For example, in early August 2012, Metro Manila was greatly affected by *Habagat*, an eight-day period of torrential rain and thunderstorms. The effect was seen particularly in our department stores which had a much slower second half of the year than normal.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, we have identified the critical accounting policies discussed below. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention. For more information, see Note 5 and Note 6 to our audited consolidated financial statements for the year ended December 31, 2012.

Cost of Merchandise Sold

Cost of merchandise sold includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. Vendor returns and allowances are generally deducted from cost of merchandise sold.

Merchandise Inventory

Merchandise inventories are stated at the lower of cost or net realizable value ("NRV"). Cost is determined using the retail inventory method. Under the retail inventory method, which approximates the lower of cost or NRV, inventory is valued by applying a cost-to-retail ratio to the ending retail value of inventory. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. In the event that NRV is lower than cost, the decline shall be recognized as an expense in the consolidated statement of comprehensive income.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment in value, if any. The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives ("EUL") of the assets. Leasehold improvements are amortized over the EUL of the improvements or the term of the related lease, whichever is shorter.

In 2013, we assessed that there were changes in the estimated useful lives of property and equipment due to the change in the expected pattern of economic benefits from items of property and equipment. We revised the estimated useful lives of the property and equipment as follows (in years):

	New	Old
Leasehold improvements	10	5
Store furniture and fixtures	10	5
Office furniture and fixtures	10	5
Transportation equipment	10	5
Building and other equipment	20	10
Computer equipment	10	5

The assets' useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the period the item is derecognized.

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

Impairment of Assets

Financial Assets

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

Nonfinancial Assets

This accounting policy primarily applies to our property and equipment, investment in associate and license. We assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, we make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs to sell, and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, we make an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Description of Selected Income Statement Items

Revenue

We generate our revenue from sales of merchandise at our stores, sales of merchandise to our Ministop franchisees and rent and other income. Merchandise sales include both direct sales of merchandise on which we bear the full inventory risk, and sales of merchandise supplied to us by consignors on which we bear no inventory risk. We derive rent and other income from our tenants and our franchisees. Rental payments by our tenants on concessions we grant to them are calculated either as a percentage of sales generated at the concession or as a fixed monthly amount. Other income includes revenue from ancillary services and franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise stores and franchise fees paid by franchisees.

Net Sales

Net sales are gross sales net of VAT, less sales returns and allowances and sales discounts. The following table sets out the computation of our net sales for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013:

	For the year ended December 31, (Audited)			For the six months ended June 30, (Unaudited)	
	2010	2011	2012	2012	2013
			(₱ million)		
Gross sales (net of VAT)	45,591	49,341	58,717	25,768	32,015
Sales returns and allowances	(545)	(422)	(571)	(271)	(231)
Sales discount	(487)	(616)	(753)	(263)	(467)
Net sales	44,559	48,303	57,393	25,234	31,317

Cost of merchandise sold

Cost of merchandise sold includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. These costs include the costs of storing and transporting the products (i.e., salaries of store personnel, store supplies and materials, depreciation of store equipment, and other direct costs). Vendor returns and allowances are generally deducted from cost of merchandise sold.

Operating expenses

Operating expenses constitute costs of administering the business. It consists of rental and utilities, personnel costs and contracted services, depreciation and amortization, transportation and travel, supplies, advertising, bank and credit charges, repairs and maintenance, royalty, provision for impairment losses and other operating expenses.

Other income (charges)

Other income includes gain on sale of shares of stock, interest income arising from bank deposits and short-term investments, dividend income from investment in equity securities and equity in net earnings of Robinsons Bank with the deduction of interest expenses as other charges.

Results of Operations

The six months ended June 30, 2013 compared with the six months ended June 30, 2012

Revenue

Net sales

For the six months ended June 30, 2013, our net sales was ₱31,317 million, an increase of 24.1% compared to ₱25,234 million for the six months ended June 30, 2012. The increase in net sales was largely due to the increase in sales volume as a result of the addition of 293 stores after June 2012 allowing us to reach a larger number of consumers, as well as the acquisition of South Star Drug in July 2012. The net sales of ₱3,017 million of South Star Drug for the first six months of 2013 was fully consolidated into our net sales.

Supermarkets. The net sales of the supermarket segment increased by 12.0% from ₱13,390 million for the six months ended June 30, 2012 to ₱14,999 million for the six months ended June 30, 2013. This increase in net sales was largely due to new store openings, increased sales volume on promotional items, and price increases on a number of items in the six months ended June 30, 2013. With prior notice of the price increases from our vendors, we were able to secure a month of price protection by purchasing additional quantities of the items prior to the price increase. We opened 10 more supermarkets (five in Metro Manila, one in Luzon (outside Metro Manila) and four in the Visayas and Mindanao regions) and closed one supermarket after June 30, 2012. Our same stores sales growth was 1.7% as 26 of our supermarkets were affected by new stores opened by our competitors close to our existing supermarkets.

Department Stores. The net sales of the department store segment increased by 6.4% from ₱5,200 million for the six months ended June 30, 2012 to ₱5,534 million for the six months ended June 30, 2013. This increase in net sales was largely due to the increased volumes of products sold as a result of the opening of two stores after June 2012.

DIY Stores. The net sales of the DIY store segment increased by 15.8% from ₱2,905 million for the six months ended June 30, 2012 to ₱3,365 million for the six months ended June 30, 2013, driven by significant adjustments to selling prices and higher same store sales growth of 6.1%. For the six months ended June 30, 2013, we added three net stores with the opening of five new stores and the closing of two stores, adding a total net selling space of 2,039 sqm to the DIY store business segment.

Convenience Stores. The net sales of the convenience store segment increased by 9.4% from ₱1,898 million for the six months ended June 30, 2012 to ₱2,077 million for the six months ended June 30, 2013, which was brought by the increase in number of stores from 328 to 345 and same store sales growth of 3.9%.

Drug Stores. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. The drug store business recorded net sales of ₱3,017 million for the six months ended June 30, 2013.

Specialty Stores. The net sales of the specialty store segment increased by 24.2% from ₱2,016 million for the six months ended June 30, 2012 to ₱2,503 million for the six months ended June 30, 2013. The increase in net sales was primarily due to both the 27.8% growth in the net sales of Robinsons Appliances and its strong same stores sales growth at 19.4%. We opened 26 more stores after June 30, 2012 and our same store sales growth was 10.5%. In addition, we sold more high-end products with higher selling prices under the consumer electronics and appliances retail format.

Royalty, rent and other income

For the six months ended June 30, 2013, our royalty, rent and other income was ₱646 million, an increase of 18.5% compared to ₱545 million in the first six months of 2012. This increase in royalty, rent and other income was largely due to the increase in royalty of Ministop from ₱490 million in 2012 to ₱545 million in 2013.

Cost and Expenses

Cost of merchandise sold

For the six months ended June 30, 2013, our cost of merchandise sold was ₱24,770 million, an increase of 21.3% compared to ₱20,423 million for the six months ended June 30, 2012, which was in line with the growth of net sales of 24.1%. This increase in cost of merchandise sold was largely due to the opening of new stores, which was partially offset by an increase in conditional discounts from our suppliers in connection with product marketing. For the six months ended June 30, 2013 our gross profit was ₱6,547 million, representing an increase of 36.1% compared to ₱4,811 million for the six months ended June 30, 2013.

Supermarkets. The cost of merchandise sold of the supermarket segment increased at a slower pace than net sales growth, at 9.8% from ₱11,203 million for the six months ended June 30, 2012 to ₱12,302 million for the six months ended June 30, 2013. The slower rate of increase in cost of merchandise was largely attributed to higher trade discounts negotiated with some vendors. The slower rate of increase in the cost of merchandise sold relative to sales led to a 23.3% improvement in the gross profit, from ₱2,187 million for the six months ended June 30, 2012 to ₱2,697million for the six months ended June 30, 2013.

Department Stores. The cost of merchandise sold of the department store segment increased by 2.3% from ₱3,813 million for the six months ended June 30, 2012 to ₱3,902 million for the six months ended June 30, 2013. This increase in cost of merchandise was due to an increase in sales but with improved margins.

DIY Stores. The cost of merchandise sold increased by 6.6% from ₱2,165 million for the six months ended June 30, 2012 to ₱2,308 million for the six months ended June 30, 2013, due to an increase in sales as well as higher cost of merchandise. The slower rate of increase in the cost of merchandise sold relative to net sales led to a 42.8% increase in gross profit from ₱740 million for the six months ended June 30, 2012 to ₱1,057 million for the six months ended 30, 2013.

Convenience Stores. The cost of merchandise sold of the convenience store segment increased by 9.2% from ₱1,741 million for the six months ended June 30, 2012 to ₱1,901 million for the six months ended June 30, 2013, due to an increase in number of operating stores from 328 to 345.

Drug Stores. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. The drug store business recorded a cost of merchandise sold of ₱2,527 million for the six months ended June 30, 2013.

Specialty Stores. The cost of merchandise sold of specialty store segment increased by 21.9% from ₱1,501 million for the six months ended June 30, 2012 to ₱1,830 million for the six months ended June 30, 2013, which was largely due to the increase in sales brought about by same stores sales growth as well as from new stores. The cost of merchandise increased at a slower rate than net sales largely due to the additional support from vendors for *Robinsons Appliances* such as marketing support, sell out rebate support and other forms of subsidies, and led to a 30.7% rise in gross profit from ₱515 million for the six months ended June 30, 2012 to ₱673 million for the six months ended June 30, 2013.

Operating expenses

For the six months ended June 30, 2013, our operating expenses were ₱5,574 million, an increase of 15.5% compared to ₱4,824 million for the six months ended June 30, 2012. This increase in operating expenses was largely due to an increase in selling expenses due to our expansion which was partially offset by a decrease in operating expenses caused by a change in our depreciation policy.

Other income (charges)

For the six months ended June 30, 2013, our other income was ₱125 million, a decrease of 53.4% compared to ₱268 million for the six months ended June 30, 2012. This decrease in other income was largely due to recognition of a gain on sale of shares in JG Summit amounting ₱130 million in 2012 and increase in equity in net earnings from ₱103 million to ₱127 million. This item represents our share of the earnings of Robinsons Bank, which increased significantly primarily because of increased trading gains relating to its holdings of Peso and U.S. dollar bonds.

Provision for income tax

For the six months ended June 30, 2013, our provision for income tax was ₱472 million, which was 196.9% higher than the ₱159 million recorded in the first six months of 2012. Our effective tax rate for the first six months of 2013 was 27.1% compared to the standard corporate tax rate of 30%.

Net income

As a result of the foregoing, for the six months ended June 30, 2013, our net income was ₱1,272 million, an increase of 98.4% compared to ₱641 million for the six months ended June 30, 2012. This increase in net income was largely due to increased income from operations as a result of our new store openings, as well as the consolidation of South Star Drug's net income. Our net margin increased to 4.0% for the first six months of 2013 from 2.5% for the first six months in 2012 due primarily to our increased operating margin. Net margin is defined as net income divided by revenue.

2012 compared with 2011

Revenue

Net sales

In 2012, our net sales were ₱57,393 million, an increase of 18.8% compared to ₱48,303 million in 2011. This increase in net sales was largely due to the increased turnover as a result of the acquisition of South Star Drug with 208 stores in July 2012 and the subsequent opening of 10 additional drug stores from August to December 2012, as well as the addition of 62 stores across all the other segments during the year.

Supermarkets. The net sales of the supermarket segment increased by 14.2% from ₱25,643 million in 2011 to ₱29,295 million in 2012. This increase in net sales was due to new store openings and same store sales growth. We added 12 stores in 2012, four of which were in Metro Manila, five in Luzon (outside Metro Manila) and the other three were in Visayas and Mindanao. Same store sales growth improved from 2.3% in 2011 to 4.0% in 2012 due primarily to the double-digit growth of most Visayas and Mindanao stores that we opened in 2009 to 2010 such as those in Tacloban, Pagadian, Dumaguete, Talisay Cebu and Mactan Cebu. These stores were well received and considered superior to the existing local supermarkets in terms of product assortment, prices and overall shopping experience.

Department Stores. The net sales of the department store segment increased by 10.3% from ₱10,315 million in 2011 to ₱11,374 million in 2012. During 2012 we added two net stores with the opening of three new stores and the closing of one store. While our department store segment enjoyed strong sales growth in the first half of 2012, sales volumes in the second half of the year were significantly adversely affected by *Habagat*, an eight-day period of torrential rain and thunderstorms that affected Metro Manila in early August 2012, and Typhoon Pablo (international designation: Bopha), the strongest tropical cyclone ever to hit Mindanao, in December 2012, supposedly a usual peak season. Habagat and Typhoon Pablo resulted in store closings and suppressed sales for the remainder of the year. As a result, same store sales growth declined from 8.0% in the first half of the year to 2.1% on average in 2012. Pricing was also negatively affected as we increased discounting in an effort to attract customers.

DIY Stores. The net sales of the DIY segment increased by 15.1% from ₱5,382 million in 2011 to ₱6,195 million in 2012, driven by a strong same store sales growth of 7.2%. Same store sales growth of "True Value" stores was particularly strong, as a result of adding larger new stores, expanding the size of existing stores, reopening renovated stores, and of broadening the product range to include unique high-priced items, which increased the average basket size. In 2012, we opened 19 new stores, eight of which were located in Metro Manila, which added a total net selling space of 8,663 sqm.

Convenience Stores. The net sales of the convenience store segment increased by 9.9% from ₱3,481 million in 2011 to ₱3,826 million in 2012, driven by a strong same store sales growth of 8.4% due to the implementation of a new franchise model, pursuant to which we assumed greater control over the availability of inventory in the stores. In 2012, we increased our store count by a net of 10 stores by opening 20 stores and permanently closing 10 stores as we continued our program of growing our operations by identifying more strategic locations for new stores while closing old and unprofitable stores.

Drug Stores. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. SSDI recorded net sales of ₱5,694 million in 2012, of which ₱2,443 million, being the net sales generated from August 1, 2012, was included in our consolidated results.

Specialty Stores. The net sales of the specialty store segment increased by 20.2% from ₱3,962 million in 2011 to ₱4,762 million in 2012, driven by the addition of 19 new stores and same store sales growth of 6.8%. Most of the growth was produced by the consumer electronics and appliances stores which had increased sales of 24.5%, and by the fashion specialty stores which had increased sales of 14.1%. Both formats benefitted from improving their product mixes by offering higher-end products that led to better overall pricing. During the year, we also added three new fashion brands to our international fashion specialty portfolio namely *Ben Sherman*, Miss Selfridge and *Basic House*.

Royalty, Rent and other income

In 2012, our royalty, rent and other income was ₱1,079 million, an increase of 26.3% compared to ₱854 million in 2011. This increase in royalty, rent and other income was largely due to the 22.2% increase in royalty income of the convenience stores, arising from the 37.9% increase in the number of stores operated with a higher royalty fee.

Cost and Expenses

Cost of merchandise sold

In 2012, our cost of merchandise sold was ₱46,414 million, an increase of 17.2% compared to ₱39,596 million in 2011. This increase in cost of merchandise sold was largely due to an increase in sales. In 2012, our gross profit was ₱10,979 million, representing an increase of 26.1% compared to ₱8,707 million in 2011.

Supermarkets. The cost of merchandise sold of the supermarket segment increased by 12.0% from ₱21,816 million in 2011 to ₱24,439 million in 2012, which was due to a larger purchase volume as a result of our expansion. The cost of merchandise sold increased at a lower rate than the increase in net sales because we were able to obtain larger discounts from our suppliers.

Department Stores. The cost of merchandise sold of the department store segment increased by 9.2% from ₱7,540 million in 2011 to ₱8,234 million in 2012, which was in line with the growth of net sales of 10.3%.

DIY Stores. The cost of merchandise sold of the DIY store segment increased by 15.3% from ₱4,012 million in 2011 to ₱4,624 million in 2012, which was in line with the growth of net sales of 15.1%.

Convenience Stores. The cost of merchandise sold of the convenience store segment increased by 9.0% from ₱3,198 million in 2011 to ₱3,486 million in 2012, which is in line with the growth of net sales of 9.9%.

Drug Stores. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. South Star Drug recorded a cost of merchandise sold of ₱4,870 million in 2012, of which ₱2,083 million was included in our consolidated results.

Specialty Stores. The cost of merchandise sold of the specialty store segment increased by 17.1% from ₱3,030 million in 2011 to ₱3,549 million in 2012. The cost of merchandise sold increased at a lower rate than net sales, due to the fact that we sold more high-end products with higher gross profits.

Operating expenses

In 2012, our operating expenses amounted to ₱10,636 million, an increase of 16.5% compared to ₱9,126 million in 2011. This increase in operating expenses was largely due to an increase in selling expenses due to our expansion, primarily an increase in rental and utilities and personnel costs and contracted services. Also, the ₱303 million in operating expenses attributed to the drug store segment were consolidated into our operating expenses with effect from August 1, 2012. The personnel costs incurred by the drug store segment were relatively higher than those of the other business segments, because South Star Drug is required to have a licensed pharmacist in each drug store that dispenses prescription medicine. Royalty expenses also increased as a result of higher royalty expenses paid to use the Ministop system in the Philippines, caused by the increased number of Ministop stores in 2012. The increase in royalty expenses was partially offset by a reduction of the royalty rate for Ministop that we pay from 2.75% of gross profit in 2011 to 2.0% of gross profit in 2012.

Other income (charges)

In 2012, our other income was ₱349 million, an increase of 53.7% compared to ₱227 million in 2011. This increase in other income was due primarily to recognition of a gain on sale of shares in JG Summit amounting ₱130 million in 2012. Also, we had equity in net earnings of ₱159 million in 2012 compared to ₱144 million in 2011, representing our share of the earnings of Robinsons Bank.

Provision for income tax

In 2012, our provision for income tax was ₱426 million which was 129.0% higher than the ₱186 million recorded in 2011. The increase was attributable mainly to the increase in income before tax. Our effective tax rate for 2012 was 24.1% compared to the standard corporate tax rate of 30%.

Net income

As a result of the foregoing, in 2012, our net income was ₱1,345 million, an increase of 182.6% compared to ₱476 million in 2011. Our net margin increased to 2.3% in 2012 from 1.0% in 2011 due primarily to our increased operating margin.

2011 compared with 2010

Revenue

Net sales

In 2011, our net sales were ₱48,303 million, an increase of 8.4% compared to ₱44,559 million in 2010. This increase in net sales was largely due to increased turnover as a result of the addition of 38 net stores in various retail segments in 2011.

Supermarkets. The net sales of the supermarket segment increased by 8.1% from ₱23,716 million in 2010 to ₱25,643 million in 2011. New store openings were the primary contributor to the increase in net sales as we opened a net total of seven stores (opened eight new stores but closed one old store). Most of the new stores were inside malls except one, and five were outside Metro Manila. However, same store sales growth decreased from 4.7% to 2.3% as we faced keen competition from our major competitors who expanded their network rapidly, often in close proximity to our stores, and competed primarily on the basis of price. In addition, we also terminated institutional sales. The decrease in same store sales growth was offset by the double-digit same store sales growth in Visayas and Mindanao which grew by 10.5% and 12.0%, respectively.

Department Stores. The net sales of the department store segment increased by 8.0% from ₱9,552 million in 2010 to ₱10,315 million in 2011. The increase was driven by the 4.9% growth in same store sales growth in 2011. Moreover, in 2011, we opened four new department stores which added a total selling space of 11,358 sqm. The average selling space of our department store segment, however, decreased from 6,016 sqm in 2010 to 5,631 sqm in 2011 due to the opening of smaller department stores during the year.

DIY Stores. The net sales of the DIY segment increased by 10.3% from ₱4,878 million in 2010 to ₱5,382 million in 2011. In 2011, we renovated six *Handyman Do it Best* stores and one *True Value* store. These renovations, which lasted for four months on average, affected same store sales growth which was 4.7% for the year. In 2011, we opened 11 new stores which added a total selling space of 4,792 sqm to the DIY segment and closed one store in the Metro Manila with a selling space of 474 sqm.

Convenience Stores. The net sales of the convenience store segment increased by 4.8% from ₱3,323 million in 2010 to ₱3,481 million in 2011 and same store sales growth was 0.2%. Growth was low in 2011 because we adjusted our convenience store business model, introduced a new management team for the Company and the stores and rationalized our stores by identifying more strategic locations for new stores while closing old and unprofitable stores, which resulted in our showing no net increase in the number of stores for the year. In 2011, we opened 29 new stores and permanently closed 29 old and unprofitable stores. In 2010, we opened 75 new stores and permanently closed 22 stores.

Specialty Stores. The net sales of the specialty store segment increased by 11.8% from ₱3,543 million in 2010 to ₱3,962 million in 2011. A total of 17 new specialty stores were opened in 2011. Same store sales growth was flat at 0.4% because the consumer electronics and appliances stores were negatively affected by poor brand availability and the fashion specialty stores had a same store decline in sales due primarily to the unpopularity of the 2011 collections.

Royalty, Rent and other income

In 2011, our royalty, rent and other income were ₱854 million, a decrease of 10.1% compared to ₱950 million in 2010. This decrease in rent and other income was largely due to no distribution center fees for the convenience store business segment in 2011 compared to a distribution center fee of ₱130 million in 2010, after RCSI took over the operations of the distribution center of the convenience store business segment in Maybunga, Pasig. Instead of charging suppliers a distribution center fee, Ministop obtained additional discounts on merchandise purchases.

Cost and Expenses

Cost of merchandise sold

In 2011, our cost of merchandise sold was ₱39,596 million, an increase of 6.5% compared to ₱37,175 million in 2010. This increase in cost of merchandise sold was largely due to the increase in sales attributable to same store sales growth and sales from new stores. In 2011, the Company's gross profit was ₱8,707 million, representing an increase of 17.9% compared to ₱7,384 million in 2010.

Supermarkets. The cost of merchandise sold of the supermarket segment increased by 6.0% from ₱20,587 million in 2010 to ₱21,816 million in 2011, which was due to a larger purchase volume as a result of our expansion. The cost of merchandise sold increased at a lower rate than net sales because we were able to obtain larger discounts from our suppliers.

Department Stores. The cost of merchandise sold of the department store segment increased by 8.0% from ₱6,981 million in 2010 to ₱7,540 million in 2011, which was in line with the growth of net sales of 8.0%.

DIY Stores. The cost of merchandise sold of the DIY store segment increased by 10.1% from ₱3,644 million in 2010 to ₱4,012 million in 2011, which was in line with the growth of net sales of 10.3%.

Convenience Stores. The cost of merchandise sold of the convenience store segment decreased by 1.4% from ₱3,243 million in 2010 to ₱3,198 million in 2011 while net sales increased by 4.8%, which reflects the larger price discounts we were able to obtain from our suppliers.

Specialty Stores. The cost of merchandise sold of the specialty store segment increased by 11.4% from ₱2,720 million in 2010 to ₱3,030 million in 2011, which was in line with the growth of net sales of 11.8%.

Operating expenses

In 2011, our operating expenses ₱9,126 million, an increase of 16.1% compared to ₱7,860 million in 2010. The increase in operating expenses was largely due to an increase in selling expenses due to our expansion, primarily the rental and utilities and personnel costs and contracted services. We also had an increase in impairment losses relating to the closing of Ministop stores.

Other income (charges)

In 2011, our other income was ₱227 million, an increase of 81.6% compared to ₱125 million in 2010. This increase in other income was largely due to a substantial increase in the equity in net earnings in relation to our investment in Robinsons Bank, which contributed ₱144 million to other income in 2011 compared to ₱17 million in 2010, as Robinsons Bank received its commercial banking license in 2011, which allowed it to and expand its operations.

Provision for income tax

In 2011, our income tax expense was ₱186 million, which was 30.1% higher than the ₱143 million recorded in 2010. The increase was attributable mainly to the increase in income before tax. Our effective tax rate for 2011 was 28.1% compared to the standard corporate tax rate of 30%.

Net income

As a result of the foregoing, in 2011 our net income was ₱476 million, an increase of 4.4% compared to ₱456 million in 2010. Our net margin remained at 1.0% for both years. Net margin is calculated by dividing net income by revenue.

Liquidity and Capital Resources

We have historically met our liquidity requirements principally through a combination of cash flow from operating activities, principally comprising of sales of merchandise, bank borrowings, short-term credit from our consignors, investing activities and the issuance of capital stock. Our principal uses of cash have been, and are expected to continue to be, operating costs, including purchases of merchandise and payroll costs, capital expenditures for property, plant and equipment and interest and principal payments on our borrowings. See "Use of Proceeds" beginning on page 51 of this Prospectus. Moving forward, we expect to fund our working capital requirements mainly from sales derived from existing and new stores opened as a result of our expansion.

Net cash from operating and financing activities were sufficient to cover our working capital and additions to property and equipment for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. We drew down credit facilities to fund our acquisition activities or to support our working capital requirements that mainly include store expansion and the renovation of existing stores. In addition, we repaid a loan in 2012 for RCSI. As of June 30, 2013, our cash and cash equivalents totaled ₱3,967 million.

On November 25, 2011, the Board approved the appropriation of ₱1,400 million of the retained earnings for continuing investment in subsidiaries. The funds were intended to help finance the renovation of our existing stores and construct new stores in line with our expansion in various locations nationwide.

On July 4, 2013, the Board approved the reversal of the ₱1,400 million appropriated retained earnings to create sufficient unrestricted retained earnings in preparation for the possible exercise of the Over-allotment Option in connection with the Offer. In case of an exercise of the Over-allotment Option, the Optional Shares that will be returned to the Company will become treasury shares, for which Philippine law requires the availability of sufficient unrestricted retained earnings.

Working Capital

As of December 31, 2012 and June 30, 2013, our net current assets, or the difference between total current assets and total current liabilities, were ₱803 million and ₱1,025 million, respectively, representing a positive net working capital position. We had negative net working capital of ₱544 million as of December 31, 2010 and ₱180 million as of December 31, 2011 primarily due to the fact that a large part of our payables arose out of capital expenditures that were spent within one year for the build out of our stores.

Current Assets

Our current assets consist of cash and cash equivalents, short-term investments, available-for-sale financial assets, trade and other receivables, merchandise inventories and other current assets. Total current assets as of December 31, 2010, December 31, 2011, December 31, 2012 and June 30, 2013 were ₱8,568 million, ₱10,092 million, ₱14,105 million and ₱11,291 million, respectively. As of December 31, 2012, merchandise inventories comprised the bulk of our current assets, totaling ₱6,082 million, followed by cash and cash equivalents, totaling ₱6,052 million. As of June 30, 2013, merchandise inventories totaled ₱5,673 million and cash and cash equivalents totaled ₱3,967 million.

Current Liabilities and Provisions

Our current liabilities consist of trade and other payables, current portion of loans payable, income tax payable and other current liabilities. As of December 31, 2010, December 31, 2011, December 31, 2012 and June 30, 2013, current liabilities were ₱9,112 million, ₱10,273 million, ₱13,302 million and ₱10,266 million, respectively. As of December 31, 2012 and June 30, 2013, trade and other payables totaled ₱12,320 million and ₱9,393 million, respectively, and consisted primarily of trade payables to our suppliers.

Cash Flows

The following table sets out information from our statements of cash flows for the periods indicated. The translation of Peso amounts into U.S. dollars as of December 31, 2012 and for the six months ended June 30, 2013 are provided for convenience only and are unaudited.

	For the year ended December 31, (Audited)			(Unaudited)	For the six months ended June 30, (Unaudited)		
	2010	**2011**	**2012**	**2012**	**2012**	**2013**	**2013**
	(₱ million)			(US$ million)(1)	(₱ million)		(US$ million)(1)
Net cash flows provided by (used in) operating activities	2,306	2,275	3,238	74.8	(719)	(606)	(14.4)
Net cash flows provided by (used in) investing activities.	(3,171)	(1,619)	(4,158)	(96.0)	(1,190)	(1,102)	(25.4)
Net cash flows provided by (used in) financing activities	121	259	1,730	40.1	(53)	(377)	(8.8)
Net increase (decrease) in cash and cash equivalents.	(744)	915	810	18.7	(1,962)	(2,085)	(48.6)

Note:

1. Based on the PDS Rate of ₱43.307 = US$1.00 on June 28, 2013.

Net cash flows provided by (used in) operating activities

The net cash flows used in operations for the six months ended June 30, 2013 was ₱606 million which comprised operating income before working capital changes of ₱2,090 million, adjusted for changes in working capital and income tax paid, partially offset by interest received. The changes in working capital were mainly attributable to a decrease in trade and other payables of ₱2,926 million arising from payments to suppliers for merchandise we acquired on credit in the last quarter of 2012 in anticipation of the Christmas and New Year shopping season.

In 2012, net cash flows provided by operating activities was ₱3,238 million, which comprised operating income before working capital changes of ₱3,022 million adjusted for changes in working capital and interest received partially offset by income tax paid. The changes in working capital were attributable primarily to a positive cash flow of ₱2,012 million from an increase in trade and other payables due to an increased in net sales as a result of our expansion. These were partially offset by an increase in merchandise inventories of ₱1,423 million and an increase of ₱98 million in trade and other receivables.

In 2011, net cash flows provided by operating activities was ₱2,275 million, which comprised operating income before working capital changes of ₱1,800 million adjusted by changes in working capital caused by an increase in trade and other payables of ₱1,195 million which was partially offset by an increase in merchandise inventories of ₱535 million and trade and other receivables of ₱100 million.

In 2010, net cash flows provided by operating activities was ₱2,306 million, which comprised operating income before working capital changes of ₱1,600 million, adjusted primarily for changes in working capital. Changes in working capital were attributable mainly to a decrease in trade and other receivables of ₱1,254 million and an increase in trade and other payables of ₱74 million which was offset by increases in short-term investments, other current assets and inventories.

Net cash flows provided by (used in) investing activities

For the six months ended June 30, 2013, net cash flows used in investing activities was ₱1,102 million, which resulted from acquisitions of property and equipment for the opening of new stores, security deposit payments made to lessors for these stores, and the store renovations. Net cash flows used in investing activities was ₱4,158 million in 2012. The acquisition of South Star Drug, and additions to property and equipment for the opening of new stores, comprised the majority of the Company's investing activities in 2012 which was offset primarily by the proceeds from the gain on a sale of JG Summit shares.

Net cash used in investing activities was ₱1,619 million in 2011 and ₱3,171 million in 2010, due primarily to additions to property and equipment.

Net cash flows provided by (used in) financing activities

Net cash flows used in financing activities was ₱377 million for the six months ended June 30, 2013, primarily as a result of a loan repayment in the amount of ₱813 million.

In 2012, the increase in net cash flows provided by financing activities was ₱1,730 million primarily due a loan in the amount of ₱2,004 million to our subsidiaries to fund the acquisition of South Star Drug and also to the proceeds of the issuance of capital stock. These amounts were partially offset by the repayment of a loan and interest payments.

In 2011, net cash flows provided by financing activities was ₱259 million due to the receipt of ₱299 million as proceeds from issuance of our capital stock offset partially by interest and dividend payments.

In 2010, the net cash flows provided by financing activities were primarily due to the advance of secured short-term promissory notes to Robinsons Appliances Corp. by a local commercial bank.

Indebtedness

We had outstanding loans payables of ₱540 million, ₱540 million, ₱2,529 million and ₱1,716 million as of December 31, 2010, 2011 and 2012, and June 30, 2013, respectively. As of June 30, 2013, we had short term debt of ₱346 million, interest rates ranging from 3.3% to 7.0% per annum. The short-term notes were obtained to support working capital requirements.

Our long-term debt, net of current maturities, of ₱1,370 million as of June 30, 2013 consists of (i) loans with no fixed maturity from Metrobank, originally in the amount of ₱2,000 million but with an outstanding amount of ₱1,230 million as of June 30, 2013, with interest rates ranging from 3.3% to 3.9%, to RSC and RI, the proceeds of which were used to acquire SSDI; (ii) a 5-year loan of ₱250 million maturing in 2016 from Metrobank to SSDI to be used for capital expenditures which has an outstanding amount of ₱195 million as of June 30, 2013; and (iii) loans maturing in 2013 and 2014 from Robinsons Bank to RCSI in the amount of ₱150 million, consisting of three promissory notes with interest rates ranging from 5.0% to 6.4%, which are guaranteed by RHMI. As of June 30, 2013, the weighted average interest rate for our long-term debt was 4.0%.

Capital Expenditures

We make substantial capital expenditures annually to support our business goals and objectives. As part of our strategy, we invest capital in developing and constructing new stores in each of our business segments. We also invest in on-going maintenance of existing stores. In general, we renovate our stores every three to 10 years. In addition, we invest in installing new information technology systems and upgrading our existing systems.

The following table sets out our capital expenditures in 2010, 2011 and 2012, and our budgeted capital expenditures for 2013.

	For the year ended December 31,			
	2010	2011	2012	2013 budgeted
	(₱ million)			
Leasehold improvements	902	835	894	2,729
Store furniture and fixtures	673	529	746	2,276
Office furniture and fixtures	7	5	55	168
Transportation equipment	12	12	8	25
Building and other equipment	222	116	112	342
Computer equipment	118	154	97	293
Total	**1,934**	**1,651**	**1,912**	**5,833**

We have historically funded our capital expenditures primarily through working capital derived from operating income. From time to time we have also funded our capital expenditure with the proceeds of working capital facilities and internally generated funds. Our capital expenditures for the above periods were related to the development and construction of new stores and ongoing maintenance across all business segments. As of June 30, 2013, ₱1,053 million of the budgeted 2013 capital expenditures of ₱5,833 million had been spent.

Although these are our current plans with respect to our capital expenditures, such plans may change as a result of a change in circumstances and the actual amount of expenditures may vary from the planned amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As we continue to expand, we may incur additional capital expenditures.

Contractual obligations and commitments

Set out below is a summary of our contractual commitments by maturity:

	Contractual Obligations and Commitments as of June 30, 2013		
	Payments Due by Period		
	Total	2013	2014-2018
	(₱ million)		
Loans payable - current	346	346	—
Loans payable - non-current	1,370	637	733
Trade and other payables	9,393	9,394	—
Other current liabilities	185	185	—
Income tax payable	342	342	—
Total	**11,636**	**10,904**	**733**

Off-balance sheet arrangements

As of June 30, 2013, we were not a financial guarantor of the obligations of any unconsolidated entity, and we were not a party to any off-balance sheet obligations or arrangement.

Key performance indicators

The following are the major performance measures used by each of our retail segments as of and for the years ended December 31, 2010, 2011, 2012 and as of and for the six months ended June 30, 2013.

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
Total revenue of the Company (₱ million)(1)	**45,509**	**49,157**	**58,472**	**25,779**	**31,963**
Total revenue of business segment (₱ million)(2)					
Supermarkets	23,806	25,767	29,449	13,470	15,081
Department Stores	9,559	10,324	11,383	5,204	5,541
DIY Stores	4,878	5,382	6,195	2,905	3,365
Convenience Stores	4,205	4,253	4,773	2,390	2,627
Drug Stores(3)	—	—	2,491	—	3,059
Specialty Stores	3,553	3,971	4,776	2,022	2,510
Net Sales (₱ million)(4)					
Supermarkets	23,716	25,643	29,295	13,390	14,999
Department Stores	9,552	10,315	11,374	5,200	5,534
DIY Stores	4,878	5,382	6,195	2,905	3,365
Convenience Stores	3,323	3,481	3,826	1,898	2,077
Drug Stores(3)	—	—	2,443	—	3,017
Specialty Stores	3,543	3,962	4,762	2,016	2,503
Gross profit (₱ million)(5)					
Supermarkets	3,129	3,827	4,856	2,187	2,697
Department Stores	2,571	2,775	3,140	1,387	1,632
DIY Stores	1,234	1,370	1,571	740	1,057
Convenience Stores	80	283	340	157	176
Drug Stores(3)	—	—	360	—	490
Specialty Stores	823	932	1,213	515	673
Total net selling space (sqm)(6)	**425,868**	**457,709**	**536,047**	**484,172**	**545,337**
Supermarkets(7)	132,384	144,645	169,056(8)	154,089	169,857
Department Stores(7)	174,472	185,830	207,788(8)	200,538	210,737
DIY Stores	62,935	67,253	75,916(8)	69,874	77,955
Convenience Stores	26,297	26,410	27,076	26,537	27,705
Drug Stores(3) (9)	—	—	21,431	—	21,786
Specialty Stores(9)	35,222	39,529	41,901	39,340	44,359
Eliminating adjustments	(5,442)	(5,958)	(7,121)	(6,206)	(7,061)

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2010	2011	2012	2012	2013
Total number of stores	**593**	**631**	**912**	**647**	**940**
Supermarkets	55	62	74[8]	66	75
Department Stores	29	33	36[8]	35	36
DIY Stores	82	92	111[8]	97	114
Convenience Stores	326	326	336	328	345
Drug Stores[3]	—	—	218	—	223
Specialty Stores	101	118	137	121	147
Same store sales growth (%)[10]					
The Company	4.8	2.8	4.6	7.0	3.2
Supermarkets	4.7	2.3	4.0	4.4	1.7
Department Stores	5.3	4.9	2.1	8.0	1.0
DIY Stores	5.6	4.7	7.2	11.2	6.1
Convenience Stores	0.4	0.2	8.4	11.0	3.9
Drug Stores[3]	—	—	—	—	—
Specialty Stores	8.2	0.4	6.8	10.5	10.5

Notes:

1. Total revenue is the sum of net sales and royalty, rent and other income.

2. The total revenue is the sum of net sales, other income and intersegment revenue.

3. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. Also, SSDI recorded net sales of ₱5,694 million in 2012, of which ₱2,443 million was included in our consolidated results from August 1, 2012. Accordingly, the drug stores business segment reflects the consolidated figures from August 1, 2012.

4. The net sales before intersegment eliminating adjustments on intersegment revenue and excluding other income, i.e., the net sales of *Toys "R" Us Toybox* sections in department stores.

5. The gross profit is the difference between net sales and cost of merchandise sold.

6. The total net selling space of the Company after intersegment eliminations, i.e., the total net selling space of *Toys "R" Us Toybox* sections in department stores and the total net selling spaces of drug stores in supermarkets.

7. The net selling space of supermarkets includes the net selling space of the drug stores located in supermarkets. The net selling space of department stores include the net selling space of *Toys "R" Us Toybox* sections in department stores.

8. On December 31, 2012, one supermarket, one department store and one DIY store, with net selling space of 2,174 sqm, 1,826 sqm and 952 sqm, respectively, were closed. These supermarket, department store and DIY store contributed ₱87 million (representing 0.3%), ₱35 million (representing 0.3%) and ₱111 million (representing 1.8%) to the net sales of the respective business segments in 2012. As such, the number of stores and net selling space for the supermarkets, department stores and DIY stores as of December 31, 2012 still included the net selling space of these closed stores.

9. The net selling spaces of the drug stores and specialty stores include the total net selling space of the drug stores located in supermarkets and *Toys "R" Us Toybox* sections located in department stores, respectively. The net selling spaces of the drug stores located in supermarkets were 715 sqm in 2012 and 736 sqm in June 2013 while the total net selling spaces of *Toys "R" Us Toybox* sections were 5,442 sqm, 5,958 sqm, 6,406 sqm in 2010, 2011 and 2012, respectively, and 6,206 sqm and 6,325 sqm in June 2012, June 2013, respectively.

10. The same store sales growths for 2010 are comparisons of net sales between 2009 and 2010 generated by the relevant stores.

Quantitative and qualitative disclosure of market risk

Our principal financial instruments consist of cash and cash equivalents, short term investments, receivables, security deposits and available-for-sale financial assets. The main purpose of our financial instruments is to fund our operations and capital expenditures. We do not actively engage in the trading of financial assets for speculative purposes nor do we write options. The main risks arising from our financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and equity price risk. See Note 31 of the notes to our consolidated audited financial statements.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to interest rate risk relates primarily to the amounts due to related parties at current market rates. We manage our interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party. We have minimal interest rate risk because the interest-bearing loans are short-term in nature.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. We seek to manage our liquidity profile to be able to finance our capital expenditures and operations. We maintain a level of cash and cash equivalents deemed sufficient to finance operations. As part of our liquidity risk management, we regularly evaluate our projected and actual cash flows.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Our trade and other receivables are actively monitored by our Collection Services Department to avoid significant concentrations of credit risk. We have adopted a "no-business" policy with customers lacking an appropriate credit history where credit records are available. We manage the level of credit risk we accept through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for us. Our policies include the following: setting exposure limits by each counterparty or group of counterparties; a right of offset when counterparties are both debtors and creditors; the reporting of credit risk exposure; monitoring of compliance with credit risk policy; and reviewing our credit risk policy for pertinence and the changing environment.

As of December 31, 2010, 2011 and 2012, all trade and other receivables are expected to be settled within one year. Our maximum exposure in financial assets is equal to their carrying amounts. These financial assets have a maturity of up to one year only, and have a high credit rating. This was determined based on the nature of the counterparty and our experience.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We manage our foreign currency risk exposure by matching, as much as possible, receipts and payments in each individual currency.

Equity price risk

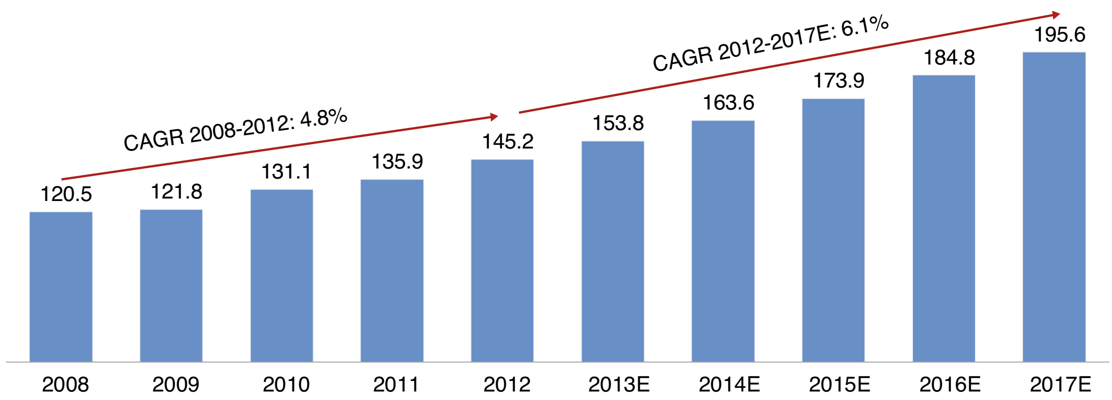
Equity price risk is the risk that the fair values of equities will decrease as the result of changes in the levels of equity indices and the value of individual stocks. Our equity price risk exposure relates to quoted equity shares classified as available-for-sale financial assets.

Overview of the Philippine Economy

The Philippine economy experienced steady growth with real GDP expanding at a CAGR of 4.8% from 2008 to 2012. According to EIU, real GDP is expected to grow from US$145.2 billion to US$195.6 billion from 2012 to 2017E, representing a CAGR of 6.1%, supported by factors such as increasing job creation and employment, increasing overseas remittances and an expansion of exports. In May 2013, Standard & Poor's upgraded the credit rating of the Philippines from BB+ to BBB-, citing the country's strengthening external profile, the moderating inflation, and the government's declining reliance on foreign currency debt, indicating an overall rise in confidence in the Philippine economy. In October 2013, Moody's Investors Service also upgraded the rating of the Philippines from Ba1 to Baa3 and assigned a positive outlook to the rating. According to Moody's Investors Service, the factors that prompted the upgrade were the sustainability of the country's robust economic performance, ongoing fiscal and debt consolidation, stability of the Philippines' funding conditions, political stability and improved governance.

The following chart sets out the real GDP development in the Philippines from 2008 to 2017E.

Philippines real GDP (US$ billion)



Source: EIU

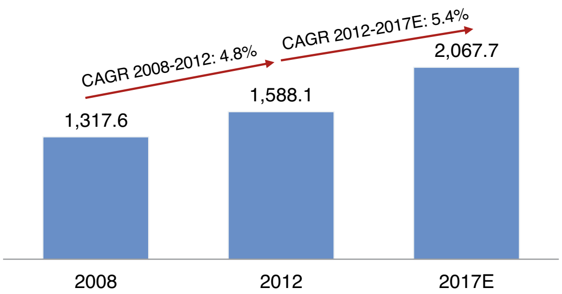
The Philippine economy is largely driven by domestic private consumption, which, according to EIU, accounted for 72% of the GDP in 2012. Real domestic private consumption in the Philippines grew at a CAGR of 4.4% between 2008 and 2012. The growth of domestic private consumption was even stronger in the past two years with an average growth rate of 6.1%. Key drivers of the Philippine domestic consumption have been rising personal disposal income, a burgeoning middle-income class, young demographic composition, increasing overseas remittances, and strong growth of the business process outsourcing ("BPO") sector.

Personal disposable income and middle-income households in the Philippines

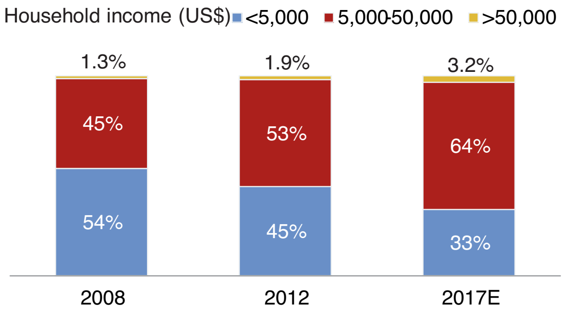
One of the key drivers for strong domestic consumption growth has been the rapid growth of personal disposable income and the continually expanding middle-income class, defined as households with annual disposable income of between US$5,000 and US$50,000. According to EIU, per capita personal disposable income in the Philippines grew at a CAGR of 4.8% between 2008 and 2012 and is expected to expand at a CAGR of 5.4% between 2012 and 2017E. As a direct result of rising disposable income, the percentage of middle-income households increased from 45% in 2008 to 53% in 2012 and is expected to increase to 64% by 2017E. The growth in personal disposable income and emergence of a burgeoning middle-income class is expected to provide a strong foundation for the future consumption growth in the Philippines.

The following charts set out the per capita personal disposable income in the Philippines from 2008 to 2017E and the percentage of middle-income households from 2008 to 2017E, respectively.

Personal disposable income (US$)



Growing proportion of middle-income class



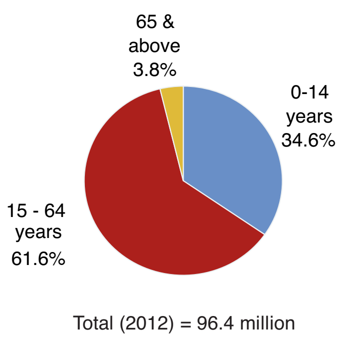
Source: EIU

Philippine population

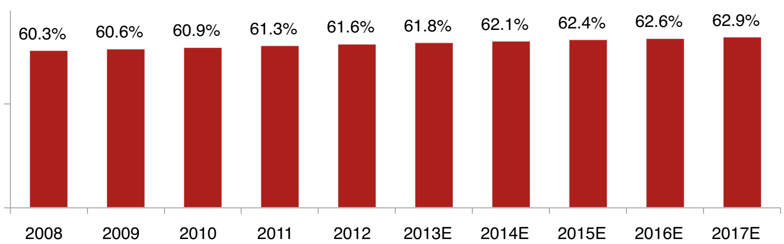
According to Central Intelligence Agency, the Philippines is the twelfth most populous country in the world with a 2.3% population CAGR since 1975; approximately 62% of the over 96 million population belongs to the economically active age bracket of 15 to 64 years old. In addition, the proportion of population in the economically active age bracket is expected to steadily increase over the coming years, from 61.6% in 2012 to 62.9% in 2017E.

The following charts set out the population split (by age) in the Philippines and the growth of economically active population from 2008 to 2017E, respectively.

Population split (by age)



Growing economically active population



Source: IHS Global Insight

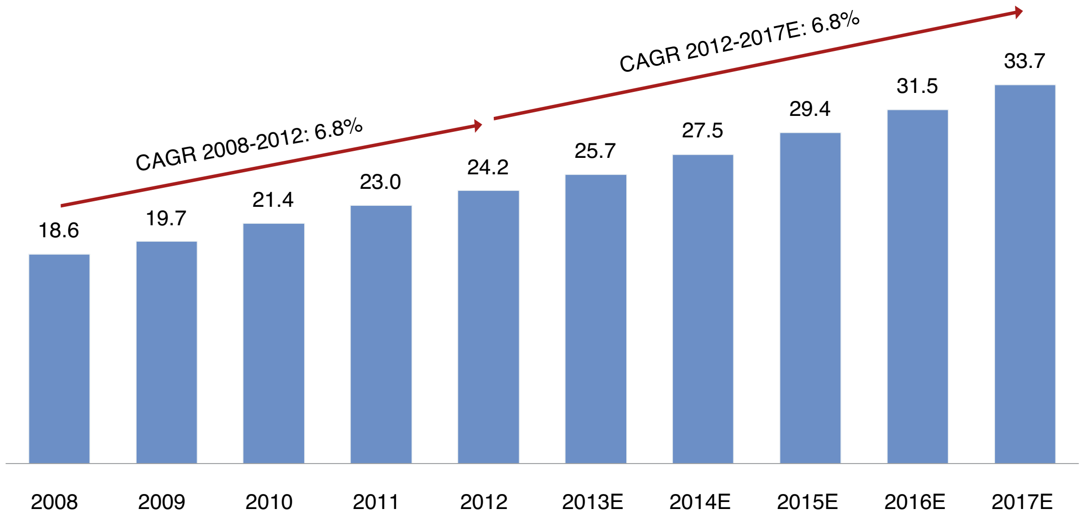
Overseas Filipino Workers remittances

According to the World Bank, the Philippines ranked fourth in terms of inflow of overseas remittances in 2011 and is expected to advance to the third position based on 2012 estimated data.

According to the Commission on Filipinos Overseas, there were 10.5 million OFWs as of December 2011. These OFWs sent US$24 billion back to the Philippines in 2012, representing 10% of nominal GDP. The inflow of remittances provides a strong pillar to domestic consumption. From 2008 to 2012, remittances inflows grew at a CAGR of 6.8% and is expected to reach US$33.7 billion by 2017E, representing a CAGR of 6.8% from 2012 to 2017E.

The following chart sets out the OFW remittances from 2008 to 2017E.

OFW remittances (US$ billion)



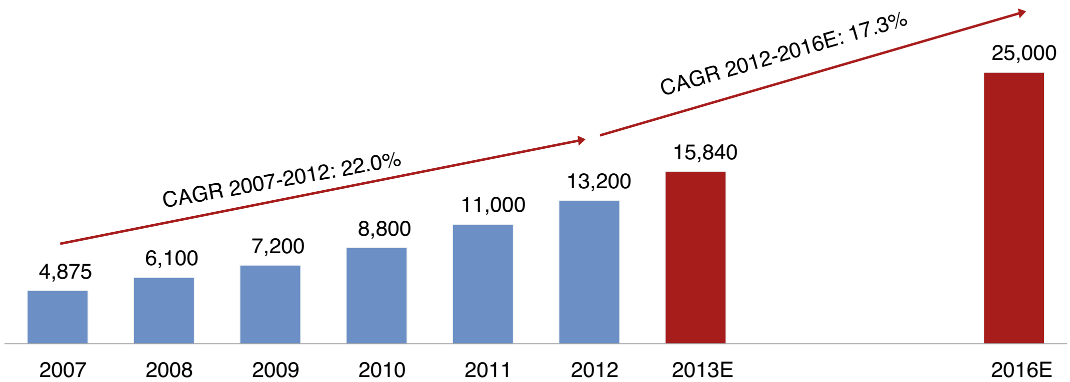
Source: EIU

Growth in the BPO sector

The BPO sector in the Philippines experienced rapid growth in recent years as the sector becomes an increasingly larger contributor to the economy. For instance, the country is now the largest voice customer care hub in the world and is ranked second globally in complex non-voice processes. Based on data provided by the Business Processing Association, the Philippines' voice processing industry accounted for 54% of the entire BPO industry's revenues in 2010.

The following chart sets out the BPO industry's revenue in the Philippines from 2007 to 2016E.

BPO industry size in the Philippines (US$ million)



Source: BSP, BPO Association of the Philippines

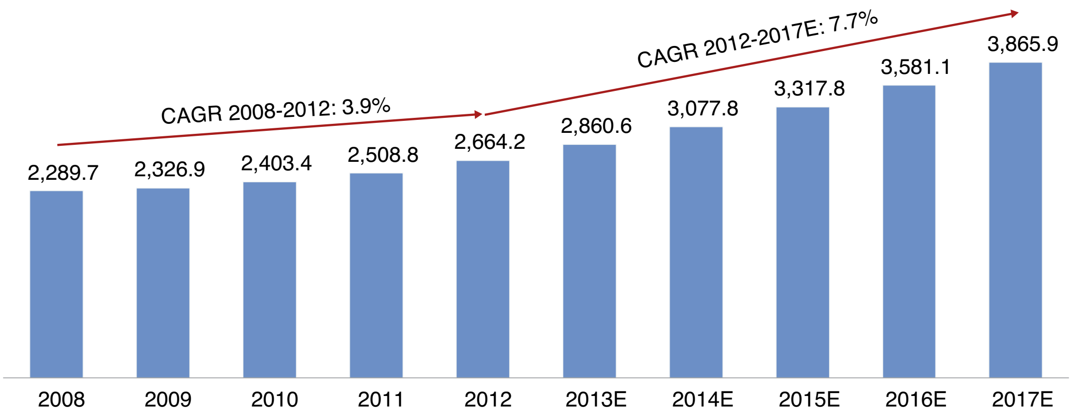
Overview of the Philippine retail industry

The Philippine retail industry has experienced strong growth in recent years, primarily due to robust domestic economic growth as well as the population's growing desire to upgrade their lifestyles. According to Euromonitor, store-based retail sales in the Philippines increased from ₱2,289.7 billion in 2008 to ₱2,664.2 billion in 2012, representing a CAGR of 3.9%. Going forward, it is estimated that store-based retail market size will reach ₱3,865.9 billion by 2017E, representing a CAGR of 7.7% from 2012 to 2017E In 2012, grocery retail sales constituted approximately 62.4% of total store-based retail sales in the Philippines.

Philippine store-based retail industry

The following chart sets out the store-based retail sales in the Philippines from 2008 to 2017E.

Philippine store-based retail sales (₱ billion)



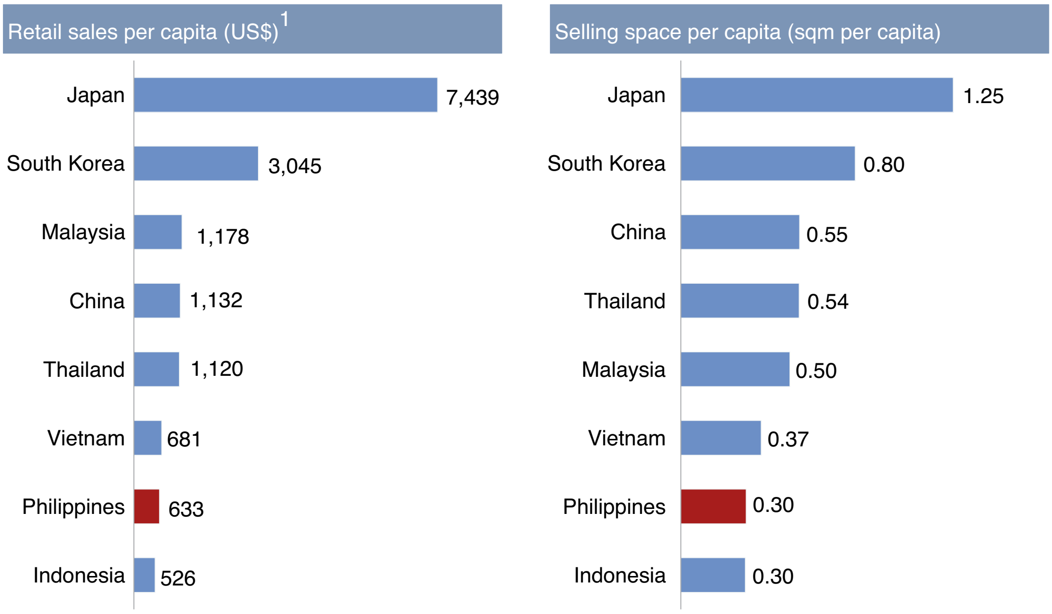
Source: Euromonitor

Market concentration of the Philippines' store-based retailing industry remains relatively low, with only a few major chained retail operators having a sizeable presence. The leading incumbent domestic retailers have created high barriers to entry based on their nationwide network of stores, brand equity as well as deep understanding of the market. In addition, foreign retail presence is also relatively limited as foreign entry was highly regulated until 2000.

As one of the most underpenetrated markets in Asia, the Philippine store-based retail industry presents strong growth potential in the foreseeable future. According to Euromonitor, store-based retail sales per capita in the Philippines was among the lowest in Asia at US$632.5 in 2012. Similarly, total retail space per capita in the Philippines was approximately 0.30 sqm as of 2012, behind that of other emerging Asian economies such as China, Thailand, Malaysia and Vietnam.

The following charts set out the retail sales per capita and the selling space per capita respectively.

Store-based retailing penetration level (2012)



Source: Euromonitor

Note:

1. All figures have been converted from the respective local currencies to US$ based on exchange rates as of December 31, 2012.

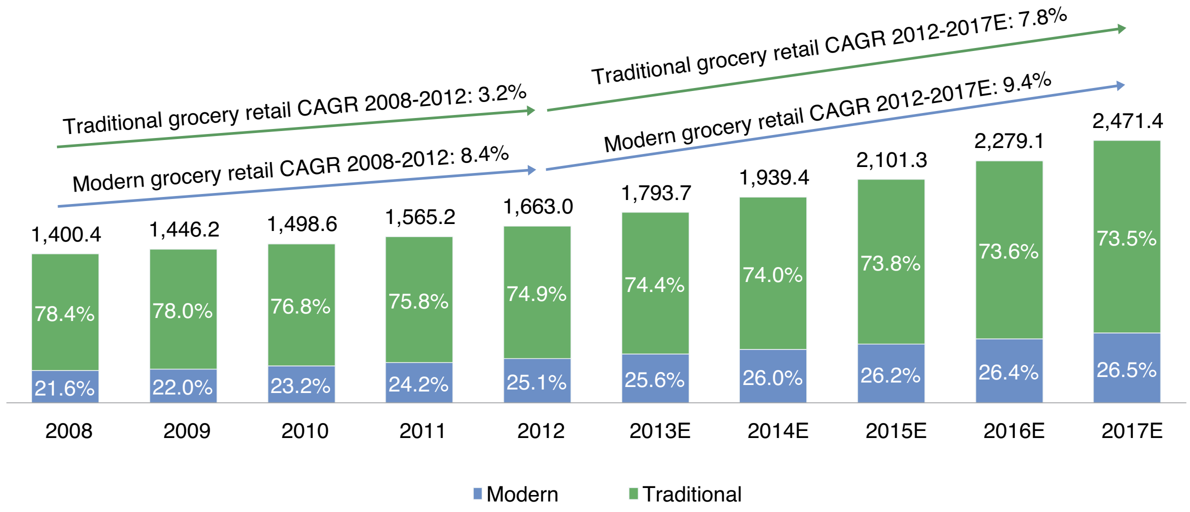
Penetration level of the modern retail format is currently low in the Philippines, with only a few major retail chains. Small traditional sari-sari stores remain the dominant channel for the entire grocery retail market, especially in lower-tier cities where the level of economic activity does not yet justify significant development by the larger retail chains.

Sari-sari, which means "variety", indicates the wide array of grocery products sold by these small shops, which are prevalent both in urban and rural areas. In provincial areas, the absence of supermarket chains and independent small grocers highlights the importance of sari-sari stores as the primary source of grocery products including packaged food, home care, and beauty and personal care, especially among the lower-income population. Euromonitor data indicates that retail sales from sari-sari stores are estimated to have reached above ₱1 trillion as of 2012, accounting for approximately 65% of total Philippine grocery retail sales.

With the rapid emergence of modern retail formats driven by increasing affluence in urban areas as well as the creation of a wider pool of higher-income consumers in provincial cities, the proportion of sales from traditional retail formats is expected to gradually decline and replaced by successful large-scale modern retailers. According to Euromonitor, modern grocery retail format's contribution to total Philippine grocery sales increased from 21.6% in 2008 to 25.1% in 2012 and is expected to grow at a CAGR of 9.4% from 2012 to 2017E, and reach ₱654.1 billion by 2017E, outpacing the growth rate of traditional grocery sales, which is forecast to grow at CAGR of 7.8% from 2012 to 2017E. By 2017E, modern grocery retail format's contribution to total Philippine grocery sales is forecast to reach 26.5%, according to Euromonitor.

The following chart sets out a comparison between the modern and traditional grocery retailing sales in the Philippines from 2008 to 2017E.

Philippine modern and traditional grocery retailing sales (₱ billion)



Source: Euromonitor

Philippine supermarket industry

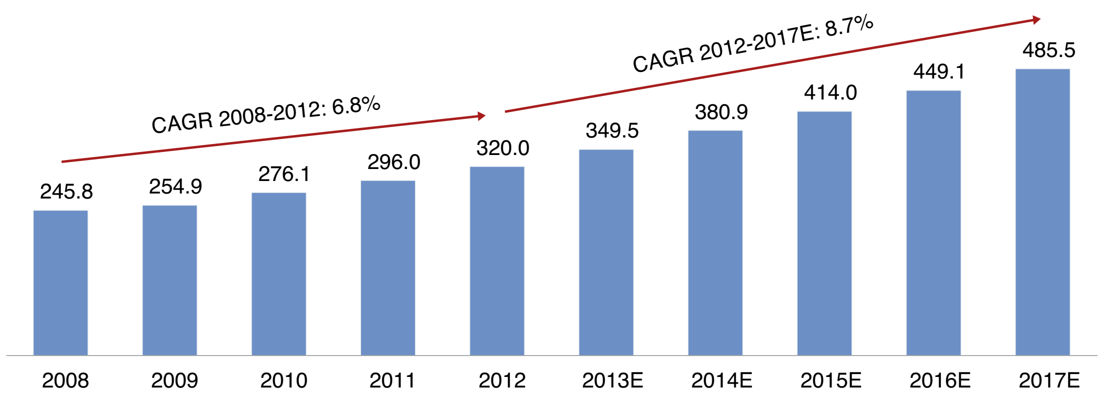
The most popular modern grocery retail format in the Philippines is the supermarket, accounting for approximately 77% of the modern grocery retail sales as of 2012, according to Euromonitor. Modern supermarkets are generally perceived by consumers to have an advantage over sari-sari stores in aspects including product selection, quality control, and shopping environment. Given the backdrop of increasing disposable income, rising sophistication, and demand for quality, the supermarket industry is expected to benefit from the continued consumer preference shift from traditional food retail format to modern format.

According to Euromonitor, between 2008 and 2012, supermarket retail sales grew at a CAGR of 6.8%, with a total sales value of ₱320.0 billion in 2012. Going forward, it is expected that supermarkets will continue to experience a robust CAGR of 8.7% from 2012 to 2017E and reach ₱485.5 billion by 2017E, according to Euromonitor.

Philippine supermarket retail sales

The following chart sets out the supermarket retail sales in the Philippines from 2008 to 2017E.

Philippine supermarket retail sales (₱ billion)

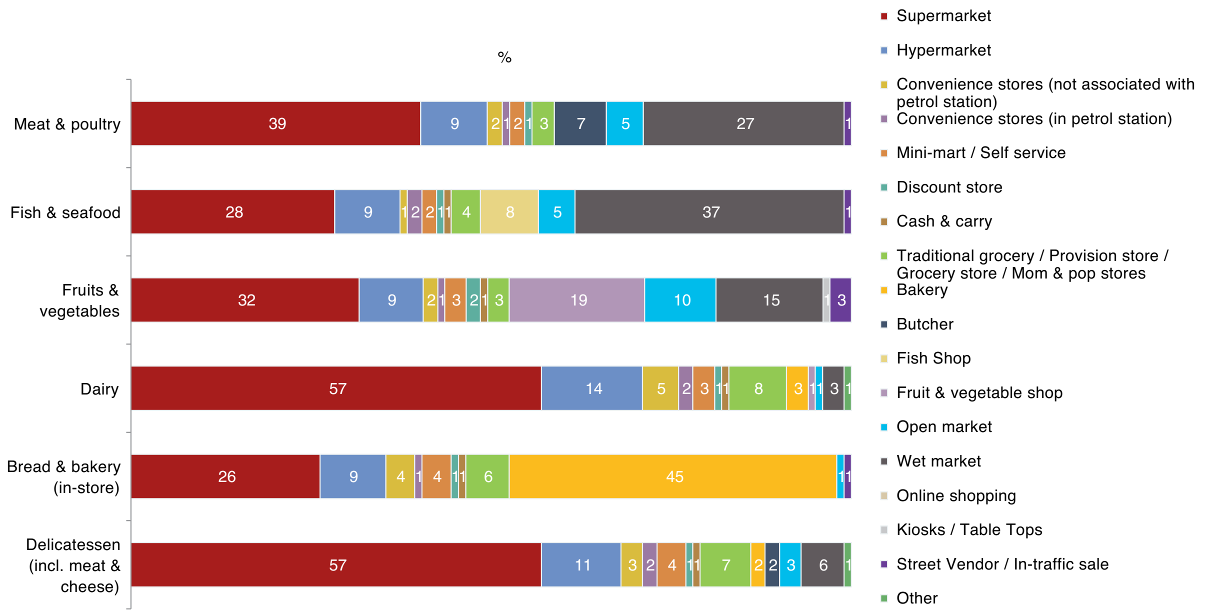


Source: Euromonitor

Due to enhanced media influence, rising standards of living, and stronger health awareness, the Philippine consumers have gradually adopted healthier eating habits and demand for nutrition. Based on a global survey conducted by Nielsen Company, 45% of Filipinos' total food, grocery and personal care expenses comprised of fresh food. Filipinos make frequent shopping trips for fresh products, consisting of bread and bakery products, fruits and vegetables, fish and seafood, and meat and poultry. While wet markets remain popular, supermarkets and hypermarkets are growing in popularity in the Philippines as the format of choice for fresh items. In particular, supermarket is the most preferred retail format for the purchase of meat and poultry, fruits and vegetables, and dairy and delicatessen, according to Nielsen Company.

The following chart sets out the type of store preferred for the purchase of fresh foods in the Philippines in Q3, 2012.

Type of store preferred for purchase of fresh foods - Philippines



Source: Nielsen Global Survey on Fresh foods, Q3 2012

Having recognized this phenomenon, supermarket operators have been not only offering healthier product alternatives but also increasing marketing efforts that promote concepts of health and wellness. For instance, Robinsons Supermarket launched the "Healthy You" label comprised of imported healthy and nutritional food products that are priced lower than those found in imported health product shops. In addition, Rustan's Fresh Supermarkets also attempted to capture the health conscious buyers in the metropolis through the launch of its ready meals line, Gourmet-to-Go, which features meals containing 300 calories. Euromonitor believes that promotion of a "healthy image" will continue to be a differentiating factor for supermarket operators. The trend is expected to drive the growth of private label products for Philippine supermarket operators in the foreseeable future.

With a unique geography that comprises over 7,000 islands, the ability to supply and replenish inventories in a timely manner, among others, is a key success factor for nationwide supermarket operators in the Philippines and poses high barriers to potential new entrants. Thus, supermarket operators with established distribution networks and strong relationships with supply partners are expected to capture the growth opportunities.

Competitive landscape

Supermarkets compete with both traditional sari-sari stores and other modern retail operators, including hypermarkets, convenience stores and local grocery stores, on the basis of location, product mix, store ambience, presentation, price, supply chain and additional benefits such as loyalty programs. According to Euromonitor, the top five operators of supermarkets ranked by retail sales in 2012 are SM Retail, Robinsons Supermarket, Rustan's Group, Puregold Price Club and Waltermart Supermarket.

According to Euromonitor, the ranking of the top supermarket players in the Philippines by retail sales in 2012 is as follows:

Supermarket market share (by 2012 retail sales)

Ranking	Company	Market share
1	SM Retail	22.2%
2	Robinsons Retail (Robinsons Supermarket)	9.2%
3	Rustan's Group	7.5%
4	Puregold Price Club	2.0%
5	Waltermart Supermarket	0.8%

Source: Euromonitor

Philippine department store industry

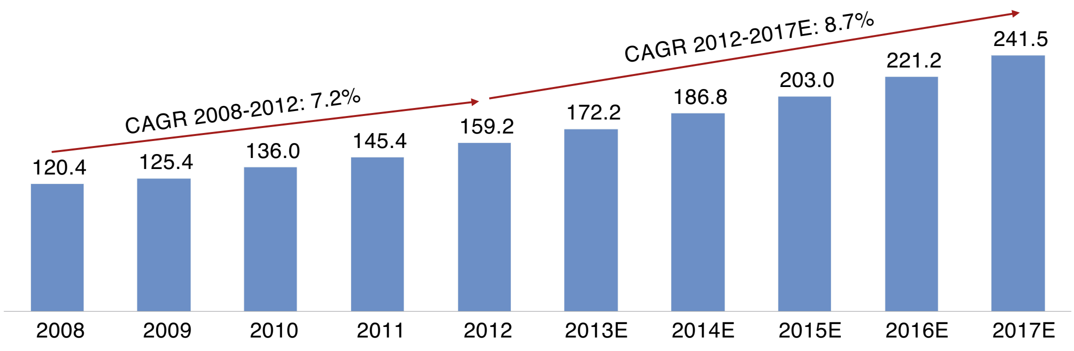
According to Euromonitor, department stores were the largest non-grocery retail format in the Philippines in terms of retail sales in 2012. Department stores remain as one of the most popular retail shopping channels for consumers as they perceive product offerings in department stores to have undergone a selection process based on merits of reliability, authenticity and quality.

Between 2008 and 2012, retail sales from department stores grew at a CAGR of 7.2%, with total sales of ₱159.2 billion in 2012, according to Euromonitor. Going forward, it is expected that department stores' retail sales will grow even more rapidly, at a CAGR of 8.7% from 2012 to 2017E, reaching ₱241.5 billion by 2017E.

Philippine department store retail sales

The following chart sets out the department store retail sales in the Philippines from 2008 to 2017E.

Philippine department store retail sales (₱ billion)



Source: Euromonitor

Given their ability to draw foot traffic, department store operators with strong brand recognition are typically able to become anchor tenants for mall operators and secure prime locations at competitive rental rates. Accordingly, building strong and stable relationships with a number of reputable property developers is an important element of success to secure access to new shopping mall developments as mall operators expand their networks. Only a few leading department store operators in the Philippines currently enjoy long-standing relationships with leading property developers that allow them to accelerate the pace of expansion and capture market opportunities more quickly.

In addition to raising consumer awareness through effective brand marketing and targeted promotional efforts, more department stores are also offering private labels and exclusively-distributed brands to differentiate themselves from competitors. Private label and exclusive brands also allow department stores to build customer loyalty and to create a repeat customer base. In addition, private labels further allow for an additional layer of margin and profit potential due to the elimination of the wholesale-retail spread and commission rates, and increased control over the value chain.

Competitive landscape

The Philippine department store industry is dominated by a few major operators. According to Euromonitor, SM Retail, Robinsons Retail and Rustan's Group are the top three market participants accounting for 56.1% of the retail sales during 2012. Major department store operators compete on the basis of location, product mix, brand recognition, store image, presentation, price, understanding of fashion trends and market demand, and value-added customer services.

According Euromonitor, the ranking of the top department store players in the Philippines by retail sales in 2012 is as follows:

Department store market share (by 2012 retail sales)

Ranking	Company	Market share
1	SM Retail	45.3%
2	Robinsons Retail (RDS)	7.2%
3	Rustan's Group	3.6%

Source: Euromonitor

Philippine home improvement industry

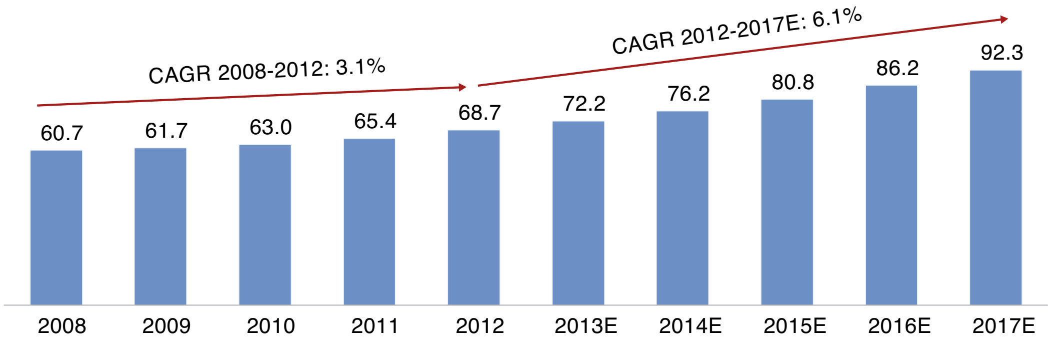
According to Euromonitor, home improvement and gardening was the fifth largest non-grocery retail format in the Philippines in terms of retail sales in 2012. Increasing residential developments in the Philippines are expected to continue to drive the demand for home improvement and gardening products and accessories, supported by consumers' preferences to achieve higher living quality and affordable prices while achieving greater self-reliance.

From 2008 to 2012, home improvement and gardening retail sales grew at a CAGR of 3.1%, with total sales value of ₱68.7 billion in 2012. From 2012 to 2017E, the industry is forecast to grow more rapidly at a CAGR of 6.1%, reaching ₱92.3 billion by 2017E, according to Euromonitor.

Philippine home improvement and gardening retail sales

The following chart sets out the home improvement and gardening retail sales in the Philippines from 2008 to 2017E.

Philippine home improvement and gardening retail sales (₱ billion)



Source: Euromonitor

According to Euromonitor, the Philippine home improvement and gardening sector is currently largely dominated by small independent players catering to small communities of lower-income consumers with limited product offerings. Mostly located in provincial areas, these stores offer basic products including paints, nuts and bolts, locks, and gardening tools. However, consumers increasingly perceive chained players as offering better shopping convenience to customers through a wider assortment of products, delivery services, better customer assistance, and higher quality products as compared to independent operations. This shift in preference toward chain store operations has been a major force driving the popularity of larger-scale home improvement and gardening store brands in the Philippines.

Due to the gradual shift toward chain store operations, home improvement and gardening chain stores are increasingly offering better and more efficient solutions in order to serve customers' increasing demand for quality and convenience. In addition to physical quality, products are also complemented with strong in-store delivery to better assist buyers. With the emergence of more discriminating buyers, product quality, shopping experience, and customer service will be key success factors going forward, according to Euromonitor.

Competitive landscape

The market for home improvement and related products in the Philippines is highly competitive and fragmented. Dominance of small independent players, as well as the presence of chain store operations that cater to customers with stronger spending power in urban areas, serves as a high barrier to entry for this format. Home improvement retailers can be generally categorized into three formats: stand-alone big-box operators, mall-based DIY retailers and traditional hardware retailers. Within the mall-based DIY retail segment, Ace Hardware and DIY businesses under Robinsons Retail are the major large-scale players in the Philippines. In general, competition in the home improvement and gardening market is based broadly on pricing, delivery, brand recognition, quality and availability of products.

According to Euromonitor, the ranking of the largest home improvement and gardening players in the Philippines by retail sales in 2012 is as follows:

Home improvement and gardening market share (by 2012 retail sales)

Ranking	Name of the company	Market share
1	Ace Hardware Philippines	15.1%
2	Robinsons Retail (Handyman Do it Best, True Value, and Howards Storage World)	9.1%

Source: Euromonitor

Philippine convenience store industry

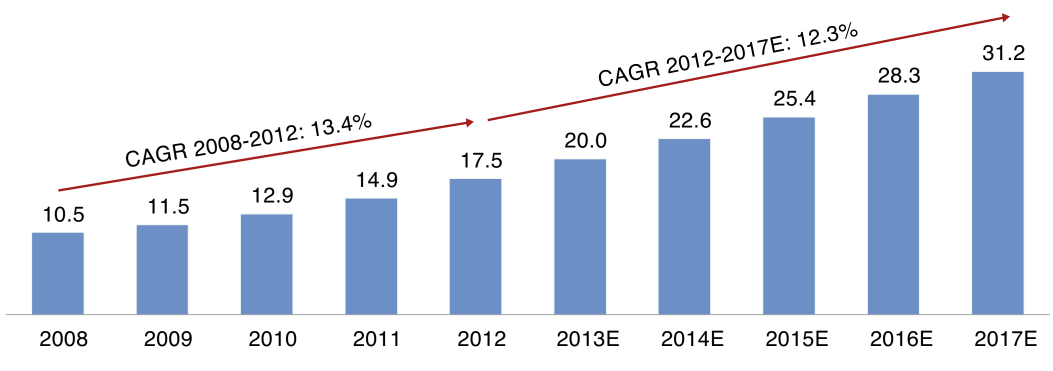
Convenience store is a relatively underdeveloped retail format in the Philippines with market size of ₱17.5 billion as of 2012 in terms of retail sales, according to Euromonitor. The rise of the Philippine BPO industry, which generally operates 24 hours per day, has been a predominant force driving the proliferation and popularity of the convenience store format. At the same time, according to Euromonitor, the lifestyle of Philippine consumers, especially those living in Metro Manila and provincial cities, are becoming more fast-paced, driven by a growing labor force and heightened demand for convenience. Due to the growing BPO industry and changing lifestyle of young Philippine professionals, convenience stores with 24-hour operations are well-positioned to capture the increasing demand for convenience.

The Philippine convenience store industry has grown rapidly over the past few years with retail sales growing at a CAGR of 13.4% from 2008 to 2012, according to Euromonitor. Going forward, convenience store retail sales is forecast to grow at a robust CAGR of 12.3% from 2012 to 2017E, reaching ₱31.2 billion by 2017E.

The Philippine convenience store retail sales

The following chart sets out the convenience store retail sales in the Philippines from 2008 to 2017E.

Philippine convenience store retail sales (₱ billion)



Source: Euromonitor

According to Euromonitor, while supermarkets and hypermarkets increasingly gravitate towards locations in villages and subdivisions, convenience stores are expanding their outlets to cover business centers and commercial hubs. Given the diverse level of economic developments across the Philippines, garnering commercial success hinges on selecting the right geographies, targeting the right demographics, and offering the right products to target customers.

In addition to offering traditional fast-moving consumer goods, convenience stores have expanded their product offerings to include ready-to-go meals in order to cater to the needs of increasingly busy consumers. With the rising demand for food quality and safety, operators with stringent quality control, trusted brand equity, and innovative product offerings are best positioned to offer better value propositions to consumers and further capture market share.

Competitive landscape

As of 2012, two main players accounted for 94.5% of the convenience store sector in terms of total retail sales based on the Euromonitor data. Convenience store operators primarily compete on the basis of store location, product assortment and quality. According to Euromonitor, Philippine Seven Corp, which operates the 7-Eleven chain, is the largest convenience store chain in the Philippines in terms of revenue in 2012. The second largest player is Robinsons Retail, which operates the Ministop chain under a franchise agreement with Ministop Co. Ltd., one of the largest convenience store chains in Japan. FamilyMart is a Japanese convenience store franchise chain that entered into the Philippine market in early 2013 under the ownership of, among others, the Ayala Corporation. According to Euromonitor, the ranking of the top convenience store operators in the Philippines by retail sales in 2012 is as follows:

Convenience store market share (by 2012 retail sales)

Ranking	Name of the company	Market share
1	Philippine Seven (7-Eleven)	60.8%
2	Robinsons Retail (Ministop)	33.7%

Source: Euromonitor

Philippine drug store industry

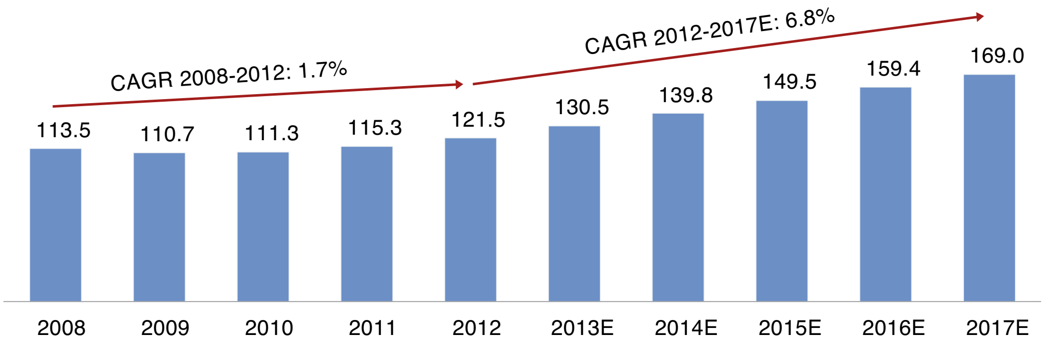
According to Euromonitor, drug stores were the third largest non-grocery retail format in the Philippines in terms of retail sales in 2012.

Between 2008 and 2012, parapharmacy/drug store sales grew at a CAGR of 1.7%, with total retail sales of ₱121.5 billion in 2012. From 2012 to 2017E, drug store sales is forecast to grow faster at a CAGR of 6.8%, reaching ₱169.0 billion by 2017E.

Philippine parapharmacy/drug store retail sales

The following chart sets out the parapharmacy/drug store retail sales in the Philippines from 2008 to 2017E.

Philippine parapharmacies/drug store retail sales (₱ billion)



Source: Euromonitor

Increasingly, drug stores are offering ancillary and complementary products, such as cosmeceuticals and personal hygiene products. Furthermore, drug stores are uniquely positioned not only to serve as convenient sites for receiving non-urgent, clinical care, but also to maximize the opportunity to provide patient education on health benefits such as immunizations. Going forward, the popularity of the drug store format is expected to further increase as drug store operators continue to reinvent themselves and place increasing emphasis on value-added goods and services as a means to suit the emerging needs of consumers.

As operators continue to seek ways to differentiate and offer better value propositions to consumers, enhancing convenience for customers remains an important driver for drug store sales in the Philippines. Traditionally, drug stores and pharmacies predominantly offered a focused portfolio of pharmaceutical products. However, in order to better cater to an increasingly demanding customer base, operators are offering more ancillary and complementary products, such as cosmeceuticals and personal hygiene products, food and beverage products and household products to increase customers' basket size and frequency of visits.

Competitive landscape

As drug stores increase their offerings of non-pharmaceutical items, such as food and personal care products, their competitors are no longer limited to other drug store operators but also include discount stores, convenience stores and supermarkets. Potential further consolidation of the industry and continued new store openings by chain store operators will further increase competitive pressures on existing operators. Drug store operators compete for customers primarily on the basis of store location, merchandise selection, services offered and brand name. The requirements for capital, brand strength and management expertise to operate a retail drug store chain serve as a barrier to entry for new participants.

According to Euromonitor, the ranking of the top parapharmacy / drug store players in the Philippines by retail sales in 2012 is as follows:

Parapharmacy/drug store market share (by 2012 retail sales)

Ranking	Name of the company	Market share
1	Mercury Drug	52.2%
2	Watson's Personal Care Store Philippines[1]	14.8%
3	Robinsons Retail (South Star Drug and Manson Drug)	4.7%
4	Rose Pharmacy	1.3%

Source: Euromonitor

Note:

1. Joint venture between SM Prime Holdings Inc. and A.S. Watson Group.

Other specialty retail industries in the Philippines

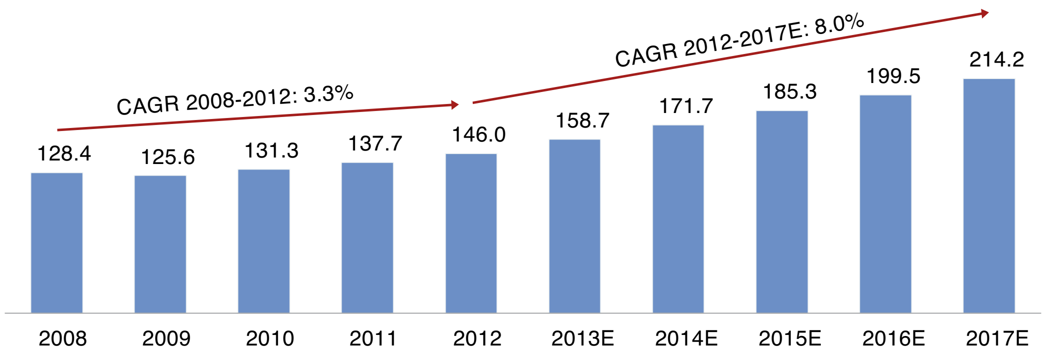
Specialty retailing offers consumers a depth of product offerings within a specific segment, thereby driving high targeted consumer foot traffic. The specialty retail industries in the Philippines are expected to continue their resilient growth trends going forward driven by rising disposable incomes, an expanding middle class, young demographics, growth in overseas remittances and a booming BPO industry.

The following charts illustrate the historical and projected retail sales and growth of the electronics and appliances retail, traditional toys and games retail, and apparel specialist retail industries in the Philippines.

Philippine electronics and appliances specialist retail sales

The following chart sets out the electronics and appliances specialist retail sales in the Philippines from 2008 to 2017E.

Philippine electronics and appliance specialist retail sales (₱ billion)



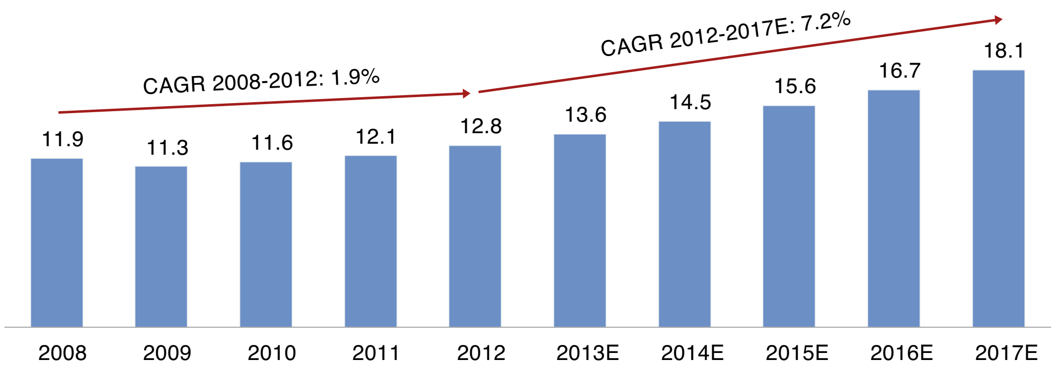
Source: Euromonitor

According to Euromonitor, between 2008 and 2012, electronics and appliances specialist retail sales grew at a CAGR of 3.3%, with total retail sales of ₱146.0 billion in 2012. From 2012 to 2017E, the market is forecast to grow at a faster CAGR of 8.0%, reaching ₱214.2 billion by 2017E.

Philippine traditional toys and games retail sales

The following chart sets out traditional toys and games retail sales in the Philippines from 2008 to 2017E.

Philippine traditional toys and games retail sales (₱ billion)



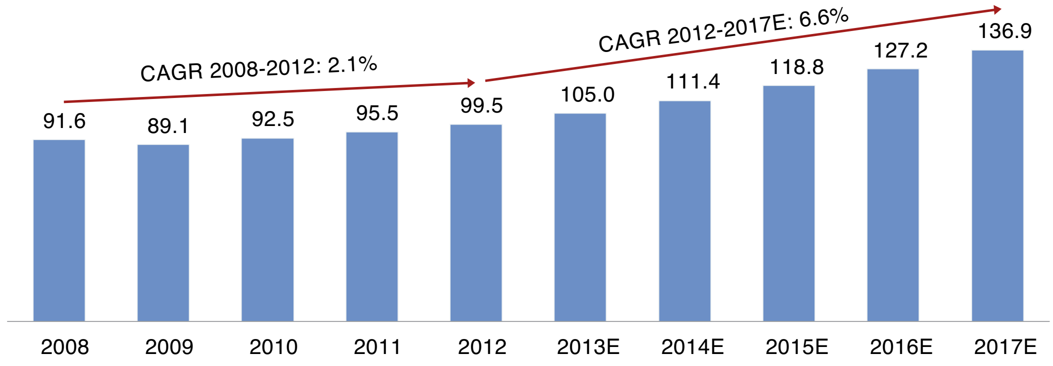
Source: Euromonitor

According to Euromonitor, between 2008 and 2012, traditional toys and games retail sales grew at a CAGR of 1.9%, with total retail sales of ₱12.8 billion in 2012. From 2012 to 2017E, the market growth is expected to accelerate, with a forecast CAGR of 7.2%, reaching ₱18.1 billion by 2017E.

Philippine apparel specialist retail sales (₱ billion)

The following chart sets out apparel specialist retail sales in the Philippines from 2008 to 2017E.

Philippine apparel specialist retail sales (₱ billion)



Source: Euromonitor

According to Euromonitor, between 2008 and 2012, apparel specialist retail sales grew at a CAGR of 2.1%, with total retail sales of ₱99.5 billion in 2012. From 2012 to 2017E, the market is forecast to grow more rapidly at a CAGR of 6.6%, reaching ₱136.9 billion by 2017E.

BUSINESS

Overview

We are one of the leading retail groups in the Philippines. According to Euromonitor's store-based retailing market share data, we are the second largest Multi-Format Retailer in the Philippines in terms of revenue in 2012. With over 30 years of retail experience, we possess a deep understanding of Philippine consumers and enjoy market leading positions across all of our business segments. Since the opening of our first *Robinsons Department Store* in Metro Manila in 1980, we have successfully expanded into five other business segments, entering into the supermarket business in 1985, the DIY business in 1994, the convenience store and specialty store businesses in 2000 and the drug store business in 2012. We operate our supermarkets, department stores and consumer electronics and appliances stores under the *Robinsons* brand name, which we believe is widely recognized and respected in the Philippines, and our other store formats under well-known international and domestic brands such as *Handyman Do it Best*, *True Value*, *Topshop*, *Topman*, *Toys "R" Us* and *Ministop*. We believe we operate one of the broadest ranges of retail formats of any retail group in the Philippines and accordingly, are well-positioned to capture the continuing macroeconomic growth in the Philippines, particularly the increase in disposable income and consumption of the middle-income segment, one of our key target markets.

The success of our multi-format business model is predicated on our ability to open stores in attractive locations with high customer traffic, such as in established business, commercial or residential centers, or at major crossroads. In identifying such locations, we benefit from our affiliation with RLC as we enjoy an anchor tenant status in each of its current malls. In addition, as we roll out our presence in a high traffic location, we are able to leverage our extensive portfolio of retail formats to establish the most appropriate store format to best cater to the needs of the local community. In this way, we are able to efficiently and profitably enter into new markets and foster new retail communities. As of June 30, 2013, we had a portfolio of 940 stores nationwide, with 428 stores in Metro Manila, 423 in Luzon (outside Metro Manila), 55 in Visayas and 34 in Mindanao, with a total net selling space of approximately 545,337 sqm.

We conduct our core retail operations in six business segments — supermarkets, department stores, DIY stores, convenience stores, drug stores and specialty stores:

Supermarkets. According to Euromonitor, we are the second largest supermarket operator in the Philippines in terms of revenue in 2012, with 75 stores as of June 30, 2013. Our supermarkets are operated under the *Robinsons Supermarket* brand name. We believe *Robinsons Supermarket* is the first major supermarket chain in the Philippines specifically positioned with a focus on health and wellness, and we believe this focus is a key point of differentiation from our competitors. Our supermarket business recorded net sales of ₱23,716 million, ₱25,643 million, ₱29,295 million, ₱13,390 million and ₱14,999 million, representing 52.7%, 52.6%, 50.6%, 52.7% and 47.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. Consignor-based sales represented 25.8% of supermarket revenues in the first six months of 2013.

Department Stores. According to Euromonitor, we are the second largest department store operator in the Philippines in terms of revenue in 2012, with 36 stores as of June 30, 2013. Our department stores are operated under the *Robinsons Department Store* brand name and offer a large selection of both local and international branded products that are grouped into six categories: (i) shoes, bags and accessories (including health and beauty aid products), (ii) ladies' wear; (iii) men's wear, (iv) children's wear, (v) household items; and (vi) others, focused on catering to middle-income customers. Our department store business recorded net sales of ₱9,552 million, ₱10,315 million, ₱11,374 million, ₱5,200 million and ₱5,534 million, representing 21.2%, 21.1%, 19.6%, 20.5% and 17.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We operate under a consignor and outright sales business model at our department stores and 94.0% of our department store segment revenues were derived from sales of consigned merchandise in the first six months of 2013.

DIY Stores. According to Euromonitor, we are the second largest operator of home improvement and gardening stores in the Philippines in terms of revenue in 2012. As of June 30, 2013, we operated 114 DIY stores under the brand names *Handyman Do it Best* and *True Value*, of which we are member-retailers in the Philippines, and *Howards Storage World,* of which we are the authorized franchisee in the Philippines. Each brand has its own specialized positioning, with *Handyman Do it Best* focused on affordable, high quality DIY and home improvement products, *True Value* positioned as an upmarket lifestyle home center, and *Howards Storage World* positioned as a themed concept store focused on storage organizers and space savers. Our DIY stores business recorded net sales of ₱4,878 million, ₱5,382 million, ₱6,195 million, ₱2,905 million and ₱3,365 million, representing 10.8%, 11.0%, 10.7%, 11.4% and 10.7% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We operate under a consignor and outright sale business model at our DIY stores and 71.0% of our DIY store segment revenue was derived from sales of consigned merchandise in the first six months of 2013.

Convenience Stores. We are the exclusive Philippine master franchisee of *Ministop* and according to Euromonitor, we are the second largest operator of convenience stores in the Philippines in terms of revenue in 2012. *Ministop* commenced operations in the Philippines in 2000 and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. As of June 30, 2013, we had a total of 345 *Ministop* stores, primarily located in Metro Manila, all of which are franchised to franchisees. We primarily generate revenue in our convenience stores business through selling merchandise to our franchisees and recorded net sales of ₱3,323 million, ₱3,481 million, ₱3,826 million, ₱1,898 million and ₱2,077 million, representing 7.4%, 7.1%, 6.6%, 7.5% and 6.6% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively. We also generate revenue from royalties received from our franchisees, amounting to ₱727 million, ₱770 million, ₱941 million, ₱490 million and ₱545 million in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively.

Drug Stores. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI, the third largest parapharmacy/drug store operator in the Philippines in terms of revenue in 2012 according to Euromonitor. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. As of June 30, 2013, South Star Drug operated 170 stores under its own brand and another 53 stores under the "*Manson Drug*" name. South Star Drug carries a wide range of prescription and over-the-counter pharmaceutical products together with a range of food, personal care and other products. The drug store business recorded net sales of ₱5,694 million for the full year of 2012, of which ₱2,443 million, being the net sales generated from August 1, 2012, was included in our consolidated results in 2012, and ₱3,017 million in the first six months of 2013, representing 4.2% and 9.6% of our total consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue) in 2012 and the first six months of 2013, respectively.

Specialty Stores. As of June 30, 2013, our specialty stores portfolio includes a chain of 42 consumer electronics and appliances stores operated by Robinsons Appliances Corp., which include 33 stand-alone stores operated under the *Robinsons Appliances* brand name, two concept stores under non-exclusive arrangements with existing suppliers and various concessionaire arrangements with third parties; the *Toys "R" Us* Philippine franchise, which operates 52 stores, and is the second largest traditional toys and games store operator in the

Philippines in terms of revenue in 2012 according to Euromonitor; a chain of 39 fashion retail stores which carries brands such as *Topshop*, *Topman*, and *Dorothy Perkins*; and 14 one-price-point stores under the *Saizen* brand name, under a license from Daiso Industries Co. Ltd. of Japan. Our specialty stores business recorded net sales of ₱3,543 million, ₱3,962 million, ₱4,762 million, ₱2,016 million and ₱2,503 million, representing 7.9%, 8.1%, 8.2%,7.9% and 7.9% of our consolidated net sales (prior to intersegment eliminating adjustments on intersegment revenue), for the full years in 2010, 2011, 2012 and the first six months of 2012 and 2013, respectively.

For the six months ended June 30, 2013, our consolidated net sales was ₱31,317 million, an increase of 24.1% from ₱25,234 million for the six months ended June 30, 2012. Net income grew by 98.4% to ₱1,272 million for the first six months of 2013 from ₱641 million for the first six months of 2012. Our consolidated net sales amounted to ₱44,559 million, ₱48,303 million and ₱57,393 million in 2010, 2011 and 2012, respectively. Our net income amounted to ₱456 million, ₱476 million and ₱1,345 million in 2010, 2011 and 2012, respectively.

Competitive Strengths

We believe our competitive strengths position us well to continue to capitalize on the growth in disposable income and consumer spending in the Philippines.

Leading and highly-diversified Multi-Format Retailer with presence across the Philippines

According to Euromonitor's store-based retailing market share data, we are the second largest Multi-Format Retailer in the Philippines in terms of revenue in 2012 and we believe we operate one of the broadest ranges of retail formats among our peers. Building upon the experience from our well-established supermarket and department store operations, we have continued to expand our business across a number of other attractive retail formats over the past 30 years, establishing market-leading positions in each format. Leveraging upon our scale and highly diversified portfolio of leading retail formats and brands, we enjoy strong bargaining power in securing prime retail locations at attractive terms. Our ability to lease multiple sites and deliver the most appropriate mix of retail formats for a specific target customer base at a given location makes us an attractive anchor tenant for landlords of shopping malls and other high traffic commercial centers and locations, which has allowed us to develop a strong and established presence across the Philippines. As of June 30, 2013, we had a presence across the Philippine archipelago with 428 stores in Metro Manila, 423 in Luzon (outside Metro Manila), 55 in Visayas and 34 in Mindanao.

Our multi-format business model and ability to obtain attractive locations also facilitate the growth of our newer business segments. For example, we are able to open *South Star Drug* stores in our *Robinsons Supermarket* stores and establish a *Toys "R" Us Toybox* section in our *Robinsons Department Stores*, when it may not be cost-effective or appropriate to establish a stand-alone store at a particular location. This allows such newer formats to benefit from the high customer traffic of our existing formats. Similarly, in locations where it is viable to establish several stand-alone stores, we are able to group a number of formats close together in an effective manner to increase customer traffic, for example by co-locating *Handyman Do it Best* stores with our *Robinsons Supermarket stores*.

In addition, our size and diversification as a Multi-Format Retailer provide us with broad exposure to Philippine consumers and help us capture a good mix of non-discretionary spending (through our supermarkets, drug stores and convenience stores) and discretionary spending (through our department stores, DIY stores and specialty stores), which help diversify both our growth drivers and potential commercial risks. By operating multiple retail segments with leading market positions across the country, we believe we are well-positioned to capture the continuing macroeconomic growth and increase in disposable income and consumption in the Philippines, particularly in the middle-income segment, one of our key target markets.

Large scale and complementary operations driving synergies and operating leverage

We believe our operational scale and complementary retail formats provide us with significant benefits and synergies. Such synergies include sourcing and purchasing benefits among complementary formats. For example, given our high volume of procurement of similar goods and services across formats such as supermarkets and convenience stores, we are able to negotiate for favorable prices from our suppliers. In addition, our multi-format operations and the frequent co-location of our stores provide us with opportunities for cross-selling and cross-marketing between businesses, which we believe increases customer traffic and average spending. In May 2013, we introduced the Robinsons Rewards Card, a loyalty card that allows holders to redeem accrued points across three of our retail formats, *Robinsons Supermarket, Robinsons Department Store and Toys "R" Us* stores. By the end of 2014, we expect the card to be accepted in the other retail formats, excluding *Ministop* and *South Star Drug* stores, for which the card is expected to be accepted in 2015. We believe the Robinsons Rewards loyalty program will be a powerful means of increasing customer retention and enhancing customer loyalty across our businesses.

Further, we increasingly benefit from economies of scale and operating leverage. As we continue to expand our operations, we are increasingly able to share centralized services, head office functions, existing infrastructure to minimize personnel costs and other fixed costs, and spread development costs across formats, to enhance our margins. In addition, we also generate scale benefits through increased negotiating power with landlords with respect to obtaining favorable rental rates.

Well-recognized market leading brands with distinctive brand propositions

The brands we operate under and carry include both well-recognized international brands as well as well-established local brands. The *Robinsons* brand name which we use for our supermarkets, department stores and consumer electronics and appliances stores, has over 30 years of history and we believe it has developed high brand recognition and symbolizes quality among Philippine consumers.

Our brands have each developed a well-defined brand proposition through their innovative and distinctive positioning. For example, we believe *Robinsons Supermarket* is the first major supermarket chain in the Philippines to focus on fresh food products which accounted for 17.2% of supermarket sales in the first six months of 2013, *Robinsons Department Store* takes pride in its private label clothing brands which accounted for 11.1% of department store sales in the first six months of 2013, and *Ministop* which we believe is the first mover in the on-site preparation of ready-to-eat products. Within our other retail formats, we also have a number of well-recognized brands such as *Handyman Do it Best* and *True Value* in DIY, *Topshop*, *Topman* and *Dorothy Perkins* in fashion specialty and *Toys "R" Us* in the toy specialty, each with its own distinctive brand image.

We believe that our well-recognized brands, with their unique and distinctive brand propositions, have contributed to our success in becoming the second largest Multi-Format Retailer in the Philippines while also enjoying market-leading positions in each of our formats. According to Euromonitor, in terms of revenue in 2012, we are the second largest operator of supermarkets, department stores and convenience stores and home improvement stores and the third largest parapharmacy/drug store operator in the country. Our multi-format business model, which allows us to establish multiple stores formats in a given location, combined with our brand leadership across multiple segments strengthens our position as the tenant of choice and enables us to enjoy strong bargaining power with landlords in securing prime retail locations and preferential rental rates. We believe the increased visibility and brand recognition of our stores will continue to strengthen our leading market positions.

Deep understanding of Philippine consumers with a proven track record of format extension and integrating new brands and retail concepts

Through our extensive history and retail experience, we believe we possess a deep understanding of Philippine consumers which has allowed us to establish a strong track record of revenue and earnings growth. Since the opening of the first *Robinsons Department Store* over 30 years ago, we have continued to successfully identify new opportunities and expand into a number of different retail formats, through both new store openings and acquisitions. According to Euromonitor, we are the second largest Multi-Format Retailer in terms of revenue in 2012 based on store-based retailing market share, with one of the broadest range of retail formats among our peers. We believe our experience and track record puts us in a strong position to continue to identify additional growth opportunities as well as successfully and seamlessly integrate new businesses in the future.

We have developed the *Robinsons* brand over several decades, and have established a strong reputation and track record of success across our formats. We have been able to capitalize on brand franchising and licensing opportunities by becoming the partner of choice for many international brand owners and retailers who have sought to benefit from an association with us, as well as the *Robinsons* brand in their expansion into the Philippines. In the apparel segment, we have developed an extensive brand portfolio with exclusive operating rights to renowned international fashion labels including *Topshop*, *Topman*, *Dorothy Perkins*, *Warehouse*, *Miss Selfridge*, *Ben Sherman* and *G2000*. In other segments, we have also successfully partnered with leading international retailers such as *Ministop* in Japan, *Toys "R" Us* in the United States, *Daiso* in Japan and *Howards Storage World* in Australia, as well as international cooperatives such as *Do it Best* and *True Value*.

Furthermore, our continued success has been recognized by trade associations and its trade partners. For example, in 2013, *Robinsons Supermarket* was awarded the Philippine Retailers Association's ("PRA") Outstanding Philippine Retailers Hall of Fame (Supermarket Category 2012) and a Chairman's Award from Unilever Philippines for Highest Organic Growth 2012; *Toys "R" Us* was awarded the PRA's Outstanding Filipino Retailers Foreign Brand Retailer Award, Category Killer 2012; *Topshop* was awarded the PRA Foreign Brand Retailer, Fashion Apparel, Medium Category 2012; Howards Storage World Philippines was awarded as the Master Franchisor of the Year 2012 ; and Robinsons Retail Group was awarded as one of the Top 10 Retailers in the Philippines in 2011 in the Retail Asia-Pacific Top 500 Awards and the Special 15th Year Award in the Ayala Malls Merchants Rewards in May 2013.

Strong infrastructure with advanced management information systems

As of June 30, 2013, we operated a network of 940 stores in the Philippines with a presence across the major regions. In order to operate our large-scale business efficiently and effectively, our operations are supported by advanced and customized information technology systems. Our world-class management information systems include a merchandise management system from JDA Software Group Inc. (formely JDA Worldwide, Inc.) and an advanced merchandise analytics solutions system developed by Manthan Systems, Pvt. Ltd. which allow us to analyze and optimize merchandise performance, and make proactive decisions on our day-to-day operations providing us with the ability to quickly and efficiently respond to changes in customer trends. We also deploy a POS system from Retalix Ltd., and have a sophisticated supplier portal system that allows us to collaborate with our suppliers, and through which suppliers have access to our database, providing them with the ability to manage their own inventory in real-time, helping to ensure consistently high service levels and facilitating more targeted marketing activities. Further, we use a warehouse management system to ensure just-in-time delivery and sufficient stock at our stores, thus optimizing inventory levels across our distribution centers and store network. Further, we utilize financial and asset management systems from SAP AG.

We believe our strong infrastructure and management information systems are invaluable in allowing us to maximize the efficiency of our operations, maintain optimal inventory levels and reduce costs and operating expenses. We believe our infrastructure is scalable to support the growth and expansion of all our existing as well as potentially new formats nationwide. We also plan to mitigate risks caused by unforeseen disasters through our disaster recovery site, which would ensure that our business operations will not be interrupted.

Highly experienced leadership and management team

Our leadership from the top down is encouraged to develop innovative business ideas to enhance our long term development. This corporate culture has driven our growth from a single department store to a leading nationwide Multi-Format Retailer.

Our Board leadership has inherited an entrepreneurial culture from the Gokongwei Family, with a strong emphasis on operating businesses in a financially prudent manner. We also have an experienced and dedicated management team with extensive retail industry experience across each of our operating formats. Many of our senior management team members have been with us since the commencement of our operation and instrumental in our development and growth. The general managers of each of our operating formats have an average of 22 years of experience in the retail industry. We continue to develop our management team through a policy of promoting from within that is supported by well-developed in-house and external training programs.

The close and continuous collaboration with leading global retailers across various formats has also enabled us to adopt many global best practices as well as to acquire market knowledge and international standards of operational excellence. We have obtained valuable technical, logistical and other support from our international partners.

Relationship with the JG Summit Group and the Gokongwei Family

We believe our relationship and synergies with members of the JG Summit Group enhance our competitive position. Generally, we believe that the strong reputation of the JG Summit Group contributes to the perception of us as a reputable partner and a successful and capable retail operator.

We enjoy an anchor tenant status in each of the malls owned by RLC which allows us to secure prime locations in each of its malls. We are also provided the first opportunity at an early stage to evaluate the commercial feasibility of establishing a store at a particular site where RLC intends to build a shopping mall, as well as to secure prime locations in RLC's new shopping malls to the extent that such a store opening is consistent with our expansion plans.

Further, Summit Media, also owned by the Gokongwei Family, is a leading consumer magazine publisher in the Philippines and offers us broad advertising exposure and frequent features in a wide range of media platforms such as magazines, digital, mobile and internet media as well as in outdoor media. In addition, Robinsons Bank, an approximately 60% owned subsidiary of JG Summit Capital Services, a wholly-owned subsidiary of JG Summit, and in which we own 40% of the total common shares, provides commercial banking services to our suppliers, consignors, business partners and employees.

Although we derive benefits from our relationships with members of the JG Summit Group and the Gokongwei Family, we believe that all of our transactions with those companies are conducted on an “arm’s length” basis.

Strategies

Our objective is to continue to strengthen our market position across all our formats through disciplined and strategic expansion, particularly in Visayas and Mindanao, and to continue to capture the increasing disposable income and consumption levels of the Philippines’ emerging middle class. We intend to achieve our objective through the following strategies:

Continue to leverage our multi-format retail platform to drive growth and increase profitability

We believe our multi-format business model provides us with multiple avenues to expand and strengthen our operations. Our diversified retail offering allows us to deliver a broad range of attractive shopping options which increases customer traffic and enhances the overall shopping experience in a particular shopping mall or location. We will continue to leverage this dynamic to secure prime locations and favorable rental rates from developers and landlords, further enhance same store sales growth and improve cost efficiency.

In terms of securing strategic locations and increasing our market penetration, we intend to accelerate our expansion efforts in provincial areas with a particular focus on second tier cities where we see high growth potential by (i) cooperating with other major developers in provincial regions, (ii) further establishing smaller format operations such as drug stores, *Ministop* stores and compact supermarket formats in more regional markets and (iii) developing community commercial centers in smaller catchment areas which are to be anchored by our various store formats. We will also continue to evaluate attractive opportunities to further strengthen our operations in existing geographic markets, including Metro Manila.

We plan to increase our total number of stores across all retail formats to approximately 1,400 by the end of 2014, from 940 stores as of June 30, 2013. Approximately half of the proposed new openings are planned for Metro Manila, with the remaining new openings planned for the rest of the country. Approximately 20% of the new stores are expected to be larger format stores (supermarkets, department stores and DIY stores).

We also plan to seek further cooperation opportunities with more international market players in our existing formats, in particular by adding more new fashion brands to our international fashion specialty portfolio.

Further enhance same store sales growth

We will continue to focus on providing products at competitive prices and increasing our customers’ average basket size by expanding our product range. We will also look to enhance our store environment for a higher quality shopping experience and continue to optimize our product offering by leveraging our management information systems to adjust our product mix in line with changing customer trends. For example, at *Robinsons Appliances* stores, we adjusted the product mix by offering more high-end appliances (e.g. Apple products, light-emitting diodes televisions, plasma televisions, side-by-side refrigerators, split-type air conditioners and digital single-lens reflex cameras), obtaining exclusive electronic and appliances models from the suppliers (e.g. General Electric, Electrolux and Toshiba) and improving in stock availability through advanced vendor forecasting. Same store sales growth increased from 1.0% in 2011 to 12.1% in 2012. We expect that similar such initiatives will continue to lead to increasing store traffic and will enable us to better capture the potential trading up of consumers in the Philippines to higher priced and higher quality products as disposable income continues to increase.

We will also continue to develop our private and exclusive labels to further differentiate our product offering from competitors, enhance brand recognition and increase repeat purchases. Furthermore, to facilitate cross-selling and cross-marketing between our formats, we will continue to explore co-location opportunities among our various retail formats. In addition, we recently introduced the Robinsons Rewards Card in May 2013. We believe this loyalty program, which will eventually allow holders to collect and redeem points across all our formats, will enhance our brand image and also increase customer loyalty. We expect that Robinsons Rewards Cards will be accepted in all of our retail formats, including *Ministop* stores and *South Star Drug* stores, over the next two years.

Further increase operating efficiency and margins

We intend to continue to leverage our multi-format business model and scale to realize greater synergies in sourcing and procurement and also to maximize our bargaining position with our suppliers and consignors. As we continue to grow our business, we negotiate for additional discounts for advertising support, product distribution, enlistment of new products, satisfactory service levels, volume purchase, offering preferential gondola placement and display to our suppliers, discounts for senior citizens and persons with disabilities, and supplier portal access, among others, to help increase our margins. We will also leverage our increasing bargaining power with landlords, to secure store places at prime locations and to seek attractive rental rates. Further, centralizing certain functions, such as information technology, marketing, intellectual property management and human resources functions across our operating formats has also helped control operating expenses. In the past three years, as a result of our cost control measures, our total operating expenses, as a percentage of total net sales, has remained relatively constant at 17.6%, 18.9% and 18.5% in 2010, 2011 and 2012, respectively.

In addition, we will look to improve margins through the optimization of our product offering mix. For example, we intend to increase the mix of higher margin non-pharmaceutical products from 40% to 50% at our drug stores by adding more beauty and healthcare products. We also intend to enhance the positioning of our convenience stores as a lifestyle store by strengthening its leadership in higher margin ready-to-eat products.

To further improve operating efficiency and productivity, we will continue to implement regular staff training. We will also continue to upgrade and enhance our unified information technology systems that will be implemented in a standard format across all existing and future formats and business segments.

Expand into new retail segments and pursue attractive acquisition opportunities

By leveraging the strong financial base provided by our established businesses, we intend to continue to explore expansion into new retail segments, such as home furniture, sporting goods, school and office supplies and coffee shops, which we believe will complement our existing portfolio, through new store openings and opportunistically through acquisitions. On July 8, 2013, Robinsons Gourmet Food and Beverage, Inc., a wholly-owned subsidiary of RI, was incorporated to engage in the business of establishing, operating and managing retail coffee shops and espresso shops. In addition, within our existing retail formats, we will also look to pursue acquisitions of smaller local supermarket chains, DIY, drug store chains and consider including *Babies "R" Us* as a concept store within the *Toys "R" Us* store as a prospective expansion in an effort to consolidate the market, strengthen our market position and increase scale efficiencies. We intend to evaluate and assess each potential acquisition based on, among other things, the reputation, track record and locations of the targets. To ensure the successful integration of acquired businesses, we intend to standardize the operating procedures of any newly acquired assets. Our track record of successfully identifying and integrating new retail formats and businesses provides us with the confidence to continue to execute such a strategy going forward.

History

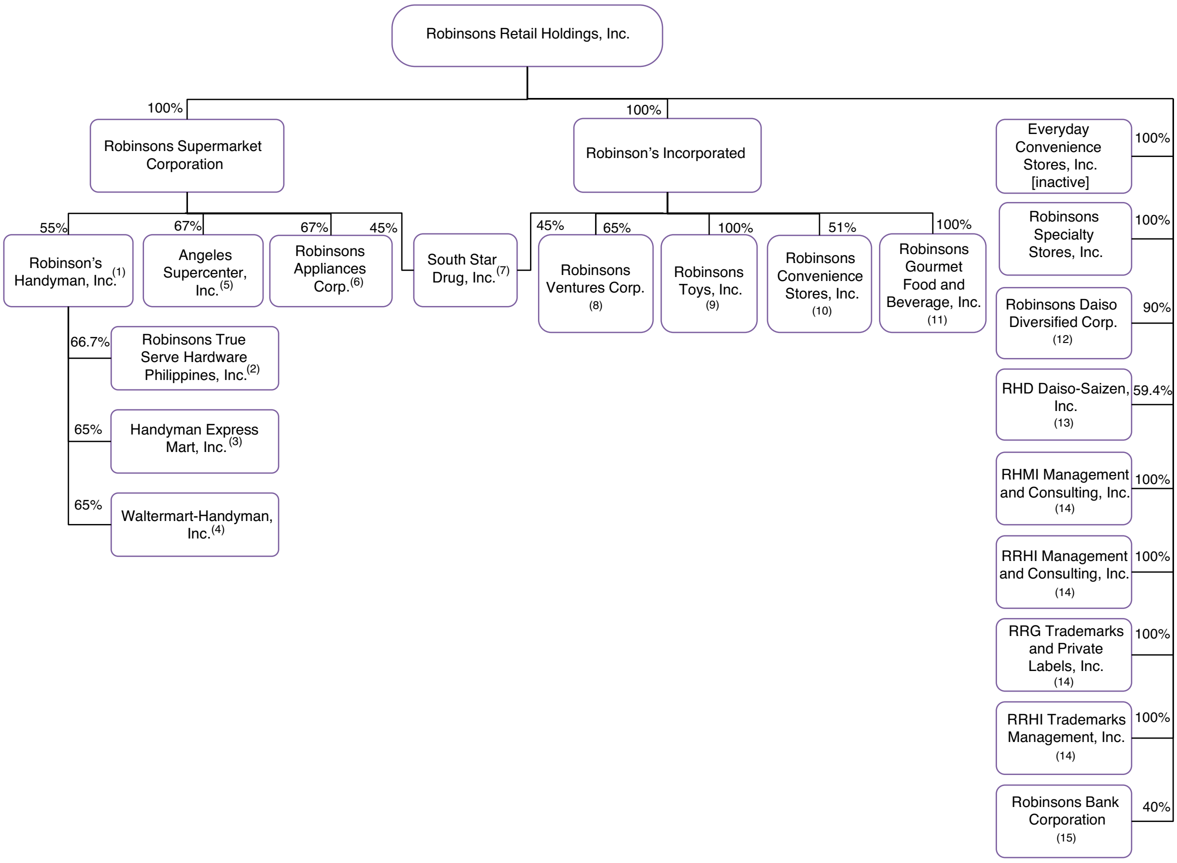
We were established in the Philippines on February 4, 2002. We had nine formats and 940 stores across six business segments as of June 30, 2013.

Set out below are key milestones in our group's history:

1980 ...	Opened our first ***Robinsons Department Store*** in Robinsons Place Manila, Metro Manila.
1985 ...	Opened our first ***Robinsons Supermarket*** in Robinsons Place Cebu, Cebu City.
1994 ...	Opened our first ***Robinsons Handyman Home Improvement Center*** in Robinsons Galleria, Quezon City, Metro Manila, in partnership with Herco Trading Inc., a hardware distributor.
2000 ...	Opened our first ***Ministop Convenience Store*** in partnership with Ministop Co. Ltd of Japan and Mitsubishi Corp.
2000 ...	Entered the fashion specialty format with the opening of United Kingdom-based fashion chains ***Topshop*** and ***Topman*** in Robinsons Place Manila, Metro Manila.
2000 ...	Opened our first ***Robinsons Appliances*** store in Robinsons Cebu, Cebu City.
2006 ...	Opened our first ***Toys "R" Us*** store in Robinsons Galleria, Quezon City, Metro Manila pursuant to a sublicense agreement with Toys R Us (Asia) Ltd. (formerly Toys (Labuan) Ltd.) of Hong Kong.
2007 ...	Acquired 66.7% the True Value chain from the Recto-Montinola family to operate five existing ***True Value*** DIY stores.
2009 ...	Opened our first one-price-point store under the name ***Saizen*** in partnership with Daiso Industries Co. Ltd. of Japan
2010 ...	Opened our first ***Howards Storage World*** store in Robinsons, Ermita, through a franchise acquired from Howards Storage World in Australia.
2011 ...	Launched company-wide the ***Robinsons Supermarket*** Value Plus loyalty card.
2012 ...	Signed a share purchase agreement with the Dy Family to acquire 90% of **SSDI** who owns and operates ***South Star Drug*** and ***Manson Drug***, the third largest parapharmacy/drug store operator in the Philippines with 223 stores nationwide as of June 30, 2013. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI, The acquisition represents a 90% ownership interest on the shares of stock of SSDI.
2013 ...	Launched our company-wide **Robinsons Rewards** loyalty card.

Corporate and Shareholding Structure

The diagram below sets out our corporate and shareholding structure as of June 30, 2013.



Notes:

1. RHMI is 55.0% owned by RSC and 45.0% by Wilfred Co. RHMI directly operates Handyman Do it Best stores and Howards Storage World stores.

2. Robinsons True Serve Hardware Philippines, Inc. ("RTSHP") is 66.7% owned by RHMI. The balance is owned by True Value Alabang Corp (19.7%), Amon Trading Corp (11.1%) and True Value Rockwell Corp. (2.5%). RTSHP operates True Value stores.

3. Handyman Express Mart, Inc. ("HEMI") is 65.0% owned by RHMI, with the 35.0% balance owned by the Tan family. HEMI operates Handyman Do it Best stores.

4. Waltermart-Handyman, Inc. ("WHI") is 65.0% owned by RHMI, with Abenson, Inc. owning 30.0% and the Lim family, the remaining 5.0%. WHI operates Handyman Do it Best stores.

5. Angeles Supercenter, Inc. ("ASI") is 67.0% owned by RSC, with the 33.0% balance owned by Abenson, Inc. As of June 30, 2013, ASI operates one Robinsons Supermarket.

6. Robinsons Appliances Corp. ("RAC") is 67.0% owned by RSC. The balance is owned by Abenson, Inc. and Waltermart Sta. Rosa, Inc., with each having a 14.7% interest, and the Lim family with a 3.7% interest. RAC operates Robinsons Appliances.

7. SSDI is 90.0% owned by RSC and RI, with each having a 45.0% interest. The remaining 10.0% is owned by T.D. Makao, Inc. SSDI operates drug stores under the banner of "South Star Drug" and "Manson Drug".

8. Robinsons Ventures Corp. ("RVC") is 65.0% owned by RI, while Abenson, Inc. owns 30.0% and the Lim family owns 5.0%. As of June 30, 2013, RI and RVC operated 32 and four Robinsons Department Stores, respectively.

9. Robinsons Toys, Inc. ("RTI") is wholly owned by RI. RTI operates *Toys "R" Us* stores and *Toys "R" Us Toybox* sections.

10. RCSI is 51.0% owned by RI. In March 2000, RCSI signed a shareholders agreement with Ministop Co. Ltd. and Mitsubishi Corp. As of June 30, 2013, Ministop Co. Ltd. and Mitsubishi Corp. had a 25.0% and 24.0% stake in RCSI, respectively. RCSI grants franchises for *Ministop* stores in the Philippines.

11. Robinsons Gourmet Food and Beverage, Inc., a wholly-owned subsidiary of RI, was incorporated on July 8, 2013, with the purpose of engaging in the business of establishing, operating and managing retail coffee shops and espresso shops.

12. Robinsons Daiso Diversified Corp. ("RDDC") is majority-owned by the Company at 90.0%, with the remaining 10.0% owned by Herco Trading, Inc. RDDC operates the Saizen stores as a sub-licensee of RHD Daiso-Saizen, Inc under a sub-license agreement.

13. RHD Daiso-Saizen, Inc. ("RHD") is majority-owned by the Company at 59.4%, while Daiso Industries Co. Ltd. of Japan owns 34.0% and Herco Trading, Inc., the 6.6% balance. RHD is the country licensee and non-exclusive Philippine distributor of Daiso Industries Co., Ltd.

14. The Company has established four (4) companies to administer and manage the trademarks of the subsidiaries as well as to centralize certain management functions. RHMI Management and Consulting, Inc. will handle management agreements in relation to companies with shareholdings owned by third parties; RRHI Management and Consulting, Inc. will handle management agreements for all wholly-owned companies; and RRHI Trademarks Management, Inc. will administer and own all marks that are wholly-owned by the Company while RRG Trademarks and Private Labels, Inc. will administer and own all marks that are registered to companies with shareholdings owned by third parties.

15. The Company owns a 40% of the total common shares of Robinsons Bank. JG Summit Capital Services, a wholly owned subsidiary of JG Summit, owns approximately 60% of the total common shares of Robinsons Bank.

Business Operations

Overview

We are one of the leading retail groups in the Philippines with market leading positions across several retail segments, and the second largest Multi-Format Retailer overall in the Philippines in terms of revenue in 2012 according to Euromonitor's store-based retailing market share data with more than 30 years of retail experience. We have more than 30 years of retail experience and we opened our first department store in Metro Manila in 1980. Since then, we have expanded into a further five business segments entering into the supermarket business in 1985, the DIY business in 1994, the convenience store and specialty store businesses in 2000 and the drug store business in 2012. We operate our supermarkets, department stores, and consumer electronics and appliances stores under the *Robinsons* brand name, which is widely recognized and respected in the Philippines, and our other store formats under well-known international and domestic brands such as *Handyman Do it Best, True Value, Topshop, Topman, Toys "R" Us* and *Ministop*. We believe we operate one of the broadest ranges of retail formats of any retail group in the Philippines and, accordingly, are well-positioned to capture the continuing macroeconomic growth together with the increase in disposable income and consumption in the Philippines, particularly in the middle-income segment, one of our key target markets. As of June 30, 2013, we had a portfolio of 940 stores nationwide, with 428 stores in Metro Manila, 423 in Luzon (outside Metro Manila), 55 in Visayas and 34 in Mindanao, with a total net selling space of approximately 545,337 sqm.

The following tables show our total revenue, total number of stores and total net selling space, as well as the breakdown for each of our business segments, as of and for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

	As of and for the year ended December 31,						As of and for the six months ended June 30, 2013	
	2010		**2011**		**2012**			
		(%)		**(%)**		**(%)**		**(%)**
Total net sales (₱ million)(1)	**44,559**	**100**	**48,303**	**100**	**57,393**	**100**	**31,317**	**100**
Supermarkets	23,716	53.2	25,643	53.1	29,295	51.0	14,999	47.9
Department Stores	9,552	21.4	10,315	21.4	11,374	19.8	5,534	17.7
DIY Stores	4,878	10.9	5,382	11.1	6,195	10.8	3,365	10.7
Convenience Stores	3,323	7.5	3,481	7.2	3,826	6.7	2,077	6.6
Drug Stores(2)	—	—	—	—	2,443	4.3	3,017	9.6
Specialty Stores	3,543	7.9	3,962	8.2	4,762	8.3	2,503	8.0
Eliminating adjustments	(453)	(1.0)	(480)	(1.0)	(502)	(0.9)	(178)	(0.5)
Total number of stores	**593**	**100**	**631**	**100**	**912**	**100**	**940**	**100**
Supermarkets	55	9.3	62	9.8	74(3)	8.1	75	8.0
Department Stores	29	4.9	33	5.2	36(3)	4.0	36	3.8
DIY Stores	82	13.8	92	14.6	111(3)	12.1	114	12.1
Convenience Stores	326	55.0	326	51.7	336	36.9	345	36.7
Drug Stores(2)	—	—	—	—	218	23.9	223	23.7
Specialty Stores	101	17.0	118	18.7	137	15.0	147	15.6
Total net selling space (sqm)(4)	**425,868**	**100**	**457,709**	**100**	**536,047**	**100**	**545,337**	**100**
Supermarkets(5)	132,384	31.1	144,645	31.6	169,056(3)	31.5	169,857	31.1
Department Stores(5)	174,472	41.0	185,830	40.6	207,788(3)	38.8	210,737	38.6
DIY Stores	62,935	14.8	67,253	14.7	75,916(3)	14.2	77,955	14.3
Convenience Stores	26,297	6.2	26,410	5.8	27,076	5.1	27,705	5.1
Drug Stores(2) (6)	—	—	—	—	21,431	4.0	21,786	4.0
Specialty Stores(6)	35,222	8.3	39,529	8.6	41,901	7.8	44,359	8.1
Eliminating adjustments	(5,442)	(1.3)	(5,958)	(1.3)	(7,121)	(1.3)	(7,061)	(1.3)

Notes:

1. The net sales after intersegment eliminating adjustments on intersegment revenue and excluding other income, i.e., the net sales of *Toys "R" Us Toybox* sections in department stores.

2. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. SSDI recorded net sales of ₱ 5,694 million in 2012, of which ₱2,443 million was included in our consolidated results from August 1, 2012. Accordingly, the drug store business segment reflects the consolidated figures from August 1, 2012.

3. On December 31, 2012, one supermarket, one department store and one DIY store, with net selling space of 2,174 sqm, 1,826 sqm and 952 sqm, respectively, were closed. These supermarket, department and DIY stores contributed ₱87 million (representing 0.3%), ₱35 million (representing 0.3%) and ₱111 million (representing 1.8%) to the net sales of the respective business segments in 2012. As such, the number of stores and net selling space for the supermarkets, department stores and DIY stores as of December 31, 2012 still included these closed stores and their respective net selling spaces.

4. The total net selling spaces of the Company after intersegment eliminations, i.e., the total net selling spaces of *Toys "R" Us Toybox* sections in department stores and the net selling spaces of drug stores in supermarkets.

5. The total net selling space of supermarkets includes the net selling space of the drug stores located in supermarkets. The net selling space of department stores include the net selling space of *Toys "R" Us Toybox* sections in department stores.

6. The net selling spaces of the drug stores and specialty stores include the total net selling space of the drug stores located in supermarket and *Toys "R" Us Toybox* sections located in department stores, respectively. The net selling spaces of the drug stores located in supermarket stores were 715 sqm in 2012 and 736 sqm in June 2013 while and *Toys "R" Us Toybox* sections located in department stores were 5,442 sqm, 5,958 sqm, 6,406 sqm and 6,325 sqm in 2010, 2011 and 2012, and for the six months ended June 30, 2013, respectively.

Consignor Arrangements

We sell some of the merchandise in our department stores, DIY stores and supermarkets through consignor arrangements. Consignors are suppliers who display their products in designated areas in our stores and sell their products through our stores. Generally, consignors are responsible for the design, display and fitting out of their counters at their own cost in accordance with our display policy guidelines. They are also responsible for the upkeep and maintenance of their designated areas.

For the three years ended December 31, 2010, 2011, 2012 and for the six months ended June 30, 2013, sale of merchandise purchased from consignors accounted for 43.9%, 44.9%, 42.7% and 39.6% of our total consolidated net sales.

Consignors are responsible for inventory management and, under the consignor arrangements, the consignors maintain ownership of their inventory and bear all the risks and costs of inventory management, including the risks associated with obsolescence, theft and damage. We pay consignors only for merchandise that is sold. See "Supermarket Business Segment — Products — Pricing" beginning on page 130 of this Prospectus.

We collect the gross proceeds from sales of consigned merchandise through our cashiers at the time of purchase by the customer, and book the entire amount of such sales as our revenue. At specified intervals of time (typically on the 15th of the month following the sales), we remit to the consignors the portion of the proceeds to which they are entitled as specified in their respective consignor agreement and we record this payment as our cost of merchandise. The difference between the proceeds from the sale of consigned merchandise and the portion remitted to the consignors is the gross profit derived from the consignor sales.

Consignors deploy their own staff, which have been trained by the consignors and are familiar with the consignors' products and brand, to engage in selling activities within our stores. We provide these staff with additional training to ensure consistent service levels at our stores and to familiarize them with our policies and procedures with which they are required to comply.

The term of our consignor agreements typically run for one to two years. The short term of the consignor agreements enables us to ensure consistent and quality service from our consignors and to adjust our mix of consignors, and, accordingly, our merchandise mix, in a timely manner. As a result, we believe that we are able to meet constantly changing consumer preferences and provide merchandise that target specific consumer trends and preferences.

Supermarket Business Segment

Overview

Our supermarket business segment is operated under the banner of "*Robinsons Supermarket*". According to Euromonitor, we are the second largest supermarket operator in the Philippines in terms of revenue in 2012. According to Euromonitor, Robinsons Supermarket had a market share of 9.2% as of December 31, 2012.

Robinsons Supermarket opened its first branch, Robinsons Supermarket Cebu Fuente, in 1985 and has since grown to reach a total 75 stores in 39 cities and seven municipalities throughout the country as of June 30, 2013 with a total net selling space of approximately 169,857 sqm and an average selling space of 2,265 sqm. Our supermarket business is supported by two distribution centers, the second of which was opened in 2012 in Pasig, Manila.

Our supermarket business is our largest business by sales and contributed 47.6% of our net sales for the first six months of 2013. The following table sets out the net sales, average basket size and same store sales growth of Robinsons Supermarket for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013.

	For the years ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
Net sales (₱ million)	23,716	25,643	29,295	13,390	14,999
Average basket size(1)(₱)	388	382	395	380	397
Same store sales growth (%) . .	4.7(2)	2.3	4.0	4.4	1.7

Notes:

1. The number of transactions were 61 million, 67 million, 74 million, 35 million and 38 million in 2010, 2011, 2012, and the first six months of 2012 and 2013, respectively.

2. The comparisons of net sales between 2009 and 2010 generated by the relevant stores.

We believe that Robinsons Supermarket is the first major food retailer in the Philippines to strategically focus its brand and product offering on health and wellness. We actively encourage consumers to adopt a healthy lifestyle by providing a wide range of high quality health and wellness products. Such products are given a specifically allocated section within each of our supermarkets and are made highly visible to our customers. We use nutritional labels to convey the nutritional values of such products, and such values are consistent with those used by the Food and Nutrition Research Institute of the Philippines ("FNRI"). We are in the process of obtaining FNRI certification for these products. We believe that Robinsons Supermarket's unique focus on providing health and wellness products will enable it to benefit from the trend towards healthier foods and lifestyles. Furthermore, we partner with well-established suppliers in the fresh food industry to ensure a consistent supply of high quality and nutritional fresh food products at affordable prices and to provide us with a competitive advantage.

Awards and accolades

In the last few years, Robinsons Supermarket has received various awards and accolades in recognition of its persistent efforts to manage the quality of its stores and products, including the following:

- Philippine Retailers Association's Outstanding Philippine Retailers Hall of Fame for the supermarket category in 2012;
- Business Achievement Award in 2011 and Chairman's Award Highest Organic Growth for 2012 awarded by Unilever Philippines, a supplier of Robinsons Supermarket;
- Trade Partner of the Year in 2011 awarded by Benby Enterprises, Inc., a major food supplier of Robinsons Supermarket;
- Gold Bagwis Excellence for Consumers Corporate Award 2011 awarded by DTI;
- Philippine Retailers Association's Outstanding Philippine Retailers Award in the supermarket category for 2011; and
- Best Managed Account for 2009 awarded by Benby Enterprises, Inc.

Stores

Store Network and Size

As of June 30, 2013, Robinsons Supermarket had 75 stores in 39 cities and seven municipalities throughout Metro Manila and the major cities of Luzon, Visayas and Mindanao, with a total net selling space of 169,857 sqm and an average net selling space per store of 2,265 sqm.

The following table sets out the number of stores, net selling space, average net selling space and net selling space growth of our supermarkets as of December 31, 2010, 2011 and 2012 and June 30, 2013.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Number of stores	55	62	74[(1)]	75
Net selling space (sqm)	132,384	144,645	169,056[(1)]	169,857
Average net selling space (sqm)	2,407	2,333	2,285	2,265
Net selling space growth (%)	9.0	9.3	16.9	10.2

Note:

1. On December 31, 2012, one supermarket with a net selling space of 2,174 sqm was closed. This supermarket contributed ₱87 million (representing 0.3%) to the net sales of the supermarket segment in 2012. As such, this closed supermarket was included in the number of stores and net selling space for stores as of December 31, 2012.

The following table sets out the store name, city, year opened and net selling space of our supermarkets as of June 30, 2013.

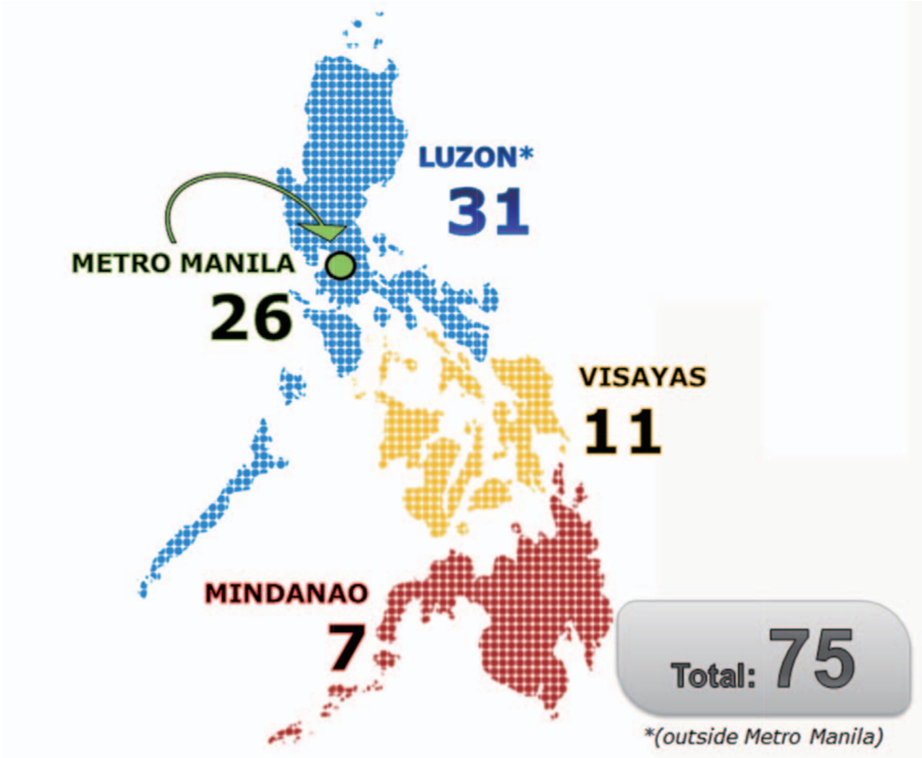
Store name	City	Year opened	Net selling space (sqm)
METRO MANILA			
Alabang	Muntinlupa	1988	3,610
Ortigas	Quezon City	1989	5,201
Tutuban	Manila	1995	2,106

Store name	City	Year opened	Net selling space (sqm)
Pasig 1	Pasig	2001	6,132
Quezon City 2	Quezon City	2002	1,363
Malabon	Malabon	2002	965
Quezon City 3	Quezon City	2004	632
Pioneer	Mandaluyong	2004	4,269
Quezon City 4	Quezon City	2004	1,026
Quezon City 1	Quezon City	2005	4,686
Marikina 1	Marikina	2007	1,747
Otis	Manila	2007	2,303
Quezon City 5	Quezon City	2008	2,195
Caloocan	Caloocan	2008	1,184
Parañaque 1	Parañaque	2008	1,605
Parañaque 2	Parañaque	2009	1,469
Ermita	Manila	2009	4,451
Mandaluyong	Mandaluyong	2009	1,423
Divisoria	Manila	2011	1,176
Pasig 2	Pasig	2011	1,316
Marikina 2	Marikina	2011	1,760
Pasig 3	Pasig	2012	857
Quezon City 6	Quezon City	2012	2,892
Quezon City 7	Quezon City	2012	2,739
Quezon City 8	Quezon City	2012	1,822
Pasig 4	Pasig	2013	1,399
LUZON (OUTSIDE METRO MANILA)			
Cavite 1	Cavite	1998	3,417
Laguna 1	Laguna	2000	1,599
Pampanga	Pampanga	2001	4,273
Laguna 2	Laguna	2001	2,092
Laguna 3	Laguna	2002	2,974
Angeles 1	Angeles, Pampanga	2002	1,837
Cavite 2	Cavite	2003	4,300
Batangas 1	Batangas	2003	3,824
Pangasinan 1	Pangasinan	2003	2,490
Angeles 2	Angeles, Pampanga	2003	1,770
Naga	Naga	2006	1,040
Cainta	Cainta, Rizal	2006	2,062
Tagaytay	Tagaytay, Cavite	2008	1,445
Cabanatuan	Cabanatuan	2008	2,455
Tarlac	Tarlac	2008	1,963
Bulacan 1	Bulacan	2008	2,658
Montalban	Montalban, Rizal	2009	3,100
Laguna 4	Laguna	2009	2,355
Ilocos Norte	Ilocos Norte	2009	2,281
Bulacan 2	Bulacan	2010	2,249
Bulacan 3	Bulacan	2010	1,323

Store name	City	Year opened	Net selling space (sqm)
Cavite 3	Cavite	2010	2,021
Isabela	Isabela	2011	1,783
Mindoro	Mindoro	2011	2,440
Laguna 5	Laguna	2011	2,030
Bataan	Bataan	2011	1,380
Pangasinan 2	Pangasinan	2012	2,746
Batangas 2	Batangas	2012	2,002
Palawan	Palawan	2012	2,612
Laguna 6	Laguna	2012	2,083
Cavite 4	Cavite	2012	2,504
VISAYAS			
Cebu 1	Cebu	1985	1,623
Bacolod 1	Bacolod	1996	2,822
Iloilo 1	Iloilo	2001	2,476
Cebu 2	Cebu	2005	1,963
Bacolod 2	Bacolod	2009	1,174
Tacloban	Tacloban, Leyte	2009	2,053
Dumaguete 1	Dumaguete	2009	2,283
Cebu 3	Cebu	2009	1,634
Cebu 4	Cebu	2010	1,516
Iloilo 2	Iloilo	2012	1,718
Ormoc	Ormoc, Leyte	2013	1,576
MINDANAO			
Cagayan De Oro 1	Cagayan De Oro	2006	3,069
Davao 1	Davao	2009	2,700
General Santos	General Santos	2009	2,998
Pagadian	Pagadian, Zamboanga del Sur	2010	1,671
Davao 2	Davao	2011	2,710
Cagayan De Oro 2	Cagayan De Oro	2012	1,102
Ozamiz	Ozamiz, Misamis Occidental	2012	1,332
Total net selling space			**169,857**

Store Locations and Premises

The following map illustrates the network of our supermarkets as of June 30, 2013.



The following table sets out the number of our supermarkets by region as of December 31, 2010, 2011 and 2012 and June 30, 2013.

	As of December 31,			As of June 30,
Region	**2010**	**2011**	**2012**	**2013**
Metro Manila	20	22	26	26
Luzon (outside Metro Manila)	22	26	31	31
Visayas.	9	9	10	11
Mindanao	4	5	7	7
Total	**55**	**62**	**74**[1]	**75**

Note:

1. On December 31, 2012, one supermarket was closed. This supermarket contributed ₱87 million (representing 0.3%) to the net sales of the supermarket segment in 2012. As such, this closed supermarket was included in the number of supermarkets as of December 31, 2012.

Our supermarkets are strategically situated in locations close to residential districts and near public transportation hubs of populous cities with a high flow of customer traffic. Historically, our supermarkets have typically been located within shopping malls and Robinsons Supermarket stores are "anchor" tenants of such shopping malls given our strong brand name and track record of attracting customer traffic. As of June 30, 2013, 63 out of our 75 supermarkets were located inside shopping malls and of these, 30 were located in shopping malls operated by RLC and which accounted for 58.0% of the supermarket segment's net sales as of December 31, 2012 and 55.3% as of June 30, 2013. The other 33 mall-based supermarkets are located in shopping malls of other major real estate developers with whom we have strong relationships, such as Ayala Land, Inc., Megaworld and Federal Land, Inc.

More recently, we have also considered establishing stores in prime locations such as densely populated residential neighborhoods and commercial centers and have 12 out of 75 supermarkets located outside shopping malls as of June 30, 2013. Our store opening strategy is focused on finding the right locations such as at major consumer crossroads, which means that our stores are all located at desirable locations with high customer traffic. As part of this strategy, we will also adjust our supermarket format as appropriate for a particular location. For example, where space to operate a full size supermarket with net selling space ranging from approximately 1,000 to 5,000 sqm is not available, we will operate a smaller compact store. As of June 30, 2013, we operated five compact stores with net selling space ranging from 500 sqm to approximately 1,000 sqm, which carry fewer SKUs than our regular supermarkets and focus on essential everyday products such as groceries and personal care products. We believe that these compact stores, which are conveniently located to residential areas, enable the Company to meet the demand of customers who do not frequently visit shopping malls, in a cost-effective manner.

In addition, we have entered into long-term land lease contracts with developers pursuant to which we have leased land situated within their "live-work-play" residential community projects on which we intend to build stand-alone commercial centers anchored on our supermarkets. Our supermarkets will be the anchor tenant in these commercial centers and a focal point for consumers which we believe will help create consumer traffic for the other food and service shops located around our stores. We are permitted to sub-lease a portion of these commercial centers to other food and service stores, subject to certain restrictions. We have entered into (i) a 25-year lease with Ayala Land, Inc. with respect to its project in Nuvali, Sta. Rosa, (ii) a 25-year lease with Accendo Commercial Corp. with respect to Ayala Abreeza Mall in Davao; (iii) a 15-year lease with Great City Development Corp. with respect to the BF Homes project in Parañaque; and (iv) a 20-year lease with Gerca Development, Inc., with respect to its Meycauayan project in Bulacan known as EMA Town Center.

Our principal long-term goal is to strengthen further our leading market position by expanding the number of our supermarkets in strategic locations, both in RLC's properties and also in properties and developments of other reputable real estate developers with whom we have developed strong relationships. We intend to proactively penetrate new regions in the Philippines in which we do not yet have a presence, including the outskirts of major cities in Visayas and Mindanao, which are largely underserved by large-scale national supermarket chains.

Store Layout and Operation

We employ standardized exterior designs and uniform store layouts, designed with customer convenience and operational efficiency in mind so as to ensure that our customers have an enjoyable and positive shopping experience while being able to control operating costs. In line with Robinsons Supermarket's strategic focus on providing fresh food and health and wellness products, these two sections are placed in proximity and close to the entrance of the store, with the health and wellness products highlighted in a well-presented destination area. Sales of the health and wellness products benefit from being located beside the fresh product, which is one of our top drivers of customer traffic. Grocery products and personal care products are placed in the middle and furthest from the entrance, respectively. Other key features of the store design include (i) refreshing colors with clean aisles and organized displays; (ii) grid design for the sales area; and (iii) uniform location of products for quicker navigation and ease of shopping across stores.

We are focused on providing a best-in-class shopping experience for our customers and on ensuring that we provide clean and well-lit shopping areas with modern ventilation and air-conditioning systems in our stores as well as convenient store layouts with a broad range of well-presented, categorized and easily accessible products. In addition, Robinsons

Supermarket also endeavors to ensure that polite and friendly employees are available to assist the customers with locating and selecting products. In addition, we place a large number of cash registers with quick-scan systems in our stores to shorten transaction times and minimize long lines.

The following pictures show the typical exterior designs and layout of our supermarkets.

The following picture shows the typical interior designs of our supermarkets.

Tenants

To provide our customers with a broader product and service offering, Robinsons Supermarket has lease or sub-lease agreements with tenants operating outside the selling area in its supermarkets. Such tenants are primarily operators of food stalls although South Star Drug, Robinsons Supermarket's affiliate, also frequently serves as a tenant in Robinsons Supermarket's stores and Robinsons Supermarket also seeks to always include a bakery as a tenant. The tenants do not bring significant rental income to Robinsons Supermarket, but we believe they attract additional shoppers by offering products complementary to those provided by Robinsons Supermarket, improving the overall shopping experience as well as providing opportunities for cross-selling and cross-marketing with other retail formats in the Company.

Products

Robinsons Supermarket divides its products into four categories: grocery; fresh and frozen food; personal care; and household goods and general merchandise. We typically derive higher gross margins from sales of fresh and frozen food as well as personal care products.

The following table sets out Robinsons Supermarket's sales mix per category and subcategory sales mix per category for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2013.

	For the years ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
		(%)		(%)
Food	77	76	76	75
Grocery	49	47	47	46
Fresh and frozen food	28	29	29	29
Non-food	23	24	24	25
Personal care	12	12	12	13
Household goods and general merchandise	11	12	12	12

Robinsons Supermarket offers a broad assortment of products at its supermarkets, including a large share of fresh and frozen food products as well as grocery products. Robinsons Supermarket's product assortment strategy aims to meet demand through targeted product mixes within each category and subcategory of products. Robinsons Supermarket adjusts its product assortment in each store based on the demographics of the store's customers as well as the size of the store to ensure that each store carries the optimal range of goods for its targeted customer base. Our supermarkets which target middle- to upper-income consumers offer more fresh goods, imported items and large high-value packs, while supermarkets which targets household consumers offer more promotional bundled packs and a mix of small and large packs. Our supermarkets which target the mass market offer many sachets of mainly local goods.

Private Label Products

Robinsons Supermarket currently has five private label brands, namely Robinsons Supersavers, Breeder's Choice Dog Food, Nature's Pure, Healthy You, and Butcher's Choice which carry a range of products manufactured by both local and foreign manufacturers. According to the Shopper Trend Study conducted by The Nielsen Company in 2011, Robinsons Supersavers, which was launched in 2004 and offers alternative products to mainstream third party brands at value for money prices, is the third most well-recognized label in the Philippines. Healthy You products are Robinsons Supermarket's own line of imported healthy and nutritional food products which are priced lower than those found in imported health products shops. On the other hand, Nature's Pure is one of Robinsons Supermarket's top selling water product in terms of units sold. Robinsons Supermarket's margins on private label products are, on average, higher than those achieved for third-party branded products in a similar category because manufacturers of our private label products do not incur marketing or advertising expenses, which allows Robinsons Supermarket to order large quantities at significantly lower prices. As a result, our private label products are also generally priced lower than similar brand-name products.

As of June 30, 2013, approximately 2,200 of the food product SKUs and approximately 350 of the non-food product SKUs out of a total of over 25,000 SKUs in Robinsons Supermarket's stores were private label products, and these products contributed to 6.5% sales of Robinsons Supermarket for the first six months of 2013. Robinsons Supermarket conducts detailed market research to evaluate its competitive advantage in developing its private label products and brands. We typically do not develop private labels for those products where there is significant brand awareness and customer loyalty, such as those products produced by the leading multinational or national companies.

Pricing

Robinsons Supermarket's pricing strategy is to set competitive prices for our products in each product category and provide value-for-money merchandise to its customers. We believe that our strategy on offering products at competitive prices for customers encourages customer satisfaction and "Robinsons Supermarket" brand loyalty. Robinsons Supermarket benchmarks its prices against its competitors' on a regular basis and adjusts the prices of goods sold in its stores with reference to various factors in terms of their cost, arrangements with suppliers and whether such goods are specially featured products. To determine appropriate benchmarks, each store surveys the prices of a basket of 200 top-selling items of its nearest competitors on a weekly basis.

Robinsons Supermarket and its suppliers also adjust prices from time to time in conjunction with specific in-store promotions. Furthermore, 50 to 100 SKUs are selected every two weeks to form the "WOW Low Low prices" series, and prices of these products, which are typically price sensitive products such as basic necessities and food staples, and are strategically set at prices lower than those of Robinsons Supermarket's competitors to increase customer traffic. The "WOW Low Low prices" series is promoted through Robinsons Supermarket's website and through print advertisement.

Robinsons Supermarket also employs a strategy of pricing slow-moving or excess product by offering promotional prices or a "buy-one-get-one-free" promotion for a short period of time to clear such products from its inventory.

Quality Control and Food Safety

Robinsons Supermarket has established strict quality control procedures in all of its stores and along the supply chain. Quality control is enforced at the distribution centers as well as at each individual store. Upon delivery of goods at Robinsons Supermarket's distribution centers, the goods are subject to random inspection which is conducted by receivers at the distribution centers. Any substandard goods are returned to suppliers directly from the distribution centers and lots are rejected in their entirety if the number of substandard products exceeds the maximum permitted level.

Upon delivery of the goods at our supermarkets from the distribution centers or suppliers, designated personnel at the stores receive the goods and conduct another inspection by sampling each lot being delivered. In addition, designated store personnel will check the physical state, package and quality of the products displayed in the store twice a day. For the products sold by our consignors, which are largely fresh products, in addition to their own quality control procedures, our supermarkets managers also closely monitor the quality of the products on a daily basis. On a monthly basis, a designated officer also visits our supermarkets and conducts quality control inspection in accordance with a standardized Clean and Fresh Standards checklist which has been compiled by Robinsons Supermarket. Furthermore, our supermarkets are also subject to thorough cleaning on a monthly basis, when all of the shelves and freezers are emptied for cleaning. Also, all stores are subject to unannounced inspections by local and national government regulators to ensure compliance with applicable regulations.

Robinsons Supermarket tracks expiration dates for all goods, and non-fresh products must have a remaining shelf life of 30 days to be displayed in the stores. As a matter of practice, expiring or expired products are returned to their respective suppliers. Meat and poultry products must be certified by the NMIS, and must follow cold chain management standards set by Robinsons Supermarket and its consignors.

Robinsons Supermarket upholds high food safety standards, and all products sold in the stores are certified by the FDA. Robinsons Supermarket's policy is to source its food products only from reputable food manufacturers.

Customers

Due to the nature of the operations, Robinsons Supermarket targets end consumers who either live within walking distance of its stores or those who use public transport to travel to their shopping destination. Therefore, Robinsons Supermarket seeks to ensure that its stores are located in areas close to major transportation hubs. Robinsons Supermarket targets primarily middle- to upper-income consumers.

Suppliers

With over 1,800 regular suppliers as of June 30, 2013, Robinsons Supermarket's supplier base is diversified between local suppliers such as San Miguel Corp. and URC and multinational corporations such as Nestle Philippines, Unilever and Procter & Gamble.

Robinsons Supermarket's top five suppliers together accounted for 26.0%, 26.1%, 26.3% and 26.2% of the net sales in 2010, 2011, 2012 and the first six months of 2013, respectively. For smaller local suppliers, Robinsons Supermarket seeks to partner with the best suppliers in each of the provinces. Robinsons Supermarket believes that its business as a whole is not dependent on any single supplier.

Robinsons Supermarket's strong relationships with its suppliers have resulted in business relationships of at least 10 years or more, particularly with the major suppliers. Each year, Robinsons Supermarket shows appreciation to its suppliers by hosting a Trade Partners Night to recognize outstanding performers of the past year and present them with trophies and plaques.

Consignors

Robinsons Supermarket believes that it is more efficient and competitive to partner with top consignors in the country with expertise in providing fresh food of high quality on a consistent basis. Accordingly, all fresh food items, such as meat and poultry products, seafood, dairy products, fruit and vegetables in Robinsons Supermarket stores are sold by consignors. Major consignors include Sunnyphil and San Miguel Foods Inc. Sales of products on consignment in our stores accounted for 23.7%, 24.9%, 25.5% and 25.8% of the net sales of Robinsons Supermarket in 2010, 2011, 2012 and the first six months of 2013, respectively.

Competition

The Philippine food retail market has become increasingly competitive in recent years. Robinsons Supermarket competes with both traditional sari-sari stores and modern retail operators, including hypermarkets, supermarkets, convenience stores and local grocery stores, on the basis of location, store ambiance, presentation, price, supply chain and additional benefits such as loyalty programs. According to Euromonitor, the top five operators of supermarkets in terms of 2012 revenue are SM Retail, Robinsons Supermarket, Rustan's Group, Puregold Price Club and Waltermart Supermarket. Each of these retail chains has an established presence in the Philippines and is continuing to open supermarkets in the same cities, and often in the same neighborhoods where we have opened or intend to open our supermarkets.

We believe that Robinsons Supermarket's key differentiator is its focus on health and wellness products. We believe we are one of the few retailers that provide a broad range of these products and support their growth through year-round promotions so as to encourage customers to adopt a healthier lifestyle. We believe that this and our focus on providing customers with a convenient, comprehensive and enjoyable shopping experience, sets Robinsons Supermarket apart from its competitors.

Department Store Business Segment

Overview

We started our retail business with the opening of Robinsons Department Store Ermita in Robinsons Place Manila, the first shopping mall established by RLC in 1980. Our department stores are operated under the "*Robinsons Department Store*" brand name. RDS was the second largest department store retailer in the Philippines based on total revenue in 2012 according to Euromonitor with a market share of 7.2%. RDS targets end user consumers in the aspiring middle-income market group.

As of June 30, 2013, we had 36 department stores in 28 cities and three municipalities throughout the country, with a total net selling space of 210,737 sqm and an average selling space per store of 5,854 sqm.

RDS is our second largest business and contributed 17.6% of our net sales for the first six months of 2013. The following table sets out the net sales, average basket size and same store sales growth of RDS for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013.

	For the years ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
Net sales (₱ million)	9,552	10,315	11,374	5,200	5,534
Average basket size[1](₱)	481	527	549	553	570
Same store sales growth (%) . .	5.3[2]	4.9	2.1	8.0	1.0

Notes:

1. The number of transactions were 20 million, 20 million, 21 million, 9 million and 10 million in 2010, 2011, 2012, and the first six months of 2012 and 2013, respectively.

2. The comparisons of net sales between 2009 and 2010 generated by the relevant stores.

RDS aims to provide its customers with an "all-in-one" shopping experience by offering a broad range of products and services across multiple segments, including merchandise sold by our other retail businesses. Our department stores offer merchandise across men's wear, ladies' wear, children's wear, shoes, bags and accessories and household items as well as provide ancillary services to our customers such as bills payment for basic utilities, show and concert ticket sales and foreign exchange transactions, through its in-store Robinsons Business Center. We believe that such a strategy positions our department stores as a destination venue for our customers and helps to improve customer traffic. In addition, this positioning allows us to leverage on our multi-format business model and provides strategic benefits to us as RDS is able to bring other formats into its stores such as DIY stores (*Handyman Do it Best* and *True Value*) and specialty stores (*Toys "R" Us* stores, *Robinsons Appliances* stores and *Saizen* stores). This is especially beneficial when our stores are located in regions outside Metro Manila, where it may not be as cost effective for the other formats to establish a stand-alone store in a particular location.

Stores

Store Network and Size

As of June 30, 2013, we had 36 stores in 28 cities and three municipalities throughout Metro Manila and the major cities of Luzon, Visayas and Mindanao, with a total net selling space of 210,737 sqm and an average net selling space of 5,854 sqm.

The following table sets out the number of stores, net selling space, average net selling space and net selling space growth of our stores as of December 31, 2010, 2011 and 2012, and June 30, 2013.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Number of stores	29	33	36[(1)]	36
Net selling space (sqm)	174,472	185,830	207,788[(1)]	210,737
Average net selling space (sqm)	6,016	5,631	5,772	5,854
Net selling space growth (%)	1.1	6.5	11.8	5.1

Note:

1. On December 31, 2012, one RDS' store with a net selling space of 1,826 sqm was closed. This department store contributed ₱35 million (representing 0.3%) to the net sales of the department store segment in 2012. As such, this closed department store was included in the number of stores and net selling space for stores as of December 31, 2012.

The following table sets out the store name, city, year opened and net selling space of our department stores as of June 30, 2013.

Store name	City/Municipality	Year opened	Net selling space (sqm)
METRO MANILA			
Ermita	Manila	1980	20,691
Ortigas	Quezon City	1990	17,340
Tondo	Manila	1995	2,720
Alabang 1	Muntinlupa	1998	8,249
Pasig	Pasig	2001	10,154
Alabang 2	Muntinlupa	2004	8,929
Pioneer	Mandaluyong	2004	4,241
Makati	Makati	2005	3,328
Malabon	Malabon	2007	2,587
Parañaque	Parañaque	2011	199
Quezon City	Quezon City	2012	7,249
LUZON (OUTSIDE METRO MANILA)			
San Fernando 1	San Fernando, Pampanga	2001	9,281
Imus	Imus, Cavite	2001	7,126
Los Baños	Los Baños, Laguna	2002	1,301
Angeles 1	Angeles, Pampanga	2003	2,283
Dasmariñas	Dasmariñas, Cavite	2003	5,905
Lipa	Lipa, Batangas	2003	7,301
Plaridel	Plaridel, Bulacan	2003	2,632
Angeles 2	Angeles, Pampanga	2004	3,400
Dagupan	Dagupan, Pangasinan	2006	3,201
Gapan	Gapan, Nueva Ecija	2006	3,306
Cabanatuan	Cabanatuan	2008	7,137
Ilocos	San Nicolas, Ilocos Norte	2009	5,181

Store name	City/Municipality	Year opened	Net selling space (sqm)
Calapan	Calapan, Mindoro Oriental	2011	3,160
Bataan	Balanga, Bataan	2011	1,559
Calasiao	Calasiao, Pangasinan	2012	5,390
Palawan	Puerto Princesa, Palawan	2012	5,844
VISAYAS			
Cebu	Cebu	1986	4,990
Bacolod	Bacolod	1996	6,083
Iloilo	Iloilo	2001	6,672
Tacloban	Tacloban, Leyte	2009	5,003
Dumaguete	Dumaguete	2009	5,998
MINDANAO			
Cagayan 1	Cagayan de Oro	2006	4,123
General Santos	General Santos	2009	6,928
Davao	Davao	2011	6,471
Cagayan 2	Cagayan de Oro	2013	4,775
Total net selling space			**210,737**

RDS determines its store size by reference to the size and location of the shopping mall in which its store is situated. For RDS' new developments, it targets store sizes with a net selling space in the range of 6,000 sqm to 10,000 sqm.

Store Locations and Premises

The following map illustrates our network of department stores as of June 30, 2013.

The following table sets out the number of RDS' stores by region as of December 31, 2010, 2011 and 2012, and June 30, 2013.

Region	As of December 31,			As of June 30,
	2010	2011	2012	2013
Metro Manila	9	10	11	11
Luzon (outside Metro Manila)	13	15	17	16
Visayas.	5	5	5	5
Mindanao	2	3	3	4
Total	**29**	**33**	**36**(1)	**36**

Note:

1. On December 31, 2012, one department store was closed. This department store contributed ₱35 million (representing 0.3%) to the net sales of the department store segment in 2012. As such, this closed department store was included in the number of department stores as of December 31, 2012.

Our department stores are all located in shopping malls which are typically located in prime and strategic locations in terms of access to its target customer segment and neighboring developments. Such shopping malls typically have a middle-market positioning with its target customers being aspiring middle-income professionals. Other determining factors for the location of an RDS' store include the population and amount of disposable income per household of the catchment area and the existence of commercial establishments in the neighborhood. We believe that the location of RDS' stores in these prime and strategic areas is one of the key success factors for its operations as it ensures a steady flow of customers into the stores.

As of June 30, 2013, 21 out of 36 RDS' stores were located in shopping malls operated by RLC. Historically, RDS has also entered into arrangements with other major Philippine property developers, such as Ayala Land Inc. and Filinvest Land Inc. to establish stores in their shopping malls. Building strong and stable relationships with a number of reputable property developers allows RDS access to new shopping malls in prime locations and to accelerate the pace of its expansion and more quickly capture market opportunities. RDS is currently focused on expanding in more regional geographies and in key cities such as Maxilom of Cebu City, San Pedro of Laguna, Jaro of Iloilo and Tuguegarao of Cagayan Valley, while also continuing to pursue opportunities in Metro Manila.

Store Layout and Operation

Each of our department stores adopts a standardized exterior designs and interior layout specifically designed to best capture consumer purchasing behavior and expected customer flow, and also takes into consideration the space required for a particular department within the store. For example, men's wear is typically located on the ground floor of a store because accessibility and convenience are important influences on a male customer's buying decision. Ladies' wear, which requires more space, is usually located on the second or third floor. Each department within the store adopts a slightly different concept and image to differentiate themselves from each other. In addition, RDS strives to provide an enjoyable and vibrant shopping experience for its customers by, for example, using visual merchandising and displays, using mannequins to display products, providing bright lighting and by providing clean and tidy store areas.

The following picture shows the typical interior designs of our department stores.

Merchandise Sales

Merchandise sales in our stores comprise both consignor sales and outright sales with consignor sales comprising the majority of department store net sales historically.

Consignor Sales

Most of the merchandise in our department stores, notably for branded fashion and apparel, are sold through consignor arrangements. As of June 30, 2013, RDS had approximately 1,000 consignors. Sales of consignor merchandise accounted for 94.0% and 94.0% of RDS' net sales for the year ended December 31, 2012 and for the six months ended June 30, 2013, respectively. Typically, as well as being responsible for the merchandise and inventory management, consignors are also responsible for the design, display and fitting out of their store areas at their own cost under the display policy guidelines set out by RDS. They are also responsible for the repair and maintenance of their store areas. As of June 30, 2013, RDS' five largest consignor brands were Jag apparel, Crissa ladies' apparel, Lee apparel, Burlington undergarments and furnishings and Bench apparel, all of which are well known brands in the Philippines. The five largest consignor brands accounted for 10.8% of RDS' new sales in the year ended December 31, 2012 and 11.1% for the six months ended June 30, 2013. Toys "R" Us is one of the RDS' featured consignors and operates the toy sections of all RDS' stores known as "Toy Box".

Outright Sales

For outright sales, RDS sources and sells its own direct-purchase merchandise in its stores. Most of its outright sales consist of cosmetics and perfumery and health and beauty aid products. RDS' outright sales include a private label named Essentials that carries paper products. As of June 30, 2013, L'Oreal, Unilever, Kraft Foods, Procter & Gamble and Johnson & Johnson were RDS' largest outright sales suppliers. The five largest outright sales suppliers accounted for 1.6% of RDS' net sales in the year ended December 31, 2012 and 1.5% for the six months ended June 30, 2013.

RDS has a stable and long-standing business relationship with the majority of its suppliers, which includes national and international leading brands, many of which have had business relationships with RDS of over 20 years. The good business relationship with its suppliers enables RDS to offer a portfolio of quality merchandise.

Merchandise

RDS offers an extensive range of products across multiple categories including shoes, bags and accessories (including health and beauty aid products), ladies' wear, men's wear, children's wear, shoes, bags and accessories, household items and others. Our department stores focus on serving broadly encompassing the upper middle-income and middle-income consumers as well as consumers from the mass market and carry both international and local brands and products that specifically appeal to those particular customer segments. Product and brand mixes vary from store to store and its stores' merchandising strategies are determined in particular by local consumer preferences, customers' spending power, competition and store location. We have a centralized Merchandising Department that is responsible for formulating an overall merchandising strategy and merchandise procurement. The Merchandising Department works closely work with store managers to adjust the product and brand mix for each store.

The following table sets out RDS' sales mix per category for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2013.

	For the years ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
		(%)		(%)
Shoes, bags and accessories (including health and beauty aid products)	33	33	33	36
Ladies' wear	20	20	20	21
Men's wear	18	19	19	20
Children's wear	14	14	14	12
Household items	13	12	12	10
Others	2	2	2	1

Some of the brands featured in RDS' stores include:

Fashion

Arrow	BENCH	Burlington	CRISSA	Daniel Hechter and Kenneth Cole
Dickies	ELLE	Espada	FUBU	Guess
JAG	Lee	Miss Sixty	Von Dutch	Wrangler

Cosmetics

Shiseido	L'Oreal	Max Factor	Maybelline	Revlon
Elizabeth Arden				

Perfumery

Bulgari	Burberry	Calvin Klein	Ralph Lauren	Lanvin
Salvatore Ferragamo	Versace			

Watches

Certina	Fossil	Ingersoll	Michael Kors	Philip Stein
TW Steel				

Merchandising

RDS offers only leading and well-recognized international and domestic brands in its stores. RDS continually looks to optimize its assortment of brands for each store by continuously reviewing the performance of brands in each product category and replacing the worst performing brands with new brands, which also helps to keep each store's product assortment fresh and up-to-date. On an ongoing basis, brands are assessed on the basis of their performance in specific stores and also across RDS' store network and also at a store level. RDS also conducts periodic reviews on the sales performance of its specific consignors and replaces those that have performed poorly to better align its brand and product mix with changing consumer preferences. As a result, our department stores change their layouts to expand growing categories. Before introducing a new brand, RDS usually considers criteria including (i) brand equity; (ii) potential sales and margin; and (iii) competitive price points in relation to the market segment it intends to serve. Our base requirement in opening a new store is to carry the top five to ten brands in each category. Depending on the size of the store, we then introduce other leading brands in each category to complete the brand assortment.

RDS maintains close relationships with its consignors and suppliers for its outright sales to ensure that it is able to continuously offer a broad range of merchandise. The consignors that carry competitive brands with a complete assortment of merchandise are placed in areas visually supported by graphics and unique fixtures, while suppliers of direct-sale merchandise are used to complete our product assortment and provide product differentiation. RDS also intends to continue to expand its business to become the partner of choice for international fashion brands by leveraging the retail experience of our international fashion specialty business.

Private Label Merchandise

As part of its product strategy to differentiate itself from competitors, RDS strives to provide exclusive, affordable and stylish fashion to its customers through developing private labels merchandise that can strengthen brand recognition and attract repeat customers. RDS' private label brands and products are spread across nine product lines, including men's wear, ladies' wear, children's wear, teen's wear, ladies' shoes, undergarments, health and beauty, men's and ladies' accessories and household items. RDS' featured private labels include Liberte, All About Kids, Home Essentials, Punkberry, Privileged and Portside.

RDS carries private label brands and each brand is distinct from each other in terms of brand positioning and product segment and do not compete with one another. As private label brands become more successful and increase in scale, typically the management of such brands and production of their products is contracted to a third party manufacturer and are sold exclusively in RDS department stores under a consignor sales arrangement. However RDS still oversees the brand management and provides general design concepts for those brands and this arrangement allows RDS to focus on these value-adding operations. As of June 30, 2013, RDS carried 92 private label brands that accounted for 11.5% of RDS' sales in 2012 and 11.1% of RDS' sales in the first six months of 2013.

In addition, RDS strives to increase the growth and penetration of its private labels brands by investing more resources on in-store marketing of its private label merchandise, and displaying them in a more visible location in RDS' stores. RDS intends to continue its efforts to develop private labels that will provide stylish and affordable fashion to our customers and further differentiate us from our competitors.

Quality Control

RDS strives to provide high-quality merchandise to its customers. In each of our stores, the relevant Division Merchandise Manager is responsible for quality control. In relation to the consignor and outright sales merchandise, the consignors and suppliers conduct independent quality control according to their internal procedures. However, in accordance with RDS' strict selection process for consignors, we also conduct our own quality control procedures by sampling new styles and inspecting merchandise on delivery. In relation to private label merchandise, we conduct quality control procedures such as wash testing on samples provided to us by the manufacturers prior to mass production. In addition, RDS' staff at each department store inspects the merchandise upon delivery at the stores and again prior to its display.

Pricing

For national and international branded merchandise, cosmetics and beauty products, consignors set the suggested retail price. RDS does not generally deviate from the suggested retail price provided by these consignors, and these consignors are not expected to price their products in RDS' stores higher than they do elsewhere in the Philippines. In consultation with these consignors, RDS determines the terms under which consignors provide certain discounts on their products during sales promotions and events. For non-national and non-international branded merchandise, prices are determined jointly by RDS and the consignors at competitive prices usually lower than the national brands.

For outright sales items, RDS determines the retail price and conducts market research on pricing, in particular on price sensitive items, to ensure that the prices it sets are competitive in the market.

For private label products, RDS uses the prices of other branded products in a similar category as a benchmark for pricing, and RDS has discretion to set the prices within a range pre-agreed by the manufacturers.

Customer Service

We believe that the primary objective of customer service is to increase customer satisfaction, operational efficiency and customer loyalty and that customer service is an important part of our proposition to customers. Apart from serving in-store customers in a helpful and courteous manner, by assisting them in locating products within or across our stores to ensuring fast check outs and minimizing waiting times, our department stores also provide various amenities to the shoppers such as alteration and gift-wrapping services.

In addition, as part of providing an "all-in-one" shopping experience to our customers, a Robinsons Business Center is located in 35 out of our 36 stores, where our customers can settle bills for basic utilities, purchase show and concert tickets, complete foreign exchange transactions, buy RDS gift certificates, phone and internet loads and book Cebu Pacific Air flights. We believe that this is a key service differentiator for our customers.

Customers

RDS primarily targets middle- to high-income consumers. RDS strategically adjusts its product mix within different stores to account for variances in income levels and customer demographics. To do this, RDS groups its stores in relation to three average basket sizes, average basket size of ₱600 and above, ₱450 to ₱599 and less than ₱450, and monitors merchandise trends for each category of store. RDS then uses these observations as a further tool to determine the appropriate mix of merchandise to be carried in each store as well as to develop its expansion strategy.

Competition

The Philippines department stores industry is dominated by a few operators. According to Euromonitor, SM Retail, RDS, Rustan are the top three market participants that target the middle- and upper middle-income consumer segments. RDS competes with major department store operators on the basis of location, brand recognition, store image, presentation, price, understanding of fashion trends and market demand and value-added customer services. Each of the competing department store chains has an established presence in the Philippines and is continuing to open department stores in the same cities, and often in the same neighborhoods, where RDS has opened or intends to open its department stores.

We believe that RDS' key differentiator is its private label brands. Apart from increasing RDS' brand visibility as a department store, offering exclusive, high-quality yet affordable private label products helps to drive repeat purchases by customers and improve store traffic. We believe that RDS is unique among its principal competitors in its focus on private label products. We believe another important differentiator is RDS' partnerships with our international fashion specialty business.

DIY Store Business Segment

Overview

We are the second largest operator of home improvement and gardening stores in the Philippines in terms of revenue in 2012, with a 9.1% market share according to Euromonitor. Operating under the brand names of "*Handyman Do it Best*", "*True Value*" and "*Howards Storage World*", we have a wide network of stores located in RLC malls, major shopping centers, and other key commercial centers. As of June 30, 2013, we operated 114 stores in 38 cities and 32 municipalities in the Philippines. We also operated one distribution center in Pasig, Manila, which was expanded in 2012 to reach a size of 7,000 sqm.

We commenced operation of Handyman stores in 1994 in partnership with Herco Trading Inc, a DIY wholesaler, and established our first Robinsons Handyman Home Improvement Center in Robinsons Galleria, Quezon City, Manila. In 2001, we became a national member of Do it Best Corporation, one of the largest DIY cooperatives in the United States in the home improvement industry which provides us with access to a supply of approximately 67,000 SKUs at low up-front prices. Handyman Do it Best receives weekly drop shipment deliveries from over 200 Do it Best accredited suppliers and also through the retail service centers of Do it Best Corporation. Handyman Do it Best also receives rebates from Do it Best Corporation that enables it to reinvest in expanding merchandise selection, adding additional stores, and making capital improvements. In 2007, we established our 50th *Handyman Do it Best* store.

In 2007, we acquired a 66.7% interest in True Value, and started operating the five existing *True Value* stores in the Philippines, an upscale lifestyle home center in addition to *Handyman Do it Best* that targets the middle-income market. True Value sources favorably-priced merchandise through our membership with True Value Company, which is organized as a cooperative and is one of the largest member-owned wholesalers of DIY and related merchandise in the United States. As a result of being a member retailer, we are able to source products at lower prices and earn patronage dividends based on our purchases from True Value Company. As a member of the cooperative, we are entitled to use the trade name True Value and have access to certain True Value private label products.

In 2007, we also acquired the exclusive Philippines franchise for Howards Storage World, a themed concept store that provides storage solutions and organizational products. We receive products and store design assistance from Howards Australia, the Howards Storage World franchise owner.

The following table sets out the net sales included in our consolidated results, average basket size and same store sales growth of our DIY stores for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013.

	For the years ended December 31,			For the six months ended June 30,	
	2010	**2011**	**2012**	**2012**	**2013**
Net sales (₱ million)	4,878	5,382	6,195	2,905	3,365
Average basket size[(1)] (₱)	427	448	476	441	501
Same store sales growth (%) . .	5.6[(2)]	4.7	7.2	11.2	6.1

Notes:

1. The number of transactions were 11 million, 12 million, 13 million, 7 million and 7 million in 2010, 2011, 2012, and the first six months of 2012 and 2013, respectively.

2. The comparisons of net sales between 2009 and 2010 generated by the relevant stores.

Awards and accolades

In recognition of our successful management of the DIY stores, we have received the following recent awards:

Handyman Do it Best . . . .
- Certificate of Appreciation by Tahanang Walang Hagdanan, Inc. in 2013, a non-stock, non-profit and non-government organization;
- Purchase Award by Do it Best Corporation in 2007, 2008, 2009, 2010 and 2012 for our purchasing levels and timely settlement of invoices;
- WD40 Recognition of Valuable Contribution by WD-40 Company in 2012;

True Value . . . .
- Testament of Appreciation by Caritas Manila in 2013;
- Certificate of Recognition by Servathon (Hands on Manila) in 2009, 2010, 2011 and 2012;
- Outstanding Achievement in Sales and Marketing of True Value Paint Products by True Value Company in 2012;
- Top Retailer Award by True Value International, USA in 2011;
- Member Recognition Award by True Value International in 2009; and

Howards Storage World . .
- Master Franchisee Award by Howards Australia in 2012.

Stores

Store Network and Size

As of June 30, 2013, we had 114 stores in 38 cities and 32 municipalities in the Philippines, with a total net selling space of approximately 77,955 sqm, and an average net selling space of approximately 684 sqm.

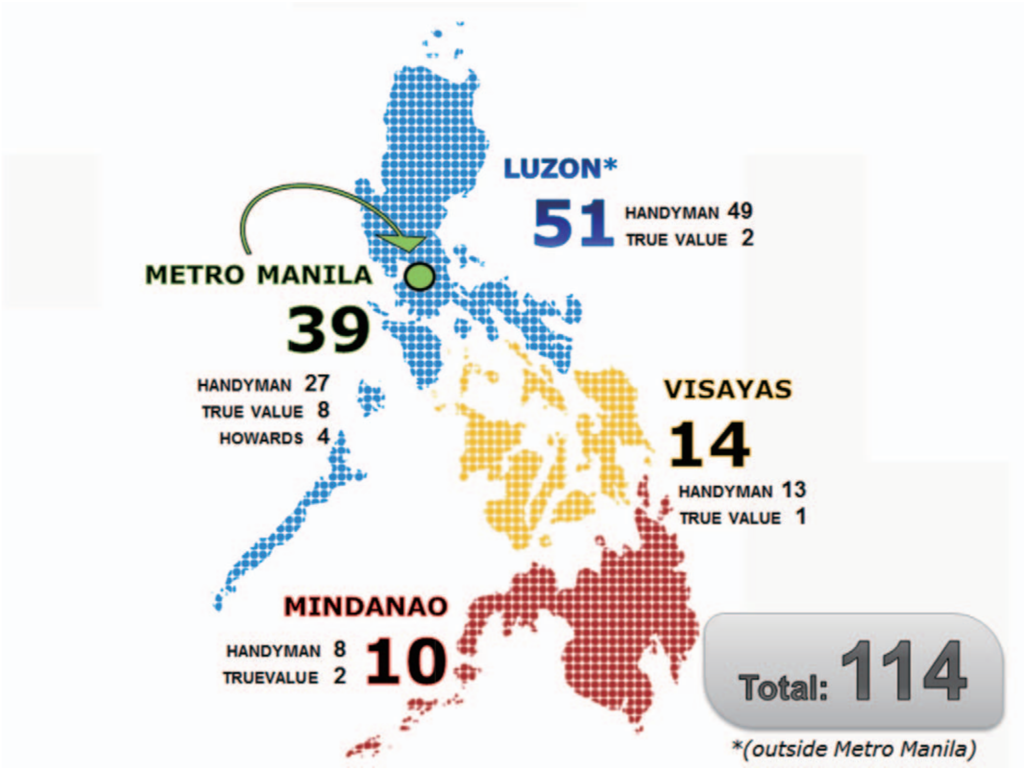
The following table sets out the number of stores, net selling space, average net selling space and net selling space growth of our DIY stores as of December 31, 2010, 2011 and 2012 and June 30, 2013.

	As of December 31,			As of June 30,
	2010	**2011**	**2012**	**2013**
Number of stores	82	92	111[1]	114
Net selling space (sqm)	62,935	67,253	75,916[1]	77,955
Average net selling space (sqm)	767	731	684	684
Net selling space growth (%)	8.2	6.9	12.9	11.6

Note:

1. On December 31, 2012, one DIY store with a net selling space of 952 sqm was closed. This DIY store contributed ₱111 million (representing 1.8%) to the net sales of the DIY store segment in 2012. As such, this closed DIY store was included in the number of stores and net selling space for stores as of December 31, 2012.

The following map illustrates the network of our DIY stores as of June 30, 2013.



The following table sets out the number of our DIY stores by region as of December 31, 2010, 2011 and 2012, and as of June 30, 2013:

	As of December 31,			As of June 30,
Region	**2010**	**2011**	**2012**	**2013**
Metro Manila	29	30	38	39
Luzon (outside Metro Manila)	35	41	50	51
Visayas.	13	13	14	14
Mindanao	5	8	9	10
Total	**82**	**92**	**111**[(1)]	**114**

Note:

1. On December 31, 2012, one DIY store was closed. This DIY store contributed ₱111 million (representing 1.8%) to the net sales of the DIY store segment in 2012. As such, this closed DIY store was included in the number of DIY stores as of December 31, 2012.

We select our locations for our DIY stores based on expected customer traffic of a particular location and the buying power of customers located in the vicinity as well as our relationship with the mall operator. We seek to establish ourselves in more locations where middle-income consumers tend to shop, for example by co-locating more DIY stores inside Robinsons Supermarket stores and Robinsons Department Stores. Since our currently-planned expansion is predominantly mall-based, we intend to continue to draw customers away from traditional DIY stores by offering a clean, spacious and comfortable shopping environment and easily accessible store locations. Where supported by the economic demographics of a mall, we will locate Handyman Do it Best and True Value stores together to appeal to a wider segment of middle- to upper-income consumers.

Store Layouts

Our DIY stores adopt standardized store layouts that are required to be pre-approved by the principals of Do it Best USA, True Value USA, and Howards Australia, respectively. As a member-retailer of Do it Best USA and True Value USA and as a franchisee of Howards Australia, we are required to follow prescribed standards in relation to (i) the design of store entrances including colors and fonts; (ii) the design of all store signage; (iii) the color of the gondola; and (iv) customer service counters and POS counters. Floor plans illustrating adherence to the above are submitted to the principals for approval prior to execution.

The following picture shows the typical exterior designs of Handyman Do it Best stores.

The following picture shows the typical exterior design of our True Value store.

The following picture shows the typical exterior design of our Howards Storage World store.

Products

Under the three brand names, our DIY stores offer a wide range of products ranging from electrical supplies, tools and car accessories to storage products and organizers. As of June 30, 2013, we offered over 80,000 SKUs sold across all our stores. However, each brand has a distinctive positioning and offering and as a result, the product mix among each of the brands is differentiated as highlighted below.

Handyman Do it Best. Handyman Do it Best carries thousands of affordable and high quality imported DIY and home improvement products meant to satisfy the various needs of homeowners, project owners, builders and designers for repair, home improvement, renovation and construction. These products, comprising more than 80,000 SKUs, are divided into six lines of products, namely: electrical, hardware and tools, lawn and garden, plumbing, storage and organization and automotive. Its largest product lines by revenue are electrical and hardware and tools.

True Value. True Value is an upmarket lifestyle home center brand name which is known for its broad and diverse variety of merchandise. Its products, which comprise more than 80,000 SKUs, are divided into six lines of products, namely: electrical, hardware and tools, lawn and garden, plumbing, storage and organization and automotive. Its largest product lines by revenue are electrical and hardware and tools. True Value's odorless and lead-free True Value paints are its flagship products and each True Value Home Center has its own certified color experts to mix the exact shade required by customers by using a computerized paint-mixing technology. To cater to more up-market customers, True Value also offers the finest range of DIY and lifestyle products such as garden sets, massage tables and gas and charcoal grillers.

Howards Storage World. Howards Storage World is a themed concept store whose product range includes storage organizers and space savers for areas in kitchens, bathrooms, wardrobes, kid's rooms, homes and offices. Products include Howards Storage World's elfa shelving products which offer flexible solutions to utilize space with high adaptability to different locations and conditions. Examples of these are shelving and drawers which can be customized to adapt to different locations and conditions.

To provide customers with a convenient shopping experience, we sell the same product range at each store with the same brand name. In addition, because DIY products are generally similar in appearance and function within a particular class of merchandise, Handyman Do it Best and True Value offer a similar product assortment of up to 70% of the total number of SKUs at the same price. Given the potential competition between Handyman Do it Best and True Value and the similarity of its product lines, in order to specifically target mass and upmarket customers, Handyman Do it Best stores and True Value stores are typically located in different locations that are characterized by different target customer spending power.

The following table sets out our DIY stores sales mix per category for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2013.

	For the years ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
		(%)		(%)
Hardware and tools	27	27	28	28
Electrical	25	26	27	27
Lawn and garden	11	12	13	13
Plumbing	15	14	12	12
Storage and organization	12	11	10	10
Automotive	10	10	10	10

Private Label Products

We believe that new product development is critical to our long-term success in the DIY segment and we intend to continue to focus on our core products while improving our product range through new product launches, including our private label products. As of June 30, 2013, we had a total of 145 private label SKUs that are already available across our DIY brands. In addition, we recently introduced nine private label products under Handyman Do it Best. We believe that our private label products generally provide higher margins and help attract potential customers to our stores from our competitors. As well as selling more private label products, we also intend to sell more products which are popular with our target customer base of middle-income consumers, such as home renovation products, non-toxic paints, lighting fixtures and LED lamps, bathroom accessories and security cameras. Furthermore, we also plan to expand the range of our product lines to cater to the needs and preferences of a wider range of customers. For example, to expand upon our current customer base of homeowners and retail consumers, we are considering expanding our operations to carry larger-scale products that are directed at builders and contractors.

Our product development process begins with an extensive research and development process that analyzes each potential new product and conducts market tests to gauge consumer preferences at pilot branches located at Handyman Galleria and Ermita, True Value and Howards Shangri-La and includes an ongoing analysis of the economics of cost, margin and final price point.

Pricing

We have developed a pricing strategy that aims to provide our products at competitive prices, while also accounting for our high-turnover and price-sensitive items. We generally set the retail price of products based on the pricing guides provided by our suppliers. Competitors' prices are also considered to ensure that our prices are in line with the market price. However, we seek to charge premium prices for certain imported and internationally-branded merchandise. These are high-margin goods for which we are less constrained in our pricing policy.

Quality control

Our objective is to consistently maintain the high quality of our DIY products. We are focused on achieving a high level of customer satisfaction through monthly monitoring of stores by operations managers for compliance with our operations platforms. We also conduct spot quality inspections of each batch of products we receive from suppliers in accordance with their guidelines. The Government also sets out quality standards for electrical and certain other products.

Customers

Our DIY customers are mostly homeowners. Handyman Do it Best caters primarily to the middle-income customers, while True Value and Howards Storage World cater primarily to the upper-income customers.

Customer Service

We place significant emphasis on customer service. Across the brands, we have developed and implemented a multi-faceted customer service program to address the requirements of homeowners, project owners, builders and designers customers. Under this customer service program, we offer prompt deliveries, maintain a customer service hotline, provide parts and repair service for tools, operate a tools rental center, and provide education classes and detailed videos on the use of products. Because end-user customers of home improvement products place considerable value on customer service, we anticipate expanding our customer service program in the future.

Suppliers

Outright Sales

We source DIY and other products at favorable terms primarily from large-scale local suppliers and from over 200 foreign vendors accredited by Do it Best Corporation, True Value and Howards Storage World. We do not believe that we rely on any single supplier or group of suppliers for any of our products. We also source from our franchisor, Howards Storage World International Pty Ltd of Australia, a range of Howards Storage World branded storage and organization products manufactured by our franchisor. Howards Storage World is fully supported by our franchisor in terms of merchandising support in the form of product supply and assistance with store layout and visual presentation. Almost all of our products are sourced as finished goods that are immediately ready for sale to our customers. Due to our affiliations with Do it Best Corporation, True Value Company and Howards Storage World Australia, we also have access to approximately 67,000 products from their warehouses that could potentially be made available in our stores.

Consignors

We seek to use consignors for our high-volume products and for completing the range of products that are very technical in nature and require many SKUs to complete. Such examples of products include electrical outlets, plates and switches, pumps and tanks, car accessories, hand and power tools and faucets. For the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013, the sale of merchandise purchased on consignment accounted for 74.0%, 73.0%, 72.0%, 73.0% and 71.0%, respectively, of our DIY net sales. We have not entered into any exclusive agreements with consignors.

Competition

The market for DIY and related products in the Philippines is highly competitive and fragmented. Retailers are largely classified into stand-alone big-box operators, mall-based DIY retailers and traditional hardware retailers. We believe that our direct competitor is Ace Hardware, which has a scale of operations that is comparable to ours. We compete with Ace Hardware primarily on the basis of product selection, price, promotions and customer service. More generally, we believe that competition in the DIY market is based broadly on pricing, delivery, brand recognition, quality and availability of products. We believe that we compete favorably with respect to most of these factors.

Convenience Store Business Segment

Overview

We are the master franchisee of the second largest chain of 24-hour convenience stores in the Philippines as measured by revenue in 2012. Our franchisees operate convenience stores under the brand name "*Ministop*", with 33.7% market share according to Euromonitor. Ministop commenced operations in the Philippines in 2000 and is a franchise of Ministop Co. Ltd., a Japanese chain of convenience stores sub-franchised by RCSI. In March 2000, RCSI, owner of the Ministop franchise in the Philippines and our 51% owned subsidiary, signed a shareholders agreement with Ministop Co. Ltd. and Mitsubishi Corp. and launched our first Ministop store.

In 2010, we franchised our 300th Ministop store and as of June 30, 2013, we had 345 Ministop stores. Of these stores, 219, or 63%, are located in Metro Manila and accounted for 72.4% of our net sales for the first six months of 2013. We will continue to focus on high traffic areas such as the central business districts of Metro Manila, locations near business processing offices, call centers and in stand-alone commercial centers. Our convenience store operations are supported by two distribution centers in Maybunga, Pasig and in Cebu, one of which is operated by an independent operator.

The following table sets out the net sales included in our consolidated results, average basket size and same store sales growth of Ministop stores for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013.

	For the years ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
Net sales (₱ millions)	3,323	3,481	3,826	1,898	2,077
Average basket size[1](₱)	46	48	49	49	49
Same store sales growth (%) . .	0.4[2]	0.2	8.4	11.0	3.9

Notes:

1. The number of transactions were 108 million, 110 million, 119 million, 61 million and 65 million in 2010, 2011, 2012, and the first six months of 2012 and 2013, respectively. The average basket size of convenience stores is computed by dividing system-wide sales over the total number of transactions. As all convenience stores are franchised, we earn revenues through sales of products to the franchise stores which is considered as cost of sales of the franchise stores. System-wide sales are sales generated by our franchise stores to end customers.

2. The comparisons of net sales between 2009 and 2010 generated by the relevant stores.

Awards and Accolades

In the last few years, Ministop has received various awards and accolades in recognition of our successful operations, including the following:

- Hall of Fame Entrepreneurs Franchise Award, 2011;
- Best Foreign Franchise Entrepreneurs Franchise Award, 2008-2010;
- Most Promising Franchise Entrepreneurs Franchise Award, 2009-2010; and
- Fastest Growing Franchise Entrepreneurs Franchise Award, 2009-2010.

Franchise Agreement with Ministop Co. Ltd.

In March 2000, we entered into a 25-year franchise agreement with Ministop Co. Ltd. Under the franchise agreement, we obtained an exclusive right to use the trade name "*Ministop*" in the Philippines for the term of the franchise, which can be extended by mutual agreement of the parties for an additional 25 years and subject to existing laws. Under the agreement, we are not restricted from participating in any alignment, joint venture, or merger and acquisition with any third party.

To facilitate the operation of the franchise, we work closely with three representatives from Ministop Co. Ltd. and one representative from Mitsubishi Corp. on various key aspects of management to ensure compliance with the standards set forth. Each store team leader is required to abide by the code of conduct set out in the operation manual relating to service manners and etiquette. To achieve the objectives of the franchise, ocular visits are conducted on a regular basis and periodic compliance and performance audits are regularly performed. Major inspection areas include condition of signage, store façades, the condition of selling/dining areas, the condition of major equipment, and quality and assortment of merchandise.

Franchise Agreements with Franchisees

Our franchise agreement allows us to sub-franchise Ministop stores. Our largest franchisee, Consolidated Global Imports, Inc., an entity owned by members of the Gokongwei Family, operated 98 Ministop stores as of June 30, 2013. See "Related Party Transactions" beginning on page 204 of this Prospectus.

We believe we have significant opportunities to accelerate the development of our operations by granting sub-franchises to existing and potential franchisees. Because all of our Ministop stores are operated by franchisees who contribute a portion of the capital required to establish their operations, we are able to control our expansion costs which we believe gives us a competitive advantage. Our franchise program provides full marketing support by constantly engaging franchisees in promotions and merchandising activities.

We implement a selective screening process for granting franchises to potential franchisees. Potential franchisees are invited to attend a franchise presentation and an interview with the area franchise manager. Our process involves having a potential franchisee to visit three or four stores, submit a feasibility study report on their preferred location and a letter of intent to indicate their intention to manage and operate the selected store. We require our franchisees to comply with Ministop's standards, policies and procedures as well as to meet our minimum revenue targets. In line with our performance-oriented approach, franchise stores will face the risk of termination of the franchise agreement and store closure.

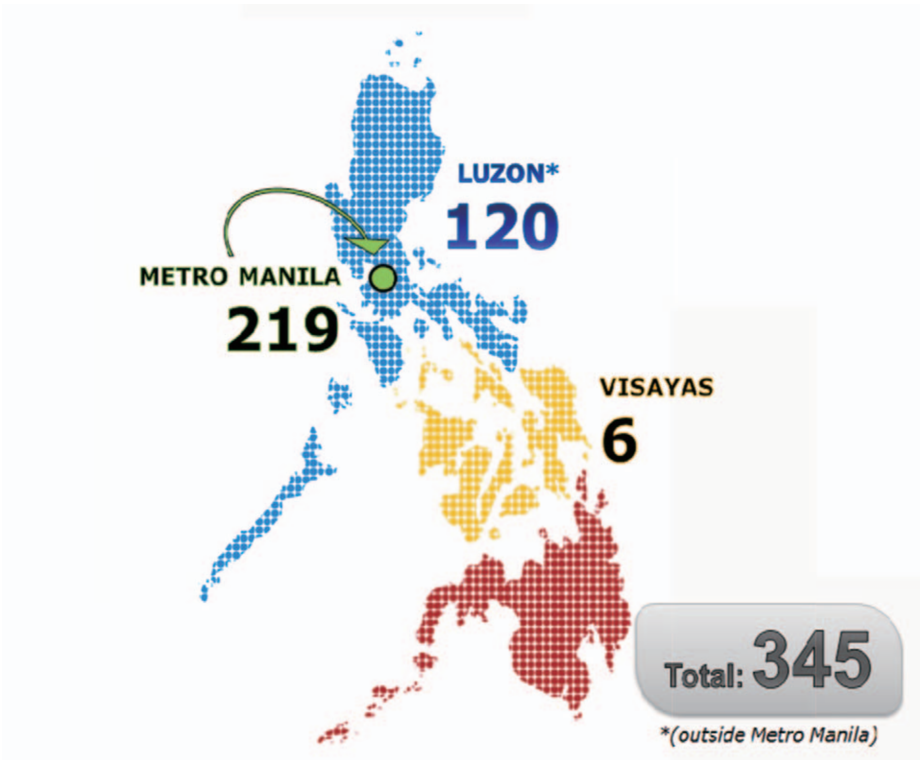
Under the franchise model, we predominantly generate revenues from sales of merchandise to our franchisees. In addition, we also generate franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise stores and franchise fees paid by franchisees. We offer our franchisees two franchise packages. Under the first package, we pay for certain stores operating expenses, and, in return, we receive a higher royalty fee from the franchisees. Under the second package, the franchisees pay all store operating expenses, and, in return, we receive a lower royalty fee. Under both packages, the franchisees are required to pay for certain capital expenditures. Recently, new franchisees have increasingly selected the second package.

Stores

The following table sets out the number of stores, net selling space, average net selling space and net selling space growth of Ministop stores as of December 31, 2010, 2011 and 2012 and June 30, 2013.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Number of stores	326	326	336	345
Net selling space (sqm)	26,297	26,410	27,076	27,705
Average net selling space (sqm)	81	81	81	80
Net selling space growth (%)	19.0	0.4	2.5	4.4

The following map illustrates our network of our Ministop stores as of June 30, 2013.



Store Location and Site Selection

The following table sets out the number of Ministop stores by region as of December 31, 2010, 2011 and 2012, and June 30, 2013.

	As of December 31,			As of June 30,
Region	2010	2011	2012	2013
Metro Manila	213	217	226	219
Luzon (outside Metro Manila)	113	109	107	120
Visayas	—	—	3	6
Mindanao	—	—	—	—
Total	**326**	**326**	**336**	**345**

Ministop appeals to a broad spectrum of customers, particularly young professionals. The Ministop stores are generally situated in prime locations with high customer traffic. We select sites that are in close proximity to business, commercial and residential complexes with high foot traffic. We have established a site development group to oversee all new store development, whose objective is to ensure that every proposed new site is carefully reviewed and that each location meets the stringent requirements established by the committee, which include factors such as store accessibility and visibility, traffic patterns, signage, site size and certain demographic factors. All referred locations by our franchisees are subject to approval by our development group. We seek to secure the best possible locations for our Ministop stores and believe that Ministop's established brand and our number of franchise stores will continue to help secure the desired store locations. We employ a sophisticated and disciplined market planning and site selection process through which we identify and approve new sites for each new store in all provinces of the Philippines that we believe would provide for quality expansion.

Within the central business district of Metro Manila, Ministop stores have an average total area of approximately 80 to 100 sqm, with an average net selling space of approximately 60 to 70 sqm. Outside the central business district, Ministop stores have an average total area of approximately 90 to 110 sqm, with an average selling space of approximately 70 to 80 sqm. We do not own any of the store sites or premises. The leasing costs are borne by us or the franchisee depending on the franchise package selected. Ministop has in the past generally been able to negotiate and renew tenancy agreements on favorable terms, and the leases are typically negotiated with reference to prevailing market rates. Leases are typically for terms of five to ten years. Rental expenses amounted to 6.2%, 6.2%, 5.8% and 5.4% of net sales for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2013, respectively.

We intend to pursue a store expansion plan, focusing on new locations in the Philippines where we do not yet have a presence, including Northern Luzon, the Bicol region, eastern and western Visayas and Mindanao. We partner with RLC to ensure that commercial space is provided for a Ministop store in most of its property developments whether commercial or residential. We believe that Ministop also benefits from synergies with Robinsons Supermarket in the areas of negotiating with vendors, suppliers and other property developers for locations, particularly with regard to Ministop's expansion to provincial locations such as Cebu where product sourcing and supplier negotiations are facilitated by the supermarket's offices in the provincial regions.

Store Layout

All Ministop stores employ uniform standards in relation to store layout and design, equipment, quality of construction and composition of building and finishing materials. We believe that employing uniform standards across the stores helps limit construction and refurbishment costs, as well as improve customer satisfaction and loyalty. Customers from other neighborhoods or cities and municipalities, who may be accustomed to our Ministop stores, are able to experience a similar environment with a familiar shopping experience regardless of where they are, including a familiar product assortment, and know where to find the products they normally purchase for a quick and efficient shopping experience. In all of our Ministop stores, with one exception, there is an in-store kitchen for preparing freshly cooked ready-to-eat meals. Our kitchens, POS counters, and storage are located adjacent to each other to enable multi-tasking.

The following pictures show a typical Ministop store.

Operations

It is our policy that each *Ministop* store opens 24 hours a day, 365 days a year, unless restricted by the relevant tenancy agreement or management regulations of the premises in which they are located. As of June 30, 2013, there were two *Ministop* stores that were subject to such restrictions on business hours.

All Ministop stores must adhere to strict standardized operating procedures and requirements developed by Ministop Co. Ltd., which we believe are critical to the image and success of the Ministop brand. Each store is required to follow the operating manual containing an extensive mandatory store operating standards, specifications and procedures prescribed from time to time to assure uniformity of operations and consistently high quality products across all Ministop stores.

All Ministop stores are required to be renovated, retrofitted and designed in accordance with our requirements and specifications with an aim to unify the image of the Ministop brand and promote consumers' shopping experience. We provide personnel training to store managers, who are required to comply with stipulated retail procedures and policies with respect to retrofitting of stores, marketing programs, operational policies and procedures and customer service. In particular, the layout and design of each franchise store are prepared and provided by us to be consistent with the brand image. We provide in-store training courses and training materials for all staff to conduct their own in-house training performed at the Ministop

Training Center. Furthermore, we supervise the franchise stores operated by our franchisees and our staff from the store management department will carry out regular weekly store visits and random inspections to ensure that service manners and etiquette at all franchise stores are consistently of appropriate quality.

To better support store managers and in an effort to drive sales, increase profits and improve store operations, *Ministop* stores are equipped with an IT system that facilitates the quick and efficient exchange of data between the store and the store management department. In addition, stock may be delivered to any store within 24 hours or less from our two distribution centers. Necessary support systems are also in place which includes training programs, marketing and manpower assistance, a 24-hour call service center for repairs and maintenance and other daily operational concerns. We also provide full marketing support by constantly engaging managers of franchise stores in promotions and merchandising activities.

Products and Services

Ministop stores are supplied exclusively by RCSI and their products are divided into seven main baskets: ready-to-eat, beverages, telecoms, cigarettes, wine and liquor, ice cream and snacks and others.

The following table sets out the net sales mix by category for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013:

	For the years ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
		(%)		(%)
Ready-to-eat	25	22	24	24
Beverages	23	21	21	21
Telecoms	13	12	11	10
Cigarettes	5	6	6	11
Wine and liquor	6	8	7	6
Ice cream and snacks	9	10	12	10
Others(1)	19	21	19	18

Note:

1. Others include food, health and personal care items, household items, other products and value-added services.

Ministop's products can be further divided into two main baskets: food and beverage (accounting for 75.0% of net sales as of June 30, 2013) and non-food, including the provision of ancillary services (accounting for 25.0% of net sales as of June 30, 2013).

Food and beverage products

We believe that one of Ministop's key strengths is its ability to provide fresh and ready-to-eat food for its customers within stores which is supported by an in-store kitchen within all but one Ministop stores. The unique cooking platform produces ready-to-eat food, including the flagship "Uncle John's Fried Chicken" and other products, such as Kariman, Toppers, Chillz, My Sundae, and Japanese Rice Bowls or Onigiri branded as Samurice. While continuing to improve the core products which cater to young professionals, we endeavor to enhance Ministop's menu to appeal to a broader range of consumers. We have introduced, and expect to continue to introduce, new menu offerings that will complement the core products.

Under our product development program, we hold weekly meetings and conduct product development at a test kitchen with our selected suppliers, followed by product sampling, tasting, and grading. We believe our initiative to enhance menu options through new product launches can drive traffic and draw customers from our direct competitors and fast food retailers.

The beverage category is consistently the number two category in Ministop, contributing 21.0% of Ministop's net sales in 2012, as it addresses the grab-and-go needs of the target market. As our beverages are stored and prominently displayed in chillers, Ministop becomes a top of mind choice for customers seeking to purchase cold beverages. It is also an ideal category for cross promotion with ready-to-eat products. In addition, pursuant to the close collaboration with Ministop Co. Ltd., we are able to purchase jointly from global suppliers and obtain a ready supply of Japanese products, which are very popular with Philippine consumers.

Non-food products and value-added services

In addition to food products, Ministop also offers a diverse selection of non-food products in an effort to broaden our product offering to customers and drive traffic and sales. Under the non-food product basket, Ministop offers pre-paid cellphone loads and a range of beauty and healthcare products, kitchen utensils, cleaning and detergents, tobacco, and other dry goods which also include a private label offering.

Ministop stores also generate revenues from the provision of value-added services. Some *Ministop* stores currently provide value-added services such as ATMs, cellphone recharging services, Internet access, payphones and photocopying. In addition to the revenue they provide, we believe these services drive customer traffic to *Ministop* stores. Accordingly we will seek to extend these services to more *Ministop* stores and to introduce new value-added services.

Private Label products

Ministop is well-positioned to satisfy a diverse range of customer preferences given its broad range of product offerings. In addition to the strong offering of ready-to-eat products and beverages which we believe to be a key differentiator, we further distinguish our *Ministop* stores from other convenience store chains, through Ministop's private label products.

We launched Ministop's first private label line "My Choice" in 2012 and adopted the "My" for the product names of our private label products, such as "My Coffee" and "My Sundae", to indicate that our products are the unique choice of the customer. Since then, this naming convention has continued with other products, such as "My Salad" and "My Drinks". Leveraging on our relationship with multinational and national suppliers and their strength in the food and beverage sector to help develop our private label product range under the My Choice brand, we intend to increase the sales of Ministop's private label products in the future as they generally provide higher margins. To draw potential customers from fast-food retailers and traditional "sari-sari" stores, we intend to continue to develop Ministop's private label products by offering high quality and value-for-money items in critical and key categories such as beverage (including water), snacks and confectionery.

Quality Control

We are focused on achieving a high level of customer satisfaction through the adherence to a stringent quality system. All Ministop stores are required to be operated in accordance with quality assurance and health standards that we have established, as well as laws, regulations and standards set by the government. Our hygiene checklist, which applies to all Ministop stores, includes food preparation rules regarding, among others, minimum cooking and holding times and temperatures, sanitation and cleanliness. Our store advisers conduct a store audit at least once a week to ensure that all these requirements are strictly followed, including product quality, customer service and cleanliness of each store against the checklist. Store advisors then will tabulate the results and directly distribute a detailed quality compliance report for the management's review. Our quality control procedures also extend to the independent third-party suppliers of ready-to-eat products. A third-party food safety auditor is commissioned to ensure that all its stores and its suppliers' commissaries are in compliance with the food safety government (FDA) policies and regulations. The audit is conducted at least twice a year in the stores and quarterly for the suppliers' commissaries. Going beyond the FDA and local government requirements, we have engaged CBL Foodline, an independent food quality and safety consultant, to carry out tests against water supply on a quarterly basis to ensure that Ministop's ready-to-eat food is safe for human consumption.

Customers

RCSI's primary customers are the Ministop franchisees who purchase their inventory from our Company. The single largest customer is Consolidated Global Imports, Inc. which accounted for 27.8% of our net sales in the first six months of 2013. The five largest customers together accounted for 15.9%, 19.1%, 27.6% and 31.1% of our sales for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2013, respectively.

The Ministop stores cater primarily to middle-income retail consumers, particularly young professionals within those classes who have increasing disposable incomes and who value easy accessibility to quality "grab-and-go" food. We will continue to focus our product offering on Ministop's target consumers by introducing products that cater to their lifestyle and preferences, including continuing to strengthen and broaden our ready-to-eat product offering in Ministop stores.

Suppliers

Ministop's product offering currently includes over 2,500 SKUs. To effectively satisfy customer preferences, we have established working relationships with over 250 regular suppliers as of June 30, 2013. The supplier base is diversified from large local suppliers such as Globe, URC and San Miguel Corp, smaller local suppliers for Ministop's ready-to-eat and private label products, to multinational corporations such as Coca Cola, Phillip Morris Phils and Unilever Phils. We select our suppliers using a number of criteria, including customer preferences, suppliers' capacity to serve all Ministop stores, product assortment and quality, brand reputation, our business plans and budgets and compliance with the Ministop's commercial principles. We believe that our business as a whole is not dependent on any single supplier. Our five largest suppliers together accounted for 39.2%, 40.8%, 36.7%, 33.3% and 37.3% of our net sales for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2012 and 2013, respectively.

Competition

We face direct competition from other chains of convenience stores, supermarkets and other retail outlets. With respect to our ready-to-eat products, Ministop also competes with other providers of these products, such as fast-food restaurants. Our primary convenience store competitors are the 7-Eleven and Family Mart chains. According to Euromonitor, Philippine Seven Corp, the operator of the 7-Eleven chain, is the largest convenience store chain in the Philippines in terms of revenue in 2012. Family Mart is a Japanese convenience store franchise chain that entered into the Philippine market in early 2013 under the ownership of, among others, the Ayala Corporation. We compete for customers primarily on the basis of store location, product assortment and quality. We ensure that we obtain favorable locations for our stores through our site development and store expansion teams who scout aggressively for locations. We also monitor closely the lease expirations for our franchise stores that show good potential for expansion. We believe that our product assortment, distribution chain and store locations give us competitive advantages.

Drug Store Business Segment

Overview

In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI, the third largest parapharmacy/drug store chain in the Philippines as measured by revenue in 2012 according to Euromonitor with 4.7% market share, with the aim to develop a new business segment that complements our supermarket and convenience store segments. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. South Star Drug was founded by the Dy family under the name Southern Drug in a Bicolano town, now known as Naga City, in 1937. Since then, South Star Drug transformed from selling Chinese herbal medicines to introducing western products in the late 1950s. In 1979, the second store was established in Tabaco City in Albay and the company started to expand operations to Metro Manila. To capture higher revenues and profits, convenience items such as personal care products were introduced to the store offering. Throughout its 75 year operating history, South Star Drug has been able to increase its market share and profits in a highly fragmented industry. The Dy family has maintained an ownership position and remains involved in the management of South Star Drug. As of June 30, 2013, we directly operated 170 stores under the banner of "*South Star Drug*" and another 53 stores under the banner of "*Manson Drug*" in Central Luzon, Metro Manila, Eastern Visayas and the Bicol Region. References to South Star Drug in this Prospectus include information relating to Manson Drug stores. Our stores are located primarily on a stand-alone basis in prime retail locations and in established residential communities.

We focus on offering a comprehensive range of products through our South Star Drug store network, comprising branded and generic prescription medicines and over-the-counter medicines, food products, health and beauty products, as well as personal care products. Our product portfolio includes approximately 4,200 different types of pharmaceutical and healthcare products as of June 30, 2013, which are sourced from over 190 locally-owned and multinational suppliers. We only accept and sell pharmaceutical products which are FDA-certified in the Philippines and ensure that the products we carry come from reputable and known manufacturers and companies. For the six months ended June 30, 2013, pharmaceutical products accounted for 57.2% of our drug store net sales.

The following table sets out the net sales included in our consolidated results, average basket size and same store sales growth of South Star Drug for the years ended December 31, 2012, and for the six months ended June 30, 2013.

	For the year ended December 31, 2012	**For the six months ended June 30, 2013**
Net sales[(1)] (₱ million)	2,443	3,017
Average basket size[(2)] (₱)	121	123

Note:

1. In July 2012, RSC and RI, our wholly owned subsidiaries, each acquired a 45% interest in SSDI. The acquisition represents a 90% ownership interest on the shares of stock of SSDI. SSDI recorded net sales of ₱5,694 million in 2012, of which ₱2,443 million was included in our consolidated results from August 1, 2012.

2. The number of transactions were 20 million and 25 million in 2012, and the first six months of 2013, respectively.

Awards and accolades

To provide faster service, we are one of the first drug store chains to have all of our stores run a computerized POS system which decreases transaction times by more than 50%. In recognition of these efforts, SSDI Region V was awarded the 3rd Business Excellence Award for SMEs — Regional Award for Central Atlantic Region in 2006 with special citation for use of information and communication technology by the Department of Trade and Industry of the Philippines.

Stores

Store Network and Size

As of June 30, 2013, we had 223 South Star Drug stores in Central Luzon, Metro Manila, Eastern Visayas and the Bicol Region, with a total net selling space of approximately 21,786 sqm and an average net selling space per store of approximately 98 sqm.

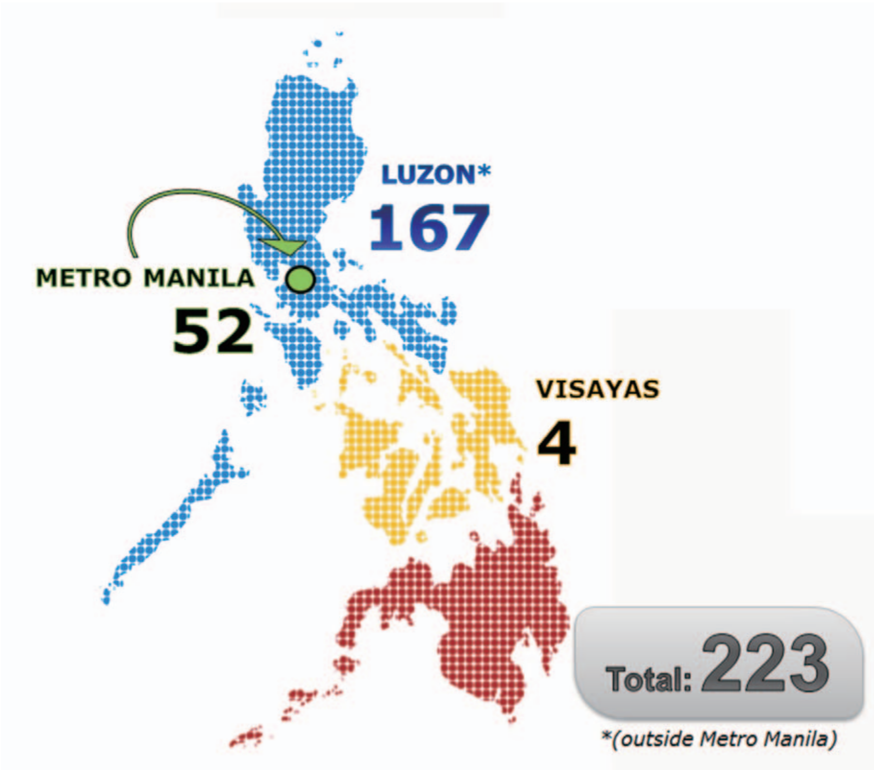
The following table sets out the number of stores, net selling space, average net selling space and net selling space growth of South Star Drug stores (including those stores located in Robinsons Supermarket stores) as of December 31, 2012 and June 30, 2013.

	As of December 31, 2012	**As of June 30, 2013**
Number of stores	218	223
Net selling space (sqm)(1)	21,431	21,786
Average net selling space (sqm)	98	98

Note:

1. The net selling space includes the net selling space of the drug stores located in supermarkets. The net selling spaces of the drug stores located in supermarket stores were 715 sqm as of December 31, 2012 and 736 sqm as of June 30, 2013.

The following map illustrates our network of South Star Drug stores as of June 30, 2013.



The following table sets out the number of our South Star Drug stores by region as of December 31, 2012 and June 30, 2013.

Region	As of December 31, 2012	As of June 30, 2013
Metro Manila	51	52
Luzon (outside Metro Manila)	164	167
Visayas	3	4
Mindanao	—	—
Total	**218**	**223**

Store Formats

We operate our stores under three specific store formats, namely, (i) stand-alone drug stores; (ii) stand-alone drug stores with self-service sections offering non-pharmaceutical products; and (iii) supermarket drug stores, comprising 31.4%, 50.2%, and 18.4%, respectively, of the total number of South Star Drug stores as of June 30, 2013. The different drug store formats are designed to cater for the varied needs of customers in a particular location. In designing new South Star Drug stores, we take into account the specific needs of the local community.

Our 182 stand-alone South Star Drug stores have become a familiar part of local communities and have high visibility for customers in both town centers and hard-to-reach communities. Out of these, 112 stand-alone drug stores have self-service sections and are popular in that they allow customers to satisfy certain health care, food and personal care needs in one convenient time-saving trip. We plan to expand the network of South Star Drug stores by establishing more drug stores with self-service sections to facilitate our effort to drive sales as an average ticket size increases with larger store size and an increased number of SKUs.

The following picture shows a typical stand-alone drug store.

The following pictures show a typical stand-alone drug store with self-service sections.

As of June 30, 2013, we had 41 supermarket drug stores, of which 35 are located in Robinsons Supermarket stores. The pharmaceutical products offered in our supermarket drug stores complement the products being offered by the supermarkets. Both South Star Drug stores and the supermarkets benefit from the co-location of South Star Drug Stores within the supermarkets. We believe that South Star Drug's affiliation with Robinsons Supermarket will give us an opportunity to expand our geographical footprint, particularly in shopping malls where establishing stand-alone drug stores may not be cost effective. In addition to Robinsons Supermarket, South Star Drug also has good relationships with other supermarket operators because South Star Drug has the flexibility when co-locating with them in terms of adjusting the number and mix of SKUs it offers as appropriate. In those circumstances, we are able to further expand South Star Drug's geographic footprint, while allowing the supermarket to provide an important value-added service.

We intend to continue to leverage South Star Drug's affiliation with Robinsons Supermarket. We will seek to co-locate where possible with Robinsons Supermarket. We generated net sales of ₱161 million from August to December 2012 and ₱210 million for the six months ended June 30, 2013 for stores operating inside the premises of Robinsons Supermarket stores, representing 6.6% and 7.0% of South Star Drug's net sales, respectively. We believe such co-location helps attract high foot traffic and drive sales. Also, to counter the challenge of obtaining prime location for South Star Drug stores, we intend to jointly negotiate with landlords in respect of our South Star Drug and Ministop stores, our convenience store chain, in an effort to co-locate stores.

The following picture shows a typical drug store located in Robinsons Supermarket.

South Star Drug stores with the same store format employ uniform standards for store layout and design, equipment, quality of construction and composition of building and finishing materials. We believe that employing uniform standards across all South Star Drug stores helps limit construction and refurbishment costs, and improves customer satisfaction and loyalty, since customers from other neighborhoods, cities and municipalities, who may be accustomed to our South Star Drug stores, are able to experience a similar environment with a familiar shopping experience regardless of where they are. As of June 2013, we had introduced elements of contemporary design into the new South Star Drug stores but kept a similar layout. The new design draws inspiration from international drug store trends and incorporates a variety of innovative elements such as placing most of the over-the-counter products to highly visible areas within the store and placing prescription drugs on the shelves and having a pharmacist on the selling floor to answer questions on health, drug interaction, and drug dosage.

In addition to growing through expanding the South Star Drug store network and increasing sales volumes, we plan to accelerate expansion by opportunistically acquiring independently-operated drug stores that complement the existing South Star Drug store network. We successfully completed the acquisition of Manson Drug in 2011. Through our past successful acquisition, we have demonstrated our ability to effectively integrate acquisition targets in different market segments and regions. We have seamlessly combined the resources and strengths of the acquired business with existing operations. We believe that this experience, and our knowledge of the market, will enable us to rapidly capture and successfully integrate additional opportunities that may arise, allowing South Star Drug to continue growing the network and scale of operations.

Store Operations

Our strength lies in our high accessibility of healthcare products. We receive preferred healthcare brands of our customers from our partners and deliver them effectively and efficiently to our network of South Star Drug stores. As of June 30, 2013, among the stand-alone stores, approximately 24 stores operate 24 hours a day, representing 10.8% of the total number of South Star Drug stores.

All South Star Drug stores must adhere to standardized operating procedures and requirements developed by us, which we believe are critical to the image and success of the South Star Drug brand. Each South Star Drug store is required to follow the operation manual containing mandatory store operating standards, specifications and procedures prescribed from time to time to ensure uniformity of operations and consistent high quality products across all South Star Drug stores.

Each South Star Drug store is required to be under the personal and immediate supervision of a registered pharmacist. To provide reliable service and to better serve the needs of our customers, we ensure that each of the registered pharmacists stationed at each South Star Drug store possesses sufficient knowledge to answer questions on health, drug interaction, and drug dosage. At each of our stores we also have a store-in-charge manager who manages day-to-day operations, a stock analyst who is in charge of monitoring the inventory level and stock requirement, and cashiers and drug store aides who assist in the operations. All of our store personnel are mandated to complete an annual training course, while the pharmacists also need to satisfy their continuing professional education requirements.

Products

We provide our customers with high-quality, professional and convenient drug store services and a wide variety of other merchandise, including over-the-counter medicines, nutritional supplements, food products and personal care products. South Star Drug stores tailor their product offerings for different store formats and local communities and depending on the store size, we adjust the number of SKUs in relation to the food and personal care products as appropriate. For pharmaceutical products, we maintain almost the same number of non-patented generic pharmaceutical products under various brand names as well as patented pharmaceutical products across all South Star Drug stores in each product category categorized according to various therapeutic areas such as anti-infectants, respiratory systems, cardiovascular systems and pain management.

Our 112 drug stores with self-service sections carry an extensive range of pharmaceutical products, food, personal care and other products with an average of approximately 6,500 SKUs per store as of June 30, 2013. Our 70 stand-alone drug stores also carry a range of pharmaceutical products, milk, and personal care products and other products with an average of approximately 3,600 SKUs per store as of June 30, 2013. The range of products supplied is comparatively more limited due to the store size. Our 41 supermarket drug stores operate with a focus on the supply of pharmaceutical products with an average of approximately 2,500 SKUs per store as of June 30, 2013.

Pharmaceutical products

We focus on offering a comprehensive range of products through the South Star Drug store network, which includes approximately 4,200 different types of pharmaceutical and healthcare products as of June 30, 2013, comprising branded and generic prescription medicines and over-the-counter medicines, as well as personal care products and medical supplies. We offer a wide range of complementary products in each therapeutic category so that customers have more choices to suit their needs. We carry over 3,300 SKUs of prescription medicines, over 700 SKUs of over-the-counter medicines and over 200 SKUs of food supplements. For the year ended December 31, 2012, and for the six months ended June 30, 2013, customers purchased over 3,300 million and over 1,700 million pharmaceutical and healthcare products, respectively, from *South Star Drug* stores.

Non-pharmaceutical products

South Star Drug stores also offer fast moving consumer goods such as packaged snacks, beverages, milk and milk products and ice cream. Personal care products such as shampoo, soap and toothpaste are also available in *South Star Drug* stores.

The following table sets out our *South Star Drug* stores sales mix per category for the year ended December 31, 2012 and for the six months ended June 30, 2013.

	For the year ended December 31, 2012	**For the six months ended June 30, 2013**
	(%)	**(%)**
Pharmaceutical	59	57
Food	24	25
Personal care	9	10
Others[1]	8	8

Note:

1. Other products include household items, first-aid, and tobacco.

South Star Drug's supermarket drug stores do not aim to compete with the wide assortment of products available at the supermarkets where they are situated, hence, fulfilling the requirement for pharmaceutical products to complement the goods being offered in the supermarkets.

Pricing

Our pricing model is designed to achieve significant competitive advantages by setting competitive prices in each product category. For products with the same therapeutic purpose, South Star Drug offers the branded product but also offer generic choices in different price ranges to suit the needs of customers with different spending power.

Quality Control

To live up to the core values of providing reliable pharmaceutical products to customers, our quality control starts with procurement. Each batch of products we receive must be accompanied by an FDA certificate of product registration, and we conduct spot quality inspections of each batch. We monitor expiration dates carefully and return expired or soon to expire products to suppliers. We have fully complied with all relevant laws and regulations to ensure the quality of operations.

Customers

Our consumers are residents living in the vicinity of our South Star Drug stores. We cater primarily to the low- to middle-income customers, but our stores in shopping malls and residential subdivisions also cater to the middle- to upper-income customers.

Suppliers

We source pharmaceutical products from over 190 suppliers, such as United Laboratories, Pfizer Inc, Pascual Laboratories, Natrapharm, ATC Healthcare, Johnson and Johnsons, Intermed Marketing and Sanofi. Our top five largest pharmaceutical suppliers accounted for 35.7% of the total sales in 2012 and 35.9% in the first six months of 2013, respectively. We believe that comparable sources are available for substantially all of the pharmaceutical products we carry in the South Star Drug stores. We only accept products which are FDA-certified in the Philippines and ensure that the products we carry come from reputable and known manufacturers and companies.

We source non-pharmaceutical products from over 380 established suppliers and providers, such as Unilever, P&G, Nestle, Wyeth Nutritional and Mead Johnson. We purchase goods on a per order basis through purchase orders issued to suppliers. These purchase orders become binding contracts between us and our suppliers. Generally, a purchase order provides the supplier details, terms of payment (typically with 30-60 days of credit), discounts, entry date of order, delivery date and cancellation date, if any, SKU and description of products.

Competition

The drug store industry in the Philippines is intensely competitive and highly fragmented. South Star Drug primarily competes with other retail drug store chains, such as Mercury Drug, Watson's and Rose Pharmacy. We do not consider individual drug stores as major competitors of our South Star Drug stores, although we compete with them on an aggregate basis. Increasingly, as well, we face competition from discount store, convenience stores and supermarkets as we increase our offerings of non-drug items, such as food and personal care products. We compete for customers primarily on the basis of store location, merchandise selection, services that we offer and our brand name.

We believe that there will be consolidation in the industry and that this consolidation, and continued new store openings by chain store operators, will further increase competitive pressures in the industry. The requirements for capital, brand strength and management expertise to operate a retail drug store chain serve as a barrier to entry for new participants. With over 75 years of operations, we believe our extensive experience gives us an advantage in competing with other drug store chains.

Specialty Store Business Segment

Overview

We first entered into the fashion specialty segment in 2000 by acquiring the franchise to operate the United Kingdom fashion chains Topshop and Topman in the Philippines. Since then, we have further broadened our portfolio of specialty stores in terms of formats and target customer segments. In 2000, we opened our first *Robinsons Appliances* store in Robinsons Cebu, Cebu City. Our specialty stores business achieved a milestone when we acquired the franchise from Toys R Us (Asia) Limited (formerly Toys (Labuan) Ltd.) of Hong Kong to operate Toys "R" Us stores in the Philippines and opened our first store in 2006 at the Robinsons Galleria mall. In 2009, we opened our first one-price-point store under the name Saizen under license from Daiso Industries Co. Ltd. of Japan.

Currently, we operate four formats of specialty stores, namely: toys and juvenile products retail; consumer electronics and appliances retail; one-price point retailer Saizen and international fashion specialty retail. The development of the specialty store business is an important aspect of our effort to be a Multi-Format Retailer by introducing high-quality international brands to the local market.

The following table sets out the name of our specialty stores, the year we started operations in the Philippines for the specialty store, the principal, and the contractual relationship with the principal as of June 30, 2013.

Specialty store and year of operation started in the Philippines		Principal	Contractual relationship with the principal
Consumer electronics and appliances retail			
Robinsons Appliances[1] . .	2000	Directly operated	Directly operated
Toys and juvenile products retail			
Toys "R" Us.	2006	Toys R Us (Asia) Limited (formerly Toys (Labuan) Ltd.)	Sub-License
One-price point retail			
Saizen.	2009	Daiso Industries Co. Ltd. of Japan	Sub-License
International fashion specialty retail			
Topshop	2000	Arcadia Group Brands Limited	Franchise
Topman.	2000	Arcadia Group Brands Limited	Franchise
Dorothy Perkins	2004	Arcadia Group Brands Limited	Franchise
Warehouse	2006	Warehouse Fashions Limited	Franchise
Ben Sherman	2012	Ben Sherman Group Limited	Retailing and licensing agreement

Specialty store and year of operation started in the Philippines		Principal	Contractual relationship with the principal
Miss Selfridge	2011	Miss Selfridge Retail Limited	Franchise
Basic House	2012	Basic House Co., Ltd.	Exclusive distribution agreement
Coast London(2)	—	Coast Fashions Limited	Franchise
Shana(2)	—	Friday's Project España, SL.	International distribution agreement
G2000(2)	—	G2000 Apparel Limited	Distribution agreement
River Island(2)	—	River Island Clothing Co. Limited	Franchise

Notes:

1. Robinsons Appliances Corp. also operates two concept stores under non-exclusive arrangements with existing suppliers and various concessionaire arrangements with third parties.

2. As of June 30, 2013, no stores for this brand had been opened.

Our specialty stores, together, contributed 7.9% of our net sales for the first six months of 2013. The following table sets out the net sales, average basket size and same store sales growth of our specialty stores for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2013.

	For the years ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
Net sales(1) (₱ million)..........	3,543	3,962	4,762	2,016	2,503
Average basket size(2) (₱).......	1,031	1,007	1,036	1,065	1,087
Same store sales growth (%).....	8.2(3)	0.4	6.8	10.5	10.5

Notes:

1. The net sales prior to the intersegment adjustments on intersegment net sales, i.e., the net sales of *Toys "R" Us Toybox* sections in department stores.

2. The amount of net sales divided by the number of transactions for a given period. The average basket size can range from ₱350 to ₱16,000 depending on the format. The number of transactions were 3 million, 4 million, 5 million, 2 million and 2 million in 2010, 2011, 2012, and the first six months of 2012 and 2013, respectively.

3. The comparisons of net sales between 2009 and 2010 generated by the relevant stores.

Awards and accolades

In the last few years, we have received various awards and accolades in recognition of our efforts on managing the quality of our specialty stores and products, including the following:

Name of the specialty stores	Awards and accolades
Topman/Topshop	• 2013 — Topshop 2012 Visual Merchandising Excellence Award — 15th Annual Ayala Malls Merchant Rewards • 2013 — Topman 2012 Store Operations Excellence Award- 15th Annual Ayala Malls Merchant Rewards • 2012 — Outstanding Filipino Retailers — Foreign Brand Retailer — Fashion Apparel • 2011 — Topshop/Topman 2010 Store Operations Excellence Award — 13th Annual Ayala Malls Merchant Rewards
Robinsons Appliances	• 2012 — Sony Philippines, Sony Designated Shops Holiday Challenge, Best Touch and Try Display, Sony Centre Magnolia • 2012 — Electrolux, Merchandising Contest, People's Choice Award — Robinsons Lipa • 2012 — Certificate of Appreciation, 9th Runner Up — awarded to Robinsons Lipa — Electrolux • 2012 — Certificate of Appreciation, 3rd Runner Up — awarded to Robinsons Novaliches — Electrolux
Toys "R" Us	• 2013 — 15th Annual Ayala Malls Merchant Rewards — 2012 Marketing Partner Awards (TRU Alabang Town Center) • 2012 — Outstanding Filipino Retailers — Foreign Brand Retailer — Category Killer • 2012 — Mattel Corporate Awards — Boys' Category — Best Performance Award (Hot Wheels R.O.V.E.R Program) • 2012 — Little Tikes — TRU Top Region — Philippines • 2011 — 14th Annual Ayala Malls Merchant Rewards — Store Operations Excellence Award
Saizen	• 2010 — 13th Annual Ayala Malls Merchant Rewards: 2010 EGC Partner Junior Category

Stores

Store Network and Size

As of June 30, 2013, we had 147 specialty stores with a total net selling space of 44,359 sqm and an average net selling space of 302 sqm in 42 cities and three municipalities throughout the country.

The following table sets out the number of stores, net selling space, average net selling space and net selling space growth of our specialty stores (including the *Toys "R" Us Toybox* sections located in RDS' stores) as of December 31, 2010, 2011 and 2012 and June 30, 2013.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Number of stores	101	118	137	147
Net selling space (sqm).	35,222	39,529	41,901	44,359
Average net selling space (sqm) . .	349	335	306	302
Net selling space growth (%)	14.1	12.2	6.0	12.8

The following table sets out the number of stores, net selling space, average net selling space and net selling space growth of *Robinsons Appliances* stores, *Toys "R" Us* stores (including the *Toys "R" Us Toybox* sections located in RDS' stores), *Saizen* stores and our international fashion specialty retail format as of December 31, 2010, 2011 and 2012 and June 30, 2013.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Robinsons Appliances				
Number of stores	30	36	40	42
Net selling space (sqm).	14,385	15,863	16,598	17,474
Average net selling space (sqm) . .	479	441	415	416
Net selling space growth (%)	2.6	10.3	4.6	11.4
Toys "R" Us				
Number of stores	41	47	51	52
Net selling space (sqm)[(1)]	14,947	16,728	17,519	18,161
Average net selling space (sqm) . .	365	356	344	349
Net selling space growth (%)	22.6	11.9	4.7	7.0
Saizen				
Number of stores	5	8	13	14
Net selling space (sqm).	2,382	3,081	3,381	3,134
Average net selling space (sqm) . .	476	385	260	224
Net selling space growth (%)	105.3	29.4	9.7	9.1
International fashion specialty retail format[(2)]				
Number of stores	25	27	33	39
Net selling space (sqm).	3,509	3,857	4,403	5,590
Average net selling space (sqm) . .	140	143	133	143
Net selling space growth (%)	0.7	9.9	14.2	46.9

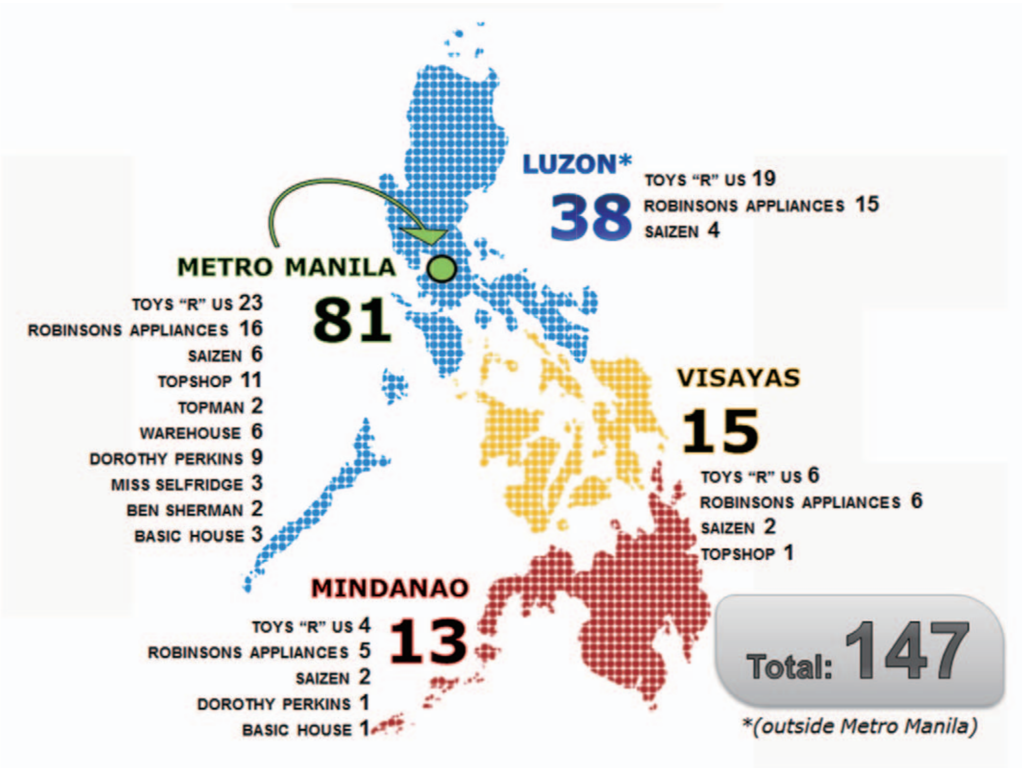
Notes:

1. The net selling space of *Toys "R" Us* stores includes the total net selling space of *Toys "R" Us Toybox* sections located in the department stores. The net selling spaces of *Toys "R" Us Toybox* sections located in the department stores were 5,442 sqm, 5,958 sqm, 6,406 sqm in 2010, 2011 and 2012, respectively, and 6,325 sqm in June 2013, respectively.

2. As of June 30, 2013, the stores of the international fashion specialty retail format consist of *Topshop*, *Topman*, *Dorothy Perkins*, *Warehouse*, *Ben Sherman*, *Miss Selfridge* and *Basic House*.

Store Locations and Premises

The following map illustrates the location of our specialty stores by format as of June 30, 2013.



The following table sets out the number our specialty stores by region as of December 31, 2010, 2011 and 2012, and as of June 30, 2013:

	As of December 31,			As of June 30,
Region	**2010**	**2011**	**2012**	**2013**
Metro Manila	57	65	77	81
Luzon (outside Metro Manila)	27	32	37	38
Visayas	13	13	15	15
Mindanao	4	8	8	13
Total	**101**	**118**	**137**	**147**

We operate an extensive retail network of shops located at the shopping malls operated by RLC and other well-established real estate developers, such as Ayala Land Inc., Megaworld Corp., SM Prime Holdings Inc., Shangri-La Plaza Corp., Rockwell Land Corp.

Toys "R" Us. We typically operate stand-alone stores where they can be supported by the capacity and traffic of a given shopping mall. As of June 30, 2013, six out of 17 stand-alone stores were located in RLC's shopping malls. Given our multi-format operations, we are able to benefit from our association with RDS and it is also our strategy that *Toys "R" Us* establish a toy section named "*Toys "R" Us Toybox*" in every RDS. As of June 30, 2013, *Toys "R" Us* operated "*Toys "R" Us Toybox*" sections in 35 out of 36 RDS and 17 stand-alone stores in shopping malls.

The following picture shows a typical stand-alone *Toys "R" Us* located in shopping mall.

The following picture shows a typical "*Toys "R" Us Toybox*" section located in RDS.

Robinsons Appliances. Robinsons Appliances stores are designed to be visually appealing to its customers and to highlight its premium selection of consumer electronics and appliances. As of June 30, 2013, 27 out of 42 stores were located in RLC's shopping malls.

Saizen. Saizen stores are generally located in major shopping malls with high foot traffic. As of June 30, 2013, eight out of 14 stores were located in RLC's shopping malls.

The following picture shows a typical *Saizen* store.

International Fashion Specialty Retail. Focusing on providing high-street fashion, the stores of our international fashion specialty retail business are located in middle to high-end shopping malls, such as Robinsons Galleria, SM Mall of Asia, Power Plant Mall and Greenbelt, Ayala Center. As of June 30, 2013, 11 out of 39 stores were located in RLC's shopping malls.

The following picture shows a *Topshop* store.

The following picture shows a *Topman* store.

Products

The Brands or Stores Managed by Us

The following table summarizes each of the brands or stores managed by us.

Name of the brand/specialty store	Business of the brand/specialty store
Toys and juvenile products retail	
Toys "R" Us	Founded in 1948, *Toys "R" Us* is the world's leading dedicated toy and juvenile products retailer. It has an assortment of toys, games, learning aids, electronics, children's apparel and juvenile furniture. *Toys "R" Us* also offers a broad selection of unique toys.
Consumer electronics and appliances retail	
Robinsons Appliances	*Robinsons Appliances* is a leading specialty retailer of premium audio and video products and accessories, and brand name appliances. Its core retail product categories are entertainment, kitchen appliances, home appliances, and gadgets. It offers one of the most comprehensive brand name and premium model selections of digital televisions and appliances in the home appliances industry, which are sold at competitive prices. Representative brands include Apple, Whirlpool, Electrolux, Sony, Samsung and LG.

Name of the brand/specialty store	Business of the brand/specialty store
One-price point retail	
Saizen	Established in 1977, Daiso Industries Co. Ltd. of Japan is the largest and most successful company in the one-price-point retail format, more popularly known as 100 yen stores, with 2,680 stores in Japan and 658 more branches spread across the United States, Asia, the Middle East, Oceania, and Europe. Saizen offers a variety of products in Japanese styles, such as snacks, health and beauty items, home decorations and kitchenware, all priced at ₱88.
International fashion specialty retail	
Topshop	Launched in 1964 in the United Kingdom, *Topshop* has over 300 stores across the United Kingdom and over 140 stores in international territories, specializing in up-to-the minute affordable style.
Topman	Launched in 1978, *Topman*, the counterpart of *Topshop*, is the high-street leader of young men's fashion.
Dorothy Perkins	Founded in 1919, *Dorothy Perkins* is one of the biggest British women's clothing retailers in the United Kingdom, with nearly 600 stores in the United Kingdom and over 90 international outlets. *Dorothy Perkins* provides affordable and feminine fashion.
Warehouse	Established in 1976, *Warehouse* is a multinational British-based female clothing retailer. It is positioned at the upper end of the high-street fashion with presence throughout Europe, the Middle East and Asia.
Ben Sherman	Founded in 1963, *Ben Sherman* is a British based clothing retailer, specializing in designing male shirts, suits, shoes and accessories. It has branches across the United Kingdom, the United States, Asia and Europe.
Miss Selfridge	*Miss Selfridge* is a nationwide British high-street fashion store founded in 1966. It specializes in young female high-street fashion clothing.
Basic House	Founded in Korea in 2000, *Basic House* is a multinational Korean-based clothing retailer specializing in both male and female apparel. It has branches in Asia and Russia.

Name of the brand/specialty store	Business of the brand/specialty store
Coast London	Founded in the United Kingdom in 1996, *Coast* is a multinational fashion retailer. It offers high quality occasion-wear, versatile wear and accessories with presence all across Europe, Australia, the Middle East, the Nordic and Asia.
Shana	Launched in 2010, *Shana* is a Spanish retail chain specializing in affordable ladies' apparel, footwear and accessories. It is fast growing and has branches in Europe, the United States, Africa and Asia.
G2000	Founded in Hong Kong in 1980, *G2000* positions as a specialty clothing chain distributing both fashionable men's wear and ladies' career wear. It has a presence in Asia, Middle East and Europe.
River Island	Founded in the United Kingdom in 1948, *River Island* is a high street fashion brand for men and women. It offers high fashion but affordable wear and accessories with more than 300 stores across Europe, Middle East, and Asia.

Pricing

Toys "R" Us. Toys "R" Us considers the principal's suggested retail price when pricing a particular product and normally adopts a similar price to ensure competitiveness.

Robinsons Appliances. Robinsons Appliances practices price benchmarking against our competitors on a regular basis and adopts the lowest price of a product sold by its competitors as a benchmark.

Saizen. All products are priced at ₱88.

International Fashion Specialty Retail. When setting the price, the international fashion specialty retail operation is required by its principals to set a price not lower than the retail price suggested by its franchisor. In general, the prices are set within a range pre-agreed by the principals, and are not lower than the retail selling prices in the country of origin of a product.

Customers

Toys "R" Us. *Toys "R" Us* targets middle- to upper-income consumers.

Robinsons Appliances. Robinsons Appliances targets a very broad consumer segment, as for electronics such as mobile phones, both low- to upper-income consumers will be interested in the same model.

Saizen. Saizen is a concept store that cuts across all market segments that identify with the various lifestyle, fashion, home and office product offerings. Female middle-income consumers comprise most of the *Saizen* stores' customers.

International Fashion Specialty Retail. The international fashion specialty retail operation targets middle- to upper-income customers, usually young professionals, for its high-street fashion brands. We will from time to time consider acquiring further franchise or license opportunities to broaden our coverage of specialty stores in terms of formats and customer segments. We are selective in introducing additional brands into our portfolio.

Competition

Toys "R" Us. Toys "R" Us is the second largest toys retailer after Toy Kingdom. *Toys "R" Us* competes with Toy Kingdom by strengthening its brand awareness and continuing to develop its private labels.

Robinsons Appliances. Robinsons Appliances competes with SM Appliances and Abenson primarily on the basis of price, and provides credit card facilities to support its customers' purchases of the products that it offers conveniently. Through credit card programs, it offers its customers longer payment options at interest free installment terms.

Saizen. Saizen and Japan Home Center are currently the major players in the one-price discount stores operators in the Philippines. *Saizen* competes primarily on the basis of its brand as nearly all the merchandise in the store are sourced from and developed by Daiso Industries Co. Ltd of Japan. With support from Daiso Industries Co. Ltd. of Japan, *Saizen* is able to offer a broad product line that boasts of product quality and aesthetic appeal while maintaining one-price point.

International Fashion Specialty Retail. The retail apparel market in the Philippines is fragmented and highly competitive, with a large number of single and multi-brand clothing and apparel companies, both foreign and domestic, competing with each other. Store Specialist Inc., Suyen (Bench) Group, Vogue Concepts and Primer Group are the major competitors of our high-street fashion retail business. We compete with them by creating and strengthening recognition of the brands we manages. We also intend to extend our collaboration with RDS by bringing in international fashion brands as consignors to RDS, particularly middle-market fashion brands. We believe that such partnerships will enable us to guarantee a stable and ever growing POS to render us a strong candidate in cooperating with international fashion brands. We are also studying the feasibility of extending our specialty stores to shoes, accessories and cosmetic products by introducing well-recognized international brands to the local market.

Other Investment

We own 40% of the total common shares of Robinsons Bank. Robinsons Bank is majority-owned by the JG Summit Group. In the second quarter of 2010, the Company and JG Summit Capital Services Corp., a wholly-owned subsidiary of JG Summit, acquired 99.9% of the shares of The Royal Bank of Scotland (Phils.), a commercial bank. The Royal Bank of Scotland (Phils) was merged with Robinsons Savings Bank in May 2011 and subsequently renamed to Robinsons Bank Corporation. The bank's products and services include deposits, loans, trust and treasury, remittances and other deposit-related products, available in all its 65 branches nationwide as of December 31, 2012. Robinsons Bank acquired Legazpi Savings Bank in December 26, 2012, which added 11 branches to its branch network. Robinsons Bank recorded net income of ₱304 million, ₱384 million, ₱410 million and ₱281 million for the years ended December 31, 2010, 2011 and 2012, and for the six months ended June 30, 2013, respectively. We do not engage in the day-to-day management and operation of the bank.

Retail Management Policies and Infrastructure

To better manage, control and perform day-to-day retail activities, we have standardized retail management policies and infrastructures in relation to certain aspects of our business operations across the segments to maximize operational efficiency and achieve an optimal cost structure.

Business Development and Site Acquisition

One of our growth drivers is to increase our total number of stores across all retail formats and continue to explore expansion into new retail segments. The business development function has been decentralized and split across the Company's various operating units to ensure a greater focus on the growth of each format. However, central business development will remain to carry out key functions, to coordinate the efforts of the decentralized teams and ensure realization of synergies (such as lessor discounts on the combined spaces occupied by multiple formats), spearhead strategic acquisitions of existing companies that are also engaged in retail and strengthen the Company's business relationship with leading mall operators and property developers.

Suppliers

We follow standard guidelines in selecting our suppliers. Our experienced merchandising teams in each business segment will first examine the different aspects of the potential supplier including, generally, (i) background; (ii) type and price of the merchandise; (iii) capability to supply the required volume; (iv) reputation and reliability; (v) quality control; (vi) market penetration and (vii) track record of its sales. The merchandising team will then compile a report setting out the findings of such examination together with the expected sales revenue of the supplier and will make a recommendation thereafter.

Our large scale of operation through the complementary six business segments forms a strong negotiation position for negotiating with our vendors and suppliers. Where goods under the same category are sold at stores across two or more business segments, we seek to procure merchandise at favorable terms.

Inventory and Logistics

We follow an inventory policy that seeks to ensure that each of our stores maintains a sufficient level of products to attract consumers without carrying excessive levels of inventory in the stores. We conduct our inventory regularly, and store sales information are electronically transmitted to the head office and analyzed through our Merchandising Management and Merchandise Analytics systems. This allows us to immediately plan and execute the necessary replenishment actions and ensure that stores always have the right products in the right quantities. We use JDA/Merchandise Management System and ARC/Merchandise Analytics as standard solutions. We intend to implement the JDA/Merchandise Management System for the Ministop stores by the third quarter of 2013 to further optimize inventory management and plan for South Star Drug to start using the same system by 2014.

Order and inventory

For the consignor arrangements, we do not bear any inventory risk. The costs of and the risks associated with holding inventory provided by consignors are borne by them until the product is sold. This helps us minimize our inventory costs and risks. For our direct sales, which accounted for 60.4% of our consolidated net sales in the six months ended June 30, 2013, we have adopted an inventory policy to ensure that we maintain an appropriate level of inventory at all stores. Representatives from the direct sales department receive orders from our merchandizing department when appropriate. We generally place orders with suppliers or manufacturers after analyzing customer demand and tailoring product assortment to customers' preferences. The order process is centralized, originating from the head office of the respective business segments, although store managers may make additional orders. The ordering process is based on the actual off-take of products, taking into account buffer stock, delivery lead times and current promotions, if any.

We perform stock counts for direct sales merchandise on a semi-annual basis. Fresh products, such as fruit, vegetables, dairy products and bread, are generally delivered each day because of their limited shelf life, while non-perishable products with a high turnover, such as frozen products, are typically delivered once or twice per week. Other non-perishable products, such as certain groceries and alcoholic beverages, are typically delivered on a weekly basis. It takes an average of approximately three days to execute orders, from placing the order to receiving the product in the store.

Suppliers in the Philippines bear the liability for spoilage and other problems, with all goods being generally returnable to the suppliers. As a result of our advanced inventory management system, we have low levels of inventory shrinkage due to spoilage and theft. As of June 30, 2013, shrinkage was negligible. Our strong record of inventory statistics is in part a result of strict inventory control procedures and store monitoring procedures.

Distribution Centers

We manage a strong and efficient supply chain that features just-in-time delivery. Many of our distribution centers employ a cross-docking system, whereby all goods received from our suppliers are sorted, consolidated and dispatched to the stores in Metro Manila within one to five days and in Visayas and Mindanao within three to ten days of their receipt, depending on the business segment. This reduces stocking requirements and permits faster delivery of products. Some of our business segments, such as the supermarket, DIY and specialty stores (particularly toys and juvenile products), also employ a stock operation system equipped to handle high turnover and bulk items. For example, the supermarket segment implements a stock operation system for all top-tier vendors. An average of two weeks inventory of goods are ordered to be stocked and stored in the warehouse. Distribution planners make daily plans for replenishment and delivery of the goods to stores to ensure that stores do not run out of the key items supplied by the top-tier vendors. With the stock operation system, the distribution centers are able to supply the stores regularly with top-selling SKUs with expediency at low inventory carrying cost. We engage third-party service providers to provide trucking and shipping services to ensure timely delivery of merchandise from the distribution centers our stores across the Philippines. Certain of our suppliers also deliver products directly to the stores.

The following table sets out the breakdown of our distribution centers as of June 30, 2013:

Business Segment	Number of Distribution Centers	Location	Storage space (sqm)
Supermarket	2(1)	• Pasig, Metro Manila	14,550
		• Pasig, Metro Manila	10,156
Department Store ...	1	• Taguig, Metro Manila	2,196
DIY Store..........	1	• Pasig, Metro Manila	5,403
Convenience Store ..	2(2)	• Maybunga, Pasig, Metro Manila	10,387
		• Cebu, Visayas	400
Drug Store.........	3	• Pasig, Metro Manila	132
		• Pampanga, Central Luzon	356
		• Bicol, South Luzon	154
Specialty Stores	4(3)	• Pasig, Metro Manila	623
		• Taguig, Metro Manila	5,131
		• Taguig, Metro Manila	660
		• Taguig, Metro Manila	450

Notes:

1. Although we believe Robinsons Supermarket's distribution centers have sufficient capacity to support its operations and store network expansion for another five years, we are currently considering opening a third distribution center to support our planned expansion in the Visayas, south of Metro Manila.

2. Our distribution center in Cebu in the Visayas region is operated by Big Blue Logistics, Inc., an independent logistics and transportation service provider.

3. The Toys "R" Us, Robinsons Appliances, Saizen (under license from Daiso Industries Co. Ltd. of Japan) and international fashion specialty retail operations each have one distribution center.

Third-Party Service Providers

We engage the trucking and shipping services of third-party providers for the timely delivery of merchandise from our distribution centers to our various stores across the country.

In addition, we also engage third-party service providers for construction of commercial buildings and stores, equipment preventive maintenance providers for air conditioner, refrigeration and generator sets and security agencies for the security requirements of our various stores, distribution centers and our other facilities.

All of these third-party providers are carefully selected and screened based on their competence and track record in their respective industries, ownership structure and financial condition. They are each retained under standard one-year contracts and their level of service is evaluated annually as part of the contract renewal process.

Information Technology Systems

We have invested significant resources to develop our information technology systems as we believe that strong information systems facilitates operational efficiency and cost control by streamlining the flow of information across business process, from merchandising and warehouse management, point-of-sales, financial control, procurement and equipment maintenance, human resources management, and to supply chain management. We plan to continue investing and improving our existing information technology and management systems including upgrading the servers and network infrastructure to facilitate our increasing scale of operation and customers' demand.

At each business process, we operate leading information systems widely recognized in the retail industry. Each business segment adopts a common information system to promote consistency and seamless integration.

- We use the JDA system to handle merchandising, warehouse and store inventory, replenishments, price and cost management and space planning. Integrated with a warehouse management system from Infor, these systems provide a highly efficient means to distribute goods from the distribution centers to the stores ensuring just-in-time inventory and sufficient stock replenishments while keeping inventory at optimum levels.

- We operate an advanced merchandise analytics solutions system developed by Manthan Systems which allows us to analyze and optimize merchandise performance, and make proactive decisions on our day-to-day operations providing us with the ability to quickly and efficiently respond to any changes in customer trends.

- We use a fully-integrated Retalix solution for POS and Loyalty Systems, which provides very stable store operations while enabling us to enhance customer experience and boost customer traffic and spending.

- We also use a sophisticated supplier portal system which allows us to collaborate with our suppliers, and through which suppliers have online and real-time access to our database, providing them with the ability to manage their own inventory, helping to ensure consistently high service levels and facilitating more targeted marketing activities.

- We use SAP for our financial system, procurement, equipment maintenance, and human resources management, which provides accurate and timely financial data and facilitates analysis to foster better planning, budgeting and forecasting of business.

- We use the leader in retail business analytics system ARC as our business intelligence solution for merchandise, finance and human resource, facilitating better and faster decisions. This enables us to quickly identify changes in inventory and consumer preferences and promptly respond with appropriate strategies.

We have a stable and robust IT infrastructure in place supporting our information systems that is scalable to support the growth and expansion of each business segment. We believe that our effective information systems covering supply chain, financial and business intelligence systems optimize our business process and have been a key driver of our growth.

Intellectual Property

As of June 30, 2013, RSC had six registered trademarks covering various goods, as enumerated in the following table.

Name of Trade name/Trademark	Symbol of Trademark	Expiry Date of the Registration
1. HEALTHY YOU		April 27, 2019
2. ROBINSONS SUPERSAVERS.		November 6, 2016
3. VALUE PLUS ADD VALUE TO YOUR SHOPPING. . . .		February 10, 2021
4. ROBINSONS SUPERMARKET FIT & FUN WELLNESS BUDDY RUN		February 10, 2021
5. NATURE'S PURE		December 24, 2017
6. BREEDER'S CHOICE DOG FOOD		October 13, 2018

As of June 30, 2013, RI used 92 private labels, of which 26 are registered trademarks under its name as enumerated in the following table, while eight trademarks have pending registration and the rest are private label trademarks exclusively made for Robinsons Department Stores.

Name of trade name/trademark	Symbol of trademark	Registration expiry date
1. EXECUTIVE BY ROBINSONS		July 2, 2019

Name of trade name/trademark	Symbol of trademark	Registration expiry date
2. PLAYGROUND		December 3, 2020
3. PLAYGROUND		May 26, 2021
4. PORTSIDE.		July 2, 2019
5. NITELITES.		July 2, 2019
6. BRIDGET'S CLOSET		December 3, 2020
7. LOADED.		July 2, 2019
8. JULIA PLUS.		July 2, 2019
9. JULIA		July 2, 2019
10. HOME ESSENTIALS.		September 24, 2019
11. ESSENTIALS.		February 18, 2020
12. B+ACTIVE		July 2, 2019
13. ALL ABOUT KIDS		July 2, 2019
14. RAFAEL		September 29, 2018
15. GRAB A TEE		May 3, 2022
16. WORKSHOP		September 1, 2021
17. NEVER BEEN KISSED . . .		August 12, 2020
18. JUMPING BEANS		August 12, 2020

Name of trade name/trademark	Symbol of trademark	Registration expiry date
19. DAZED & CONFUSED . . .		August 26, 2020
20. SIMPLY ME		September 29, 2018
21. PUNKBERRY		August 12, 2020
22. PRIVILEGED		June 2, 2021
23. HIP ACTIVE WEAR		December 22, 2018
24. FELICITY		July 2, 2019
25. SUN KISSED		September 8, 2021
26. MARJOLAINE		November 1, 2022

As of June 30, 2013, five trademarks were registered by RHMI, and/or Robinsons True Serve Hardware Philippines, Inc., as enumerated in the following table.

Name of trade name/trademark	Symbol of trademark	Registration expiry date
1. THUNDER		March 2, 2019
2. HIGH GEAR.		September 29, 2018
3. WISHY WASHY		December 29, 2018
4. BOW WOW		June 25, 2019
5. SUPER CHOW		April 20, 2019

We have the contractual right to use the Do it Best, True Value and Howards Storage World trademarks in the Philippines.

As of June 30, 2013, the following trademark was registered by RCSI.

Name of trade name/trademark	Symbol of trademark	Registration expiry date
CHILLZ		May 9, 2019

As of June 30, 2013, the following trademark was registered by SSDI.

Name of trade name/trademark	Symbol of trademark	Registration expiry date
MANSON DRUG TUNAY AT MURA ANG GAMOT		September 23, 2020

As of June 30, 2013, the specialty stores business segment had three registered trademarks as enumerated in the following table.

Name of trade name/trademark		Symbol of trademark	Registration expiry date
1. ROBINSONS APPLIANCES	Robinsons Appliances Corp.		August 9, 2022
2. ROBINSONS SPECIALTY STORES, INC.	Robinsons Specialty Stores Inc.		February 9, 2022
3. SAIZEN	Robinsons Daiso Diversified Corp.		May 8, 2022

We recognize the importance of protecting and enforcing our intellectual property rights. To this end, we have established four trademark management entities to centralize the administration and management of trademarks. To the extent practicable, we intend to transfer our ownership of the abovementioned trademarks to these entities. See "Corporate and Shareholding Structure".

Marketing and Advertising

Our marketing and promotion objective is to build brand recognition, increase customer traffic to the stores, attract new customers, build strong customer loyalty, maximize repeat customer visits and develop incremental revenue opportunities. We employed a total of 68 marketing staff from 2010 to 2012 across all business segments. On a consolidated basis, the actual advertising expense was 0.4%, 0.5% and 0.5% of net sales in 2010, 2011 and 2012, respectively. Each of our business segments develops its own marketing strategy taking into account its target class of customers and local market conditions. To maximize visibility across all age groups, we advertise our products through various channels, including print advertisements, in-store promotional materials, social media, celebrity endorsements, and discounts campaigns. We also engage external marketing expertise to advise on and manage some of our significant marketing activities.

Print Advertisements

We have published extensive product catalogues to highlight new product arrivals as well as in-season merchandise and placed advertisements in various dailies and lifestyle magazine. For instance, free copies of Robinsons Supermarket's own promotional publication, "Every Day Choices", is given to top Value Plus Cardholders. Meanwhile, RDS runs advertising campaigns in the print media including magazines, newspapers, and posters. In relation to our RCSI, we concentrate our marketing on in-store billboards and on distributing flyers within a 50 meter radius of the Ministop stores to reach our customers. In respect of the specialty stores, the franchisors usually distribute standardized marketing materials and guidelines.

Social Media and Celebrities

Following the habits of the young to middle-aged customers, we launched active promotion of our brands via online social networks space such as Facebook and Twitter, which allow our brands to instantly and expansively reach our customers at a relatively low cost. For instance, Ministop had approximately 106,380 likes for our Facebook page as of June 30, 2013. A website is designed and dedicated to each of the business segments. In addition, Robinsons Supermarket and Robinsons Department Store enlist various celebrities and other public figures in marketing programs to build brand image and attract customers.

Discounts

We conduct various in-store promotional campaigns from time to time to boost sales by offering special discounts for selected merchandise. For instance, Robinsons Supermarket offers bi-monthly category promotions, bi-weekly "WOW" promotions, exclusive vendor promotions, and seasonal promotions to drive target spending on specific merchandise. During the promotion periods, Robinsons Supermarket receives vendor discounts to help defray promotion costs. For the DIY stores, we have also organized regular private sales at the True Value Power Plant mall and True Value Alabang Town Center. Discount campaigns such as WOW Budget Meals, coupons, thematic promotions and combo meals are periodically offered in the *Ministop* stores.

Loyalty Programs

We started issuing the Robinsons Rewards Cards in May 2013. With these cards, users can collect points with purchases and they will be permitted to redeem these points within our business segments. Robinsons Rewards Card is currently accepted in selected participating RDS, Robinsons Supermarket and *Toys "R" Us* stores. In 2014, the scope of acceptance of the Robinsons Rewards Card will be expanded to include the remaining business segments, excluding *Ministop* and *South Star Drug* stores, for which the card is expected to be accepted in 2015. We believe that the Robinsons Rewards Card will be a powerful tool to increase foot traffic across all business segments and drive customer loyalty.

Customers of our business segments, except for the convenience store and drug store business segments, can present their Robinsons Shop Card and enjoy special prices and privileges. A Robinsons Shop Card is honored nationwide at most of the Robinsons Retail Stores. It allows four semi-monthly convenient installment payments at 0% interest.

In addition to group-wide loyalty program, we have implemented tailored loyalty programs in each business segment.

Robinsons Supermarket, as part of our marketing campaign, issued the Value Plus Card in 2011. It allows our customers to collect points that can be converted to gift coupons for purchasing products sold in the supermarkets. As of December 31, 2012, there were more than 752,000 registered members and their sales contribution amounted to 36.5% of Robinsons Supermarket's net sales for the year ended December 31, 2012. Membership has grown to more than 982,000 as of June 30, 2013, with sales contribution amounting to 46.6% of net sales.

In relation to the DIY store business segment, we have developed regular price-off campaigns and special events for repeat customers and niche market segments. We also provide product knowledge through posting PlanItDIY How-To Project Videos on our website and organizing workshops for customers. Recent events include a power tool challenge, an Easter egg painting challenge at Robinsons Galleria, and a private sale at True Value Power Plant mall and True Value Alabang Town Center.

We have launched the True Perks program to build customer loyalty. As of June 30, 2013, this scheme had more than 65,000 members, approximately 68% of whom were active customers of our *True Value* stores. The True Perks card is a points-driven loyalty card. True Perks cardholders can save on their future purchases by earning points and using these points to pay for their future purchases. In addition to earning points, True Perks members are also entitled to special discounts and participate in exclusive sale events. Sales to our member customers accounted for 5.8% of DIY net sales in the first six months of 2013.

For new *Ministop* store openings, we also initiate supporting activities such as couponing, mascot appearances, motorcades, parades, jeepney/mobile toppers and major/minor seasonal promotions.

In relation to the *South Star Drug* stores, we offer free consultations and screenings periodically in conjunction with our suppliers' marketing programs. Furthermore, South Star Drug launched the Tipid Kard program in 2008. As of June 30, 2013, this scheme had more than 475,000 members. The Tipid Kard is a points-driven loyalty card. Tipid Kard holders can save on their future purchases by earning points and using these points to pay for their future purchases. South Star Drugs maintains a database of our loyalty scheme membership, including customer profiles and purchasing records, and this helps us tailor our promotional programs to meet our customers' specific needs. South Star Drug's loyalty scheme membership has grown from 445,000 Tipid Kard holders as of December 2012 to 475,000 as of June 30 2013. Sales to *South Star Drug* store's member customers accounted for 17.6% of net sales from August to December 2012 and 15.4% of South Star Drug's net sales for the first six months of 2013.

Cash Management and Internal Control

Due to the nature of the retail business, we deal with a large amount of cash transactions on a daily basis. As a result, we have adopted a strict uniform cash management system across all our business segments. The cash management system of each store is centralized and cash collections are monitored on a daily basis. The Division of Finance is responsible for overseeing cash management and monitoring the business segments, which covers cash investments and timely payments to business partners. In addition, we have implemented a centralized system for managing supplier payments to ensure that all payment deadlines are met.

We review our bank reports daily to reconcile sales proceeds with the amount of bank collections. These data are validated through cash management policies, which include system reports and manual validation by cashiers, supervisors and store managers. Petty cash loss by theft is handled in accordance with our internal procedures. Surveillance cameras are installed at each store to monitor and record the activities surrounding the cashiers' counters.

Internal controls for cash management are established to prevent mishandling and safeguard assets against loss. Each business segment is responsible for ensuring that our cash management policies and procedures are strictly adhered to. Each business segment has designated officers who handle cashiering and administrative matters. Daily collections are recorded and submitted to the designated officer for validation against the automated system generated reports. Any discrepancies recorded are reported to the officers and head office for investigation. Likewise, regular spot cash counts and inspections are made to ensure that accurate information has been recorded. Vaults are installed in each store to safe-keep collections. By the close of each business day, sales reports are automatically generated and uploaded from the store server to give access to members of our treasury group in the head office, which serves as the basis for matching expected deposits against actual receipts. We have arrangements with various banks for daily cash collection.

Insurance

We maintain the following types of insurance policies for our business segments: comprehensive general liability insurance (covering bodily injury and property damage liability), money, securities and payroll robbery insurance (covering loss of money or securities within the insured premises), fire insurance policy (covering loss or damage to stock, merchandise, equipment and property caused by fire and allied perils), and fidelity guarantee policy (covering direct loss of money or property for any act of larceny or embezzlement committed by employees occupying certain positions in the performance of their duties during the period insured). Our various insurance providers include large domestic insurers covering Comprehensive Third Party Liability, Third Party Property Damage, and certain vehicles. We carry 100% insurance coverage for inventory. Our insurance policies are generally renewable annually.

Human Resources

As of June 30, 2013, we had 6,915 employees. The following table sets out the number of our employees by segment as of December 31, 2010, 2011 and 2012, and as of June 30, 2013 and the estimated number of employees as of December 31, 2013 and December 31, 2014.

	As of December 31,			As of June 30,	Estimate As of December 31,	
	2010	2011	2012	2013	2013	2014
Supermarket						
Full-time employees	1,302	1,445	1,750	1,833	2,097	2,894
Part-time employees	625	669	345	85	541	872
Total	**1,927**	**2,114**	**2,095**	**1,918**	**2,638**	**3,766**
Department stores						
Full-time employees	598	617	696	705	780	850
Part-time employees	542	591	106	9	547	611
Total	**1,140**	**1,208**	**802**	**714**	**1,327**	**1,461**
DIY stores						
Full-time employees	597	654	875	912	988	1,059
Part-time employees	126	169	21	4	47	61
Total	**723**	**823**	**896**	**916**	**1,035**	**1,120**
Convenience stores						
Full-time employees	324	269	252	273	315	386
Part-time employees	—	—	—	—	—	—
Total	**324**	**269**	**252**	**273**	**315**	**386**
Drug stores[(1)]						
Full-time employees	—	—	414	409	440	612
Part-time employees	—	—	2,040	1,876	2,272	2,926
Total	**—**	**—**	**2,454**	**2,285**	**2,712**	**3,538**
Specialty stores						
Full-time employees	466	523	659	723	1,012	1,334
Part-time employees	249	305	66	86	41	88
Total	**715**	**828**	**725**	**809**	**1,053**	**1,422**

Note:

1. The drug store business was included in our consolidated results from August 1, 2012.

We believe that we have maintained an amicable relationship with our employees. As of June 30, 2013, our employees are not represented by any labor union nor has any collective bargaining agreements been entered into with other unions. The Company has not been affected by strikes or labor union disputes for over 20 years.

We believe that human resources is one of our keys to success. As such, we place heavy emphasis on staff training and retention. We adopt a uniform policy in relation to human resources across all our business segments.

Manpower Service Providers

In addition to our regular employees, we engage third party manpower service providers (cooperatives, security and manpower agencies) to address personnel requirements of each business segment. We use cooperatives and various manpower agencies to provide part-time services. Accredited cooperatives we engage include: People Like Us Multi-Purpose Cooperative, Don Bosco Network Multi-Purpose Cooperative, Integrated Workers Services Cooperative, and Manila Allied Management Services Cooperative.

As of June 30, 2013, we had contracted a total of 8,463 trained personnel from different third party service providers and made them available to each of our business segments. A large number of these personnel serves in the Company's supermarket and department store business segments. The number of contracted personnel working in supermarkets and department stores amounted to 3,774 and 2,185, respectively, as of June 30, 2013. The following table sets out the number of our outsourced workers as of December 31, 2010, 2011 and 2012, and as of June 30, 2013 and the estimated number of outsourced workers as of December 31, 2013 and December 31, 2014.

	As of December 31,			As of June 30,	Estimate As of December 31,	
	2010	**2011**	**2012**	**2013**	**2013**	**2014**
Number of outsourced workers	5,532	5,761	8,486	8,463	8,545	11,544

Organization Structure

Each of our six business segments is led by an experienced executive team. The General Managers regularly conduct Management Committee and Operations Committee meetings to review business performance and develop long-term development plans for their respective business segment. The group's Business Development Manager coordinates the efforts of the decentralized teams and ensures realization of synergies while strengthening relationships with leading mall operators. The General Manager is responsible for formulating business decisions and managing the overall business operation of the business segment. The Operations Manager oversees the Operations Department and is responsible for ensuring operating efficiency. The Store Managers report directly to the Operations Manager with respect to the daily management of the stores. On the other hand, the Merchandising Department is led by the Merchandise Managers who are responsible for supervising the Division Merchandise Managers. The Buyers report directly to the Division Merchandise Managers as regards the routine sourcing of merchandise and negotiations with vendors. Our Cash Resource Administration has a Controller who reports to the General Manager and the Chief Financial Officer. For a discussion of our directors and senior management, see "Board of Directors and Senior Management" beginning on page 205 of this Prospectus.

Each of our six business segments adopts a similar organization structure that is streamlined and highly efficient. Each business segment has its own Operations, Merchandising, Store Design and Visual Merchandising department. We have a principal IT, Human Resources and Site Development unit and separate IT, Human Resources and Site Development units on a smaller scale dedicated to each business segment.

In relation to *South Star Drug* stores, each store is required to have at least one licensed pharmacist who has the professional knowledge to ensure safe and effective medication use. The pharmacists answer questions on health, drug interaction, and drug dosage from customers. SSDI is currently in the process of hiring new pharmacists to comply with this requirement.

The Company has set up an Investor Relations office based at its Head Office that is in charge of receiving and addressing queries of shareholders and potential investors. It will also disseminate information about the Company's performance, plans and prospects to shareholders in a timely manner. Ms. Gina Dipaling is our Investor Relations Officer and reports to the President and Chief Operating Officer.

Recruitment and Promotion Policy

We have implemented a structured recruitment policy with the aim of selecting the most qualified and suitable candidates to fill vacant positions. There are detailed guidelines on both external and internal recruitment processes. Written tests and interviews are given to short-listed applicants for an evaluation of their aptitude, reasoning skills, personalities, professional skills and competencies to ensure the right candidate is chosen. Employees are hired initially on a six-month probationary period, and following successful completion of the probationary period they become regular employees and are entitled to employee benefits.

We have also devised a comprehensive assessment and promotion policy that governs the procedure of screening and promotion of employees within the Company. We believe that a standardized, effective and fair promotion policy can promote employee loyalty and commitment to us, improve employee morale, reward proven ability and skills, encourage employees to render their best service and reduce staff turnover, all of which in turn increases our overall productivity and efficiency.

Employees are assessed formally with an annual work performance appraisal conducted by their respective supervisors. The assessment results are used in salary reviews and promotion decisions. To reward individual contributions and retain quality staff, salary is adjusted annually. Employees can be promoted within the department or between our different business segments. The criteria for promotion are standardized, based on the recommendation from the immediate head, average performance rating, job knowledge and an assessment.

Personnel Training

We believe that our emphasis on training the employees not only improves the operational efficiency but also incentivizes employee loyalty and builds a strong corporate culture within the Company. All new hires are required to attend the New Employee Orientation in which our basic background, policies and procedures are introduced. Every employee is given an Employee Handbook that outlines our policies, employees' benefits, and Code of Discipline. Different types of training courses are developed and tailored to the needs of the employees. For instance, there are management training programs for the managerial positions and skills-related programs for regular employees to improve their career development prospects, such as presentation skills training, IT training, leadership development programs and technical on-the-job training. Most programs are conducted in-house. However, when possible, managers attend appropriate external programs and we also sponsor employees to receive overseas training on highly technical skills.

Employee Benefits

All of our regular employees receive government-mandated benefits. In addition to the government-mandated benefits, we provide comprehensive and attractive benefits such as leave benefits, health insurance, group life insurance, medicine allowance, emergency loan, rice subsidy, tools of trade (cellular phone and company car), annual merit increase and credit and loan privileges through Robinsons Shop Card and Robinsons Bank Loan. In addition, we offer various retirement benefits under different programs depending on the age of our employees and years of continuous services provided at retirement. We believe that our comprehensive remuneration package attracts quality staff and promotes business efficiency.

Regulatory Compliance and Legal Proceedings

Our legal department is responsible for meeting the multi-faceted demands of our Company and all of its subsidiaries and to ensure continued compliance with, and any changes in, applicable laws and regulations that may adversely affect our operations.

As of the date of this Prospectus, neither the Company nor any of its subsidiaries or affiliates or any of their properties is engaged in or a subject of any material litigation, claims or arbitration either as plaintiff or defendant, which could be expected to have a material effect on our financial position and we are not aware of any facts likely to give rise to any proceedings which would materially and adversely affect our business or operations.

Properties

As of the date of this Prospectus, we do not own any land. We lease spaces for all of our retail establishments from various entities across the Philippines. These leased premises include those described under "Business — Supermarket Business Segment" on page 122 of this Prospectus, "Business — Department Store Business Segment" on page 133 of this Prospectus, "Business — DIY Store Business Segment" on page 142 of this Prospectus, "Business — Drug Store Business Segment" on page 159 of this Prospectus, and "Business — Specialty Store Business Segment" on page 167 of this Prospectus.

We lease commercial spaces for our various business units throughout the Philippines. The lease rates and terms for these commercial spaces follow standard market rates and practices for similar businesses. The following table is illustrative of the rates paid per region.

Region	Rental Scheme	Lease Rate	Term
Metro Manila.	Fixed	₱200 to ₱2,816 per sqm	1-15 years
	% to sales	2.0% to 7.2% of sales	1-10 years
	Fixed or % to sales, whichever is higher	₱200 to ₱1,930 per sqm or 1.75% to 6% of sales	1-10 years
	Fixed plus % to sales	₱100 to ₱3,020 per sqm plus 1.5% to 3% of sales	1-10 years
Luzon (outside Metro Manila).	Fixed	₱93 to ₱2,536 per sqm	1-25 years
	% to sales	2.0% to 7.2% of sales	1-15 years
	Fixed or % to sales, whichever is higher	₱200 to ₱550 per sqm or 1.75% to 6% of sales	1-15 years
	Fixed plus % to Sales	₱300 to ₱700 per sqm plus 2% to 6% of sales	1-5 years
Visayas	Fixed	₱114 to ₱1,000 per sqm	1-20 years
	% to sales	2.74% to 7.2% of sales	1-5 years
	Fixed plus % to Sales	₱300 to ₱897 per sqm plus 1.5% to 3% of sales	1-20 years
Mindanao	Fixed	₱140 to ₱800 per sqm	1-15 years
	% to sales	2.74% to 7.2% of sales	1-3 years
	Fixed or % to sales, whichever is higher	₱300 to ₱393 per sqm or 1% to 4% of sales	1-10 years
	Fixed plus % to sales	₱500 to ₱900 per sqm plus 3% to 4% of sales	1-5 years

Environmental Laws

Environmental Compliance Certificate

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. Through its regional offices or through the EMB, DENR determines whether a project is environmentally critical or located in an environmentally critical area. As a prerequisite for the issuance of an ECC, an environmentally critical project is required to submit an EIS to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office, without prejudice to the power of the DENR to require a more detailed EIS. The construction of major roads and bridges are considered environmentally critical projects for which an EIS and ECC are mandated.

The EIS refers to both the document and the environmental impact assessment of a project, including a discussion of direct and indirect consequences to human welfare and ecology as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, at a minimum, they contain all relevant information regarding the environmental effects of a project. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS system. The EIS system successfully culminates in the issuance of an ECC. The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the EIS system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it will comply with the mitigation measures suggested therein. The ECC contains specific measures and conditions that the project proponent must undertake before and during the operation of a project, and in some cases, during the abandonment phase of the project to mitigate identified environmental impacts.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose significant public risks to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Operators of stores with total store areas (including parking) of over 10,000 sqm and/or operators of supermarkets with food stalls are required to obtain an ECC in respect of each store prior to commencement of business to certify that the operation will not pose an unacceptable environmental impact. Operators of supermarkets may also apply for and secure a CNC which exempts them from securing an ECC for their projects.

Certificate of Non-Coverage

A CNC is a certification issued by EMB/LLDA certifying that, based on the project description submitted, the project is not covered by the EIS system and is not required to secure an ECC.

See discussion in "Risk Factors — Risks Relating to Our Business — Continued compliance with, and any changes in, environmental laws and regulations may adversely affect our results of operations and financial condition." for a discussion on our present and outstanding CNCs.

DENR Identification Number

A DENR identification number is required to dispose of hazardous waste. In the absence of an identification number, a fine ranging from ₱600 to ₱4,000 may be assessed.

To obtain a DENR identification number, we must submit a duly completed hazardous waste generators form and all requested supporting documents. A screening officer will determine the completeness of the documents. If the documents are complete, we will have to pay a processing fee. The EMB Records Section will forward the documents to the Office of the Hazardous Waste Management Section who will evaluate and process the application, conduct site inspections, prepare an evaluation report, and assign a Hazardous Waste Generators DENR identification number. Finally, the records will be forwarded to the Chief Pollution Control Division who will approve or reject the application. The entire process normally takes a maximum of 20 working days.

This is a one-time permit unless there is a change in the hazardous wastes produced. As of the date of this Prospectus, we have not been required to obtain DENR identification numbers for our stores.

Authority to Construct and Permit to Operate a Stationary Source of Air Pollution

All stationary sources of air pollution that have the potential to emit 100 tons per year or more of any regulated pollutant, or when required under the ECC, must secure an authority to construct and permit to operate from the EMB prior to commencement of construction or operation.

An application for authority to construct must include the following:

a. an engineering report covering the plant description and operations, the estimated types, concentrations and quantities of all emissions to the atmosphere, the proposed control facilities, the emission rate and annual mass emission objectives, the design criteria for air pollution control equipment to be used, and other relevant information. The design criteria, if requested, shall be based on the results of laboratory and pilot plant scale studies. The design efficiencies of the proposed air control equipment and the quantities and types of pollutants in the final emissions shall be indicated. Where confidential records are involved, the EMB may limit the full disclosure of the same following discussions with the relevant applicant;

b. the plans and specifications of the installation and its control facilities (in standard size of 50 cm by 90 cm) duly certified by a registered professional mechanical engineer, sanitary engineer or chemical engineer or a combination of any two or all of them as may be required by the EMB depending on the nature of construction, operation or activity sought to be covered by the authority to construct. The plans shall clearly show with sufficient details covering the proposed arrangement, location and size of the pollution control equipment or facilities, including the accessories, cross-sections and construction details. The specifications shall be in sufficient detail so that, when review in conjunction with the plans, they clearly reveal the proposed means and methods for the control of pollution and the expected performance efficiency;

c. the project proponent shall conduct an air quality impact analysis using EMB-approved computer dispersion models and techniques. The impact analysis shall estimate the resulting ambient air concentrations for all significant pollutants from the facility, and shall include the existing ambient air concentrations as a baseline. The impact analysis will be used by the EMB, together with other relevant information, to determine if the proposed construction or modification will result in a violation of an applicable air quality standard;

d. a vicinity map adequately identifying the address, of the location or premises of the installation.

The EMB shall, within reasonable time, act on the application for authority to construct either by issuing the corresponding authority to construct or by rejecting the application in writing stating the reason or reasons therefor.

In the event that an application is rejected, the applicant may, within ten days from notice of such rejection, submit a written petition for reconsideration. The decision on the said petition shall become final after ten days from receipt thereof.

An application for a permit to operate should include the following:

The information listed in (a), (b), (c), and (d) above; and;

a. a statement of compliance or non-compliance with Rule XXV, National Emission Standards for Source Specific Air Pollutants (or, in the case of incinerators, a statement of compliance or non-compliance with Rule XXVIII). The statement of compliance shall be supported with actual test data, (such as stack sampling test data), or data gathering techniques acceptable to the EMB;

b. a statement of compliance or non-compliance with Rule XXVI, Ambient Air Quality Standards. The statement of compliance shall be supported by dispersion modeling data using modeling techniques and sampling approved by the EMB. In respect of cases in which source sampling and analysis is not practical, the EMB may approve the use of actual ambient air test data to demonstrate compliance with the Ambient Air Quality Standards, provided that the location and conditions of the testing conform to a “worst case scenario” as demonstrated by air dispersion modeling;

c. a compliance action plan for sources not meeting regulatory requirements. The compliance plan may include provisions for the use of emission averaging and/or trading as permitted under Parts III and IV.

d. a certification signed by the applicant attesting to the accuracy and completeness of the application;

e. a signed copy of the appointment or designation of the pollution control officer of the applicant; and

f. other documents, information and data as may be required by the DENR through the EMB.

The EMB shall, within 30 days, act on the application for authority to construct either by issuing the corresponding Authority to Construct or by rejecting the application in writing stating the reason or reasons therefor.

In the event that an application is rejected, the applicant may, within ten days from notice of such rejection, submit a written petition for reconsideration. The decision on said petition shall become final after ten days from receipt thereof.

The authority to construct is a one-time permit while the permit to operate must be renewed yearly.

As of the date of this Prospectus, the Company has not been required to obtain operating permits for our generators.

Discharge Permit

If development projects, installations and activities discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region, these development projects are also required to obtain a discharge permit from the LLDA.

We incur expenses for the purposes of complying with environmental laws that consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

As of the date of this Prospectus, the Company has not been required by the DENR to obtain discharge permits for our stores.

The Retail Trade Liberalization Act

In 1954, the Philippine Congress passed the Retail Trade Nationalization Law, Republic Act No. 1180, which prohibited any person who is not a citizen of the Philippines, and associations, partnerships, or corporations the capital of which is not wholly owned by citizens of the Philippines, from engaging directly or indirectly in the retail business. Under the Retail Trade Nationalization Law, a corporation must be 100% owned by Philippine nationals in order to engage in the retail business.

In 2000, the Philippine Congress passed the Retail Trade Liberalization Act, which allowed non-Philippine nationals to engage in retail on a limited basis. The Retail Trade Liberalization Act was meant to "encourage Filipino and foreign investors to forge an efficient and competitive retail trade sector in the interest of empowering the Filipino consumer through lower prices, higher quality goods, better services and wider choices." The Retail Trade Liberalization Act defines retail trade to cover any act, occupation, or calling of habitually selling direct to the general public any merchandise, commodities or goods for consumption.

Prior to the Retail Trade Liberalization Act, all retail business was generally restricted to Philippine persons. Under the Retail Trade Liberalization Act, however, foreign-owned partnerships, associations and corporations formed and organized under the laws of the Philippines may, upon registration with the Philippine SEC and the DTI, or in case of foreign-owned single proprietorships, with the DTI, engage or invest in the retail trade business, subject to the following categories:

Category A — Enterprises with paid-up capital of the equivalent in Philippine Pesos of less than US$2,500,000 shall be reserved exclusively for Filipino citizens and corporations wholly owned by Filipino citizens.

Category B — Enterprises with a minimum paid-up capital of the equivalent in Philippine Pesos of US$2,500,000 but less than US$7,500,000.00) may be wholly owned by foreigners except for the first two (2) years after the effectivity of this Act wherein foreign participation shall be limited to not more than sixty percent (60%) of total equity.

Category C — Enterprises with a paid-up capital of the equivalent in Philippine Pesos of US$7,500,000 or more may be wholly owned by foreigners: provided, however, that in no case shall the investments for establishing a store in Categories B and C be less than the equivalent in Philippine Pesos of US$830,000.

Category D — Enterprises specializing in high-end or luxury products with a paid-up capital of the equivalent in Philippine Pesos of US$250,000 per store may be wholly owned by foreigners.

Under the implementing rules and regulations of the Retail Trade Liberalization Act, any foreign investor, whether or not it is presently engaged in retail trade, may be allowed to invest in existing retail stores, publicly listed or not, subject to the paid-up capitalization amounts expressed in net worth, investment per store and equity requirements enumerated above. In addition, foreign investors which are also retailers that will invest in existing retail stores are required to be pre-qualified with the Board of Investments before they may actually buy shares.

If non-Philippine citizens acquire Shares, the Company will be considered a foreign investor not engaged in retail trade and shall be subject to the applicable laws.

Health Regulations

FDA (under the DOH) administers and enforces the law, and issues rules and circulars, on safety and good quality supply of food, drug and cosmetic to consumers; and regulation of the production, sale, and traffic of the same to protect the health of the people.

The DOH (which includes the FDA, formerly known as the Bureau of Food and Drugs) is the government agency tasked to implement the Consumer Act with respect to food products. The DOH also prescribes the Guidelines on Current Good Manufacturing Practice in Manufacturing, Packing, Repacking, or Holding Food for food manufacturers. Under the Consumer Act, the DOH also has the authority to order the recall, ban, or seizure from public sale or distribution of food products found to be injurious, unsafe or dangerous to the general public.

The Food, Drug and Cosmetics Act

The Food, Drug and Cosmetics Act, was passed into law on June 22, 1963. Executive Order 175 later amended the title of the law as "An Act to Ensure the Safety and Purity of Foods and Cosmetics, and the Purity, Safety, Efficacy and Quality of Drugs and Devices being made Available to the Public, Vesting the Bureau of Food and Drugs with Authority to Administer and Enforce the Laws Pertaining hereto, and for other purposes". The Food, Drug and Cosmetics Act was further amended in 2009 by Republic Act No. 9711 or "The Food and Drug Administration Act of 2009". The Food, Drug and Cosmetics Act was enacted as part of the government's policy of ensuring that safe and quality food is available to the people of the Philippines and to regulate the production, sale and trade of food to protect the health of the citizens. The Food, Drug and Cosmetics Act, as amended, defines "Food" as any processed substance which is intended for human consumption and includes drinks, beverages, chewing gum and any substances which have been used as an ingredient in the manufacture, preparation or treatment of food.

The Food, Drug and Cosmetics Act covers both locally manufactured and imported products and establishes standards as well as quality measures for food. A comprehensive enforcement framework was set up, which is deemed as necessary to ensure a pure and safe supply of food in the country.

Under The Food, Drug and Cosmetics Act, the following scenarios, among others, are considered prohibited and are punishable:

- the manufacture, import, export, sale, offer for sale, distribution, transfer, non-consumer use, promotion, advertising or sponsorship of any health products (defined as food, cosmetics, devices, biologicals, vaccines, in-vitro diagnostic reagents, and household/urban hazardous substances) that are adulterated, unregistered or misbranded;

- the adulteration or misbranding of any health product;

- the refusal to permit entry or inspection as authorized by section 27 of The Food, Drug and Cosmetics Act or to follow samples to be collected;

- the alteration, mutilation, destruction, obliteration, or removal of the whole or any part of the labeling of, or the doing of any other act with respect to health products if such act is done while the article is held for sale (whether or not the first sale) and results in the article being adulterated or misbranded; and

- the sale, offering for sale, importation, exportation, distribution or transfer of any health product beyond its expiration or expiry date, if applicable.

The commission of any of the prohibited acts stated above can result in imprisonment and/or a fine, in the sole discretion of the courts. Furthermore, any article of food, drug, device or cosmetic that is adulterated or misbranded when introduced into the domestic commerce may be seized and held in custody pending proceedings, without a hearing or court order, when the director general of the FDA has reasonable cause to believe from facts found by him or any officer or employee of the FDA that such health products may cause harm or prejudice to the consuming public.

Food shall be deemed to be adulterated if it carries or contains any poisonous or deleterious substance which may render it injurious to health, except if the quantity of such substance is such food does not ordinarily render it injurious to health. Food shall be deemed adulterated if it carries or contains any added poisonous or added deleterious substance other than one which is a pesticide chemical in or on a raw agricultural commodity for which tolerances have been established and it conforms to such tolerances. Food is adulterated if it consists in whole or in part of any filthy, putrid, or in part decomposed substance, or if it is otherwise unfit for human consumption; likewise if it is, in whole or in part, the product of a diseased animal or of an animal which has died otherwise than by slaughter. Lastly, if the container is composed, in whole or in part, of any poisonous or deleterious substance that may render the contents injurious to health, the food is considered adulterated.

Food shall be deemed to be misbranded if its labeling is false or misleading in any particular; if it is offered for sale under the name of another food; if it is an imitation of another food, unless its label bears in type of uniform size and prominence, the word “imitation” and immediately thereafter, the name of the food imitated; if its container is made, formed, or filled as to be misleading; if in package form unless it bears a label containing (i) the name and place of business of the manufacturer, packer, distributor; and (ii) an accurate statement of the quantity of the contents in terms of weight, measure, numerical count; (iii) subject to reasonable variations and exemptions as to small packages as may be established by regulations, if any word, statement, or other information required by or under authority of the

Food, Drug and Cosmetics Act to appear on the label or labeling is not prominently placed thereon with such conspicuousness and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use; (iv) if it purports to be or is represented as food for which a definition and standard of identity has been prescribed unless (i) it conforms to such definition and standard, and (ii) its label bears the name of the food specified in the definition and standard, and insofar as may be required by such regulations, the common names of optional ingredients (other than spices, flavoring, and coloring) present in such food; if it purports to be or is represented as (i) food for which a standard of quality has been prescribed by regulations, and its quality falls below such standard, unless its label bears, in such manner and form as such regulations specify, a statement that it falls below such standard; or (ii) food for which a standard or standards of fill of container have been prescribed by regulations and it falls below the standard of fill of container applicable thereto, unless its label bears, in such manner and form as such regulations specify, statement that if falls below such standard; if its label does not bear (i) the common or usual name of the food, if there be any, and (ii) in case it is fabricated from two or more ingredients, the common or usual name of each such ingredient; except the spices, flavorings and colorings without naming each; and to the extent that compliance becomes impracticable or results in deception or unfair competition, exemptions shall be established by regulations promulgated by the Secretary of the FDA; if it purports to be or is presented for special dietary uses, unless its label bears such information concerning its vitamin, mineral and other dietary properties as the Secretary determines to be, and by regulations prescribes as necessary to fully inform purchasers as to its value for such uses; if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact however, to the extent that compliance with this requirements is impracticable, exemptions shall be established by regulations promulgated by the Secretary of the FDA.

For the purposes of enforcement of the Food, Drug and Cosmetics Act, officers or employees duly designated by the Secretary, upon presenting appropriate credentials to the owner, operator, or agent in charge, are authorized (i) to enter, at reasonable hours, any factory, warehouse, or establishment in which food, drugs, devices or cosmetics are manufactured, processed, packed, or held, for introduction into domestic commerce; and (ii) to inspect, in a reasonable manner, such factory, warehouse, establishment, or vehicle and all pertinent equipment, finished or unfinished materials, containers, and labeling therein.

The Secretary of the FDA may cause to be disseminated information regarding food, drugs, devices, or cosmetics in situations involving, in the opinion of the Secretary, imminent danger to health, or gross deception of the consumer. The secretary of the FDA shall not be prohibited from collecting, reporting and illustrating the results of investigations of the DOH.

In accordance with the Food, Drug and Cosmetics Act, we secure certificates of product registration from the FDA for imported products through our consignors and suppliers. For goods sourced from local suppliers and for private label products, we ensure that the supplier or manufacturer has obtained the certificate of product registration before allowing the goods or products to be displayed or sold in the stores.

The Consumer Act

The Consumer Act establishes quality and safety standards with respect to the composition, contents, packaging and advertisement of food products. It prohibits the manufacture, importation, exportation, sale, offering for sale, distribution and transfer of food products that do not conform to applicable consumer product quality or safety standards and imposes a penalty of imprisonment of not less than one year but not more than five years, or a fine of not less than ₱5,000 but not more than ₱10,000 or both, at the discretion of the court. Should the offense be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalized.

The Consumer Act requires that consumer products for retail sale to the public shall be offered with an appropriate price tag, label, or marking publicly displayed to indicate the price of the consumer product per unit in Philippine Pesos and centavos. The products shall not be sold at a price higher than that stated in the price tag, label or marking, and shall be sold without discrimination to all buyers. However, where the consumer products for sale are too small or the nature of the products makes it impractical to place a price tag on each article, a price list placed at the nearest point where the products are displayed indicating the retail price of the same shall suffice. First time violation of this requirement warrants the imposition of imprisonment of not less than one month but not more than six months, or a fine of not less than ₱200 but not more than ₱5,000, or both, at the discretion of the court. A second conviction shall also carry with it the penalty of revocation of business permit and license.

The Consumer Act is primarily enforced by the DOH, the DA and the DTI.

The Company is in compliance with all the requirements under the Consumer Act.

The Meat Inspection Code

The Meat Inspection Code establishes safety and quality standards for meats, including pork, beef and chicken meat products. The NMIS, a specialized regulatory service attached to the DA, serves as the national controlling authority tasked with implementing policies, programs, guidelines and rules and regulations pertaining to meat inspection and meat hygiene to ensure meat safety and quality from farm to table. On the other hand, the local government units, in accordance with existing laws, policies, rules and regulations and quality and safety standards of the DA, have the authority to regulate the construction, management and operation of slaughterhouses and meat inspection and meat transport within their respective jurisdictions, and to collect fees and charges in connection therewith.

The Meat Inspection Code requires the inspection of food animals and the carcasses and parts thereof that are capable of use as human food. Only meat or meat products that have passed inspection and have been marked may be sold, offered for sale or transported. The Meat Inspection Code also provides for the inspection of slaughterhouses, poultry dressing plants and meat shops to ensure compliance with existing laws, policies and safety standards. Slaughterhouses and poultry dressing plants are required to comply with the Animal Welfare Act of 1998 for the adequate protection of food animals to be slaughtered. All meat establishments are required to adopt good manufacturing practices and sanitation standard operating procedures programs for the production, storage and distribution of meat products and to comply with all pollution control and environmental laws and regulations relating to the disposal of carcasses and parts thereof.

A cease and desist order may be issued by the secretary of the DA to any person, firm, or corporation engaged, in the business of slaughtering food animals, or preparing, freezing, packaging, storing or labeling any carcasses or parts or products of carcasses for use as human food, found to be in violation of any of the provisions of this Act, should the continued operation of the said entity, pose risks to public health and endanger the animal population.

The Company ensures that all meat being delivered by the suppliers to the Company's stores have obtained a NMIS certificate.

The Price Act

The Price Act provides for price controls for basic necessities and prime commodities in certain situations. Basic necessities include rice, corn, bread, fish, dried and canned fish and other marine products, fresh vegetables, pork, beef, poultry, milk, coffee and cooking oil, salt, laundry soap, detergents while prime commodities include flour, dried, processed and canned pork, beef and poultry meat, other dairy products, toilet soap, paper, school supplies, electrical supplies, batteries, among others. Under the Price Act, the prices of basic commodities are automatically frozen in areas declared as disaster areas, under emergency or martial law or in a state or rebellion or war. Unless lifted by the President of the Philippines, prices shall remain the same for a maximum of 60 days. The President of the Philippines may likewise impose a price ceiling on basic necessities and prime commodities in cases of calamities, emergencies, price manipulation or when the prevailing prices have risen to unreasonable levels.

The Price Act considers it unlawful for any person habitually engaged in the production, manufacture, importation, storage, transport, distribution, sale or other methods of disposition of goods to engage in price manipulation of any basic necessity or prime commodity through cartels, hoarding or profiteering.

The DA, DTI, DENR and DOH are the implementing agencies responsible for the enforcement of the provisions of the Price Act. The implementing government agencies of the Price Act are granted the authority thereunder to issue suggested retail prices, whenever necessary, for certain basic necessities and/or prime commodities for the information and guidance of concerned trade, industry and consumer sectors.

We comply with price controls of basic necessities issued by the DTI.

The Philippine Food Fortification Act

The Food Fortification Act provides for the mandatory fortification of wheat flour, cooking oil and such other staple foods as required by the National Nutrient Council and the voluntary fortification of processed foods or food products other than the foregoing. The fortification of food products shall be undertaken by the manufacturers thereof, which as defined under the Food Fortification Act includes the importer of processed foods or food products imported for its own use as well as wholesale or retail distribution to other food establishments or outlets.

The DOH through the FDA is the government agency responsible for the implementation the Food Fortification Act with the assistance of the different local government units, which are tasked under the said law to monitor foods mandated to be fortified which are available in public markets, retail stores and food service establishments and to check if the labels of fortified products contain nutrition facts stating the nutrient added and its quantity. Any person in violation of the Food Fortification Act shall be subject to administrative penalties. Furthermore, the FDA may refuse or cancel the registration or order the recall of food products in violation of said law.

We ensure that the suppliers comply with the requirements under the Food Fortification Act.

The Comprehensive Dangerous Drugs Act

Pursuant to the Republic Act No. 9165 or the Comprehensive Dangerous Drugs Act, the Government pursues a campaign against the trafficking and use of dangerous drugs and other similar substances through an integrated system of planning, implementation and enforcement of anti-drug abuse policies, programs, and projects. The Government aims to achieve a balance in the national drug control program so that people with legitimate medical needs are not prevented from being treated with adequate amounts of appropriate medications, which include the use of dangerous drugs.

The Dangerous Drugs Board formulates the guidelines for the importation, distribution, production, manufacture, compounding, prescription, dispensing and sale of, and other lawful acts in connection with any dangerous drug (which includes those listed in the schedules annexed to the 1961 Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and in the schedules annexed to the 1971 Single Convention on Psychotropic Substances), controlled precursor and essential chemical (which include those listed in tables I and II of the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances) and other similar or analogous substances of such kind and in such quantity as the said board may deem necessary according to the medical and research needs or requirements of the country and determine the quantity and/or quality of dangerous drugs and precursors and essential chemicals to be imported, manufactured and held in stock at any given time by authorized importer, manufacturer or distributor of such drugs. The corresponding license for this purpose is issued by the Philippine Drug Enforcement Agency ("PDEA"), which is the implementing arm of the Dangerous Drugs Board. The PDEA is responsible for the efficient and effective law enforcement of all the provisions of the law with respect to any dangerous drug and/or controlled precursor and essential chemical.

All manufacturers, wholesalers, distributors, importers, dealers and retailers of dangerous drugs and/or controlled precursors and essential chemicals (issued with the appropriate license by the PDEA) is required to keep a record of all inventories, sales, purchases, acquisitions and deliveries of the same as well as the names, addresses and licenses of the persons from whom such items were purchased or acquired or to whom such items were sold or delivered, the name and quantity of the same and the date of the transactions. Such records may be reviewed at any time by the Dangerous Drugs Board.

The Pharmacy Law

The Pharmacy Law, as amended by the Universally Accessible Cheaper and Quality Medicines Act of 2008, specifies that no medicine, pharmaceutical, or drug of any nature and kind or device shall be compounded, dispensed, sold or resold, or otherwise be made available to the consuming public except through a prescription drug store or hospital pharmacy, duly established in accordance with the provisions of the Pharmacy Law. Furthermore, pharmaceutical, drug or biological manufacturing establishments, importers and wholesalers of drugs, medicines, or biologic products shall not sell their products for re-sale except to retail drug outlets, hospital pharmacies or to other drug wholesalers under the supervision of a registered pharmacist, and supermarkets, convenience stores, other retail establishments for over-the-counter drugs, duly licensed by the Bureau of Food and Drugs.

Under the Pharmacy Law, every pharmacy, drug store or hospital pharmacy either owned by the government or a private person or firm shall at all times when open for business be under the personal and immediate supervision of a registered pharmacist. No pharmacist shall have personal supervision of more than one such establishment. In cases where a drug establishment operates in more than one shift, each shift must be under the supervision and control of a registered pharmacist.

The minimum requirements necessary for the opening and operation of drug stores and drug stores shall be in accordance with the rules and regulations to be prescribed by the FDA in accordance with the provisions of the Pharmacy Law. Only natural-born Filipino citizens who are registered pharmacists can apply for the opening of a retail drug store.

In accordance with the Pharmacy Law, the Company's retail drug stores are licensed and duly registered with in accordance with the Law.

The Generics Act

The Generics Act promotes, encourages and requires the use of generic terminology in the importation, manufacture, distribution, marketing, advertising and promotion, prescription and dispensing of drugs. Pursuant to the Generics Act, any organization or company involved in the manufacture, importation, repacking, marketing and/or distribution of drugs and medicines shall indicate prominently the generic name of the product. In the case of brand name products, the generic name shall appear prominently and immediately above the brand name in all product labels as well as in advertising and other promotional materials.

Furthermore, drug outlets, including drug stores, hospital and non-hospital drug stores and non-traditional outlets such as supermarkets and stores, shall inform a purchaser of any and all other drug products having the same generic name, together with their corresponding prices so that the purchaser may adequately exercise, his option.

The Philippine Labor Code

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the social security system ("SSS"), National Health Insurance Act of 1995, and Home Development Fund Law.

Under the Social Security Law, SSS coverage is compulsory for all employees under 60 years of age and their employers. Pursuant thereto, an employer is obligated to deduct and withhold from each employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount corresponding to his salary, wage, compensation or earnings, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the SSS. This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The Social Security Law imposes penal sanctions if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The National Health Insurance Act, created the National Health Insurance Program ("NHIP") to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. The Philippine Health Insurance Corporation ("PhilHealth") administers the NHIP, and an employer is required to deduct and withhold the contributions from the employee's salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to PhilHealth. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

PD 1530, as amended, or the Pag-IBIG Fund Law, created the Home Development Mutual Fund ("HDMF"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF.

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: fifteen days salary based on the latest salary rate; in addition, one-twelfth of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

RELATED PARTY TRANSACTIONS

In the ordinary course of our business, we engage in a variety of transactions with related parties. Certain of these related party transactions are described below:

We are controlled by the Gokongwei Family. Members of the Gokongwei Family also serve as our directors and executive officers. Certain members of the Gokongwei Family are also major shareholders of JG Summit. The most significant transactions with the Gokongwei Family include leasing retail stores in the shopping malls owned by RLC, a company controlled by the Gokongwei Family. Our policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Common directors of the Company and the JG Summit Group are as follows:

John L. Gokongwei, Jr.

James L. Go

Lance Y. Gokongwei

Robina Y. Gokongwei-Pe

Common executive officers of the Company and the JG Summit Group are as follows:

John L. Gokongwei, Jr.

James L. Go

Robina Y. Gokongwei-Pe

We rent a significant number of our stores, commercial centers and office buildings from RLC and its affiliates. Rent and utilities expenses paid to RLC and its affiliates by members of the Company amounted to ₱2,209 million, ₱2,144 million, ₱2,530 million and ₱1,372 million for the years ended December 31, 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

Members of the Company, including primarily from *Robinsons Supermarket* and *Ministop*, sourced significant amount of their products from URC. Cost of merchandise sold paid to URC and its affiliates by members of the Company amounted to ₱1,108 million, ₱1,173 million, ₱1,390 million and ₱647 million for the years ended December 31, 2010, 2011, 2012 and the six months ended June 30, 2013 respectively. Rent and utilities expenses paid to URC by the Company, being the rental fees for the Company's head office, amounted to ₱8 million, ₱19 million, ₱19 million and ₱10 million for the years ended December 31, 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

Consolidated Global Imports, Inc., an entity owned by members of the Gokongwei Family, is our largest franchisee of *Ministop* stores as of June 30, 2013. Sales to Consolidated Global Imports, Inc. amounted to ₱427 million, ₱551 million, ₱930 million and ₱578 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 and royalty fees paid by Consolidated Global Imports, Inc. amounted to ₱157 million, ₱194 million, ₱336 million and ₱225 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

As of June 30, 2013, the Company had a net payable to its related parties amounting to ₱134 million.

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review.

The Board and Senior Management

Currently, the Board consists of nine members, of which two are independent directors. Appointments of the independent directors as members of the Board will take effect immediately upon the issuance by the Philippine SEC of the Permit to Sell the Offer Shares of the Company without any further action required.

The following table sets out certain information regarding the members of the Board. All members of the Board are citizens of the Philippines.

Name	Age	Position
John L. Gokongwei, Jr.	87	Chairman
James L. Go	74	Vice Chairman and Director
Lance Y. Gokongwei	46	Vice Chairman and Director
Robina Y. Gokongwei-Pe	52	Director
Lisa Y. Gokongwei-Cheng	45	Director
Faith Y. Gokongwei-Lim	43	Director
Hope Y. Gokongwei-Tang	43	Director
Antonio L. Go	73	Independent Director
Roberto R. Romulo	74	Independent Director

The following table sets out certain information regarding the Company's executive officers.

Name	Age	Position
John L. Gokongwei, Jr.	87	Chief Executive Officer
James L. Go	74	Deputy Chief Executive Officer
Robina Y. Gokongwei-Pe	52	President and Chief Operating Officer
Bach Johann M. Sebastian	52	Senior Vice President and Chief Strategy Officer
Diosdado Felix A. Zapata III	51	Vice President and Chief Financial Officer
Atty. Rosalinda F. Rivera	43	Corporate Secretary
Atty. Gilbert S. Millado Jr.	40	Assistant Corporate Secretary and General Counsel
Katheryn T. Lim	38	Assistant Vice President, Treasurer

The following table sets out certain information regarding the Company's general managers and heads for shared services.

Name	Age	Position
Justiniano S. Gadia	55	General Manager - Robinsons Supermarket
Johnson T. Go	48	General Manager - Robinsons Department Store
Wilfred T. Co	49	Vice Chairman - Handyman Do it Best and True Value
Stanley C. Co	36	General Manager - Handyman Do it Best and True Value
Roena P. Sarte	55	General Manager - Ministop
Faith Y. Gokongwei-Lim	43	Vice President - Merchandising - Ministop
Dahlia T. Dy	51	Managing Director - SSDI
Manuel T. Dy	53	Vice President - Operations, SSDI
Hope Y. Gokongwei-Tang	43	General Manager - Robinsons Appliances
Maria Carmina Pia G. Quizon	41	General Manager - Robinsons Specialty Stores
Celina N. Chua	49	General Manager - Toys "R" Us
Katherine Michelle Yu	38	General Manager - Saizen and Howards Storage World
Paz Regina A. Salgado	50	Head of Business Center
Thelma Teresa Roxas-Jacob	47	Head of Customer Relationship Management
Mark O. Tansiongkun	48	Vice President - Procurement and Administration
Cesar T. Solomon, Jr.	48	Vice President - Information Systems
Ma. Luisa Guidote-Vargas	51	Vice President - Human Resources
Katheryn T. Lim	38	Assistant Vice President, Treasurer
Cecil Bien M. Sebastian	50	Assistant Vice President - Business Development

The business experience for the past five years of each of the Company's directors, executive officers, and department and store managers is set out below.

John L. Gokongwei Jr., 87, is the Chairman and Chief Executive Officer of the Company. He is also the Chairman Emeritus and a Director of RI, RCSI, RSC, Robinsons Specialty Stores, Inc. and Robinsons Toys Inc. He is also the Founder and Chairman Emeritus of JG Summit and he continues to be a member of the board of directors and executive committee and of certain of its subsidiaries. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc. ("GBFI"), Deputy Chairman and Director of United Industrial Corporation, Ltd. ("UIC") and Singapore Land, Limited ("Singland"). He is the Director of URC, Cebu Air, Inc., JG Summit Petrochemical Corporation ("JGSPC"), JG Summit Olefins Corporation ("JGSOC"), and Oriental Petroleum and Minerals Corporation ("OPMC"). He is also a Non-Executive Director of A. Soriano Corporation. Mr. Gokongwei received a Master of Business Administration degree from De La Salle University and attended the advanced management program at Harvard Business School.

James L. Go, 74, is the Vice Chairman and Deputy Chief Executive Officer of the Company. He is the Chairman and Chief Executive Officer of RSC, RI, RCSI and RHMI. He is the Director of HEMI, RHD, RAC, RDDC, Robinsons Specialty Stores, Inc., Robinsons Toys Inc., RVC, SSDI, WHI, and Angeles Supercenter Inc. He is also the Chairman and Chief Executive Officer of JG Summit and OPMC and the Chairman of URC, RLC, JGSPC and JGSOC. He is the Director of Cebu Air, Inc., UIC, Singland, Marina Center Holdings, Inc., and Hotel Marina City Private Limited. He is also a Director of the Philippine Long Distance Telephone Company ("PLDT") and a member of PLDT's Technology Strategy Committee. In addition, he is the President and a Trustee of the GBFI. He received a Bachelor of Science degree and a Master of Science degree (Chemical Engineering) from Massachusetts Institute of Technology. He is a brother of Mr. John L. Gokongwei, Jr.

Lance Y.Gokongwei, 46, is the Vice Chairman of the Company. He is the Chairman and Chief Executive Officer of HEMI, RAC, RDDC., Robinsons Specialty Stores, Inc., Robinsons Toys, Inc., RVC, SSDI, WHI, Angeles Supercenter, Inc., Everyday Convenience Stores, Inc., Robinsons True Serve Hardware Philippines, Inc and RHD. He is the Vice Chairman of RCSI and Vice Chairman and Deputy Chief Executive Officer of RHMI, RI and RSC. He is the President and Chief Operating Officer of JG Summit and the President and Chief Executive Officer of URC, Cebu Air, Inc., JGSPC and JGSOC. He is the Vice Chairman and Chief Executive Officer of RLC and the Chairman of the Robinsons Bank. He is the Director of OPMC, UIC and Singland. He is the Trustee, Secretary and Treasurer of GBFI. He received a Bachelor of Science degree (Finance) and a Bachelor of Science degree (Applied Science) from the University of Pennsylvania. He is the son of Mr. John L. Gokongwei, Jr.

Robina Y. Gokongwei-Pe, 52, is the President and Chief Operating Officer of the Company. She is also a Director of JG Summit, RLC, Cebu Air, Inc., Robinsons Bank and JG Summit Capital Markets Corporation ("JGSCMC"). She is the Trustee for the GBFI, Immaculate Conception Academy Scholarship Fund and the Ramon Magsaysay Awards Foundation. She is also a member of the University of the Philippines Centennial Commission. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984. Ms. Pe joined the group in 1984 as a management trainee. She is a daughter of Mr. John L. Gokongwei, Jr.

Lisa Y. Gokongwei-Cheng, 45, is a Director of the Company. She is also the President of Summit Media, Group General Manager of Jobstreet Philippines, Director and President of Summit Media Informatix Holdings, Inc. and General Manager of GBFI. She graduated from Ateneo de Manila University with a Bachelor of Arts degree (Communications) in 1990 and obtained a Master of Science degree (Journalism) from Columbia University in 1993. She is the daughter of Mr. John L. Gokongwei, Jr.

Faith Y. Gokongwei-Lim, 43, is a Director of the Company. She is also the Vice President — Merchandising for Ministop since 2006. She has assumed various key roles in other Robinsons business units as follows: Department Head of Robinsons Department Store and merchandising Head of Robinsons Supermarket from 1997 to 2006. She is also currently the General Manager of Chic Center Corporation. Ms. Faith graduated from the De La Salle University with a Bachelor of Arts degree (English Literature). She has over 22 years of retail experience obtained from the Company. She is a daughter of Mr. John L. Gokongwei, Jr.

Hope Y. Gokongwei-Tang, 43, is a Director of the Company. She is also the General Manager of Robinsons Appliances, effective as of April 1, 2012. She has been with the Robinsons Department Store for 21 years and was promoted from the Department Head to

Vice President of the merchandising department of the Department Store. Ms. Hope graduated from De La Salle University with a Bachelor of Arts degree (English Literature). She has over 22 years of retail experience obtained from our Company. She is a daughter of Mr. John L. Gokongwei, Jr.

Antonio L. Go, 73*,* was elected as an Independent Director of the Company on July 5, 2013. He also currently serves as Director and President of Equitable Computer Services, Inc. and is Chairman of Equicom Savings Bank. He is also a Director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, United Industrial Corporation Limited, Oriental Petroleum and Minerals Corporation, Pin-An Holdings, Inc., Equicom Information Technology, and ALGO Leasing and Finance, Inc. He is also a Trustee of Go Kim Pah Foundation and Equitable Foundation, Inc. He graduated from Youngstown University in the United States with a Bachelor of Science degree (Business Administration). He attended the international advanced management program at the International Managementt Institute, Geneva, Switzerland as well as the financial planning/control program at the ABA National School of Bankcard Management, Northwestern University in the United States.

Roberto R. Romulo, 74, was elected as an Independent Director of the Company on July 5, 2013. He was appointed a Director of SingLand in January 2003. He is the Chairman of AIG Philippines Insurance Inc. (formerly Chartis Philippines Insurance Inc.), PETNET, Inc, Medilink Network Inc., Nationwide Development Corporation, and Romulo Asia Pacific Advisory. He is currently a board member of A. Soriano Corporation, Equicom Savings Bank, and Philippine Long Distance Telephone Co. He was also a board member of United Industrial Corporation Limited from January 2003 to April 2010. He is a Member of the Board of Counselors of McLarty Associates (formerly Kissinger McLarty Associates). He is also the Chairman of several non-profit organizations, namely, The Zuellig Family Foundation, Carlos P. Romulo Foundation for Peace and Development, Foundation for Information Technology Education and Development and Asia Europe Foundation of the Philippines. He graduated with a Bachelor of Arts degree (Political Science) from Georgetown University, Washington, D.C. and a Bachelor of Laws degree from Ateneo de Manila University.

Executive Officers

John L. Gokongwei Jr., see " — The Board of Directors and Senior Management.".

James L. Go, see " — The Board of Directors and Senior Management.".

Robina Y. Gokongwei-Pe, see " — The Board of Directors and Senior Management.".

Bach Johann M. Sebastian, 52, is the Senior Vice President and Chief Strategy Officer of the Company. He was also appointed as the Senior Vice President — Chief Strategist of JG Summit on June 28, 2007. He is the Senior Vice President of corporate planning of URC and RLC. Prior to joining JG Summit in 2002, he was the Senior Vice President and Chief Corporate Strategist at PSI Technologies and RFM Corporation. He was also the Chief Economist and Director of the Policy and Planning Group at the DTI. He received a Bachelor of Arts degree (Economics) from the University of the Philippines and his Master of Business Management degree from the Asian Institute of Management.

Diosdado Felix A. Zapata III, 51, is the Vice President and Chief Financial Officer for the Company and all of its subsidiaries. He joined RI as Assistant Controller from 1991 to 2000 and was promoted to Controller for Big R Stores, Inc. from 2000 to 2002 and to Group Controller of the Company in 2002. He started his career as a junior auditor of SGV from 1983 to 1988 and as an accounting manager of Fil-House of Consumer Products, Inc. from 1988 to 1991. He graduated Cum Laude with a Bachelor of Accountancy degree from Polytechnic University of the Philippines. He became a Certified Public Accountant in 1983. He has 22 years of experience in the retail industry, all of which were obtained from the Company.

Atty. Rosalinda F. Rivera, 43, is the Corporate Secretary of the Company. She was also appointed as the Corporate Secretary of JG Summit on August 6, 2003 and has been the Assistant Corporate Secretary since May 2002. She is also the Corporate Secretary of URC, RLC, Cebu Air, Inc., JGSPC. Prior to joining the Company, she was a Senior Associate in Puno and Puno Law Offices. She received a Juris Doctor's degree from the Ateneo de Manila University School of Law and a Master of Law degree (International Banking) from Boston University School of Law.

Atty. Gilbert S. Millado Jr., 40, is the Assistant Corporate Secretary of the Company and the General Counsel and Corporate Secretary of all subsidiaries under the Company. He was previously the Corporate Legal Counsel of RLC from 2003 to 2012. He also served as the Corporate Legal Counsel of the Araneta Properties from 2000 to 2003. He received a Bachelor of Laws degree from Far Eastern University and was admitted to the Philippine Bar in 2000.

Katheryn T. Lim, 38, is the Assistant Vice President — Treasurer of the Company. Prior to her appointment in Robinsons, she worked with URC China Food Group as Corporate Treasury Manager, Chengdu Ding Feng Real Estate Co., Ltd (a company of JG Summit) as Finance and Administrative Manager. Her previous work experience includes: URC Credit Manager — Treasury Industrial Group from 2003- to 2008 and SM Prime Holdings, Inc. as Treasury Supervisor from 2000- to 2003. She graduated from the University of Santo Tomas with a Bachelor of Commerce degree (Business Administration and Management).

Store and Department Managers

Justiniano S. Gadia, 55, has been the General Manager of Robinsons Supermarket since 2005. He previously served as the General Manager of RHMI from March 2003 to February 2005 and Summit Publishing Co., Inc. from April 1998 to February 2005. He also served as a Director of logistics in URC— Branded Consumer Foods Group for six years from 1992 to 1998. As the General Manager of Robinsons Supermarket, he is the Official Representative to World Food Technology and Innovation Forum, Food Marketing Institute, and the Philippine Association of Supermarkets, Inc. He is also a member of the Management Association of the Philippine. Mr. Gadia obtained both his Bachelor of Science (Industrial Engineering) as well as his Master of Business Administration degree from the University of the Philippines-Diliman. He has obtained 11 years of management experience in the retail industry from the Company.

Johnson T. Go, 48, has been the General Manager for Robinsons Department Store since July 2008. He joined the Company in 1987 as a management trainee and subsequently assumed various key positions in the Company as follows: Administrative Manager of Robinsons Supermarket in 1988, Store Manager of Robinsons Supermarket in 1989, General Manager of Stanley Garments Specialist in July 1990. He also joined Robinsons Supermarket as Operations Manager in 1995 and became Assistant Vice President for Business Development of the Company in 2001 and General Manager for Handyman Do it Best in 2005. He received his Bachelor of Science degree (Commerce and Marketing Management) from De La Salle University. He has 28 years of retail experience, 26 of which have been with the Company.

Wilfred T. Co, 49, has been the Vice Chairman and Co-founder of Handyman Do it Best and True Value since 1994. He is also the President of Coherco Securities Inc., and Chairman of the board in Federal Chemicals Inc. He graduated Cum Laude from the University of the Philippines-Diliman with a Bachelor of Science degree (Electrical Engineering) and obtained his Master of Electrical Engineering degree from University of Southern California in 1988. In 2000, he became the President of the Association of Young Filipino Chinese Entrepreneurs and was appointed as the Chairman in 2001.

Stanley C. Co, 36, has been the General Manager of Handyman Do it Best and True Value since June 1, 2008. He has served the Company for ten years and started as the Division Merchandise Manager in 2003 and was promoted as the Assistant Vice President — Merchandising of RHMI in March 2005. Mr. Co graduated from the University of Santo Tomas with a Bachelor of Science degree (Commerce and Economics). He has completed his Master of Business Administration degree from De La Salle University. He has 14 years of experience in the retail industry, ten of which have been with the Company.

Roena P. Sarte, 55, has been the General Manager of Ministop since May 2011. She was previously the Assistant Vice President of merchandising of Robinsons Supermarket from 2004 to 2007. Prior to re-joining the Company, she worked at Pilipinas Makro Inc. as the Managing Director and Chief Operating Officer from 2008 to 2011 and Commercial Director in 2007. She also served as Assistant Vice President for Merchandising at Shoemart Inc. from 1983 to 1995. Ms. Sarte graduated with a Bachelor of Science degree (Engineering and Industrial Management Engineering from De La Salle University. She has 30 years of retail industry experience, five of which have been with the Company.

Dahlia T. Dy, 51, has been the Managing Director of SSDI since August 8, 2012. She served as Vice President for supply chain and finance from 2004 to 2007. She was appointed as the President in 2007 and became the Managing Director after the acquisition SSDI in August 8, 2012. She joined South Star Drug in 1982 as the Supply Chain In-charge in Bicol. Ms. Dy received a Bachelor of Science degree (Pharmacy) from the University of Santo Tomas in Manila. She passed the Professional Regulations Commission board exam in 1982 and became a registered pharmacist. She is a member of the Philippine Pharmacists Association ("PPhA") since 1982. She was awarded as the Most Inspiring Bicolano Entrepreneur by Go Negosyo, Philippine Center for Entrepreneurship in 2009. She has over 31 years of experience in the retail pharmacy industry.

Manuel T. Dy, 53, has been the Vice President for sales and store operations of SSDI since 2004. He joined South Star Drug in 1980 as Manila Operations-In-Charge of New South Star. Manuel received a Bachelor of Science degree (Pharmacy) at University of Santo Tomas in 1980. In the same year, he passed the Professional Regulations Commission board exam and became a registered pharmacist. He is a member of the Drugstore Association of the Philippines since its founding in 1983 where he served as one of the board of directors from 1997 to 1999. He is also a member of the PPhA since 1980 and became a member the board of directors from 2000 to 2002. He has over 33 years of experience in the retail pharmacy industry.

Hope Y. Gokongwei-Tang, see " — The Board of Directors and Senior Management.".

Maria Carmina Pia G. Quizon, 41, has been the General Manager of Robinsons Specialty Stores, Inc. since January 2007 and of Howards Storage World from January 2007 to June 2013. She started her career in the Company as a management trainee in March 1995 and held various positions in merchandising from Buyer, Division Merchandise Manager to her appointment as the Brand Manager of Robinsons Specialty Stores, Inc. in 2002. Ms. Quizon received her Bachelor of Arts (Humanities) from University of Asia and the Pacific. She has 18 years of retail experience, all obtained from the Company.

Celina N. Chua, 49, has been the General Manager of Toys "R" Us since 2008. She started her career in Robinsons Department Store as a Department Manager in 1985, as a buyer in 1986 and as the Division Merchandise Manager from 1989 to 2004. She obtained her Bachelor of Arts degree (Legal Processes and Administration) from Mills College in California USA. She has 28 years of retail experience. She is a niece of Mr. John L. Gokongwei, Jr.

Katherine Michelle Q. Yu, 38, has been the General Manager of Saizen since April 1, 2012 and Howards Storage World since July 1, 2013. She started her career in the Company as a Division Merchandise Manager of Handyman Do it Best and True Value. She was promoted to serve as the Merchandise Manager of Handyman Do it Best in 2008 and subsequently the Assistant Vice President for Merchandising. Prior to joining the Company, she served as the Sales and Marketing Officer of Lucky Star General Merchandise. She graduated from University of the Philippines-Visayas with a Bachelor of Business Administration and Management degree. She has over seven years of retail experience.

Paz Regina A. Salgado, 50, has been the head of Robinsons Business Center since 2010. She started her career in Robinsons Department Store as Store Treasury Manager of Robinsons Department Store in 1997 and as Store Manager from 1998 to 2004. She served as the Operations Manager from 2004 to 2010. She received a Bachelor of Science degree (Commerce and Marketing) and a Bachelor of Arts degree (Psychology) from De La Salle University. She has almost 20 years of retail experience.

Thelma Teresa Roxas-Jacob, 47, has been the Head of Customer Relationship Management since May 2011. Prior to 2011, she was the Vice President and Chief Information Officer of the Company beginning in 2003. Before joining the Company, she served as the Management Information System Manager of Astra Pharmaceuticals from 1992 to 1997. She graduated from University of the Philippines-Diliman with a Bachelor of Science degree (Mathematics) and obtained her Master of Business Administration degree from De La Salle University. She has 13 years of retail experience, all obtained from the Company.

Mark O. Tansiongkun, 48, has been the Vice President of Procurement and Administration since May 2008. He started his career in the Company as the Credit Sales and Promotion Manager of Robinsons Department Store in 1990. He was promoted to serve as the General Merchandise Manager in 1992 and was transferred to RLC and served as the Corporate Leasing Manager from 1996 to 1999. Subsequently, he returned to Robinsons Department Store and served as the Assistant Vice President for operations before his current role in the procurement and administration department. He graduated from De La Salle University with a Bachelor of Science in Commerce degree (Management of Financial Institutions) and in a Bachelor of Arts degree (Communications Arts). He is also a Certified Purchasing Manager ("C.P.M"); certification obtained from the Institute for Supply Management based in Tempe, Arizona, the United States. He has over 24 years of experience in the retail industry, all of which were obtained from the Company.

Cesar T. Solomon, Jr., 48, has been Vice President and Chief Information Officer of the Company since 2011. Prior to joining the Company, he served as the Project Manager of Supply Chain Consulting Phils., Inc. in 2009, Assistant Vice President of Information Systems at Neltex Development Company Inc. from 1992 to 2008, Management Information System Manager of Jag and Haggar Jeans and Sportswear Corporation as Management Information System Manager from 1989 until 1992, Chief Programmer of L&T International Corporation in 1988, Senior Programmer of Pacwood, Inc. in 1987 and Programmer and Systems Consultant of E.C. Electronic Cottage Computer Systems in 1986. He graduated with a Bachelor of Science degree (Mathematics) from Far Eastern University.

Katheryn T. Lim, see "— Executive Officers".

Ma. Luisa Guidote-Vargas, 51, has been the Vice President of Human Resources since January 2012. Prior to joining the Company, she served as Personnel Manager of Red Ribbon Inc. from 1986 to 1989; Corporate Human Resources Officer of Benison Group from 1989 to 1991; Division Manager for Human Resources of Duty Free Philippines from 1992 to 1995; Corporate Human Resources Manager of Magic Group from 2000 to 2005; Human Resources Manager of Kryton Group-Canada from 2007 to 2011. She graduated from St. Paul University with a Bachelor of Science major in Psychology degree and completed her Master of Industrial

Relations degree from the University of the Philippines-Diliman. She also completed the human resources management courses from British Columbia Institute of Technology in Canada, and is a Certified Human Resources Professional by the British Columbia Human Resources Management Association. She has over 15 years of experience in the retail industry.

Cecil Bien M. Sebastian, 50, is the current Assistant Vice President of Business Development of the Company. He served as a Sales Representative of IBM (under the Abenson — IBM Partnership) and served as the General Manager and Vice President of Abenson Sales Corporation for almost ten years. He also served as President and Director of Inchcape NRR Philippines, Inc., Chief Executive Officer and President of Ricoh Philippines, Inc. and Restaurateur at the Gab Australian Restaurant in 2002. He received a Bachelor of Science degree (Marine Fisheries and Business Administration) from the University of the Philippines-Diliman and his Master in Management degree from the Asian Institute of Management. He has over seven years of retail experience.

Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

Investor Relations Officer

Gina Roa-Dipaling is the Company's Investor Relations Officer. Her contact details are as follows:

Telephone Number: +632 635 0751 to 64

Email Address: gina.dipaling@robinsonsretail.com.ph

Office Address: 110 E. Rodriguez Jr., Ave Bagumbayan, Quezon City Philippines

Compliance Officer

Bach Johann M. Sebastian will be the Company's compliance officer effective immediately upon issuance by the Philippine SEC of the Permit to Sell the Offer Shares. His contact details are as follows:

Telephone Number: +632 395 2182

Email Address: bj.sebastian@robinsonsretail.com.ph

Office Address: 42/F Robinsons Equitable Tower ADB Avenue cor Poveda Road Ortigas Center, Pasig City, Philippines

Involvement in certain Legal Proceedings of Directors and Executive Officers

As of the date of this Prospectus, and to the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers: (i) have had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a three-year period of that time; (ii) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offences; (iii) have been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (iv) been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Corporate Governance

The Board approved the Company's corporate governance manual on June 7, 2013 to monitor and assess the level of the Company's compliance with leading practices on good corporate governance as specified in the Philippine SEC Circulars. In addition to establishing specialized committees to assist in complying with principles of good corporate governance, the manual also outlines specific investor's rights and protections and enumerates particular duties expected from the members of the Board, officers and employees. It also features a disclosure system which requests adherence to the principles of transparency, accountability and fairness. A compliance officer is responsible for the formulation of specific measures to determine the level of compliance with the manual by members of the Board, officers and employees. As of the date of this Prospectus, the Company has not encountered any material deviations from the standards specified in the manual.

Committees of the Board

Pursuant to the Company's corporate governance manual, the Board has created each of the following committees and appointed members of the Board thereto on July 4, 2013. Each member of the respective committees named below will immediately assume office upon approval by the Philippine SEC of the Company's application to register the Offer Shares and will serve until a successor shall have been elected and appointed.

Audit Committee

The Company's audit committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. The audit committee provides a general evaluation of and assistance in the overall improvement of its risk management, control and governance processes. The audit committee shall also be responsible for promulgating a charter which shall set out its purposes, membership, structure, operations, reporting process, resources and other relevant information in accordance with SEC Memorandum Circular No. 4 (2012).The audit committee must comprise at least three members, including at least one independent director, one of whom shall serve as the chairman of the committee. The audit committee reports to the Board and is required to meet at least twice a year. The chairman of the audit committee is Antonio L. Go , who serves with John L. Gokongwei Jr., James L. Go, Robina Y. Gokongwei-Pe, Lance Y. Gokongwei and Roberto R. Romulo.

The appointments of the members of the audit committee will take effect immediately upon the issuance by the Philippine SEC of the Permit to Sell the Offer Shares of the Company, without any further action required.

Remuneration and Compensation Committee

The Company's remuneration and compensation committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable them to run the Company successfully. The remuneration and compensation committee must comprise at least three members, including one independent director. The remuneration and compensation committee reports directly to the Board and is required to meet at least once a year. The remuneration and compensation committee will consist of John L. Gokongwei Jr., as chairman of the committee, James L. Go, Robina Y. Gokongwei-Pe, Lance Y. Gokongwei and Antonio L. Go as members.

The appointments of the members of the remuneration and compensation committee will take immediate effect upon the issuance by the Philippine SEC of the Permit to Sell the Offer Shares of the Company, without any further action required.

Nomination Committee

The Company's nomination committee is responsible for providing the Company's shareholders with an independent and objective evaluation and assurance that the members of the Board are competent and will foster long-term success and competitiveness. The nomination committee must comprise at least five members, including one independent director. The nomination committee reports directly to the Board and is required to meet at least once a year. The nomination committee will consist of John L. Gokongwei, Jr. as chairman of the committee, James L. Go, Robina Y. Gokongwei-Pe, Lance Y. Gokongwei and Roberto R. Romulo as members.

The appointments of the members of the nomination committee will take immediate effect upon the issuance by the Philippine SEC of the Permit to Sell the Offer Shares of the Company, without any further action required.

Executive Compensation

Summary Compensation Table

The following table sets out the Company's chief operating officer and four most highly compensated senior officers for the years ended 2010, 2011 and 2012:

Name	Position
Robina Y. Gokongwei-Pe	President and Chief Operating Officer
Dahlia T. Dy	Managing Director - SSDI
Justiniano S. Gadia	General Manager - Robinsons Supermarket
Johnson T. Go	General Manager - Robinsons Department Store
Roena P. Sarte	General Manager - Ministop

The following table identifies and summarizes the aggregate compensation of our President and the four most highly compensated executive officers in 2010, 2011, 2012 and for the first six months of 2013

	Year	Salaries	Bonuses	Total
		(in ₱ million)		
President, managing director of SSDI, and general managers of Robinsons Supermarket, Robinsons Department Store and Ministop named above	2010	21.57	1.85	23.42
	2011	25.43	2.16	27.59
	2012	28,90	2.45	31.36
	June 2013	16.85	—	16.85
	2013 Estimate	34.26	2.90	37.16
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed.	2010	17.15	1.47	18.62
	2011	24.58	2.17	26.75
	2012	37.65	3.24	40.89
	June 2013	20.94	—	20.94
	2013 Estimate	43.87	3.82	47.69

Standard Arrangements

Other than payment of reasonably per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which our directors are compensated directly or indirectly, for any services provided as a director.

Other Arrangements

There are no other arrangements pursuant to which any of our directors is compensated, directly or indirectly, for any service provided as a director.

Family Relationships

Mr. James L. Go is the brother of Mr. John L. Gokongwei, Jr.

Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr.

Ms. Robina Y. Gokongwei-Pe is the daughter of Mr. John L. Gokongwei, Jr.

Ms. Hope Y. Gokongwei-Tang is the daughter of Mr. John L. Gokongwei, Jr.

Ms. Faith Y. Gokongwei-Lim is the daughter of Mr. John L. Gokongwei, Jr.

Ms. Lisa Y. Gokongwei-Cheng is the daughter of Mr. John Gokongwei, Jr.

Ms. Celina N. Chua is the niece of Mr. John L. Gokongwei, Jr.

Mr. Bach Johann M. Sebastian is a brother of Mr. Cecil Bien M. Sebastian.

Certain relationships and related transactions

In the ordinary course of its business, the Company engages in transactions with companies controlled by the Gokongwei Family. For a more detailed discussion on related party transactions, see "Related Party Transactions" beginning on page 204 of this Prospectus.

Warrants and Options Outstanding

As of the date of this Prospectus, there are no outstanding warrants or options held by the Company's chief executive officer, the named executive officers, and all officers and directors as a group.

PRINCIPAL SHAREHOLDERS

Shareholders

The following table sets out the Company's shareholders as of July 4, 2013. JE Holdings, Inc., which is wholly owned by the Gokongwei Family, is the Company's single largest shareholder and, as of July 4, 2013, directly owned approximately 53.85% of the Company's issued share capital. As of July 4, 2013, the Gokongwei Family beneficially owned 100% of the issued common share capital of the Company. As a result, the Gokongwei Family controls the Company.

Shareholders as of July 4, 2013

Name of Shareholder	Number of Shares Held	% of Total Outstanding Shares
JE Holdings, Inc.	484,749,997	53.85%
Lance Y. Gokongwei	126,727,500	14.08%
Robina Y. Gokongwei-Pe	105,952,500	11.77%
James L. Go	41,550,000	4.62%
Lisa Y. Gokongwei-Cheng	35,317,500	3.92%
Faith Y. Gokongwei-Lim	35,317,500	3.92%
Marcia Y. Gokongwei	35,317,500	3.92%
Lance Y. Gokongwei and/ or Elizabeth Gokongwei	35,317,499	3.92%
Hope Y. Gokongwei-Tang	1	0.00%
John L. Gokongwei, Jr.	1	0.00%
Antonio L. Go	1	0.00%
Roberto R. Romulo	1	0.00%
Total	900,250,000	100%

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Security ownership of certain record and beneficial owners holding more than 5% of the Company's voting securities as of July 4, 2013

Title of Class	Name and address of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares held	% of total outstanding Shares
Common	JE Holdings, Inc 43/F Robinsons Equitable Tower ADB Avenue cor Poveda Road Ortigas Center, Pasig City	See Note 1 below	Filipino	484,749,997	53.85%
Common	Lance Y. Gokongwei 43/F Robinsons Equitable Tower ADB Avenue cor Poveda Road Ortigas Center, Pasig City	See Note 2 below	Filipino	162,044,999	18.0%
Common	Robina Y. Gokongwei-Pe 43/F Robinsons Equitable Tower ADB Avenue cor Poveda Road Ortigas Center, Pasig City	Same with the record owner	Filipino	105,952,5000	11.77%

Notes:

1. JE Holdings, Inc is a wholly-owned company of the Gokongwei Family.

2. 35,317,499 Shares are recorded in the books of the Company in the name of Lance Y. Gokongwei and/or Elizabeth Gokongwei.

Security Ownership of Management as of July 4, 2013

Title of Class	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	% of total outstanding Shares
Named Executive Officers				
Common	John L. Gokongwei, Jr.	1	Filipino	0.00
Common	James L. Go	41,550,000	Filipino	4.62
Common	Lance Y. Gokongwei	162,044,999[1]	Filipino	18.0
Common	Robina Y. Gokongwei-Pe	105,952,500	Filipino	11.77
Common	Lisa Y. Gokongwei-Cheng	35,317,500	Filipino	3.92
Common	Faith Y. Gokongwei-Lim	35,317,500	Filipino	3.92
Common	Hope Y. Gokongwei-Tang	1	Filipino	0
Total		380,182,501		42.23

Note:

1. 35,317,499 Shares are recorded in the books of the Company in the name of Lance Y. Gokongwei and/or Elizabeth Gokongwei.

Except as disclosed above, none of the Company's other executive officers or department managers own shares directly or indirectly in the Company. Ownership in the Company is limited to that indicated in the foregoing.

Voting Trust Holders of 5% or more

There were no persons holding more than 5% of a class of Shares under a voting trust or similar agreement as of June 30, 2013.

Recent Issuances of Securities Constituting Exempt Transactions by the Company

Not applicable.

Changes in Control

There has been no change in the control of the Company since it was formed on February 4, 2002.

As of the date of this Prospectus, there are no arrangements that may result in a change in the control of the Company.

DESCRIPTION OF THE SHARES

The Shares to be offered shall be 461,897,500 new common shares of the Company, with a par value ₱1.00 per share, to be issued and offered by the Company by way of a Primary Offer. A total of 1,385,000,000 Shares shall be outstanding after the Offer, assuming the Over-allotment Option is fully exercised.

Incorporation

The Company was registered and incorporated with the Philippine SEC on February 4, 2002 under SEC Registration Number A200201756. On June 7, 2013, by a vote of the majority of the Board and the shareholders representing at least two-thirds of the outstanding capital stock, the authorized capital stock of the Company increased from ₱500 million divided into 500,000,000 shares with a par value of ₱1.00 each into ₱2 billion divided into two billion shares with a par value of ₱1.00 each. The increase in the authorized capital stock was approved by the Philippine SEC on July 3, 2013.The Company currently has an authorized capital stock of ₱2 billion divided into two billion common shares with ₱1.00 par value each. The Company has not issued any cash dividends in the last two years.

Primary Purpose

Pursuant to the Company's articles of incorporation, the primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging thereof stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned.

Secondary Purposes

Pursuant to the Company's articles of incorporation, the secondary purposes are:

a. To guarantee obligations of, or to issue guarantees in favor of, any corporation or corporations, association or associations, domestic or foreign, as it shall deem necessary, convenient or incidental to carrying out any of the purposes of the Company.

b. To purchase, acquire, own, lease, sell and convey real properties such as parcels of land, buildings, factories, warehouses and personal properties such as machineries, equipment and other assets as may be necessary or incidental to the conduct of its business, and to pay in cash, shares of stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the Company.

c. To borrow or raise money, subject to compliance with applicable laws, necessary to meet the financial requirements of its business through the issuance of bonds, securities, promissory notes and other evidences of indebtedness, and to secure the repayment thereof by mortgage, pledge, deed of trust or lien upon the properties of the Company or to issue, pursuant to law, shares of stock, debentures and other evidences of indebtedness as payment for properties acquired by it or for money borrowed in the conduct of its business;

d. To invest and deal with the money and properties of the Company in such manner as may, from time to time, be considered wise or expedient for the advancement of its interests and to sell, dispose of or transfer the business, properties and goodwill of the corporation or any part thereof for such consideration and under such terms as it shall see fit to accept;

e. To carry on and manage the general business of any company except fund management;

f. To apply for, obtain, register, purchase, lease or otherwise acquire, and to the extent authorized by law, to hold, use, own, sell, assign and otherwise dispose of any trademarks, trade names, patents, inventions, improvements and process used in connection with or secured under letters of patent of the Philippines or of any country, and to use, exercise, grant licenses in respect of and otherwise avail of the benefits of any trademarks, trade name, patents, inventions, process and the like or any such property or rights;

g. To enter, make, perform, and carry out contracts of every kind, in connection with the carrying on of any business or transaction deemed necessary, convenient or incidental to any of the purposes of the Company, as principal, agent or otherwise with any corporation, association, partnership, entity, person or any government authority and regulatory agencies, whether domestic or foreign;

h. To acquire or obtain from any government authority, regulatory agencies or any corporation, company, partnership or person, such charter, contracts, franchise, privileges, exemption, licenses, permits and concessions as may be necessary or incidental to any of the purposes of the Company;

i. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business including the right to hold, purchase or otherwise acquire, sell, lease, mortgage, pledge, assign, convey or transfer real and personal properties;

j. To distribute the surplus profits of the Company to the stockholders thereof in kind, namely, properties of the Company, particularly any shares of stock, debentures or securities of other companies belonging to the Company; and

k. To conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within the Philippines or in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers enumerated, or which shall at any time be conducive to or expedient for the protection or benefit of the Company.

Corporate Term

The Company is authorized to exist for a term of 50 years from the date of its incorporation. The term may be renewed through an amendment to the articles of incorporation to be approved by the Philippine SEC.

Fiscal Year

The fiscal year of the Company commences on the first day of January and ends on the last day of December each year.

Objects and Purposes

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized when approved by a majority of the board of directors and ratified by the shareholders representing at least two-thirds of the outstanding capital stock, at a shareholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its primary purpose, the approval of the shareholders shall not be necessary.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation.

The shares of stock of a corporation may either be with or without par value. All of the Company's Shares currently issued or authorized to be issued are common shares and have a par value of ₱1.00 per Share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as paid-in surplus.

Subject to the approval by the Philippine SEC, a corporation may increase or decrease its authorized capital stock, provided that the increase or decrease is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has unrestricted retained earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of circumstances where the corporation is allowed to purchase its own shares are: elimination of fractional shares arising out of stock dividends, the purchase of shares of dissenting shareholders exercising their appraisal right as referred to below and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a reasonable price fixed by the board of directors.

The Board is authorized to issue shares from the treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including the Company's officers or employees for such consideration in money as the Board may determine.

Limitations of Foreign Ownership

In the event that the Company acquire land as part of its expansion plans, the Company will be subject to nationality restrictions stipulated under the Philippine Constitution and other laws, limiting ownership of companies who own land to citizens of the Philippines, or Philippine Nationals who are corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned and held by citizens of the Philippines. The Company is thus constrained to keep the foreign equity interest in it below the 40% threshold and any sale or transfer of Shares in excess of this threshold shall not be recorded in the Company's stock and transfer book.

Foreign Investment Act and the Negative List issued pursuant thereto, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of Foreign Investment Act defines a "Philippine National" as:

- a citizen of the Philippines;
- a domestic partnership or association wholly-owned by citizens of the Philippines;
- a trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60.0% of the fund will accrue to the benefit of the Philippine Nationals;
- a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and
- a corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of the Philippines of which 100.0% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos.

However, the Foreign Investments Act states that where a corporation (and its non-Filipino shareholders) own stock in a Philippine SEC-registered enterprise, at least 60.0% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60.0% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

In the case of *Gamboa vs. Teves et al (G.R. No. 176579. June 28, 2011)*, the Supreme Court ruled that the term "capital" in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors.

If all the Offer Shares are sold to non-citizens of the Philippines, the Company will still be considered a Philippine National.

Voting Rights

The Company's Shares have full voting rights. Each common share entitles the holder to one vote.

The Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Pre-emptive Rights

The Philippine Corporation Code confers pre-emptive rights on shareholders of a Philippine corporation entitling such shareholders to subscribe for all issues or other dispositions of equity-related securities by the corporation in proportion to their respective shareholdings, regardless of whether the equity-related securities proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. The Company's articles of incorporation currently contain such a denial of pre-emptive rights on all classes of shares issued by the Company and therefore further issues of shares (including treasury shares) can be made without offering such shares on a pre-emptive basis to the existing shareholders.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;

- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;

- a merger or consolidation; and

- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which in default of agreement is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The remedy will only be available if the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

Board of Directors

Unless otherwise provided by law, the corporate powers of the Company are exercised, its business is conducted, and its property is controlled, by the Board. The Company has nine Directors, two of which are independent Directors within the meaning set out in Section 38 of the SRC. Each Director shall have a term of one year. The Board shall be elected during each regular meeting of shareholders at which shareholders representing at least a majority of the issued and outstanding capital stock are present, either in person or by proxy. Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding.

Directors may only act collectively; individual directors have no power as such. Five directors, which are a majority of the Company's directors, constitute a quorum for the transaction of corporate business. Unless otherwise provided by law, every decision of a majority of the quorum duly assembled as a Board is valid as a corporate act. The Board may create an executive committee composed of five members to be elected by the Board from among its members. The executive committee shall advise and assist the officers of the Company in all matters concerning its interest and the management of its business between meetings of the Board and may in general exercise such powers as may be delegated by the Board except for those powers which cannot be delegated pursuant to the Company's by-laws.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term may be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum; otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The Company's by-laws provide for annual meetings on the fourth Thursday of June each year at the Company's principal office. If the date of the annual meeting falls on a legal holiday, the annual meeting shall be held on the next succeeding business day, which is not a legal holiday, at such hour as may be specified in the notice of said meeting.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by any of the following: (i) the Chairman of the Board, or (ii) the President of the Company, at their discretion; or (iii) upon request in writing, addressed to the Chairman of the Board, signed by majority of the members of the Board; or (iv) by two or more shareholders registered as the owners of at least 30% of the outstanding capital stock entitled to vote.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date, and time of the meeting, and purposes for which said meeting is called. Under the Company's by-laws, as amended, notice of a shareholder's meeting must be sent to all shareholders of record, at least 15 business days prior to the date of the meeting. The Company is required under the SRC to send to its shareholders of record at least 15 business days prior to the date of the annual or special meeting, an information statement and proxy form (in case of proxy solicitation) relating to such shareholders' meeting. Notices of a shareholder's meeting shall be sent by the Corporate Secretary by personal delivery or by mailing the notice to each shareholder of record at his last known address.

When the meeting of shareholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of meeting.

Quorum

Unless otherwise provided by law, in all regular or special meetings of shareholders, shareholders who own or hold a majority of the outstanding capital stock must be present or represented to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until shareholders who own or hold the requisite amount of capital stock shall be present or represented. Every decision of the shareholders representing a majority of the outstanding capital stock present or duly represented at a meeting at which there is a quorum shall be valid as a corporate act, except in cases where the vote of shareholders representing a higher percentage of outstanding capital stock is required by law or the by-laws.

Voting

At each meeting of the shareholders, every shareholder who has voting power upon the matter in question shall be entitled to vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

The Company's by-laws provide that for purposes of determining the shareholders entitled to notice of, or to vote or be voted at any meeting of shareholders, or entitled to receive payment of any dividends or other distribution or allotment of any rights, or for the purpose of any other lawful action, or for making any other proper determination of shareholders, the Board of Directors may provide that the stock and transfer books be closed for a stated period, which shall not be more than 60 days nor less than 30 days before the date of such meeting, in lieu of closing the stock and transfer book, the directors may also fix in advance a date as the record date for any such determination of shareholders.

Notwithstanding the provisions of the Company's by-laws on the setting of the record dates, the Philippine SEC may, from time to time, promulgate rules for listed companies such as the Company relating to the fixing of such record dates. Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than ten nor more than 30 days from the date of declaration. With respect to stock dividends, the record date shall not be less than ten nor more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than ten trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to and received by the Corporate Secretary for inspection and recording not later than five business days before the time set for the meeting, except such period shall be reduced to one business day for business that are adjourned due to a lack of quorum. No proxy bearing the signature that is not legally acknowledged by the Corporate Secretary shall be honored at the meetings. Proxies shall be valid and effective for five years unless the proxy provides for a shorter period and shall be suspended for any meeting wherein the shareholder appears in person.

Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.

No member of the PSE and no broker/dealer shall give any proxy, consent or authorization, in respect of any securities carried for the account of a customer to a person other than the customer, without the express written authorization of such customer. The proxy executed by the broker shall be accompanied by a certification under oath stating that before the proxy was given to the broker, he had duly obtained the written consent of the persons in whose account the shares are held.

There shall be a presumption of regularity in the execution of proxies and proxies shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the Implementing Rules and Regulations of the SRC (as amended), and Philippine SEC Memorandum Circular No. 5 (series of 1996) issued by the Philippine SEC.

Dividends

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Dividends may be declared by the board of directors except for stock dividends which may only be declared and paid with the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation; (ii) when the required consent of any financing institution or creditor to such distribution has not been secured; (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office. Philippine corporations whose securities are listed on any stock exchange are required to maintain and distribute an equitable balance of cash and stock dividends, consistent with the needs of shareholders and the demands for growth or expansion of the business.

Aside from what is stated in the Company's by-laws and what is provided under existing laws, the Board approved the Company's dividend policy on July 4, 2013. The Company intends to maintain an annual cash dividend payout ratio of twenty per cent (20%) of its audited consolidated net income for the preceding fiscal year subject to compliance with the requirements of applicable laws and regulations, the terms and conditions of its outstanding loan facilities and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances wherein the Company proposes to implement and undertake major projects and developments through its subsidiaries. There can be no guarantee that the Company will pay any dividends in the future. See "Dividends and Dividend Policy" beginning on page 54 of this Prospectus.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to such nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee. A shareholder may request upliftment of the shares from the PDTC, in which case a certificate of stock will be issued to the shareholder and the shares registered in the shareholder's name in the books of the company. See "The Philippine Stock Market" beginning on page 230 of this Prospectus.

Philippine law does not require transfers of the Company's Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See "Philippine Taxation" beginning on page 237 of this Prospectus. All transfers of Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's stock transfer agent. The certificates shall contain the matters required by law and the articles of incorporation. They shall be in such form and design as may be determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the President, countersigned by the Secretary or Assistant Secretary, and sealed with the corporate seal.

Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market" beginning on page 230 of this Prospectus.

Mandatory Tender Offers

In general, under the SRC and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert and intending to acquire at least (a) 35% of (i) any class of any equity security of a corporation listed in the Philippines or (ii) any class of any equity security of a Philippine corporation with assets of at least ₱50 million and having 200 or more shareholders with at least 100 shares each; (b) 35% of such equity over a period of 12 months; or (c) less than 35% of such equity that would result in ownership of over 51 % of the total outstanding equity, to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholders with whom the acquirer may have been in private negotiations and minority shareholders. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35.0% would result in ownership of over 51.0% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation:

- amendment of the articles of incorporation;
- removal of directors;
- sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;
- merger or consolidation;
- an increase or decrease in capital stock;
- extension or shortening of the corporate term;
- creation or increase of bonded indebtedness; and
- declaration of stock dividends.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual consolidated financial statements with the Philippine SEC. Corporations whose shares are listed on the PSE are also required to file quarterly consolidated financial statements (for the first three quarters) with the Philippine SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited consolidated financial statements.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the International Lead Managers, the Sole Domestic Lead Underwriter, or any of their respective subsidiaries, affiliates or advisers in connection with sale of the Offer Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system, which integrates all bids, and ask quotations from the bourses.

In June 1998, the Philippine SEC granted the PSE Self-Regulatory Organization ("SRO") status, allowing it to impose rules as well as enforce penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE has an authorized capital stock of 36.8 million, of which 15.3 million is subscribed and fully paid-up. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member-broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. Previously, the PSE allowed listing on the First Board, Second Board or the Small, Medium and Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of the incorporation of the Issuer. Each index represents the numerical average of the prices of component stocks. The PSE shifted from full market capitalization to free float market capitalization effective as of April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi includes 30 selected stocks listed on the PSE.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the public investors.

The following table sets out movements in the composite index from 2000 to 2012, the number of listed companies, market capitalization, and value of shares traded for the same period:

Selected Stock Exchange Data	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
Calendar Year		**(₱ billion)**		
2000	1,494.5	226	2,576.5	357.6
2001	1,168.1	228	2,143.3	159.5
2002	1,014.4	232	2,083.2	159.7
2003	1,442.4	235	2,973.8	145.4
2004	1,822.8	236	4,766.2	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	240	4,277.8	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	251	8,866.1	1,210.0
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,930.1	1,771.7

Source: Philippine Stock Exchange, Inc.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment for purchases of listed securities must be made by the buyer on or before the third trading day after the trade.

Trading on the PSE starts at 9:30 a.m. with a trading recess from 12:00 p.m. In the afternoon, trading resumes at 1:30 p.m. and ends at 3:30 p.m., with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are from Monday to Friday, except legal holidays when the BSP clearing house is closed.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under the current PSE regulation, when the price of a listed security increased by 50.0% or decreased by 50.0% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the relevant company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit an explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the issuer is disseminated, subject again to the trading band.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The SCCP is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. It is responsible for (a) synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also PSE Trading Participants; (b) guaranteeing the settlement of trades in the event of a PSE Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund, and (c) performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after the transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the PDTC's book-entry system. Each PSE Broker maintains a cash settlement account with one of the seven existing settlement banks of SCCP, which are Banco de Oro Unibank, Inc., Rizal Commercial Banking Corporation, Deutsche Bank, HSBC Philippines, Union Bank of the Philippines, Metropolitan Bank and Trust Company and Maybank. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its new clearing and settlement system called the Central Clearing and Central Settlement ("CCCS") on May 29, 2006. CCCS employs multilateral netting whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.) was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Rizal Commercial Banking Corporation and Banco de Oro Unibank, Inc.

To benefit from the book-entry system, securities must be immobilized in the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee, a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares through his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system and, with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate clear funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement ("CCCS") system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are to the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporation's books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee Corp. to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominees' name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agent's books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing the broker from its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the Exchange shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the Philippine SEC.

For listing applications, the amended rule on lodgment of securities is applicable to:

a. The offer shares/securities of the applicant company in the case of an initial public offering;

b. The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;

c. New securities to be offered and applied for listing by an existing listed company; and

d. Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof such that:

- For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the transfer agent of the companies shall no longer issue a certificate to the PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date.

- For existing listed companies, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of the PCD Nominee Jumbo Certificates and upon such advice the PDTC shall surrender all the PCD Nominee Jumbo Certificates to the transfer agent for cancellation. The transfer agents shall issue a Registry Confirmation Advice to THE PCD Nominee evidencing the total number of shares registered in the name of the PCD Nominee in the issuer's registry as of the confirmation date.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

PHILIPPINE FOREIGN EXCHANGE CONTROLS

Under current BSP regulations, an investment in listed Philippine securities (such as the Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such Shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), however, subjects foreign exchange dealers and money changers to Republic Act No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these nonbank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration document in connection with their application to purchase foreign exchange exceeding US$5,000 for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed in the PSE may be done directly with the BSP or through an investor's designated custodian bank on behalf of the BSP. A custodian bank may be any authorized agent bank (as defined below) of the BSP or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. The term "authorized agent bank" refers to all categories of banks, except offshore banking units, duly licensed by the BSP. Applications for registration must be accompanied by: (i) a purchase invoice, subscription agreement and proof of listing on the PSE (either or both) and (ii) the original Certificate of Inward Remittance of foreign exchange and its conversion to Pesos through an authorized agent bank of the BSP in the format prescribed by the BSP.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (i) the BSP registration document from the registering custodian bank; (ii) the cash dividends notice from the PSE and the PCD printout of cash dividend payment or computation of interest earned; (iii) copy of the secretary's sworn statement on the Board Resolution covering the dividend declaration and (iv) detailed computation of the amount applied for in the format prescribed by the BSP. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of BSP, with the approval of the President of the Philippines, to restrict the availability of foreign exchange during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

PHILIPPINE TAXATION

The statements made regarding taxation in the Philippines are based on the laws in force at the date of this Prospectus and are subject to any changes in law occurring after such date. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. Prospective purchasers of the Shares are advised to consult their own tax advisers concerning the tax consequences of their investment in the Shares.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines;" otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

Corporate income tax

A domestic corporation is generally subject to a tax of 30% of its taxable income from all sources within and outside the Philippines except, among others, (i) gross interest income from currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax rate of 7.5% of such income.

A minimum corporate income tax of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary income tax for the taxable year.

Nevertheless, any excess of the minimum corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Further, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, force majeure or legitimate business reasons.

Tax on Dividends

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10.0%. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20.0% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25.0% of the gross amount, subject, however, to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to tax while those received by non-resident foreign corporations are generally subject to a final withholding tax at the rate of 30.0%. The 30.0% rate for dividends paid to a non-resident foreign corporation may be reduced to a lower rate. It may be reduced to 15.0%. if (i) the country in which the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends or (ii) if the country of domicile of the non-resident foreign corporation allows a 15.0% or greater credit equivalent for taxes deemed to have been paid in the Philippines. The withholding tax rate may likewise be reduced under an applicable tax treaty executed between the Philippines and the country of residence or domicile of such non-resident foreign corporation.

Philippine tax authorities have prescribed certain procedures for availment of tax treaty relief. Subject to the approval by the BIR of a non-resident holder's application for tax treaty relief, the company shall withhold taxes at a reduced rate on dividends to be paid to a non-resident holder. If the regular tax rate is withheld by the company instead of the reduced rates applicable under a treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Stock dividends distributed pro rata to any holder of shares of stock are not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the holder is subject to capital gains or stock transaction tax.

Sale, Exchange or Disposition of Shares through an initial public offering (IPO)

The sale, barter, exchange or other disposition through an IPO of shares of stock in closely held corporations is subject to an IPO Tax at the rates below based on the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed in accordance with the proportion of shares of stock sold, bartered, exchanged or otherwise disposed to the total outstanding shares of stock after the listing in the local stock exchange:

Up to 25%	4%
Over 25% but not over 331/3%	2%
Over 331/3%	1%

A "closely held corporation" means any corporation at least 50% in value of outstanding capital stock or at least 50% of the total combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for not more than 20 individuals.

The IPO Tax shall be paid by the Company.

Sale, Exchange or Disposition of Shares After the IPO

Capital Gains Tax, If Sale Was Made outside the PSE

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to tax as follows: 5.0% on gains not exceeding ₱100,000 and 10.0% on gains over ₱100,000. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities to obtain an exemption or preferential tax rate under a tax treaty.

Taxes on Transfer of Shares Listed and Traded at the PSE

A sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.5% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

In addition, VAT of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client.

The PSE issued Memorandum CN-No. 2012-0046 dated August 22, 2012, which provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six (6) months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("MPO") which requires listed companies to maintain a minimum percentage of listed securities held by the public at ten percent (10%) of the listed companies issued and outstanding shares at all times. Consequently, the sale of such listed company' shares during the trading suspension may be effected only outside the trading system of the Exchange and shall be subject to capital gains tax and documentary stamp tax. Furthermore, if the fair market value of the shares of stock sold is greater than the consideration or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax at the under Section 100 of the National Internal Revenue Code.

On November 7, 2012, the BIR issued Revenue Regulations No. 16-2012 ("R.R. 16-12"), which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Documentary Stamp Tax

The original issue of shares of stock is subject to documentary stamp tax of ₱1.00 for each ₱200 par value, or fraction thereof, of the shares of stock issued. The transfer of shares of stock is subject to a documentary stamp tax of ₱0.75 for each ₱200 par value or a fractional part thereof of the share of stock transferred.

The sale, barter or exchange of shares of stock listed and traded at the PSE is exempt from documentary stamp tax.

In addition, the borrowing and lending of securities executed under the securities borrowing and lending program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are likewise exempt from documentary stamp tax in addition to stock transaction tax and capital gains tax. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR.

Estate and Gift Taxes

The transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, is subject to Philippine taxes at progressive rates ranging from 5.0% to 20.0%, if the net estate is over ₱200,000. Individual and corporate holders, whether or not citizens or residents of the Philippines, who transfer shares of stock by way of gift or donation are liable to pay Philippine donors' tax on such transfer of shares ranging from 2.0% to 15.0% of the net gifts during the year exceeding ₱100,000. The rate of tax with respect to net gifts made to a stranger (i.e., one who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) is a flat rate of 30.0%.

Estate and donors' taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' or estate taxes stated above.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

PLAN OF DISTRIBUTION

138,569,250 Offer Shares are being offered and sold by the Company at the Offer Price in the Philippines. 323,328,250 Primary Offer Shares are being offered for subscription outside the Philippines by the International Lead Managers. The Sole Domestic Lead Underwriter will underwrite, on a firm commitment basis, the Primary Offer Shares relating to the Domestic Offer and the International Lead Managers will underwrite, on a firm commitment basis, the Primary Offer Shares relating to the International Offer. There is no arrangement for the Sole Domestic Lead Underwriter or any of the International Lead Managers to return to the Company any of the Primary Offer Shares relating to the Domestic Offer or the International Offer.

The Domestic Offer

The Domestic Offer Shares shall initially be offered by the Company to the PSE Trading Participants and the LSIs during the Domestic Offer. The PSE shall allocate 92,379,500 Domestic Offer Shares among the PSE Trading Participants. Each PSE Broker shall initially be allocated 684,290 Offer Shares (computed by dividing the Domestic Offer Shares allocated to the PSE Trading Participants between 135 PSE Trading Participants and following the PSE's requirement for the minimum subscription of the Offer Shares to be a minimum of 100 Offer Shares, and thereafter, in multiples of 10 Offer Shares) and subject to reallocation as may be determined by the PSE. In addition, 46,189,750 Domestic Offer Shares shall be allocated to the LSIs. Prior to the closing of the Domestic Offer, any allocation of Domestic Offer Shares not taken up by the PSE Trading Participants and the LSIs shall be distributed by the Sole Domestic Lead Underwriter, together with the syndicate of participating domestic underwriters it will organize, to their clients or the general public in the Philippines or as otherwise agreed with the International Lead Managers. Domestic Offer Shares not taken up by the PSE Trading Participants, the LSIs, the clients of the Sole Domestic Lead Underwriter and the domestic underwriting syndicate members or the general public shall be purchased by the Sole Domestic Lead Underwriter and the underwriting syndicate members.

To facilitate the Domestic Offer, the Company has appointed Maybank ATR Kim Eng Capital Partners, Inc., who will act as the Sole Domestic Lead Underwriter. The Sole Domestic Lead Underwriter will underwrite the Domestic Offer Shares, subject to agreement between the Sole Domestic Lead Underwriter and the International Lead Managers, on any clawback, clawforward or other such mechanism, on a firm commitment basis.

Maybank ATR Kim Eng Capital Partners, Inc. was incorporated in the Philippines in 1990. It is duly licensed by the Philippine SEC to operate as an investment house and was licensed by the Philippine SEC to engage in underwriting or distribution of securities to the public in 1993. As of June 30, 2013, its total assets amounted to ₱1.4 billion and its capital base amounted to approximately ₱919 million. It has an authorized capital stock of ₱1.0 billion, of which approximately ₱878 million represents its paid-up capital. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally. Maybank ATR Kim Eng Capital Partners, Inc. and its affiliates have engaged in transactions with, and performed various investment banking and securities brokerage services for us and our affiliates in the past and may do so from time to time in the future. Maybank ATR Kim Eng Capital Partners, Inc. has no direct relationship with us in terms of share ownership. Other than as Sole Domestic Lead Underwriter for the Primary Offer, Maybank ATR Kim Eng Capital Partners, Inc. does not have any material relationship with the Company.

On or before October 31, 2013, the PSE Trading Participants shall submit to the designated representative of the PSE Listing Department their respective firm orders and commitments to purchase Primary Offer Shares. Domestic Offer Shares not taken up by PSE Trading Participants will be distributed by the Sole Domestic Lead Underwriter directly to their clients and the general public and whatever remains will be purchased by the Sole Domestic Lead Underwriter.

With respect to the LSIs, all applications to purchase or subscribe for the Primary Offer Shares must be evidenced by a duly accomplished and completed application form. An application to purchase Primary Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the Sole Domestic Lead Underwriter or such other financial institutions that may be invited to manage the LSI program. Payment for the Primary Offer Shares must be made upon submission of the duly completed application form.

The Sole Domestic Lead Underwriter shall receive from the Company a fee equivalent to 1.5% of the gross proceeds of the Domestic Offer. The underwriting fees shall be withheld by the Sole Domestic Lead Underwriter from the proceeds of the Domestic Offer. PSE Trading Participants who take up Domestic Offer Shares shall be entitled to a selling fee of 1.0% of the Domestic Offer Shares taken up and purchased by the relevant PSE Trading Participants. The selling fee, less a withholding tax of 10%, will be paid by the Company to the PSE Trading Participants within ten banking days after the Listing Date.

All of the Domestic Offer Shares are, or shall be, lodged with the PDTC and shall be issued to the PSE Trading Participants and LSIs in scripless form. They may maintain the Domestic Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Domestic Offer Shares from the PDTC's electronic system after the closing of the Domestic Offer.

The International Offer

The Company, through the International Lead Managers, are offering 323,328,250 Offer Shares in the International Offer (i) outside the Philippines and the United States in offshore transactions in reliance on Regulation S under the United States Securities Act, as amended and (ii) in the United States to QIBs in reliance on Rule 144A under the United States Securities Act.

The International Underwriting Agreement dated October 24, 2013 between the Company and the International Lead Managers, is subject to certain conditions and may be subject to termination by the International Lead Managers if certain circumstances, including force majeure, occur on or before the Primary Offer Shares are listed on the PSE. Subject to the terms and conditions of the International Underwriting Agreement, each of the International Lead Managers has agreed, severally and not jointly, to procure purchasers for or failing which to purchase the respective number of Offer Shares indicated in the following table. The table does not reflect the exercise of the Over-allotment Option that may or may not be exercised by the Stabilizing Agent (on behalf of the International Lead Managers) to purchase up to 22,852,500 additional Shares.

	Number of Primary Offer Shares
Deutsche Bank AG, Hong Kong Branch	107,776,084
J.P. Morgan Securities plc	107,776,083
UBS AG, Hong Kong Branch	107,776,083
Total	323,328,250

The closing of the Domestic Offer is conditional on the closing of the International Offer. The closing of the Domestic Offer and the International Offer are expected to occur concurrently. The International Underwriting Agreement provides that the Company will indemnify the International Lead Managers against certain liabilities, including under the United States Securities Act.

The International Lead Managers and their respective affiliates have engaged in transactions with, and have performed various investment banking, commercial banking and other services for, the Company and its affiliates in the past and may do so from time to time in the future. However, all services provided by the International Lead Managers, including in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to the Company. The International Lead Managers do not have any right to designate or nominate a member of the Board of Directors of the Company. The International Lead Managers have no direct relations with the Company in terms of share ownership and, other than as International Lead Managers for the Primary Offer, they do not have any material relationship with the Company.

The International Lead Managers shall receive from the Company a fee equivalent to 1% of the gross proceeds of the International Offer. The underwriting fees shall be withheld by the International Lead Managers from the proceeds of the International Offer. Investors in the International Offer (but not the Domestic Offer) will be required to pay, in addition to the Offer Price, a brokerage fee of 1.0% of the Offer Price.

The Over-allotment Option

In connection with the Offer, the Company has granted the Stabilizing Agent an Over-allotment Option, which is exercisable in whole or in part for a period beginning on the Listing Date and ending on a date no later than 30 days from and including the Listing Date, to purchase up to an additional 22,852,500 new Shares from the Company, on the same terms and conditions as the Primary Offer Shares as set out in this Prospectus. In connection therewith, the Stabilizing Agent has entered into an agreement with the Company to utilize up to an additional 22,852,500 Shares to cover over-allocations under the International Offer. Any Shares of the Company that may be delivered to the Stabilizing Agent under such agreement will be re-delivered to the Company either through the purchase of Shares in the open market by the Stabilizing Agent in the conduct of stabilization activities or through the exercise of the Over-allotment Option by the Stabilizing Agent. The Optional Shares may be over-allotted and the Stabilizing Agent may effect price stabilization transactions for a period beginning on the Listing Date, but extending no later than 30 days from and including the Listing Date. The Stabilizing Agent may purchase Shares in the open market only if the market price of the Shares falls below the Offer Price. Such activities may stabilize, maintain or otherwise affect the market price of the Shares, which may have the effect of preventing a decline in the market price of the Shares and may also cause the price of the Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions, it may discontinue them at any time. Once the Over-allotment Option has been exercised by the Stabilizing Agent, it will no longer be allowed to purchase Shares in the open market for the conduct of stabilization activities.

Lock-Up

The PSE rules require existing shareholders owning at least 10% of the Company's outstanding shares not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD Participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution. A total of 70,129,577 Shares held by JE Holdings, Inc. are covered by this lock-up requirement.

In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price, all such Shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such Shares.

414,620,420 shares held by JE Holdings, Inc., 70,282,078 shares held by Lance Y. Gokongwei, 127,500 shares held by Robina Y. Gokongwei-Pe, 50,000 shares held by James L. Go, and 42,500 shares held by Lisa Y. Gokongwei-Cheng, 42,500 shares held by Faith Y. Gokongwei-Lim, 42,500 shares held by Marcia Y. Gokongwei, and 8,792,499 shares held by Lance Y. Gokongwei and/or Elizabeth Gokongwei will be subject to such 365 day lock-up.

In addition to the lock-up obligations required by the PSE, the Company and each of JE Holdings, Inc., Lance Y. Gokongwei and Robina Y. Gokongwei-Pe have agreed with the Joint Global Coordinators, Bookrunners and International Lead Managers and the Sole Domestic Lead Underwriter that for a period of 180 days after the First Closing Date, neither the Company, JE Holdings, Inc., Lance Y. Gokongwei, Robina Y. Gokongwei-Pe nor any person acting on behalf of any of them will, without the prior written consent of the International Lead Managers and the Sole Domestic Lead Underwriter, subject to any applicable PSE regulation, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options.

Selling Restrictions

Philippines

No securities, except of a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the Philippine SEC on Form 12-1 and the registration statement has been declared effective by the Philippine SEC.

LEGAL MATTERS

Certain legal matters as to Philippine law in connection with the Offer will be passed upon by Romulo Mabanta Buenaventura Sayoc & De Los Angeles, legal counsel to the International Lead Managers and the Sole Domestic Lead Underwriter, and Reyes-Beltran Gomez Flores Ballicud and Associates, legal counsel to the Company. Certain legal matters as to United States federal law in connection with the Offer will be passed upon by Sidley Austin, United States legal counsel to the International Lead Managers, and K&L Gates, United States legal counsel to the Company. None of the above mentioned advisers has any direct or indirect interest in the Company arising from the Offer.

INDEPENDENT AUDITORS

Our interim consolidated financial statements as of June 30, 2013 and for the six months ended June 30, 2012 and 2013, our consolidated financial statements as of December 31, 2011 and 2012 and for each of the years in the three year period ended December 31, 2012, included in this Prospectus, have been audited by SGV & Co., a member firm of Ernst & Young, independent auditors, as stated in their reports appearing herein.

SGV & Co. has acted as our external auditor since 2002. Michael C. Sabado is our current audit partner and has served as such since 2008. We have not had any material disagreements on accounting and financial disclosures with our current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in us nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in us. SGV & Co. will not receive any direct or indirect interest in us or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit and review of our annual financial statements, our Corporate Governance Manual provides that the Audit Committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

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

	2011	2012
	(In ₱ million)	
Audit and audit-related fees	3.3	4.0
Tax fees	0.4	0.5
All other fees	0.1	0.2
Total	**3.9**	**4.6**

FINANCIAL STATEMENTS AND REPORTS OF THE INDEPENDENT AUDITORS

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

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

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

REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.
43rd Floor, Robinsons-Equitable Tower
ADB Avenue corner Poveda Road
Ortigas Center, Pasig City

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Robinsons Retail Holdings, Inc. and Subsidiaries as at June 30, 2013, the related interim consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the six months ended June 30, 2013 and 2012. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Philippine Accounting Standards (PAS) 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing (PSA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with PAS 34, "*Interim Financial Reporting*".

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-1 (Group A),
March 11, 2011, valid until March 10, 2014
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 3670019, January 2, 2013, Makati City

August 1, 2013

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(with Comparative Audited Figures as of December 31, 2012)

	June 30, 2013 (Unaudited)	December 31, 2012 (As restated- Note 25)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 17)	**₱3,967,239,891**	₱6,051,728,328
Short-term investments (Note 7)	**310,835,700**	309,852,939
Available-for-sale (AFS) financial assets (Note 8)	**–**	51,800,000
Trade and other receivables (Notes 9 and 22)	**478,773,130**	736,797,631
Merchandise inventories (Note 10)	**5,673,354,620**	6,081,812,428
Other current assets (Note 11)	**860,845,592**	872,569,082
Total Current Assets	**11,291,048,933**	14,104,560,408
Noncurrent Assets		
Property and equipment (Note 12)	**5,750,985,449**	5,163,589,147
Investment in shares of stocks (Note 13)	**1,789,925,831**	1,549,423,116
Intangible assets (Note 14)	**2,513,117,647**	2,519,178,253
Deferred tax assets - net (Note 23)	**188,341,404**	151,842,112
Other noncurrent assets (Note 15)	**846,454,839**	743,277,672
Total Noncurrent Assets	**11,088,825,170**	10,127,310,300
	₱22,379,874,103	₱24,231,870,708
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 16)	**₱9,393,527,298**	₱12,319,576,603
Current portion of loans payable (Notes 17 and 25)	**345,555,556**	411,530,897
Income tax payable	**341,835,419**	336,135,427
Other current liabilities	**184,991,113**	235,231,520
Total Current Liabilities	**10,265,909,386**	13,302,474,447
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 17 and 25)	**1,369,707,016**	2,116,666,667
Deferred tax liability (Notes 23 and 25)	**470,075,260**	470,075,260
Pension liability (Note 21)	**392,153,929**	285,272,547
Total Noncurrent Liabilities	**2,231,936,205**	2,872,014,474
Total Liabilities	**12,497,845,591**	16,174,488,921

(Forward)

	June 30, 2013 (Unaudited)	December 31, 2012 (As restated- Note 25)
Equity		
Capital stock (Note 18)	**₱415,000,000**	₱415,000,000
Additional paid-in capital	**141,816,919**	141,816,919
Deposit for future stock subscription (Note 18)	**485,250,000**	–
Other comprehensive income (loss) (Notes 13 and 21)	**39,925,847**	(30,049,176)
Equity reserve (Note 2)	**116,459,430**	116,459,430
Retained earnings (Note 18)	**7,391,786,655**	6,308,645,466
Total equity attributable to equity holders of the Parent Company	**8,590,238,851**	6,951,872,639
Non-controlling interest in consolidated subsidiaries	**1,291,789,661**	1,105,509,148
Total Equity	**9,882,028,512**	8,057,381,787
	₱22,379,874,103	₱24,231,870,708

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2013 (Unaudited)	2012 (Unaudited)
REVENUE		
Sales - net of sales discounts and returns	**₱31,316,634,034**	₱25,234,207,840
Royalty, rent and other income	**646,475,000**	544,693,556
	31,963,109,034	25,778,901,396
COST AND EXPENSES		
Cost of merchandise sold (Note 10)	**24,770,439,146**	20,423,297,784
Operating expenses (Note 19)	**5,573,629,256**	4,823,778,973
	30,344,068,402	25,247,076,757
	1,619,040,632	531,824,639
OTHER INCOME (CHARGES)		
Equity in net earnings of an associate (Note 13)	**126,819,029**	103,502,878
Interest income (Notes 6 and 7)	**40,808,097**	47,558,181
Dividend income	**3,271,519**	2,180,934
Investment income (Note 22)	**–**	129,874,167
Interest expense (Note 17)	**(45,619,367)**	(15,189,967)
	125,279,278	267,926,193
INCOME BEFORE INCOME TAX	**1,744,319,910**	799,750,832
PROVISION FOR INCOME TAX (Note 23)		
Current	**469,207,778**	152,662,125
Deferred	**3,023,763**	6,056,519
	472,231,541	158,718,644
NET INCOME	**1,272,088,369**	641,032,188
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of AFS financial assets (Note 13)	**417,133,034**	(250,000)
Share in change in fair value of AFS financial assets of an associate (Note 13)	**(274,675,595)**	(31,730,929)
Share in change in translation adjustment of an associate (Note 13)	**(23,313,699)**	–
Income tax effect	**15,093,539**	–

(Forward)

	Six Months Ended June 30	
	2013 (Unaudited)	2012 (Unaudited)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:		
Share in actuarial losses on pension liability of an associate (Note 13)	**(₱7,260,054)**	₱–
Actuarial losses on pension liabilities (Note 21)	**(81,431,717)**	(28,610,101)
Income tax effect	**24,429,515**	8,583,030
	69,975,023	(52,008,000)
TOTAL COMPREHENSIVE INCOME	**₱1,342,063,392**	₱589,024,188
Net income attributable to:		
Equity holders of the Parent Company	**₱1,085,807,856**	₱567,975,295
Non-controlling interest in consolidated subsidiaries	**186,280,513**	73,056,893
	₱1,272,088,369	₱641,032,188
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**₱1,155,782,879**	₱515,967,295
Non-controlling interest in consolidated subsidiaries	**186,280,513**	73,056,893
	₱1,342,063,392	₱589,024,188
Basic/Diluted Earnings Per Share (Note 24)	**₱2.62**	₱1.37

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 18)	Additional Paid-in Capital	Deposit For Future Stock Subscription (Note 18)	Other Comprehensive Income (Loss) (Notes 13 and 21)	Equity Reserve (Note 2)	Retained Earnings Appropriated (Note 18)	Retained Earnings Unappropriated (Note 18)	Total Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interest in Consolidated Subsidiaries (As restated- Note 25)	Total
At January 1, 2013	**₱415,000,000**	**₱141,816,919**	**₱–**	**(₱30,049,176)**	**₱116,459,430**	**₱4,235,825,899**	**₱2,072,819,567**	**₱6,951,872,639**	**₱1,105,509,148**	**₱8,057,381,787**
Subscriptions of shares of stocks during the period	–	–	**485,250,000**	–	–	–	–	**485,250,000**	–	**485,250,000**
Appropriation during the period	–	–	–	–	–	**917,531,811**	**(917,531,811)**	–	–	–
Net income	–	–	–	–	–	–	**1,085,807,856**	**1,085,807,856**	**186,280,513**	**1,272,088,369**
Other comprehensive income	–	–	–	**69,975,023**	–	–	–	**69,975,023**	–	**69,975,023**
Total comprehensive income	–	–	–	**69,975,023**	–	–	**1,085,807,856**	**1,155,782,879**	**186,280,513**	**1,342,063,392**
Dividends paid	–	–	–	–	–	–	**(2,666,667)**	**(2,666,667)**	–	**(2,666,667)**
At June 30, 2013 (Unaudited)	**₱415,000,000**	**₱141,816,919**	**₱485,250,000**	**₱39,925,847**	**₱116,459,430**	**₱5,153,357,710**	**₱2,238,428,945**	**₱8,590,238,851**	**₱1,291,789,661**	**₱9,882,028,512**
At January 1, 2012	₱415,000,000	₱141,816,919	₱–	(₱3,948,537)	₱98,101,590	₱4,716,251,453	₱392,750,076	₱5,759,971,501	₱729,226,419	₱6,489,197,920
Effect of decrease in ownership interest in subsidiaries	–	–	–	–	18,357,840	–	–	18,357,840	28,306,160	46,664,000
Appropriation during the period	–	–	–	–	–	499,000,000	(499,000,000)	–	–	–
Net income	–	–	–	–	–	–	567,975,295	567,975,295	73,056,893	641,032,188
Other comprehensive loss	–	–	–	(52,008,000)	–	–	–	(52,008,000)	–	(52,008,000)
Total comprehensive income (loss)	–	–	–	(52,008,000)	–	–	567,975,295	515,967,295	73,056,893	589,024,188
At June 30, 2012 (Unaudited)	₱415,000,000	₱141,816,919	₱–	(₱55,956,537)	₱116,459,430	₱5,215,251,453	₱461,725,371	₱6,294,296,636	₱830,589,472	₱7,124,886,108

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2013	2012
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,744,319,910**	₱799,750,832
Adjustments for:		
Depreciation and amortization (Notes 12 and 19)	**467,148,875**	703,372,933
Interest expense (Note 17)	**45,619,367**	15,189,967
Provision for impairment loss on property and equipment (Notes 12 and 19)	**3,864,978**	6,783,760
Investment income (Note 22)	**–**	(129,874,167)
Dividend income	**(3,271,519)**	(2,180,934)
Interest income (Notes 6 and 7)	**(40,808,097)**	(47,558,181)
Equity in net earnings of an associate (Note 13)	**(126,819,029)**	(103,502,878)
Operating income before working capital changes	**2,090,054,485**	1,241,981,332
Decrease (increase) in:		
Trade and other receivables	**254,083,805**	191,314,633
Merchandise inventories	**408,457,808**	(452,624,008)
Other current assets	**(185,053,695)**	(145,141,299)
Short-term investments	**(982,761)**	(31,741,107)
Increase (decrease) in:		
Trade and other payables	**(2,926,049,305)**	(1,355,338,501)
Other current liabilities	**(50,240,407)**	(68,347,140)
Pension liability	**25,449,665**	18,590,130
Net cash flows used in operations	**(384,280,405)**	(601,305,960)
Income tax paid	**(266,730,601)**	(165,803,654)
Interest received	**44,748,792**	47,558,181
Net cash flows used in operating activities	**(606,262,214)**	(719,551,433)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of:		
AFS financial assets	**50,000,000**	–
Property and equipment	**1,291,781**	–
Shares of stocks (Note 22)	**–**	141,667,700
Dividends received	**3,271,519**	2,180,934
Increase in other noncurrent assets	**(103,476,958)**	(95,506,838)
Acquisitions of property and equipment (Note 12)	**(1,053,341,539)**	(1,237,665,394)
Net cash flows used in investing activities	**(1,102,255,197)**	(1,189,323,598)

(Forward)

	Six Months Ended June 30	
	2013 (Unaudited)	2012 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock subscriptions (Note 18)	**₱485,250,000**	₱–
Proceeds from issuances of capital stock by subsidiaries to non-controlling interest (Note 2)	**–**	46,664,000
Payments of loans (Note 17)	**(812,934,992)**	(85,000,000)
Interest paid (Note 17)	**(45,619,367)**	(15,189,967)
Dividends paid	**(2,666,667)**	–
Net cash flows used in financing activities	**(375,971,026)**	(53,525,967)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,084,488,437)**	(1,962,400,998)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,051,728,328**	5,242,208,579
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	**₱3,967,239,891**	₱3,279,807,581

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Retail Holdings, Inc. (Formerly Robinsons Holdings, Inc.), (herein referred to as either "RRHI" or the "Parent Company") is a stock corporation organized under the laws of the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 2002. The primary purpose of the Parent Company and its subsidiaries (herein referred to as "the Group") is to engage in the business of trading goods, commodities and merchandise of any kind.

The registered office address of the Parent Company is 110 E. Rodriguez Jr. Avenue, Libis, Quezon City.

On March 26, 2013, the SEC approved the change of the Parent Company's corporate name from Robinsons Holdings, Inc. to Robinsons Retail Holdings, Inc.

2. Basis of Preparation

The accompanying interim condensed consolidated financial statements as at June 30, 2013 and for the six months ended June 30, 2013 and 2012 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2012 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at December 31, 2012, 2011 and 2010, and the consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, issued on June 13, 2013 (referred to as the "2012 annual consolidated financial statements").

The Group adopted the new accounting standards effective beginning January 1, 2013 in the 2012 annual audited consolidated financial statements which have been prepared for inclusion in the Parent Company's prospectus for purposes of its plan for initial public offering.

The interim condensed consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale (AFS) financial assets, which are measured at fair value. The interim condensed consolidated financial statements are presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

The interim condensed consolidated financial statements represent the consolidation of the financial statements of RRHI and the following subsidiaries directly and indirectly owned by the Parent Company.

	June 30, 2013		December 31, 2012	
	Percentage of Ownership			
Investee Companies	**Direct**	**Indirect**	Direct	Indirect
Robinsons, Inc. (RI)	**100.00%**	–	100.00%	–
Robinsons Ventures Corporation (RVC)	–	**65.00%**	–	65.00%
Robinsons Toys, Inc. (RTI)	–	**100.00%**	–	100.00%
Robinsons Convenience Stores, Inc. (RCSI)	–	**51.00%**	–	51.00%
South Star Drug, Inc. (SSDI)	–	**45.00%**	–	45.00%
Robinsons Supermarket Corporation (RSC)	**100.00%**	–	100.00%	–
Angeles Supercenter, Inc. (ASI)	–	**67.00%**	–	67.00%
Robinsons Appliances Corp. (RAC)	–	**67.00%**	–	67.00%
South Star Drug, Inc. (SSDI)	–	**45.00%**	–	45.00%
Robinsons Handyman, Inc. (RHMI)	–	**55.00%**	–	55.00%
Handyman Express Mart, Inc. (HEMI)	–	**65.00%**	–	65.00%
Waltermart Handyman, Inc. (WHI)	–	**65.00%**	–	65.00%
Robinsons True Serve Hardware Philippines, Inc. (RTSHPI)	–	**66.67%**	–	66.67%
Everyday Convenience Stores, Inc. (ECSI)	**100.00%**	–	100.00%	–
Robinsons Specialty Stores, Inc. (RSSI)	**100.00%**	–	100.00%	–
Robinsons Daiso Diversified Corp. (RDDC)	**90.00%**	–	90.00%	–
RHD Daiso-Saizen Inc. (RHDDS)	**59.40%**	–	59.40%	–
RHMI Management and Consulting, Inc.	**100.00%**	–	–	–
RRHI Management and Consulting, Inc.	**100.00%**	–	–	–
RRG Trademarks and Private Labels, Inc.	**100.00%**	–	–	–
RRHI Trademarks Management, Inc.	**100.00%**	–	–	–

All subsidiaries were incorporated in the Philippines.

Establishment of New Companies

On May 23, 2013, RRG Trademarks and Private Labels, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to administer and own marks that are registered to companies with shareholding owned by third parties. The Parent Company provided equity funding to RRG Trademarks and Private Labels, Inc. amounting ₱0.19 million.

On May 23, 2013, RRHI Trademarks Managements, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to administer and own marks that are registered to companies that are wholly-owned by the Parent Company. The Parent Company provided equity funding to RRHI Trademarks Management, Inc. amounting ₱0.19 million.

On May 27, 2013, RHMI Management and Consulting, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to handle management agreements in relation to companies with shareholdings owned by third parties. The Parent Company provided equity funding to RHMI Management and Consulting, Inc. amounting ₱0.19 million.

On May 27, 2013, RRHI Management and Consulting, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to handle management agreements that are registered to companies that are wholly-owned by the Parent Company. The Parent Company provided equity funding to RRHI Management and Consulting, Inc. amounting ₱0.19 million.

On July 8, 2013, Robinsons Gourmet Food and Beverage, Inc., wholly-owned subsidiary of RI, was incorporated to engage in the business of establishing, operating and managing of retail coffee shops and espresso shops. RI provided equity funding to Robinsons Gourmet Food and Beverage, Inc. amounting ₱100 million.

3. Changes in Accounting Policies

The accounting policies adopted in the preparation of the Group's interim condensed consolidated financial statements are consistent with those of the previous financial years except for the adoption of the following new and amended Philippine Financial Reporting Standards (PFRS) and Philippine Interpretations which became effective beginning January 1, 2013. Except as otherwise stated, the adoption of these new and amended Standards and Philippine Interpretations did not have any impact on the interim condensed consolidated financial statements.

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*
  The amendments to PAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only in the consolidated statement of comprehensive income and has therefore no impact on the Group's financial position or performance.

- PAS 19, *Employee Benefits* (Amendment) (effective for annual periods beginning on or after January 1, 2013)
  For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses immediately to profit or loss while past service cost, if any, is recognized immediately to profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost is amortized on a straight-line basis over the vesting period. Upon adoption of the PAS 19 Revised, the Group changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur. Moving forward, the Group will retain the recognized actuarial gains and losses in other comprehensive income and will not transfer this to other items of equity.

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

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

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

The changes in accounting policies have been applied retrospectively. The effects of the adoption of the Revised PAS 19 on the interim condensed consolidated financial statements are as follows:

	As at June 30, 2013	As at December 31, 2012
Consolidated statements of financial position		
Increase (decrease) in:		
Net plan assets	**₱–**	₱–
Deferred tax assets	**56,219,907**	31,844,202
Retirement liability	**(187,399,689)**	(106,147,340)
Other comprehensive income	**127,019,634**	70,017,432
Retained earnings	**3,909,137**	4,022,139
Noncontrolling interest	**251,011**	263,567

	Six Months Ended June 30 2013	2012
Consolidated statements of comprehensive income		
Increase (decrease) in:		
Net benefit expense	**(₱179,368)**	(₱1,451,007)
Provision for income tax	**53,810**	435,302
Net income	**(113,002)**	884,638
Other comprehensive income for the period, net of tax	**57,002,202**	(5,609,025)

There is no material impact on interim condensed consolidated statement of cash flow or the basic and diluted earnings per share (EPS).

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2013)
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information.

  This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;

d) The amounts subject to an enforceable master netting arrangement or similar 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 (c) from the amounts in (d) above.

As the Group is not setting off financial instruments in accordance with PAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

- PFRS 10, *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, which addresses the accounting for consolidated financial statements. It also includes the issues raised in 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 adoption of PFRS 10 have no impact on the financial statements of the Group.

- PFRS 11, *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2013)
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 adoption of PFRS 11 has no impact on the Group's financial position and performance as the Group has no interest in joint venture.

- PFRS 12, *Disclosures of Interests with Other Entities* (effective for annual periods beginning on or after January 1, 2013)
This standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Group provides these disclosures in Note 13.

- PFRS 13, *Fair Value Measurement* (effective for annual periods beginning on or after January 1, 2013)
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 amendments affect disclosures and the valuation of the Group's investment in preferred stock of Robinsons Bank Corporation. The changes in the valuation are reflected in the other comprehensive income (Note 13).

- Revised PAS 27, *Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
  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 does not have a significant impact on the separate financial statements of the entities in the Group.

- Revised PAS 28, *Investment in Associates and Joint Ventures* (effective for annual periods beginning on or after January 1, 2013)
  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 application of this new standard will not significantly impact the financial statements of the Group.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after January 1, 2013)
  This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This new interpretation is not relevant to the Group.

The Group will adopt the following standards, interpretations and amendments to standards enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations from International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on the Group's financial statements.

Effective in 2014

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2014)
  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The application of this new standard will not impact the financial statements of the Group.

Effective in 2015

- *PFRS 9*, *Financial Instruments - Classification and Measurement* (effective for annual periods beginning on or after January 1, 2015)
  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 liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will have no impact on the classification and measurement of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a more comprehensive picture.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  The implementation of the Philippine Interpretation is deferred until the final Review Standard is issued by IASB and after an evaluation on the requirements and guidance in the standard vis-à-vis the practices and regulations in the Philippine real estate industry is completed. This Philippine Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine 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 Financial Reporting Standards have deferred the effectivity of this interpretation until the final Revenue Standard is issued by the International Accounting Standards Board and an evaluation of requirements of the final Revenue Standard against the practice of the Philippine retail industry is completed. The adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group as they are not engaged in real estate business.

4. Seasonality of Operations

Due to the seasonal nature of the Group's business, higher revenues and operating profits are usually expected in the last quarter of the year than the first nine (9) months. Higher revenues from October to December are mainly attributed to the increased sales during the peak holiday season.

5. Operating Segment

Business Segment
The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income, investment income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Cost and expenses exclude interest, taxes, depreciation and amortization.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS.

The Group derives its revenue from the following reportable units:

- *Supermarket Division*
  The first major retailer to promote health and wellness. Robinson's Supermarket commits to bring together healthy options and affordable prices in a refreshingly clean and organized shopping destination. It makes a bold lifelong commitment to educate and empower its customers to make healthy choices.

- *Department Store Division*
  Robinson's department store is one of the premier shopping destinations in the country today. It offers an exceptional selection of merchandise from top international and local brands. From the trendiest fashion pieces, the most coveted lifestyle products, the latest items for the home, to playthings and necessities for the little ones. It provides experience that goes beyond ordinary shopping.

- *Hardware Division*
  Handyman has grown to be one of the most aggressive hardware and home improvement centers in the country. It aims to cover the Philippine landscape with more branches in key commercial centers to promote self reliance among "do-it yourselfers".

- *Convenience Store Division*
  Ministop is a 24 hour convenience store chain and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready to eat products.

- *Drug Store Division*
  South Star Drug Store offers over a thousand brands from food and pharmaceuticals to personal care products.

- *Specialty Store Division*
  The Specialty Store Division is the lifestyle retail arm of Robinsons Retail Group. It is committed to bringing the best loved international lifestyle brands, top entertainment systems, and unparalleled selection of toys and games.

The financial information about these operating segments as of and for the six months ended June 30, 2013 and 2012 and as of December 31, 2012 is summarized below:

June 30, 2013

	Supermarket Division	Department Store Division	Hardware Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue	₱14,999,208,238	₱5,534,047,101	₱3,365,250,661	₱2,076,805,886	₱3,017,272,277	₱2,324,049,871	₱–	₱–	₱31,316,634,034
Other income	40,661,555	6,767,128	–	549,855,765	41,483,614	7,706,938	126,819,029	–	773,294,029
Intersegment revenue	41,455,763	–	–	–	–	178,481,641	–	(219,937,404)	–
Total Revenue	15,081,325,556	5,540,814,229	3,365,250,661	2,626,661,651	3,058,755,891	2,510,238,450	126,819,029	(219,937,404)	32,089,928,063
Costs and expenses									
Segment cost of merchandise sold	12,302,455,007	3,901,784,075	2,307,778,299	1,900,969,548	2,527,353,046	1,830,099,171	–	–	24,770,439,146
Segment operating expenses	1,942,902,878	1,030,009,824	668,470,419	543,564,034	377,489,327	520,164,698	20,014,223	–	5,102,615,403
Intersegment costs and expenses	–	202,002,480	8,781,002	–	4,484,698	4,669,224	–	(219,937,404)	–
Total Costs and Expenses	14,245,357,885	5,133,796,379	2,985,029,720	2,444,533,582	2,909,327,071	2,354,933,093	20,014,223	(219,937,404)	29,873,054,549
Earnings before interest, taxes and depreciation and amortization	835,967,671	407,017,850	380,220,941	182,128,069	149,428,820	155,305,357	106,804,806	–	2,216,873,514
Depreciation and amortization*	199,937,615	76,489,786	47,487,644	82,433,085	18,628,703	46,037,020	–	–	471,013,853
Earnings before interest and taxes	636,030,056	330,528,064	332,733,297	99,694,984	130,800,117	109,268,337	106,804,806	–	1,745,859,661
Interest expense	(16,853,448)	(15,167,639)	–	(4,941,754)	(5,457,854)	(3,198,672)	–	–	(45,619,367)
Interest income	2,350,134	10,913,706	8,470,420	5,066,729	3,997,240	4,120,616	5,889,252	–	40,808,097
Dividend income	3,271,519	–	–	–	–	–	–	–	3,271,519
Income before income tax	**₱624,798,261**	**₱326,274,131**	**₱341,203,717**	**₱99,819,959**	**₱129,339,503**	**₱110,190,281**	**₱112,694,058**	**₱–**	**₱1,744,319,910**
Assets and Liabilities									
Segment assets	₱6,570,348,769	₱2,230,242,959	₱2,723,984,594	₱1,720,566,868	₱2,194,574,759	₱2,018,087,137	₱2,686,105,288	₱2,235,963,729	₱22,379,874,103
Investment in subsidiaries - at cost	1,326,328,033	1,734,770,374	–	–	–	–	1,676,124,134	(4,737,222,541)	–
Total segment assets	**₱7,896,676,802**	**₱3,965,013,333**	**₱2,723,984,594**	**₱1,720,566,868**	**₱2,194,574,759**	**₱2,018,087,137**	**₱4,362,229,422**	**(₱2,501,258,812)**	**₱22,379,874,103**
Total segment liabilities	**₱5,088,932,737**	**₱1,719,301,989**	**₱1,423,661,013**	**₱1,057,957,531**	**₱1,113,506,366**	**₱1,729,521,231**	**₱32,778,875**	**₱332,185,849**	**₱12,497,845,591**
Other segment information:									
Capital expenditures	**₱441,067,456**	**₱143,122,859**	**₱ 123,222,303**	**₱166,919,884**	**₱25,071,695**	**₱153,937,342**	**₱–**	**₱–**	**₱1,053,341,539**

*includes provision for impairment loss amounting ₱3,864,978.

June 30, 2012

	Supermarket Division	Department Store Division	Hardware Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue	₱13,390,467,842	₱5,199,766,080	₱2,904,700,849	₱1,898,319,571	₱–	₱1,840,953,498	₱–	₱–	₱25,234,207,840
Other income	43,267,123	4,068,496	–	491,283,853	–	6,074,084	103,502,878	–	648,196,434
Intersegment revenue	36,008,291	–	–	–	–	174,851,068	–	(210,859,359)	–
Total Revenue	13,469,743,256	5,203,834,576	2,904,700,849	2,389,603,424	–	2,021,878,650	103,502,878	(210,859,359)	25,882,404,274
Costs and expenses									
Segment cost of merchandise sold	11,203,048,460	3,813,325,195	2,164,835,083	1,740,878,529	–	1,501,210,517	–	–	20,423,297,784
Segment operating expenses	1,760,860,322	899,298,789	540,371,008	483,283,359	–	429,706,882	101,920	–	4,113,622,280
Intersegment costs and expenses	–	198,698,737	8,010,733	–	–	4,149,889	–	(210,859,359)	–
Total Costs and Expenses	12,963,908,782	4,911,322,721	2,713,216,824	2,224,161,888	–	1,935,067,288	101,920	(210,859,359)	24,536,920,064
Earnings before interest, taxes and depreciation and amortization	505,834,474	292,511,855	191,484,025	165,441,536	–	86,811,362	103,400,958	–	1,345,484,210
Depreciation and amortization*	323,631,053	142,635,009	78,213,564	89,979,598	–	75,697,469	–	–	710,156,693
Earnings before interest and taxes	182,203,421	149,876,846	113,270,461	75,461,938	–	11,113,893	103,400,958	–	635,327,517
Interest expense	–	–	–	(11,731,731)	–	(3,458,236)	–	–	(15,189,967)
Interest income	5,220,939	16,828,794	9,457,091	4,960,885	–	7,086,264	4,004,208	–	47,558,181
Dividend income	2,180,934	–	–	–	–	–	–	–	2,180,934
Investment income	–	129,874,167	–	–	–	–	–	–	129,874,167
Income before income tax	₱189,605,294	₱296,579,807	₱122,727,552	₱68,691,092	₱–	₱14,741,921	₱107,405,166	₱–	₱799,750,832
Other segment information:									
Capital expenditures	₱777,862,752	₱231,436,808	₱101,001,737	₱42,996,439	₱–	₱84,367,658	₱–	₱–	₱1,237,665,394

*includes provision for impairment loss amounting ₱6,783,760.

December 31, 2012

	Supermarket Division	Department Store Division	Hardware Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Assets and Liabilities									
Segment assets	₱7,000,611,015	₱3,992,747,419	₱2,614,931,910	₱1,736,225,785	₱2,325,383,829	₱2,370,573,837	₱1,955,433,184	₱2,251,057,260	₱24,246,964,239
Investment in subsidiaries - at cost	1,326,328,033	1,734,770,374	–	–	–	–	1,676,124,134	(4,737,222,541)	–
Total segment assets	₱8,326,939,048	₱5,727,517,793	₱2,614,931,910	₱1,736,225,785	₱2,325,383,829	₱2,370,573,837	₱3,631,557,318	(₱2,486,165,281)	₱24,246,964,239
Total segment liabilities	₱5,933,317,905	₱3,697,880,183	₱1,543,649,855	₱1,148,796,633	₱1,335,027,794	₱2,153,351,538	₱30,279,168	₱347,279,376	₱16,189,582,452

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from purchase arrangements amounting ₱219,937,404 and ₱210,859,359 in 2013 and 2012, respectively, are eliminated on consolidation.

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

Capital expenditures consists of additions to property and equipment.

The Group has no significant customer which contributes 10.00% or more to the revenues of the Group.

6. Cash and Cash Equivalents

This account consists of:

	June 30,		December 31,
	2013 (Unaudited)	2012 (Unaudited)	2012 (Audited)
Cash on hand	**₱318,167,217**	₱257,949,880	₱496,827,741
Cash in banks and cash equivalents	**3,649,072,674**	3,021,857,701	5,554,900,587
	₱3,967,239,891	₱3,279,807,581	₱6,051,728,328

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of one (1) to three (3) months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates that range from 0.30% to 6.00%, 1.20% to 3.68% and 1.20% to 4.75% for the six months ended June 30, 2013, June 30, 2012 and for the year ended December 31, 2012, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱36,933,057 and ₱43,916,486 for the six months ended June 30, 2013 and 2012, respectively.

7. Short-term Investments

This account consists of dollar-denominated investments with a period of one (1) year.

Short-term investments are made for varying periods of up to one (1) year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates based on annual interest rates of 2.31% in 2013 and 2012.

Interest income arising from short-term investments amounted to ₱3,875,040 and ₱3,641,695 for the six months ended June 30, 2013 and 2012, respectively.

8. Available-for-Sale Financial Assets

This account consists of investment in equity securities as follows:

Movements in AFS financial assets follows:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Cost		
At January 1	**₱50,000,000**	₱50,000,000
Disposal	**(50,000,000)**	–
At December 31	**–**	50,000,000
Change in fair value of AFS financial assets		
At January 1	**1,800,000**	2,500,000
Changes	**(1,800,000)**	(700,000)
At December 31	**–**	1,800,000
Total	**₱–**	₱51,800,000

In May 2013, the AFS financial assets were disposed for a total consideration of ₱50,000,000.

Dividend income received from investments amounted to ₱3,271,519 and ₱2,180,934 for the six months ended June 30, 2013 and 2012, respectively.

9. Trade and Other Receivables

This account consists of:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Trade	**₱337,814,671**	₱612,831,447
Due from lessees/franchisees	**126,993,999**	118,347,415
Nontrade	**44,006,561**	35,660,870
	508,815,231	766,839,732
Less allowance for impairment losses	**30,042,101**	30,042,101
	₱478,773,130	₱736,797,631

Trade receivables are noninterest-bearing and are generally on a one to thirty (1-30) days' term.

Nontrade receivables consist mainly of advances to officers and employees and interest receivable arising from short-term investments.

As of June 30, 2013 and December 31, 2012, the allowance for impairment losses amounting ₱30,042,101 pertains to the provision for amounts due from lessees/franchisees.

10. Merchandise Inventories

This account consists of:

	June 30, 2013 (Six months) (Unaudited)	December 31, 2012 (One year) (Audited)
Beginning inventory	**₱6,081,812,428**	₱3,310,227,402
Add: Purchases - net	**24,361,981,338**	49,186,038,205
Cost of goods available for sale	**30,443,793,766**	52,496,265,607
Cost of merchandise sold	**24,770,439,146**	46,414,453,179
Ending inventory	**₱5,673,354,620**	₱6,081,812,428

There are no merchandise inventories pledged to secure liabilities.

11. Other Current Assets

This account consists of:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Input value-added tax (VAT) - net	**₱594,442,202**	₱593,669,866
Prepayments	**245,885,684**	269,562,973
Others	**20,517,706**	9,336,243
	₱860,845,592	₱872,569,082

Input VAT will be applied against output VAT in the succeeding periods. Management believes that the amount is fully realizable.

Prepayments mainly consist of creditable withholding taxes (CWT) which will be applied against income tax payable in future periods. Management believes that the amount is fully realizable.

12. **Property and Equipment**

The rollforward analysis of this account follows:

June 30, 2013

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in-Progress	Total
Cost								
At January 1	₱5,898,150,930	₱5,008,462,446	₱153,578,746	₱85,661,445	₱1,290,007,404	₱984,071,634	₱5,754,412	₱13,425,687,017
Additions	516,964,331	300,633,788	45,914,742	5,583,643	146,344,192	35,513,289	2,387,554	1,053,341,539
Transfers	8,141,801	(18,547,978)	(10,363,014)	–	–	28,911,157	(8,141,966)	–
Disposals	–	–	–	–	–	(2,586,689)	–	(2,586,689)
At June 30	6,423,257,062	5,290,548,256	189,130,474	91,245,088	1,436,351,596	1,045,909,391	–	14,476,441,867
Accumulated Depreciation and Amortization								
At January 1	3,459,227,451	3,048,782,106	90,846,952	57,393,902	740,154,822	768,417,862	–	8,164,823,095
Depreciation and amortization (Note 19)	205,027,013	179,119,918	5,711,494	3,093,824	39,139,226	28,697,003	–	460,788,478
Transfers	(61,895)	(15,368,835)	(7,362,351)	–	–	22,793,081	–	–
Disposals	–	–	–	–	–	(1,294,908)	–	(1,294,908)
At June 30	3,664,192,569	3,212,533,189	89,196,095	60,487,726	779,294,048	818,613,038	–	8,624,316,665
Allowance for impairment losses								
At January 1	56,268,472	39,172,943	205,491	202,806	–	1,425,063	–	97,274,775
Provision during the period (Note 19)	1,338,898	2,275,734	34,789	28,995	–	186,562	–	3,864,978
At June 30	57,607,370	41,448,677	240,280	231,801	–	1,611,625	–	101,139,753
Net Book Value	₱2,701,457,123	₱2,036,566,390	₱99,661,231	₱30,525,561	₱657,090,416	₱225,684,728	₱–	₱5,750,985,449

December 31, 2012

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in-Progress	Total
Cost								
At January 1	₱4,940,424,539	₱4,338,667,914	₱116,705,244	₱72,826,326	₱1,178,241,300	₱893,526,108	₱–	₱11,540,391,431
Additions due to business combination (Note 25)	144,144,954	16,316,208	–	5,161,200	–	6,736,349	9,566,124	181,924,835
Additions	894,419,573	745,679,179	55,454,680	7,673,919	112,391,904	96,330,503	–	1,911,949,758
Disposals	(17,506,325)	(67,190,842)	–	–	(625,800)	(11,473,179)	–	(96,796,146)
Transfers	21,325,006	–	(17,513,294)	–	–	–	(3,811,712)	–
Retirement	(84,656,817)	(25,010,013)	(1,067,884)	–	–	(1,048,147)	–	(111,782,861)
At December 31	5,898,150,930	5,008,462,446	153,578,746	85,661,445	1,290,007,404	984,071,634	5,754,412	13,425,687,017
Accumulated Depreciation and Amortization								
At January 1	2,819,903,540	2,548,565,348	75,740,414	48,744,865	604,134,451	686,429,080	–	6,783,517,698
Depreciation and amortization	730,349,063	589,534,652	16,174,422	8,649,037	136,648,314	94,510,108	–	1,575,865,596
Disposals	(6,368,335)	(64,310,024)	–	–	(625,800)	(11,473,179)	–	(82,777,338)
Retirement	(84,656,817)	(25,007,870)	(1,067,884)	–	(2,143)	(1,048,147)	–	(111,782,861)
At December 31	3,459,227,451	3,048,782,106	90,846,952	57,393,902	740,154,822	768,417,862	–	8,164,823,095
Allowance for impairment losses								
At January 1	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
Provision during the year	6,700,799	13,289,957	205,491	202,806	–	1,075,790	–	21,474,843
At December 31	56,268,472	39,172,943	205,491	202,806	–	1,425,063	–	97,274,775
Net Book Value	₱2,382,655,007	₱1,920,507,397	₱62,526,303	₱28,064,737	₱549,852,582	₱214,228,709	₱5,754,412	₱5,163,589,147

There are no property and equipment items as of June 30, 2013 and December 31, 2012 that are pledged as security to liability.

Allowance for impairment losses pertains to closing of nonperforming stores.

Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use. As of December 31, 2012, the Company's capitalized payments as construction in-progress amounted to ₱5,754,412.

In 2013, the Management concluded its reassessment of the estimated useful life (EUL) of its property and equipment items to reflect the appropriate pattern of economic benefits. In general, the revised average EUL of property and equipment follows (in years):

	Revised	Old
Leasehold improvements	10	5
Store furniture and fixtures	10	5
Office furniture and fixtures	10	5
Transportation equipment	10	5
Building and other equipment	20	10
Computer equipment	10	5

The change in accounting estimates is accounted for prospectively resulting in a decrease in the depreciation expense of the Group by ₱359 million for the six months ended June 30, 2013.

13. **Investment in Shares of Stocks**

This account consists of investment in shares of stocks of Robinsons Bank Corporation (RBC):

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Investment in preferred stock	**₱1,470,083,439**	₱1,051,150,405
Investment in common stock	**319,842,392**	498,272,711
	₱1,789,925,831	₱1,549,423,116

The details of the investment in preferred stock of RBC follow:

	June 30, 2013 (Six months) (Unaudited)	December 31, 2012 (One year) (Audited)
Beginning balance	**₱1,051,150,405**	₱1,051,150,405
Change in fair value of investment in preferred stocks	**418,933,034**	–
	₱1,470,083,439	₱1,051,150,405

The details of the investment in common stock of RBC follow:

	June 30, 2013 (Six months) (Unaudited)	December 31, 2012 (One year) (Audited)
Shares of common stock - at equity:		
Acquisition cost	**₱124,933,383**	₱124,933,383
Accumulated equity in net earnings:		
Beginning balance	**320,077,533**	161,053,965
Equity in net earnings of an associate for the period	**126,819,029**	159,023,568
Ending balance	**446,896,562**	320,077,533
Share in other comprehensive income of RBC:		
Beginning balance	**53,261,795**	57,796,853
Change in fair value of AFS financial assets of an associate	**(274,675,595)**	(4,535,058)
Change in translation adjustment of an associate	**(23,313,699)**	–
Actuarial losses on pension liability of an associate	**(7,260,054)**	–
Ending balance	**(251,987,553)**	53,261,795
	₱319,842,392	₱498,272,711

The Group has 40% ownership in RBC.

No dividends have been declared by RBC in 2013 and 2012.

Financial information of RBC follows:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Total assets	**₱44,745,463,049**	₱39,099,939,112
Total liabilities	**39,465,468,894**	33,360,871,812

The statements of income follow:

	Six Months Ended June 30	
	2013 (Unaudited)	2012 (Audited)
Total operating income	**₱1,282,954,839**	₱941,290,026
Total operating expenses and provision for income tax	**1,002,149,719**	682,532,832
Net income	**₱280,805,120**	₱258,757,194

The reconciliation of the net assets of the material associate to the carrying amounts of the interest in an associate recognized in the consolidated financial statements is as follows:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Net assets of associate attributable to common shareholders	**₱77,531,415**	₱523,607,213
Proportionate ownership in the associate	**40%**	40%
Share in net identifiable assets	**31,012,566**	209,442,885
Difference	**288,829,826**	288,829,826
	₱319,842,392	₱498,272,711

The difference is attributable to the commercial banking license and goodwill embedded in the carrying amount of the investment in common stock of RBC.

14. Intangible Assets

This account consists of:

	June 30, 2013 (Unaudited)	December 31, 2012 (As restated- Note 25)
Trademark (Note 25)	**₱1,566,917,532**	₱1,566,917,532
Goodwill	**831,048,599**	831,048,599
Licenses	**115,151,516**	121,212,122
	₱2,513,117,647	₱2,519,178,253

The Trademark was acquired through business combination in 2012 and was recognized at fair value at the date of acquisition. This has indefinite useful life. Following initial recognition, the trademark is carried at cost and subject to annual impairment testing.

The Group's goodwill pertains to the excess of the acquisition cost over the fair value of the net assets of RTSHPI and SSDI as follows:

	June 30, 2013 (Unaudited)	December 31, 2012 (As restated- Note 25)
SSDI (Note 25)	**₱745,887,131**	₱745,887,131
RTSHPI	**85,161,468**	85,161,468
	₱831,048,599	₱831,048,599

Acquisition of SSDI by RSC and RI
SSDI was acquired by RSC and RI in July 4, 2012. The acquisition represents 90% ownership interest on the shares of stock of SSDI (Note 25).

Acquisition of RTSHPI by RHMI
RTSHPI was acquired by RHMI in February 2007. The acquisition represents 66.67% ownership interest on the shares of stock of RTSHPI.

The Group performed its annual impairment test. The Group compared the recoverable amount against the book value of the cash generating unit (CGU). The recoverable amount of the CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five (5) year period. As a result of the impairment test as of June 30, 2013 and December 31, 2012, the Group did not identify any impairment on its CGU to which the goodwill is allocated.

Acquisition of trademark by RSSI to secure a franchise/license
On September 21, 2012, RSSI acquired a local trademark registered in the Philippine Intellectual Property Rights Office which is similar to a known international mark for ₱121,212,122. Due to such acquisition, RSSI was able to secure a franchise/license to exclusively use the similar known international mark in the Philippines. The franchise/license agreement is for an initial period of five (5) years which can be renewed for another five (5) years upon mutual agreement of the parties.

Amortization amounted to ₱6,060,606 and nil for the six months ended June 30, 2013 and 2012, respectively.

15. Other Noncurrent Assets

This account consists of:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Security and other deposits	**₱795,174,315**	₱698,489,313
Construction bond	**27,843,910**	18,340,532
Others	**23,436,614**	26,447,827
	₱846,454,839	₱743,277,672

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term.

Others include franchise fees to carry various global brands.

16. Trade and Other Payables

This account consists of:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Trade	**₱7,062,155,900**	₱10,127,884,624
Nontrade (Note 22)	**2,140,301,151**	2,086,166,502
Others	**191,070,247**	105,525,477
	₱9,393,527,298	₱12,319,576,603

Trade payables are noninterest-bearing and are normally settled on forty five (45) to sixty (60) days' term. This account represents trade payables arising mainly from purchases of merchandise inventories.

Nontrade payables consist mainly of liabilities/obligations payable to nontrade suppliers and due to related parties.

Others consist of taxes and licenses payable and salaries payable.

17. Loans Payable

The rollforward analysis of this account follows:

	June 30, 2013 (Six months) (Unaudited)	December 31, 2012 (One year) (Audited)
At January 1	**₱2,528,197,564**	₱540,000,000
Addition through business combination (Note 25)	**–**	246,483,209
Availments	**–**	2,003,516,791
Payments	**(812,934,992)**	(261,802,436)
At December 31	**1,715,262,572**	2,528,197,564
Less current portion	**345,555,556**	411,530,897
Noncurrent portion	**₱1,369,707,016**	₱2,116,666,667

The outstanding loans are the following:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
RSC	**₱820,000,000**	₱990,000,000
RI	**410,000,000**	960,000,000
SSDI	**195,262,572**	223,197,564
RCSI	**150,000,000**	215,000,000
RAC	**140,000,000**	140,000,000
	₱1,715,262,572	₱2,528,197,564

a.) On August 8, 2012, a local commercial bank (Metrobank) granted ₱1,000,000,000 each to RSC and RI for a total amount of ₱2,000,000,000. The proceeds of the loan were used to acquire SSDI. The clean loan bears annual interest rate of 3.88%. During the period, RSC and RI made loan payments amounting ₱170,000,000 and ₱550,000,000, respectively.

b.) RAC loans payable represents secured short-term promissory notes obtained from local commercial banks which are payable within twelve (12) months after reporting date with interest rates ranging from 4.12% to 7.0% per annum. The short-term note was obtained to support working capital requirements which mainly includes store expansion and renovation of existing stores.

c.) SSDI loans payable represents a five-year loan at a floating rate benchmark, based on 12M PDST-F. SSDI also entered into an interest rate swap agreement with a total notional amount of ₱250,000,000 to hedge its interest rate exposures on the Inverse Floating Rate. Notes bearing an interest rate of 5.34%. The interest rate swap has a term of five (5) years and interest exchange is every 2nd day of every month for 60 months.

d.) RCSI has outstanding loans amounting ₱150,000,000 and ₱215,000,000 as of June 30, 2013 and December 31, 2012, respectively. The interest on the loans is computed at prevailing market interest rates. As of June 30, 2013, RHMI act as guarantor for RCSI's loan in which the bank restricts ₱150,000,000 from the guarantors' bank accounts as guarantee for the said loan. As of December 31, 2012, RSC and RI act as guarantors for RCSI's loan in which the bank restricts ₱100,000,000 and ₱115,000,000, respectively from the guarantors' bank accounts as guarantee for the said loan.

Total interest expense charged to operations amounted to ₱45,619,367 and ₱15,189,967 for the six months ended June 30, 2013 and 2012, respectively.

18. **Equity**

Capital Stock
The details of this account follow:

	No. of shares	Amount
Common stock - ₱1 par value		
Authorized	500,000,000	₱500,000,000
Issued and outstanding	415,000,000	415,000,000

There are no changes in the Parent Company's authorized common shares and issued and outstanding common shares for the six months ended June 30, 2013.

Capital Stock
As approved by the Board of Directors (BOD) on June 7, 2013, the Parent Company increased its authorized capital stock from ₱500,000,000 divided into 500,000,000 common shares with par value of ₱1.00 to 2,000,000,000 common shares with par value of ₱1.00.

Of the said increase in the authorized capital stock, 485,250,000 shares have been subscribed amounting ₱485,250,000 on June 7, 2013 shown as "Deposit for future stock subscription".

The increase in authorized capital stock was approved by the SEC on July 3, 2013.

Retained Earnings
The income of the subsidiaries and associates that are recognized in the consolidated statement of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and associates. The accumulated earnings of subsidiaries and an associate included in retained earnings amounted to ₱5,547,147,792 as at June 30, 2013.

In accordance with SRC Rule 68, as Amended (2011), Annex 68-C, the Parent Company's retained earnings available for dividend declaration as of June 30, 2013 amounted to nil.

Appropriation of Retained Earnings
On November 25, 2011, the Parent Company's BOD authorized and approved the appropriation of the retained earnings in the amount of P1,400,000,000 for continuing investment in subsidiaries. These shall be used to augment funds of subsidiaries to renovate the Group's existing stores and construct new stores in line with the Group's expansion various locations nationwide.

On July 4, 2013, the BOD approved the reversal of the appropriated retained earnings amounting ₱1,400,000,000. The appropriation was made in 2011 for continuing investment in subsidiaries.

Declaration of Dividends
On July 17, 2013, the BOD of wholly-owned subsidiaries of the Parent Company approved the declaration of cash dividends as follow:

RI	₱360,000,000
RSC	240,000,000
RTI	150,000,000
RSSI	50,000,000
Total	₱800,000,000

19. Operating Expenses

Operating expenses for the six months ended June 30 consist of:

	2013 (Unaudited)	2012 (Unaudited)
Rental and utilities (Note 22)	**₱2,627,611,423**	₱2,195,681,454
Personnel costs and contracted services (Note 20)	**1,534,292,383**	1,146,312,651
Depreciation and amortization (Notes 12 and 14)	**467,148,875**	703,372,933
Transportation and travel	**217,165,396**	178,409,198
Supplies	**169,847,038**	136,552,824
Bank and credit charges	**137,063,547**	116,511,102
Advertising	**112,704,538**	109,633,626
Repairs and maintenance	**92,261,353**	93,462,537
Royalty	**44,360,818**	33,818,402
Provision for impairment loss on property and equipment (Note 12)	**3,864,978**	6,783,760
Others	**167,308,907**	103,240,486
	₱5,573,629,256	₱4,823,778,973

Depreciation and amortization expense pertains to the depreciation of property and equipment and amortization of franchise fee and license amounting ₱460,788,478 and ₱6,360,397, respectively, in 2013 and ₱703,257,444 and ₱115,489 in 2012, respectively.

Others consist mainly of taxes and licenses, insurance and professional fees.

20. **Personnel Costs and Contracted Services**

Personnel costs and contracted services for the six month ended June 30, consist of (Note 19):

	2013 (Unaudited)	2012 (Unaudited)
Salaries, allowances and benefits (Note 21)	**₱795,611,310**	₱609,723,063
Contracted services	**738,681,073**	536,589,588
	₱1,534,292,383	₱1,146,312,651

21. **Employee Benefits**

The Group has a defined benefit plan, covering substantially all of its employees. The latest retirement valuation was issued in June 2013.

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

Net pension expense

	Six Months Ended June 30	
	2013 (Unaudited)	2012 (Unaudited)
Current service cost	**₱18,058,118**	₱12,790,080
Interest cost on net benefit obligation	**8,439,198**	7,880,270
Net pension expense	**₱26,497,316**	₱20,670,350

Pension liability

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Pension obligation	**₱409,170,258**	₱301,606,425
Fair value of plan assets	**(17,016,329)**	(16,333,878)
Pension liability	**₱392,153,929**	₱285,272,547

The movements in pension liability recognized in the consolidated statements of financial position follow:

	June 30, 2013 (Six months) (Unaudited)	December 31, 2012 (One year) (Audited)
Balance at beginning of period	**₱285,272,547**	₱215,414,264
Pension expense	**26,497,316**	44,021,711
Recognized in OCI	**81,431,717**	32,051,568
Addition arising from business combination (Note 25)	–	6,024,363
Benefits paid	**(1,047,651)**	(12,239,359)
Balance at end of period	**₱392,153,929**	₱285,272,547

Changes in the present value of defined benefit obligation follow:

	June 30, 2013 (Six months) (Unaudited)	December 31, 2012 (One year) (Audited)
Balance at beginning of period	**₱301,606,425**	₱215,414,264
Current service cost	**18,058,118**	29,397,758
Interest cost	**8,942,282**	14,623,953
Actuarial losses on:		
Changes in financial assumptions	**74,207,000**	(3,266,700)
Experience adjustments	**7,404,084**	46,418,171
Changes in demographic assumptions	**–**	(8,972,511)
Addition arising from business combination	**–**	20,230,849
Benefits paid	**(1,047,651)**	(12,239,359)
Balance at end of period	**₱409,170,258**	₱301,606,425

Movements in the fair value of plan assets follow:

	June 30, 2013 (Six months) (Unaudited)	December 31, 2012 (One year) (Audited)
Balance at beginning of period	**₱16,333,878**	₱–
Addition arising from business combination (Note 25)	**–**	14,206,486
Interest income included in net interest cost	**503,084**	852,389
Actual return excluding amount in net interest cost	**179,367**	1,275,003
Balance at end of period	**₱17,016,329**	₱16,333,878

Amounts of the current and previous periods follow:

	2013	2012	2011	2010	2009
Defined benefit obligation	**₱409,170,258**	₱301,606,325	₱215,414,164	₱128,765,336	₱102,552,066
Plan assets	**17,016,329**	16,333,878	–	–	–
Experience adjustments on plan liabilities	**3,870,626**	46,418,171	(13,840,865)	–	967,223

The principal assumptions used in determining pensions for the Group's plan are shown below:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Discount rates	**4.17%-4.86%**	5.57%-4.17%
Salary increase rates	**5.00%-5.50%**	5.50%

The distribution of the plan assets at year end follows:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets		
Cash	**₱1,460,743**	₱3,702,697
Investments in government securities	**13,806,026**	10,898,419
Investments in funds – AFS	**863,021**	854,544
Receivables	**907,875**	897,234
	17,037,665	16,352,894
Liability		
Trust fee payable	**21,336**	19,016
	₱17,016,329	₱16,333,878

The carrying amounts disclosed above reasonably approximate fair value at year-end. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The actual return on plan assets amounted to ₱179,367 and ₱1,275,003 for the six months ended June 30, 2013 and for the year ended December 31, 2012, respectively.

The Group expects to contribute ₱22 million to its retirement fund in 2013.

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant.

			PVO
Salary increase	5.50%	+0.50%	₱436,977,900
		-0.50%	376,810,600
Discount rates	5.50%	+0.50%	375,986,200
		-0.50%	438,289,800

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. The Group's investment consists of 81% of debt instruments, 5% of equity instruments and 14% for cash and receivables. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

Salaries, allowances and benefits (Note 20):

	June 30, 2013 (Unaudited)	June 30, 2012 (Unaudited)
Salaries, wages and allowances	**₱769,113,994**	₱589,052,713
Net pension expense	**26,497,316**	20,670,350
	₱795,611,310	₱609,723,063

22. Related Party Disclosures

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

Affiliates are related parties of the Group by virtue of common ownership and representations to management where significant influence is apparent.

Significant Related Party Transactions

(1) The Group, in the regular conduct of business, has receivables from/payables to affiliates arising from the normal course of operations.

Outstanding amounts due from (to) related parties arising from operations follow (Notes 9 and 16):

June 30, 2013

Related parties	**Sales**	**Royalty Fee**	**Purchases - Net**	**Rent and Utilities**	**Outstanding Balance**	**Terms**	**Conditions**
Consolidated Global Imports	**₱577,981,902**	**₱225,095,801**	**₱–**	**₱–**	**₱79,457,753**	**Noninterest bearing; payable in 30 days**	**Unsecured, Unimpaired**
Universal Robina Corporation	**–**	**–**	**(646,924,449)**	**(10,105,538)**	**(86,076,436)**	**Noninterest bearing; payable in 30 days**	**Unsecured**
Robinsons Land Corporation	**–**	**–**	**–**	**(1,372,181,149)**	**(127,869,335)**	**Noninterest bearing; payable in 30 days**	**Unsecured**
Total	**₱577,981,902**	**₱225,095,801**	**(₱646,924,449)**	**(₱1,382,286,687)**	**(₱134,488,018)**		

December 31, 2012

Related parties	**Sales**	**Royalty Fee**	**Purchases - Net**	**Rent and Utilities**	**Outstanding Balance**	**Terms**	**Conditions**
Consolidated Global Imports	₱929,558,921	₱336,171,723	₱–	₱–	₱68,883,197	Noninterest bearing; payable in 30 days	Unsecured, Unimpaired
Universal Robina Corporation	–	–	(1,389,842,771)	(19,692,993)	(127,798,881)	Noninterest bearing; payable in 30 days	Unsecured
Robinsons Land Corporation	–	–	–	(2,529,782,731)	(156,219,112)	Noninterest bearing; payable in 30 days	Unsecured
JG Summit Holdings Inc.	–	–	–	–	(454,283,254)	Noninterest bearing; payable in 30 days	Unsecured
Total	₱929,558,921	₱336,171,723	(₱1,389,842,771)	(₱2,549,475,724)	(₱669,418,050)		

June 30, 2012

Related parties	**Sales**	**Royalty Fee**	**Purchases - Net**	**Rent and Utilities**	**Outstanding Balance**	**Terms**	**Conditions**
Consolidated Global Imports	₱437,205,439	₱162,351,024	₱–	₱–	₱54,846,117	Noninterest bearing; payable in 30 days	Unsecured, Unimpaired
Universal Robina Corporation	–	–	(520,802,481)	(9,716,976)	(78,583,935)	Noninterest bearing; payable in 30 days	Unsecured
Robinsons Land Corporation	–	–	–	(1,226,516,889)	(102,895,624)	Noninterest bearing; payable in 30 days	Unsecured
JG Summit Holdings Inc.	–	–	–	–	(339,406,224)	Noninterest bearing; payable in 30 days	Unsecured
Total	₱437,205,439	₱162,351,024	(₱520,802,481)	(₱1,236,233,865)	(₱466,039,666)		

In 2012, RI received ₱141,667,700 from JG Summit Holdings, Inc. (JGSHI) representing proceeds on sale of investments of JGSHI. RI recognized corresponding investment income amounting ₱129,874,167.

(2) Key management personnel of the Group include the Chairman of the BOD, President and Treasurer. These officers do not receive any form of compensation or benefits from the Group.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured, interest-free and settlement occur in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group has not recognized any impairment losses on amounts due from related parties for the six months ended June 30, 2013 and the year ended December 31, 2012. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

23. **Income Tax**

Provision for income tax for the six months ended June 30 follows:

	2013 (Unaudited)	2012 (Unaudited)
Current	**₱469,207,778**	₱152,662,125
Deferred	**3,023,763**	6,056,519
	₱472,231,541	₱158,718,644

The components of the Group's deferred tax assets follow:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Tax effects of:		
Pension liability	**₱117,646,179**	₱85,581,764
Minimum corporate income tax	**44,837,983**	44,732,962
Allowance for impairment losses	**7,724,299**	6,771,445
Unrealized foreign exchange loss	**7,507,717**	5,648,208
Net operating losses carryover	**4,541,693**	18,117,731
Accrued rent	**4,160,408**	4,160,408
Allowance for inventory write-down	**1,923,125**	1,923,125
Fair value adjustment on AFS financial assets and investment in an associate	–	(15,093,531)
	₱188,341,404	₱151,842,112

The deferred tax liability of the Group amounting ₱470,075,260 pertains to the deferred tax attributable to the trademark acquired in business combination (Note 25).

24. **Earnings Per Share**

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company for the six months ended June 30, 2013 and 2012:

	2013	2012
Net income attributable to equity holders of the Parent Company	**₱1,085,807,856**	₱567,975,295
Weighted average number of common shares	**415,000,000**	415,000,000
Adjusted weighted average number of common shares for diluted EPS	**415,000,000**	415,000,000
Basic/ Diluted EPS	**₱2.62**	₱1.37

The Parent Company and its subsidiaries and an associate have no dilutive potential common shares in 2013 and 2012.

25. **Business Combination**

On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45% interest in SSDI, aggregating to 90%, for a total consideration amounting ₱2,570 million.

The Group elected to measure the non-controlling interest in SSDI at the proportionate share of its interest in SSDI's identifiable net assets.

The fair value of the identifiable assets and liabilities of SSDI at the date of acquisition were:

	Fair Value recognized on acquisition (Restated)
Assets	
Cash	₱418,078,660
Trade and other receivables	59,002,918
Inventories	1,348,427,599
Other current assets	60,866,170
Property and equipment (Note 12)	181,924,835
Trademark	1,566,917,532
Other noncurrent assets	37,252,913
	3,672,470,627
Liabilities	
Trade and other payables	₱906,773,885
Income tax payable	5,134,007
Loans payable (Note 17)	246,483,209
Deferred tax liability	470,075,260
Pension liability (Note 21)	17,028,684
	1,645,495,045
Net assets before non-controlling interest	2,026,975,582
Non-controlling interest measured at share of net assets (10%)	202,697,558
Net assets (90%)	₱1,824,278,024
Goodwill arising on acquisition	745,887,131
Acquisition cost	₱2,570,165,155

The net assets recognized in the 2012 annual consolidated financial statements were based on a provisional assessment of fair value. The valuation had not been completed when the 2012 financial statements were approved for issue by management.

In June 2013, the Group finalized the price allocation and the fair value computation of trademark and goodwill. The December 31, 2012 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, trademark, deferred tax liability, non-controlling interest increased by ₱1,566,917,532, ₱470,075,260 and ₱109,684,227, respectively. The final purchase price allocation resulted in goodwill of ₱745,887,131.

From the date of acquisition, the Group's share in SSDI's revenue and net income amounted to ₱2,242,026,198 and ₱48,041,824, respectively. If the combination had taken place at the beginning of the year, the Group's share in SSDI's total revenue would have been ₱5,201,621,559, while SSDI's net income would have been ₱87,685,812.

26. Contingencies

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

27. Approval of the Financial Statements

The accompanying financial statements were approved and authorized for issue by the BOD on August 1, 2013.

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.

We have audited the accompanying consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries (formerly Robinsons Holdings, Inc. and Subsidiaries), which comprise the consolidated statements of financial position as at December 31, 2012, 2011 and 2010, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Retail Holdings, Inc. and its subsidiaries as at December 31, 2012, 2011 and 2010, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Other Matter

Robinsons Retail Holdings, Inc. has prepared a separate set of consolidated financial statements as at December 31, 2012 and 2011 and for the years then ended in accordance with Philippine Financial Reporting Standards on which we issued an independent auditors' report dated April 11, 2013 and expressed an unqualified opinion. As discussed in Notes 2 and 3 to the consolidated financial statements, Robinsons Retail Holdings, Inc. and its subsidiaries have adopted the new accounting standards which became effective beginning January 1, 2013, in the accompanying consolidated financial statements as at December 31, 2012, 2011 and 2010 and for the years then ended that have been prepared for inclusion in the prospectus for purposes of the initial public offering.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-1 (Group A),
March 11, 2011, valid until March 10, 2014
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 3670019, January 2, 2013, Makati City

June 13, 2013

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings Inc. and Subsidiaries)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		
	2012	2011	2010
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 8, 20 and 30)	**₱6,051,728,328**	₱5,242,208,579	₱4,327,322,567
Short term investments (Notes 9 and 30)	**309,852,939**	303,592,000	303,592,000
Available-for-sale (AFS) financial assets (Notes 10 and 30)	**51,800,000**	52,500,000	158,150,000
Trade and other receivables (Notes 11, 27 and 30)	**736,797,631**	579,239,550	479,732,830
Merchandise inventories (Note 12)	**6,081,812,428**	3,310,227,402	2,774,991,244
Other current assets (Note 13)	**872,569,082**	604,437,451	523,916,536
Total Current Assets	**14,104,560,408**	10,092,204,982	8,567,705,177
Noncurrent Assets			
Property and equipment (Note 14)	**5,163,589,147**	4,681,073,801	4,374,138,174
Investment in shares of stocks (Note 15)	**1,549,423,116**	1,394,934,606	1,192,903,455
Goodwill (Note 17)	**1,818,206,644**	85,161,468	85,161,468
Deferred tax assets - net (Note 28)	**151,842,112**	145,546,486	125,234,583
License (Note 16)	**121,212,122**	–	–
Other noncurrent assets (Notes 18 and 30)	**743,277,672**	578,048,595	490,354,999
Total Noncurrent Assets	**9,547,550,813**	6,884,764,956	6,267,792,679
	₱23,652,111,221	₱16,976,969,938	₱14,835,497,856

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Notes 19, 27 and 30)	**₱12,319,576,603**	₱9,395,125,004	₱8,304,513,209
Current portion of loans payable (Notes 20 and 30)	**411,530,897**	540,000,000	540,000,000
Income tax payable	**336,135,427**	127,025,029	128,494,946
Other current liabilities (Notes 21 and 30)	**235,231,520**	210,207,721	139,351,984
Total Current Liabilities	**13,302,474,447**	10,272,357,754	9,112,360,139
Noncurrent Liabilities			
Loans payable - net of current portion (Notes 20 and 30)	**2,116,666,667**	–	–
Pension liability (Note 26)	**285,272,547**	215,414,264	128,765,336
Total Noncurrent Liabilities	**2,401,939,214**	215,414,264	128,765,336
Total Liabilities	**15,704,413,661**	10,487,772,018	9,241,125,475

(Forward)

	December 31		
	2012	2011	2010
Equity			
Capital stock (Note 22)	**₱415,000,000**	₱415,000,000	₱214,285,714
Additional paid-in capital	**141,816,919**	141,816,919	141,816,919
Other comprehensive income (Notes 10, 15 and 26)	**(30,049,176)**	(3,948,537)	7,238,967
Equity reserve (Note 2)	**116,459,430**	98,101,590	–
Retained earnings (Note 22)	**6,308,645,466**	5,109,001,529	4,630,943,687
Total equity attributable to equity holders of the Parent Company	**6,951,872,639**	5,759,971,501	4,994,285,287
Non-controlling interest in consolidated subsidiaries	**995,824,921**	729,226,419	600,087,094
Total Equity	**7,947,697,560**	6,489,197,920	5,594,372,381
	₱23,652,111,221	₱16,976,969,938	₱14,835,497,856

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings Inc. and Subsidiaries)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2012	2011	2010
REVENUE			
Net sales	**₱57,393,248,813**	₱48,303,297,430	₱44,558,935,514
Royalty, rent and other income (Notes 31 and 32)	**1,078,588,155**	853,968,047	949,658,919
	58,471,836,968	49,157,265,477	45,508,594,433
COST AND EXPENSES			
Cost of merchandise sold (Note 12)	**46,414,453,179**	39,596,100,307	37,175,112,422
Operating expenses (Note 24)	**10,635,979,777**	9,126,393,742	7,859,672,105
	57,050,432,956	48,722,494,049	45,034,784,527
	1,421,404,012	434,771,428	473,809,906
OTHER INCOME (CHARGES)			
Investment income (Note 27)	**129,874,167**	–	–
Interest income (Notes 8 and 9)	**114,125,136**	106,712,251	121,398,372
Dividend income (Note 10)	**4,363,038**	11,455,214	13,819,497
Interest expense (Note 20)	**(58,217,332)**	(35,389,303)	(26,674,800)
Equity in net earnings of an associate (Note 15)	**159,023,568**	144,389,965	16,664,000
	349,168,577	227,168,127	125,207,069
INCOME BEFORE INCOME TAX	**1,770,572,589**	661,939,555	599,016,975
PROVISION FOR INCOME TAX (Note 28)			
Current	**418,763,595**	201,388,656	192,002,386
Deferred	**6,886,046**	(15,517,258)	(48,597,466)
	425,649,641	185,871,398	143,404,920
NET INCOME	**1,344,922,948**	476,068,157	455,612,055
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of AFS financial assets and share in change in fair value of AFS financial asset of an associate (Notes 10, 15 and 30)	**(5,235,058)**	51,991,186	3,555,667
Income tax effect	**1,570,517**	(15,597,356)	(1,066,700)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial losses on pension liabilities (Note 26)	**(32,051,568)**	(67,973,335)	–
Income tax effect	**9,615,470**	20,392,001	–
	(26,100,639)	(11,187,504)	2,488,967
TOTAL COMPREHENSIVE INCOME	**₱1,318,822,309**	₱464,880,653	₱458,101,022
Net income attributable to:			
Equity holders of the Parent Company	**₱1,199,643,937**	₱483,057,842	₱402,135,124
Non-controlling interest in consolidated subsidiaries	**145,279,011**	(6,989,685)	53,476,931
	₱1,344,922,948	₱476,068,157	₱455,612,055
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,173,543,298**	₱471,870,338	₱404,624,091
Non-controlling interest in consolidated subsidiaries	**145,279,011**	(6,989,685)	53,476,931
	₱1,318,822,309	₱464,880,653	₱458,101,022
Basic/Diluted Earnings Per Share (Note 29)	**₱2.89**	₱1.16	₱1.88

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 22)	Additional Paid-in Capital	Other Comprehensive Income	Equity Reserve (Note 2)	Retained Earnings (Note 22)	Total Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interest in Consolidated Subsidiaries	Total
At January 1, 2012	**₱415,000,000**	**₱141,816,919**	**(₱3,948,537)**	**₱98,101,590**	**₱5,109,001,529**	**₱5,759,971,501**	**₱729,226,419**	**₱6,489,197,920**
Acquisition of a subsidiary (Note 23)	–	–	–	–	–	–	**93,013,331**	**93,013,331**
Effect of decrease in ownership interest in subsidiaries (Note 2)	–	–	–	**18,357,840**	–	**18,357,840**	**28,306,160**	**46,664,000**
Net income	–	–	–	–	**1,199,643,937**	**1,199,643,937**	**145,279,011**	**1,344,922,948**
Other comprehensive income	–	–	**(26,100,639)**	–	–	**(26,100,639)**	–	**(26,100,639)**
Total comprehensive income	–	–	**(26,100,639)**	–	**1,199,643,937**	**1,173,543,298**	**145,279,011**	**1,318,822,309**
At December 31, 2012	**₱415,000,000**	**₱141,816,919**	**(₱30,049,176)**	**₱116,459,430**	**₱6,308,645,466**	**₱6,951,872,639**	**₱995,824,921**	**₱7,947,697,560**
At January 1, 2011	₱214,285,714	₱141,816,919	₱7,238,967	₱–	₱4,630,943,687	₱4,994,285,287	₱600,087,094	₱5,594,372,381
Subscription (Note 22)	200,714,286	–	–	–	–	200,714,286	–	200,714,286
Incorporation of a subsidiary (Note 2)	–	–	–	–	–	–	8,230,600	8,230,600
Effect of decrease in ownership interest in subsidiaries (Note 2)	–	–	–	98,101,590	–	98,101,590	127,898,410	226,000,000
Dividends paid	–	–	–	–	(5,000,000)	(5,000,000)	–	(5,000,000)
Net income (loss)	–	–	–	–	483,057,842	483,057,842	(6,989,685)	476,068,157
Other comprehensive income	–	–	(11,187,504)	–	–	(11,187,504)	–	(11,187,504)
Total comprehensive income	–	–	(11,187,504)	–	483,057,842	471,870,338	(6,989,685)	464,880,653
At December 31, 2011	₱415,000,000	₱141,816,919	(₱3,948,537)	₱98,101,590	₱5,109,001,529	₱5,759,971,501	₱729,226,419	₱6,489,197,920
At January 1, 2010	₱214,285,714	₱141,816,919	₱4,750,000	₱–	₱4,232,475,235	₱4,593,327,868	₱546,610,163	₱5,139,938,031
Dividends paid	–	–	–	–	(3,666,672)	(3,666,672)	–	(3,666,672)
Net income (loss)	–	–	–	–	402,135,124	402,135,124	53,476,931	455,612,055
Other comprehensive income	–	–	2,488,967	–	–	2,488,967	–	2,488,967
Total comprehensive income	–	–	2,488,967	–	402,135,124	404,624,091	53,476,931	458,101,022
At December 31, 2010	₱214,285,714	₱141,816,919	₱7,238,967	₱–	₱4,630,943,687	₱4,994,285,287	₱600,087,094	₱5,594,372,381

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings Inc. and Subsidiaries)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,770,572,589**	₱661,939,555	₱599,016,975
Adjustments for:			
Depreciation and amortization (Notes 14 and 24)	**1,577,933,781**	1,259,128,565	1,126,388,788
Interest expense (Note 20)	**58,217,332**	35,389,303	26,674,800
Provision for impairment losses - property and equipment (Notes 14 and 24)	**21,474,843**	75,799,932	–
Provision for impairment losses - receivables (Notes 11 and 24)	**–**	29,461,011	–
Loss on asset retirement/derecognition (Note 14)	**1,159,725**	399,018	–
Dividend income (Note 10)	**(4,363,038)**	(11,455,214)	(13,819,497)
Interest income (Notes 8 and 9)	**(114,125,136)**	(106,712,251)	(121,398,372)
Investment income (Note 27)	**(129,874,167)**	–	–
Equity in net earnings of an associate (Note 15)	**(159,023,568)**	(144,389,965)	(16,664,000)
Operating income before working capital changes	**3,021,972,361**	1,799,559,954	1,600,198,694
Decrease (increase) in:			
Trade and other receivables	**(97,987,870)**	(99,567,410)	1,253,991,114
Merchandise inventories	**(1,423,157,427)**	(535,236,158)	(128,802,231)
Other current assets	**(207,265,461)**	(80,520,915)	(156,126,944)
Short-term investments	**(6,260,939)**	–	(303,592,000)
Increase in:			
Trade and other payables	**2,011,969,559**	1,195,486,115	73,813,246
Other current liabilities	**19,738,909**	70,855,737	26,821,507
Pension liability	**20,794,303**	18,675,593	21,301,670
Net cash flows generated from operations	**3,339,803,435**	2,369,252,916	2,387,605,056
Interest received	**112,741,087**	108,151,896	108,720,107
Income tax paid	**(214,787,204)**	(202,858,573)	(190,577,095)
Net cash flows provided by operating activities	**3,237,757,318**	2,274,546,239	2,305,748,068
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received (Note 10)	**4,363,038**	11,455,214	13,819,497
Proceeds from disposals of:			
Property and equipment	**12,859,083**	9,034,853	28,491,122
AFS financial assets	**–**	100,000,000	–
Shares of stocks (Note 27)	**141,667,700**	–	–
Acquisitions of:			
Property and equipment (Note 14)	**(1,911,949,758)**	(1,651,086,267)	(1,934,039,214)
License (Note 16)	**(121,212,122)**	–	–
Investment in shares of stocks (Note 15)	–	–	(1,176,083,788)

(Forward)

	Years Ended December 31		
	2012	2011	2010
Acquisition through business combination - net of cash received (Note 23)	**(₱2,152,086,495)**	₱–	₱–
Increase in other noncurrent assets	**(132,040,038)**	(87,905,324)	(102,572,638)
Net cash flows used in investing activities	**(4,158,398,592)**	(1,618,501,524)	(3,170,385,021)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuances of capital stock by subsidiaries to non-controlling interest (Notes 2 and 22)	**46,664,000**	299,230,600	–
Availments of loans (Note 20)	**2,003,516,791**	–	150,000,000
Payment of loans (Note 20)	**(261,802,436)**	–	–
Interest paid (Note 20)	**(58,217,332)**	(35,389,303)	(24,984,286)
Dividends paid	**–**	(5,000,000)	(3,666,672)
Net cash flows provided by financing activities	**1,730,161,023**	258,841,297	121,349,042
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**809,519,749**	914,886,012	(743,287,911)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,242,208,579**	4,327,322,567	5,070,610,478
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱6,051,728,328**	₱5,242,208,579	₱4,327,322,567

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Retail Holdings, Inc. (Formerly Robinsons Holdings, Inc.), (herein referred to as either "RRHI" or the "Parent Company") is a stock corporation organized under the laws of the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 2002. The primary purpose of the Parent Company and its subsidiaries (herein referred to as "the Group") is to engage in the business of trading goods, commodities and merchandise of any kind.

The registered office address of the Parent Company is 43rd Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City.

On March 26, 2013, the SEC approved the change of the Company's corporate name from Robinsons Holdings, Inc. to Robinsons Retail Holdings, Inc.

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale (AFS) financial assets, which are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The Group adopted the new accounting standards, which became effective beginning January 1, 2013, in the accompanying consolidated financial statements that have been prepared for inclusion in the prospectus for purposes of the Parent Company's plan for initial public offering. The consolidated statements of financial position as at December 31, 2012, 2011 and 2010 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended have been restated to effect the retroactive application of the new accounting standards (Note 3).

Basis of Consolidation
The consolidated financial statements as of December 31, 2012, 2011 and 2010 represent the consolidation of the financial statements of RRHI and the following subsidiaries directly and indirectly owned by the Parent Company.

	2012		2011		2010	
	Percentage of Ownership					
Investee Companies	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Robinsons, Inc. (RI)	**100.00%**	–	100.00%	–	100.00%	–
Robinsons Ventures Corporation (RVC)	–	**65.00%**	–	65.00%	–	65.00%
Robinsons Toys, Inc. (RTI)	–	**100.00%**	–	100.00%	–	100.00%
Robinsons Convenience Stores, Inc. (RCSI)	–	**51.00%**	–	51.00%	–	56.00%
Robinsons Distribution Center, Inc. (RDCI)	–	–	–	100.00%	–	100.00%
South Star Drug, Inc. (SSDI)	–	**45.00%**	–	–	–	–

(Forward)

Investee Companies	2012 Direct	2012 Indirect	2011 Direct	2011 Indirect	2010 Direct	2010 Indirect
	Percentage of Ownership					
Robinsons Supermarket Corporation (RSC)	**100.00%**	**–**	100.00%	–	100.00%	–
Angeles Supercenter, Inc. (ASI)	**–**	**67.00%**	–	67.00%	–	67.00%
Robinsons Appliances Corp. (RAC)	**–**	**67.00%**	–	67.00%	–	67.00%
SSDI	**–**	**45.00%**	–	–	–	–
Robinsons Handyman, Inc. (RHMI)	**–**	**55.00%**	–	55.00%	–	55.00%
Handyman Express Mart, Inc. (HEMI)	**–**	**65.00%**	–	65.00%	–	65.00%
Waltermart Handyman, Inc. (WHI)	**–**	**65.00%**	–	65.00%	–	65.00%
Robinsons True Serve Hardware Philippines, Inc. (RTSHPI)	**–**	**66.67%**	–	66.67%	–	66.67%
Everyday Convenience Stores, Inc. (ECSI)	**100.00%**	**–**	100.00%	–	100.00%	–
Robinsons Specialty Stores, Inc. (RSSI)	**100.00%**	**–**	100.00%	–	100.00%	–
Robinsons Daiso Diversified Corp. (RDDC)	**90.00%**	**–**	90.00%	–	90.00%	–
RHD Daiso-Saizen (RHDDS)	**59.40%**	**–**	81.00%	–	–	–

All subsidiaries were incorporated in the Philippines.

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 Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

On May 24, 2012, the SEC approved the Plans and Articles of Merger (Merger) between Robinsons Distribution Center Inc. (RDCI) and Robinsons Convenience Stores, Inc. (RCSI), the latter being the surviving entity. The merger was approved and ratified by the respective Board of Directors (BOD) and stockholders on April 10, 2012. Under the approved merger, the entire assets and liabilities of RDCI as of December 31, 2011 were merged and absorbed by RCSI with effective date of January 1, 2012.

The merger was undertaken to enhance and promote operating efficiencies and economies, and increase financial strength through pooling of resources to achieve more favorable financing and greater credit facilities.

No RCSI shares were issued in exchange for the net assets of the RDCI, considering that the latter is a wholly-owned subsidiary of the former. The total retained earnings of RDCI amounting ₱4,374,368 as of December 31, 2010 was recognized as a reduction from RCSI’s deficit.

On April 1, 2011, the BOD approved the increase in the authorized capital stock of the RCSI from 600,000,000 common shares with par value of ₱1.00 per share to 1,000,000,000 common shares with par value of ₱1.00 per share. The Securities and Exchange Commission (SEC) approved the increase in authorized capital stock on September 12, 2011.

Of the said increase in the authorized capital stock of 400,000,000 common shares, 174,000,000 shares have been subscribed by RI.

The transaction resulted in an increase in the non-controlling interest amounting ₱127,898,410. The difference between the increase in non-controlling interest and consideration paid amounting ₱98,101,590 was also recognized directly in equity under "Equity Reserve". The Parent Company will maintain the same number of common shares it held in RCSI prior to the transaction.

In 2011, the Group subscribed to 81% of the voting shares of RHDDS. RHDDS was organized and registered with the SEC on November 29, 2011. RHDDS has not started commercial operations as of December 31, 2012. RHDDS is expected to commence operations in 2013.

In 2012, RHDDS issued an additional 15,764,000 shares, thereby increasing the issued and outstanding shares from 43,336,000 shares as of December 31, 2011 to 59,100,000 shares as of December 31, 2012, at ₱1 par value.

The Parent Company did not subscribe to the additional issuance of shares during the year which resulted to the decrease in the direct interest in RHDDS from 81% to 59.40%.

The transaction resulted in an increase in the non-controlling interest amounting ₱28,306,160. The difference between the increase in non-controlling interest and consideration paid amounting ₱18,357,840 was also recognized directly in equity under "Equity Reserve". The Parent Company will maintain the same number of common shares it held RHDDS prior to the transaction.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All significant intercompany balances and transactions, including intercompany income and expenses and unrealized gains and losses, are eliminated in the consolidation.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company.

3. Impact of Adoption of New Accounting Standards Effective January 1, 2013

The Group adopted the following new accounting standards effective beginning January 1, 2013 in the accompanying consolidated financial statements as at December 31, 2012, 2011 and 2010 and for the years then ended that have been prepared for inclusion in the prospectus for purposes of the Parent Company's plan for initial public offering.

- Revised PAS 19*, Employee Benefits*
  For defined benefit *plans, the Revised* PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously

recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses immediately to profit or loss while past service cost, if any, is recognized immediately to profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost is amortized on a straight-line basis over the vesting period. Upon adoption of the PAS 19 Revised, the Group changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur. Moving forward, the Group will retain the recognized actuarial gains and losses in other comprehensive income and will not transfer this to other items of equity.

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

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

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

The effects of adoption of the Revised PAS 19 on the consolidated financial statements are as follows:

	As at December 31, 2012	As at December 31, 2011	As at December 31, 2010
Increase (decrease) in:			
Consolidated statements of financial position			
Net plan assets	**₱–**	₱–	₱–
Deferred tax assets	**31,844,202**	23,969,940	3,684,410
Retirement liability	**(106,147,340)**	(79,899,798)	(12,281,367)
Other comprehensive income	**70,017,432**	47,581,334	–
Retained earnings	**4,022,139**	7,560,690	8,368,283
Noncontrolling interest	**263,567**	787,834	228,674
Consolidated statements of income			
Net benefit expense	**(₱5,804,026)**	(₱354,904)	(₱447,980)
Provision for income tax	**1,741,208**	106,471	134,394
Net income	**3,538,551**	807,593	312,542
Other comprehensive income for the year, net of tax	**(22,436,098)**	(47,581,334)	–

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (OCI)* (effective for annual periods beginning on or after July 1, 2012)
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only in the consolidated statement of comprehensive income and has therefore no impact on the Group's financial position or performance.

- PAS 27 (Revised), *Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
  As a consequence of the new PFRS 10, *Consolidated Financial Statement*s 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 separate financial statements. The adoption of the amended PAS 27 has no significant impact on the separate financial statements of the entities in the Group.

- PAS 28 (Revised), *Investments in Associates* (effective for annual periods beginning on or after January 1, 2013)
  As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2013)
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32.

  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 amendment affects disclosures only and has no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
  This standard 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 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 Parent Company has concluded that all direct subsidiaries of the Parent Company shall remain to be consolidated; and all direct associates and jointly controlled entities of the Parent Company will not be consolidated based on the provisions of PFRS10.

- PFRS 11, *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2013)
  This standard replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. It removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard has no impact on the financial statements of the Group.

- PFRS 12, Disclosures of Interests in Other Entities (effective for annual periods beginning on or after January 1, 2013)
  The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

  The adoption of PFRS 12 affects the disclosures only and has no impact on the Group's financial position or performance. (Note 15)

- PFRS 13, *Fair Value Measurement* (effective for annual periods beginning on or after January 1, 2013)
  This standard establishes a single source of guidance under PFRS 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. The adoption of PFRS 13 has no significant impact on its financial position and performance since the Group has no assets or liabilities carried at fair value.

Improvements to PFRSs
The *Improvements to PFRSs* 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. Except as otherwise indicated, the Group does not expect the adoption of these new standards to have significant impact on the Group's financial statements.

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

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
  The Amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

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

- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
  The Amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment has no significant impact on the Group's financial position or performance.

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

4. **Summary of Significant Accounting Policies**

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and other sales taxes.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

Sales revenue
Sales is recognized from retail customers at the point of sale in the stores.

Lease fee/Royalty fee
Lease fee/Royalty fee is recognized as a percentage of gross profit earned by the lessee/franchisee.

Interest income
Interest on cash, cash equivalents and short-term cash investments is recognized as the interest accrues using the effective interest method.

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

Cost of Merchandise Sold
Cost of merchandise sold includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. Vendor returns and allowances are generally deducted from cost of merchandise sold.

Operating Expenses
Operating expenses constitute costs of administering the business. These are recognized as expenses when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has occurred and the decrease in economic benefits can be measured reliably.

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

Initial recognition of financial instruments
Financial instruments are recognized initially at the fair value of the consideration given. Except for financial instruments at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments and loans and receivables. Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at cost or amortized cost.

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

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

The Group follows the hierarchy in Philippine Interpretations Committee (PIC) Question and Answer (Q&A) No. 2010-01: PAS 39.AG71-72, *Rate used in determining the fair value of government securities in the Philippines*, beginning January 1, 2010, for the determination of fair value of government securities in the Philippines, using market data published by the Philippine Dealing and Exchange Corporation or PDEx:

a. Current bid yield, if available, on the reporting date.
b. When a current bid yield is not available, the last or close yield on the reporting date.
c. When there is no transaction for a security on the reporting date, the PDSI-R2 rate may be used.

The consensus in the Q&A has been approved by the PIC on March 2, 2010 and approved by the Financial Reporting Standards Committee on June 4, 2010.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

As of December 31, 2012, 2011 and 2010, the Group's financial instruments are classified as AFS financial assets, loans and receivables and other financial liabilities.

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

AFS financial assets
AFS financial assets are those which are designated as such and are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as "Other comprehensive income" in the equity section of the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is recognized in the consolidated statement of comprehensive income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of comprehensive income when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the consolidated statement of comprehensive income.

This accounting policy relates primarily to the Group's investments in equity securities and non-voting preferred shares.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR.

This accounting policy relates primarily to the Group's cash and cash equivalents, trade and other receivables and security deposits.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, receivables are subsequently carried at amortized cost using the effective interest method less any allowance for impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition, and includes fees that are an integral part of the effective interest rate (EIR) and transaction costs. Gains and losses are recognized in profit or loss, when the receivables are derecognized or impaired, as well as through the amortization process.

This accounting policy applies primarily to the Group's trade and other receivables (Note 11).

Financial liabilities
Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at cost or amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy relates primarily to the Group's trade and other payables, loans payable and other current liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability and income tax payable).

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

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

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group has no financial instruments that contain both liability and equity elements.

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

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

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

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the

group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

AFS financial assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original EIR on the reduced carrying amount of the asset and is recorded under interest income in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is also reversed through profit or loss.

In case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of comprehensive income, is removed from the consolidated statement of changes in equity and recognized in the consolidated statement of comprehensive income.

Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income. Increases in fair value after impairment are recognized directly in the consolidated statement of changes in equity.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as the borrower's payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

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

<u>Embedded Derivative</u>
The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment where there is a change to the contract that significantly modifies the cash flows.

Embedded derivatives are bifurcated from their host contracts and carried at fair value with fair value changes being reported through profit or loss, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial instruments designated at FVPL; when their economic risks and characteristics are not clearly and closely related to those of their respective host contracts; and when a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the profit and loss.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value. Cash and cash equivalents, excluding cash on hand, are classified and accounted for as loans and receivables.

Merchandise Inventories
Merchandise inventories are stated at the lower of cost or net realizable value (NRV). Cost is determined using the retail inventory method. Under the retail inventory method, which approximates the lower of cost or NRV, inventory is valued by applying a cost-to-retail ratio to the ending retail value of inventory. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. In the event that NRV is lower than cost, the decline shall be recognized as an expense in the consolidated statement of comprehensive income.

Investments in Associates
Investments in associates are accounted for under the equity method of accounting.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in value. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The Group's share in the investee's post acquisition profit or loss is recognized in the consolidated statement of income. Profit and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount under "Other expenses" in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Business Combination and Goodwill

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment in value, if any.

The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

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

Construction in-progress are transferred to the related 'Property and equipment' account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are completed, and the property and equipment are ready for service. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives (EUL) of the assets. Leasehold improvements are amortized over the EUL of the improvements or the term of the related lease, whichever is shorter. The EUL of property and equipment are as follows:

	Years
Leasehold improvements	3-10
Store furniture and fixtures	3-10
Office furniture and fixtures	3-10
Transportation equipment	3-10
Building and other equipment	3-10
Computer equipment	3-5

The assets' useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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

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

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

License

The Company acquired the license to use the brand and operate its stores. The license shall be amortized based over a period of ten (10) years. The amortization of the license is recorded in the statement of comprehensive income under "Operating expenses" account.

Impairment of Nonfinancial Assets

This accounting policy primarily applies to the Group's property and equipment, investment in an associate and license.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell, and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in the consolidated statement of comprehensive income.

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

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGU) is less than the carrying amount of the CGU (or group of CGU) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of comprehensive income. Impairment loss recognized for goodwill shall not be reversed in future periods.

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

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

Defined benefit costs comprise the following:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

Income Tax

Current tax

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

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

Capital Stock
Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC.

Retained Earnings
Retained earnings represent accumulated earnings of the Group less dividends declared.

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

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

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

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

Group as lessee
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases.

Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

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

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Philippine Dealing and Exchange Corp. (PDEX) closing rate prevailing at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

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

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

The Parent Company does not have any potential dilutive ordinary shares for the years ended December 31, 2012, 2011 and 2010.

Provisions
Provisions are recognized only when the following conditions are met: (a) there exists a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense in profit or loss.

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but disclosed in the consolidated financial statements when an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

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

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the President. The nature of the operating segment is set out in Note 7.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes when material.

5. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following amended PFRS and Philippine Accounting Standards (PAS) which were effective as of January 1, 2012. The adoption of the amended PFRS and PAS did not have any significant effect on the Group's financial statements, unless otherwise stated.

- PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets* (effective for annual periods beginning on or after July 1, 2011)
  The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable users to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

- Amendment to PAS 12, *Income Taxes - Deferred Taxes: Recovery of Underlying Assets* (effective for annual periods beginning on or after January 1, 2012)
  The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that carrying amount of investment property measured using the fair value model in PAS 40 will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property overtime ('use' basis). Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset.

Future Changes in Accounting Policies

The Group will adopt the following standards, interpretations and amendments to standards enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations from International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on the Group's financial statements.

Effective in 2014

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

Effective in 2015

- *PFRS 9*, *Financial Instruments - Classification and Measurement* (effective for annual periods beginning on or after January 1, 2015)
  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 liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will have no impact on the classification and measurement of financial liabilities. The Group has decided not to early adopt for its 2012 financial reporting, thus, has not conducted a full quantification of the impact of this standard. The Group will quantify the effect in conjunction with the other phases, when issued, to present a more comprehensive picture.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  The implementation of the Philippine Interpretation is deferred until the final Review Standard is issued by IASB and after an evaluation on the requirements and guidance in the standard

vis-à-vis the practices and regulations in the Philippine real estate industry is completed. This Philippine Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors.

This Philippine 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 Financial Reporting Standards have deferred the effectivity of this interpretation until the final Revenue Standard is issued by the International

Accounting Standards Board and an evaluation of requirements of the final Revenue Standard against the practice of the Philippine real estate industry is completed. The amendment will not have any significant impact on the Group's financial position or performance as the Group is not engaged in Real Estate Business.

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6. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

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

Going concern

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

Operating lease commitments - Group as lessee

The Group, having the ability to terminate the lease term, has entered into cancellable lease agreements as a lessee. The Group evaluates whether a lease contract is cancellable or noncancellable by assessing penalties on pretermination of lease contract. Penalties considered by the Group are not limited to those that are imposed by the contract but also include possible payment to third parties and loss of future earnings. The amount and timing of recorded rent expenses would differ if the Group determine lease contracts as noncancellable. Also, the Group has determined that it has not retained all the significant risks and rewards of ownership of the leased property.

Revenue recognition
Management exercises judgment in determining whether the Group is acting as a principal or an agent. The Group is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods, otherwise it is acting as an agent. The Group has assessed all its revenue arrangements and concluded that it is acting as a principal.

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

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

Determining fair values of financial assets and liabilities
Fair value determinations for financial assets and liabilities are based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time.

As of December 31, 2012, 2011 and 2010, fair values of financial assets amounted to ₱7,848,668,211, ₱6,719,722,611 and ₱5,719,932,127, respectively. As of December 31, 2012, 2011 and 2010, fair values of financial liabilities amounted to ₱14,966,933,299, ₱10,050,095,245 and ₱8,916,452,747, respectively (Note 30).

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

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

As of December 31, 2012 , 2011 and 2010, allowance for impairment losses on trade and other receivables amounted to ₱29,461,011, ₱29,461,011and nil, respectively (Note 11).

Impairment of AFS financial assets
The Group determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value of the investment below its cost or whether other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' greater than six (6) months. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The carrying value of AFS financial assets amounted to ₱51,800,000, ₱52,500,000 and ₱158,150,000 as of December 31, 2012, 2011 and 2010, respectively (Note 10). In 2012, 2011 and 2010, no impairment losses on AFS financial assets have been recognized by the Group.

Allowance for impairment losses on merchandise inventories
The Group uses the retail method of inventory valuation. Under the retail method, inventory markdowns are considered in determining the cost of inventories. The Group has made assumptions in determining the amount of markdown to be recognized based on the information available.

No provision for impairment losses on merchandise inventories was recognized in 2012, 2011 and 2010.

As of December 31, 2012, 2011 and 2010, merchandise inventories amounted to ₱6,081,812,428, ₱3,310,227,402 and ₱2,774,991,244, respectively (Note 12).

EUL of property and equipment
The Group estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The EUL of property and equipment are reviewed annually, considering factors such as asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

The related balances follow (Notes 14 and 24):

	2012	2011	2010
Property and equipment - cost	**₱13,236,047,564**	₱11,350,751,978	₱10,252,713,183
Accumulated depreciation and amortization	**7,975,183,642**	6,593,878,245	5,878,575,009
Depreciation and amortization	**1,575,865,596**	1,258,916,837	1,126,292,547

Impairment of property and equipment
The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an item of property and equipment exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the net selling price.

In determining the present value of the estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the accompanying consolidated financial statements.

The related balances amounts as at and for the years ended December: (Notes 14 and 24):

	2012	2011	2010
Property and equipment - cost	**₱13,236,047,564**	₱11,350,751,978	₱10,252,713,183
Accumulated depreciation and amortization	**7,975,183,642**	6,593,878,245	5,878,575,009
Depreciation and amortization	**1,575,865,596**	1,258,916,837	1,126,292,547
Allowance for impairment losses	**97,274,775**	75,799,932	–

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimates of the recoverable amounts which is the net selling price or value in use of the CGUs to which the goodwill is allocated. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGUs and choose a suitable discount rate in order to calculate the present value of those cash flows.

As of December 31, 2012, 2011 and 2010, the Group has determined that there goodwill is recoverable as there were no indications that it is impaired. Goodwill amounted to ₱1,818,206,644, ₱85,161,468 and ₱85,161,468 as of December 31, 2012, 2011 and 2010, respectively (Note 17).

Pension and other retirement benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 26, and include, among others, discount rate and salary increase rates.

The related amounts as at and for the year ended December (Note 26):

	2012	2011	2010
Pension liability	**₱285,272,547**	₱215,414,264	₱128,765,336
Pension expense	**44,021,711**	25,797,328	21,301,670
Present value of defined benefit obligation	**301,606,425**	215,414,264	128,765,336

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management has determined based on business forecast of succeeding years that there is enough taxable profit against which recognized deferred tax assets will be realized.

As of December 31, 2012, 2011 and 2010, the Group has deferred tax assets amounting ₱151,842,112, ₱145,546,486 and ₱125,234,583, respectively (Note 28).

Purchase price allocation
As of December 31, 2012, the purchase price allocation relating to the Group's acquisition of South Star Drug Inc., (SSDI) have been prepared on a preliminary basis. The provisional fair values of the assets acquired and liabilities assumed as of date of acquisition were based on the net book values of the identifiable assets and liabilities since these approximate the fair values. The difference between the total consideration and the net assets is recognized as goodwill as follows:

Total consideration	₱2,570,165,154
Net Assets	837,119,978
Goodwill	₱1,733,045,176

7. **Operating Segment**

Business Segment
The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Cost and expenses exclude interest, taxes, depreciation and amortization.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

The Group derives its revenue from the following reportable units:

- *Supermarket Division -*
  The first major retailer to promote health and wellness. Robinson's Supermarket commits to bring together healthy options and affordable prices in a refreshingly clean and organized shopping destination. It makes a bold lifelong commitment to educate and empower its customers to make healthy choices.

- *Department Store Division -*
  Robinson's department store is one of the premier shopping destinations in the country today. It offers a exceptional selection of merchandise from top international and local brands. From the trendiest fashion pieces, the most coveted lifestyle products, the latest items for the home, to playthings and necessities for the little ones. It provides experience that goes beyond ordinary shopping.

- *Hardware Division -*
  Handyman has grown to be one of the most aggressive hardware and home improvement centers in the country. It aims to cover the Philippine landscape with more branches in key commercial centers to promote self reliance among do-it yourselfers.

- *Convenience Store Division -*
  Ministop is a 24 hour convenience store chain and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready to eat products.

- *Drug Store Division -*
  South Star Drug Store offers over a thousand brands from food and pharmaceuticals to personal care products.

- *Specialty Store Division -*
  Robinsons Specialty Stores Inc. is the lifestyle retail arm of Robinsons Retail Group. It is committed to bringing the best loved international lifestyle brands, top entertainment systems, and unparalleled selection of toys and games.

2012

	Supermarket Division	Department Store Division	Hardware Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue	₱29,294,898,956	₱11,374,217,351	₱6,194,963,277	₱3,825,530,134	₱2,442,556,867	₱4,261,082,228	₱–	–	₱57,393,248,813
Other income	60,012,804	8,636,640	–	947,775,202	48,583,357	13,580,152	159,023,568	–	1,237,611,723
Intersegment revenue	94,452,707	–	–	–	–	501,068,295	–	(595,521,002)	–
Total Revenue	29,449,364,467	11,382,853,991	6,194,963,277	4,773,305,336	2,491,140,224	4,775,730,675	159,023,568	(595,521,002)	58,630,860,536
Costs and expenses									
Segment cost of merchandise sold	24,438,672,246	8,234,478,000	4,623,741,579	3,485,644,893	2,083,140,089	3,548,776,372	–	–	46,414,453,179
Segment operating expenses	3,737,259,477	1,899,590,296	1,117,673,208	993,367,374	303,218,920	966,001,166	19,460,711	–	9,036,571,152
Intersegment costs and expenses	–	564,172,896	17,846,723	–	3,608,937	9,892,446	–	(595,521,002)	–
Total Costs and expenses	28,175,931,723	10,698,241,192	5,759,261,510	4,479,012,267	2,389,967,946	4,524,669,984	19,460,711	(595,521,002)	55,451,024,331
Earnings before interest, taxes and depreciation and amortization	1,273,432,744	684,612,799	435,701,767	294,293,069	101,172,278	251,060,691	139,562,857	–	3,179,836,205
Depreciation and amortization*	709,740,940	304,453,587	162,919,190	225,535,609	23,096,030	173,663,269	–	–	1,599,408,625
Earnings before interest and taxes	563,691,804	380,159,212	272,782,577	68,757,460	78,076,248	77,397,422	139,562,857		1,580,427,580
Interest expense	(15,545,833)	(10,659,444)	–	(19,981,130)	(5,184,216)	(6,846,709)	–	–	(58,217,332)
Interest income	9,801,335	29,419,689	21,572,499	9,080,572	4,029,990	13,494,576	26,726,475	–	114,125,136
Dividend income	4,363,038	–	–	–	–	–	–	–	4,363,038
Investment income	–	129,874,167	–	–	–	–	–	–	129,874,167
Income before income tax	₱562,310,344	₱528,793,624	294,355,076	₱57,856,902	₱76,922,022	₱84,045,289	₱166,289,332	₱–	₱1,770,572,589
Assets and Liabilities									
Segment assets	₱7,000,611,015	₱3,992,747,419	₱2,614,931,910	₱1,736,225,785	₱2,325,383,829	₱2,370,573,837	₱1,955,433,184	₱1,656,204,242	₱23,652,111,221
Investment in subsidiaries - at cost	1,326,328,033	1,734,770,374	–	–	–	–	1,676,124,134	(4,737,222,541)	–
Total segment assets	₱8,326,939,048	₱5,727,517,793	₱2,614,931,910	₱1,736,225,785	₱2,325,383,829	₱2,370,573,837	₱3,631,557,318	(3,081,018,299)	₱23,652,111,221
Total segment liabilities	₱5,933,317,905	₱3,697,880,183	₱1,543,649,855	₱1,148,796,633	₱1,335,027,794	₱2,153,351,538	₱30,279,168	(₱137,889,415)	₱15,704,413,661
Other segment information:									
Capital expenditures	₱934,376,571	₱445,658,996	₱237,504,497	₱91,589,710	₱23,829,023	₱178,990,961	₱–	₱–	₱1,911,949,758

*includes impairment losses amounting ₱21,474,843.

2011

	Supermarket Division	Department Store Division	Hardware Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue	₱25,642,964,644	₱10,314,647,643	₱5,381,804,456	₱3,480,980,715	₱–	₱3,482,899,972	₱–	₱–	₱48,303,297,430
Other income	63,632,236	9,333,942	–	771,751,722	–	9,250,147	144,389,965	–	998,358,012
Intersegment revenue	60,035,331	–	–	–	–	478,628,714	–	(538,664,045)	–
Total Revenue	25,766,632,211	10,323,981,585	5,381,804,456	4,252,732,437	–	3,970,778,833	144,389,965	(538,664,045)	49,301,655,442
Costs and expenses									
Segment cost of merchandise sold	21,815,627,269	7,540,010,765	4,012,140,783	3,197,989,773	–	3,030,331,717	–	–	39,596,100,307
Segment operating expenses	3,167,510,118	1,808,032,779	1,059,523,271	888,073,841	–	824,693,680	14,170,545	–	7,762,004,234
Intersegment costs and expenses	–	520,559,350	12,404,286	–	–	5,700,408	–	(538,664,045)	–
Total Costs and expenses	24,983,137,387	9,868,602,894	5,084,068,340	4,086,063,614	–	3,860,725,806	14,170,545	(538,664,045)	47,358,104,541
Earnings before interest, taxes and depreciation and amortization	783,494,824	455,378,691	297,736,116	166,668,823	–	110,053,027`	130,219,420	–	1,943,550,901
Depreciation and amortization*	567,571,512	242,028,157	131,582,375	280,738,346	–	142,469,118	–	–	1,364,389,508
Earnings before interest and taxes	215,923,312	213,350,534	166,153,741	(114,069,522)	–	(32,416,091)	130,219,420	–	579,161,393
Interest expense	–	–	–	(28,251,595)	–	(7,137,708)	–	–	(35,389,303)
Interest income	29,188,576	40,046,509	17,611,312	6,229,428	–	12,154,996	1,481,430	–	106,712,251
Dividend income	11,455,214	–	–	–	–	–	–	–	11,455,214
Income before income tax	₱256,567,102	₱253,397,042	₱183,765,053	(₱136,091,689)	₱–	(₱27,398,803)	131,700,850	₱–	661,939,555
Assets and Liabilities									
Segment assets	₱6,079,876,907	₱3,734,834,265	₱2,027,251,316	₱1,792,487,243	₱–	₱1,844,915,824	₱1,790,293,188	(₱292,688,805)	₱16,976,969,938
Investment in subsidiaries - at cost	41,245,456	449,687,797	–	–	–	–	1,676,124,134	(2,167,057,387)	–
Total segment assets	₱6,121,122,363	₱4,184,522,062	₱2,027,251,316	₱1,792,487,243	₱–	₱1,844,915,824	₱3,466,417,322	(₱2,459,746,192)	₱16,976,969,938
Total segment liabilities	₱4,113,329,378	₱2,559,214,529	₱1,164,838,522	₱1,245,522,289	₱–	₱1,728,460,004	₱30,134,331	(₱353,727,035)	₱10,487,772,018
Other segment information:									
Capital expenditures	₱791,860,232	₱370,861,500	₱264,167,327	₱104,773,402	₱–	₱119,423,806	₱–	₱–	₱1,651,086,267

*includes impairment losses amounting ₱105,260,943.

2010

	Supermarket Division	Department Store Division	Hardware Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue	₱23,716,201,157	₱9,551,970,072	₱4,877,779,900	₱3,323,359,383	₱–	₱3,089,625,002	₱–	₱–	₱44,558,935,514
Other income	50,624,884	7,143,303	–	882,126,787	–	9,763,945	16,664,000	–	966,322,919
Intersegment revenue	38,879,601	–	–	–	–	453,811,791	–	(492,691,392)	–
Total Revenue	23,805,705,642	9,559,113,375	4,877,779,900	4,205,486,170	–	3,553,200,738	16,664,000	(492,691,392)	45,525,258,433
Costs and expenses									
Segment cost of merchandise sold	20,587,416,917	6,981,392,718	3,643,683,022	3,242,682,958	–	2,719,936,807	–	–	37,175,112,422
Segment operating expenses	2,511,588,636	1,679,555,088	958,713,363	860,772,171		711,909,067	10,744,993	–	6,733,283,318
Intersegment costs and expenses	–	478,001,283	10,077,282	–	–	4,612,827	–	(492,691,392)	–
Total Costs and expenses	23,099,005,553	9,138,949,089	4,612,473,667	4,103,455,129	–	3,436,458,701	10,744,993	(492,691,392)	43,908,395,740
Earnings before interest, taxes and depreciation and amortization	706,700,089	420,164,286	265,306,233	102,031,041	–	116,742,037	5,919,007	–	1,616,862,693
Depreciation and amortization	505,593,264	226,649,613	100,900,645	168,250,746	–	124,994,519	–	–	1,126,388,787
Earnings before interest and taxes	201,106,825	193,514,673	164,405,588	(66,219,705)	–	(8,252,482)	5,919,007	–	490,473,906
Interest expense	–	–	–	(19,748,689)	–	(6,926,111)	–	–	(26,674,800)
Interest income	24,472,105	42,020,435	38,524,119	2,564,522	–	8,169,660	5,647,531	–	121,398,372
Dividend income	13,819,497	–	–	–	–	–	–	–	13,819,497
Income before income tax	₱239,398,427	₱235,535,108	₱202,929,707	(₱83,403,872)	₱–	(7,008,933)	11,566,538	₱–	₱599,016,975
Assets and Liabilities									
Segment assets	₱5,484,139,095	₱3,349,566,418	₱1,674,584,168	₱1,640,222,783	₱–	₱1,553,541,525	₱2,129,052,486	(₱995,608,619)	₱14,835,497,856
Investment in subsidiaries - at cost	41,245,456	275,687,797	–	–	–	–	1,641,018,734	(1,957,951,987)	–
Total segment assets	₱5,525,384,551	₱3,625,254,215	₱1,674,584,168	₱1,640,222,783	₱–	₱1,553,541,525	₱3,770,071,220	(₱2,953,560,606)	₱14,835,497,856
Total segment liabilities	₱3,682,284,716	₱2,181,469,281	₱932,624,084	₱1,351,918,576	₱–	₱1,443,842,566	₱705,643,363	(₱1,056,657,111)	₱9,241,125,475
Other segment information:									
Capital expenditures	₱749,015,432	₱342,654,039	₱213,674,593	₱384,725,176	₱–	₱243,969,974	₱–	₱–	₱1,934,039,214

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from purchase arrangements amounting ₱595,521,002, ₱538,664,045 and ₱492,691,392 in 2012, 2011 and 2010, respectively, are eliminated on consolidation.

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

Capital expenditures consists of additions to property and equipment.

The Group has no significant customer which contributes 10.00% or more to the revenues of the Group.

8. Cash and Cash Equivalents

This account consists of:

	2012	2011	2010
Cash on hand	**₱496,827,741**	₱558,353,995	₱475,754,200
Cash in banks and cash equivalents	**5,554,900,587**	4,683,854,584	3,851,568,367
	₱6,051,728,328	₱5,242,208,579	₱4,327,322,567

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of one (1) to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term investment rates that ranges from 1.20% to 4.75%, 1.50% to 8.00% and 1.50% to 4.75% in 2012, 2011 and 2010, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱112,440,014, ₱104,664,418 and ₱105,420,677 in 2012, 2011 and 2010, respectively.

9. Short-Term Investments

This account consists of dollar-denominated investments with a period of (1) year

Short-term investments are made for varying periods of up to one (1) year, depending on the immediate cash requirements of the Parent Company, and earn interest at the respective short-term investment rates based on annual interest rates ranging from 1.50% to 4.06%, 1.70% to 3.70% and 1.43% to 2.31% in 2012, 2011 and 2010, respectively.

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

This account consist of investment in equity securities as follows:

Movements in AFS financial assets follows:

	2012	2011	2010
Cost			
At January 1	**₱50,000,000**	₱150,000,000	₱150,000,000
Disposals	**–**	(100,000,000)	–
At December 31	**50,000,000**	50,000,000	150,000,000
Change in fair value of AFS financial assets			
At January 1	**2,500,000**	8,150,000	4,750,000
Changes	**(700,000)**	250,000	3,400,000
Transfer to income due to disposals	–	(5,900,000)	**–**
At December 31	**1,800,000**	2,500,000	8,150,000
Total	**₱51,800,000**	₱52,500,000	₱158,150,000

The disposal represents sale of shares in stock.

Dividend income received from investments in 2012, 2011 and 2010 amounted to ₱4,363,038, ₱11,455,214 and ₱13,819,497, respectively.

11. **Trade and Other Receivables**

This account consists of:

	2012	2011	2010
Trade	**₱612,250,357**	₱448,745,781	₱358,808,102
Due from lessees/franchisees (Note 32)	**118,347,415**	132,840,364	98,168,678
Nontrade	**35,660,870**	27,114,416	22,756,050
	766,258,642	608,700,561	479,732,830
Less allowance for impairment losses (Notes 24 and 32)	**29,461,011**	29,461,011	–
	₱736,797,631	₱579,239,550	₱479,732,830

Trade receivables are noninterest-bearing and are generally on a one to thirty (1-30) days' term.

Nontrade receivables consist mainly of advances to officers and employees, cashier shortages and interest receivable arising from short-term placements.

The impairment recognized in 2012 and 2011 represent amount as a result of closing the non performing stores. As of December 31, 2012 and 2011, the allowance for impairment losses amounting ₱29,461,011 pertains to the provision due from lessees/franchisees. There was no allowance for impairment losses as at December 31, 2010.

The movement in the allowance for doubtful accounts follows:

	2012	2011	2010
At January 1	**₱29,461,011**	₱–	₱–
Provision during the year (Note 24)	**–**	29,461,011	–
At December 31	**₱29,461,011**	₱29,461,011	₱–

12. **Merchandise Inventories**

This account consists of:

	2012	2011	2010
Beginning inventory	**₱3,310,227,402**	₱2,774,991,244	₱2,646,189,013
Add: Purchases - net	**49,186,038,205**	40,131,336,465	37,303,914,653
Cost of goods available for sale	**52,496,265,607**	42,906,327,709	39,950,103,666
Cost of merchandise sold	**46,414,453,179**	39,596,100,307	37,175,112,422
Ending inventory	**₱6,081,812,428**	₱3,310,227,402	₱2,774,991,244

There are no merchandise inventories pledged to secure liabilities.

13. **Other Current Assets**

This account consists of:

	2012	2011	2010
Input value added tax (VAT) - net	**₱593,669,866**	₱413,976,448	₱358,036,861
Prepayments - net	**269,562,973**	181,124,760	156,795,889
Others - net	**9,336,243**	9,336,243	9,083,786
	₱872,569,082	₱604,437,451	₱523,916,536

Input VAT will be applied against output VAT in the succeeding periods. Management believes that the amount is fully realizable.

Prepayments mainly consist of creditable withholding taxes (CWT) which will be applied against income tax payable in future periods. Management believes that the amount is fully realizable.

14. Property and Equipment

The rollforward analysis of this account follows:

2012

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At January 1	₱4,896,864,758	₱4,195,636,001	₱121,092,859	₱101,825,713	₱501,288,413	₱1,534,044,234	₱–	₱11,350,751,978
Additions due to business combination (Note 23)	144,144,954	16,316,208	–	5,161,200	–	6,736,349	9,566,124	181,924,835
Additions	894,419,573	745,679,179	55,454,680	7,673,919	112,391,904	96,330,503	–	1,911,949,758
Disposals	(17,506,325)	(67,190,842)	–	–	(625,800)	(11,473,179)	–	(96,796,146)
Transfers	17,513,294	–	(17,513,294)	–	–	–	–	–
Retirement	(84,656,817)	(25,010,013)	(1,067,884)	–	–	(1,048,147)	–	(111,782,861)
At December 31	5,850,779,437	4,865,430,533	157,966,361	114,660,832	613,054,517	1,624,589,760	9,566,124	13,236,047,564
Accumulated Depreciation and Amortization								
At January 1	2,743,897,240	2,423,924,435	94,183,546	86,734,098	203,091,725	1,042,047,201	–	6,593,878,245
Depreciation and amortization (Note 24)	730,349,063	589,534,652	16,174,422	8,649,037	136,648,314	94,510,108	–	1,575,865,596
Disposals	(6,368,335)	(64,310,024)	–	–	(625,800)	(11,473,179)	–	(82,777,338)
Retirement	(84,656,817)	(25,007,870)	(1,067,884)	–	(2,143)	(1,048,147)	–	(111,782,861)
At December 31	3,383,221,151	2,924,141,193	109,290,084	95,383,135	339,112,096	1,124,035,983	–	7,975,183,642
Allowance for impairment losses								
At January 1	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
Provision during the year (Note 24)	6,700,799	13,289,957	205,491	202,806	–	1,075,790	–	21,474,843
At December 31	56,268,472	39,172,943	205,491	202,806	–	1,425,063	–	97,274,775
Net Book Value	₱2,411,289,814	₱1,902,116,397	₱48,470,786	₱19,074,891	₱273,942,421	₱499,128,714	₱9,566,124	₱5,163,589,147

2011

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Total
Cost							
At January 1	₱4,349,478,211	₱3,802,862,380	₱114,852,678	₱72,618,968	₱1,045,682,644	₱867,218,302	₱10,252,713,183
Additions	834,951,612	528,516,632	5,458,127	12,063,104	116,134,690	153,962,102	1,651,086,267
Disposals	(54,800,222)	(47,253,509)	(717,150)	(2,485,959)	–	(8,407,074)	(113,663,914)
Transfers	(12,704,927)	47,803,335	4,928,422	26,055,913	(648,148,231)	582,065,488	–
Retirement	(220,059,916)	(136,292,837)	(3,429,218)	(6,426,313)	(12,380,690)	(60,794,584)	(439,383,558)
At December 31	4,896,864,758	4,195,636,001	121,092,859	101,825,713	501,288,413	1,534,044,234	11,350,751,978
Accumulated Depreciation and Amortization							
At January 1	2,469,074,016	2,102,837,766	70,935,665	45,132,980	558,812,297	631,782,285	5,878,575,009
Depreciation and amortization (Note 24)	563,255,448	491,611,784	10,925,067	28,788,526	23,734,263	140,601,749	1,258,916,837
Disposals	(46,487,216)	(47,253,509)	(717,150)	(1,764,112)	–	(8,407,074)	(104,629,061)
Transfers	(22,114,555)	12,857,522	16,463,338	21,003,017	(367,074,145)	338,864,823	–
Retirement	(219,830,453)	(136,129,128)	(3,423,374)	(6,426,313)	(12,380,690)	(60,794,582)	(438,984,540)
At December 31	2,743,897,240	2,423,924,435	94,183,546	86,734,098	203,091,725	1,042,047,201	6,593,878,245
Allowance for impairment losses							
At January 1	–	–	–	–	–	–	–
Provision during the year (Note 24)	49,567,673	25,882,986	–	–	–	349,273	75,799,932
At December 31	49,567,673	25,882,986	–	–	–	349,273	75,799,932
Net Book Value	₱2,103,399,845	₱1,745,828,580	₱26,909,313	₱15,091,615	₱298,196,688	₱491,647,760	₱4,681,073,801

2010

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Total
Cost							
At January 1	₱3,550,087,599	₱3,212,850,875	₱115,777,842	₱60,737,372	₱825,740,203	₱753,016,991	₱8,518,210,882
Additions	902,416,170	673,264,788	7,467,780	11,881,596	222,446,949	116,561,931	1,934,039,214
Disposals	(28,860,685)	(7,702,147)	(10,200)	–	(1,214,000)	–	(37,787,032)
Transfers	(4,585,463)	1,964	(7,600,609)	–	12,184,108	–	–
Write-off	(69,579,410)	(75,553,100)	(782,135)	–	(13,474,616)	(2,360,620)	(161,749,881)
At December 31	4,349,478,211	3,802,862,380	114,852,678	72,618,968	1,045,682,644	867,218,302	10,252,713,183
Accumulated Depreciation and Amortization							
At January 1	₱2,039,583,400	₱1,760,348,340	₱64,321,161	₱39,804,742	₱459,358,433	₱559,912,177	₱4,923,328,253
Depreciation and amortization (Note 24)	501,882,213	423,706,672	9,136,165	5,328,238	112,008,531	74,230,728	1,126,292,547
Disposals	(5,728,621)	(7,702,147)	(10,200)	–	(1,214,000)	–	(14,654,968)
Transfers	–	(22,589)	(1,750,428)	–	1,773,017	–	–
Write-off	(66,662,976)	(73,492,510)	(761,033)	–	(13,113,684)	(2,360,620)	(156,390,823)
At December 31	2,469,074,016	2,102,837,766	70,935,665	45,132,980	558,812,297	631,782,285	5,878,575,009
Net Book Value	₱1,880,404,195	₱1,700,024,614	₱43,917,013	₱27,485,988	₱486,870,347	₱235,436,017	₱4,374,138,174

There are no items of property and equipment as of December 31, 2012, 2011 and 2010 that are pledged as security to liability.

Allowance for impairment losses pertain to closing of non performing stores.

15. Investment in Shares of Stocks

This account consists of investment in shares of stocks of Robinsons Bank Corporation (RBC):

	2012	2011	2010
Investment in preferred stock	**₱1,051,150,405**	₱1,051,150,405	₱1,051,150,405
Investment in an associate	**498,272,711**	343,784,201	141,753,050
	₱1,549,423,116	₱1,394,934,606	₱1,192,903,455

The preferred stock has the following features:

a. Preferred stockholders are entitled to receive preferential but non-cumulative dividends at the rate to be determined by the BOD of RBC.

b. Preferred stocks are redeemable at the option of RBC at any time provided that the redemption price shall not be lower than the par value or higher than 110.00% of said par value.

c. In the event of any voluntary or involuntary liquidation, the preferred stockholders are entitled to receive the liquidation value of the said shares equivalent to 110.00% of the par value plus any unpaid but declared dividends thereon. If the net assets of RBC shall be insufficient to pay in full the liquidation value of all the preferred stock, then such net resources shall be distributed among such preferred stock ratably in accordance with the respective liquidation value of the shares they are holding.

The details of the investment in common stock in an associate follow:

	2012	2011	2010
Shares of stock - at equity:			
Acquisition cost	**₱124,933,383**	₱124,933,383	₱124,933,383
Accumulated equity in net earnings:			
Beginning balance	**161,053,965**	16,664,000	–
Equity in net earnings for the year	**159,023,568**	144,389,965	16,664,000
Ending balance	**320,077,533**	161,053,965	16,664,000
Share in fair value changes of AFS financial assets of RBC (Note 28):			
Beginning balance	**57,796,853**	155,667	–
Share in fair value changes during the year	**(4,535,058)**	57,641,186	155,667
Ending balance	**53,261,795**	57,796,853	155,667
	₱498,272,711	₱343,784,201	₱141,753,050

The Group has 40% ownership in RBC.

No dividends have been declared by RBC in 2012, 2011 and 2010.

Financial information of RBC follows:

	2012	2011	2010
Total assets	**₱39,099,939,112**	₱31,490,704,732	₱24,800,813,114
Total liabilities	**33,360,871,812**	26,157,063,891	19,966,042,314
Net income	**397,558,919**	360,974,913	270,875,521

The statement of comprehensive income follows:

	2012	2011	2010
Total operating income	**₱1,816,664,593**	₱1,668,204,321	₱1,313,071,791
Total operating expenses and tax	**1,419,105,674**	1,307,229,408	1,042,196,270
Net income	**₱397,558,919**	₱360,974,913	₱270,875,521

The reconciliation of the net assets of the material associate to the carrying amounts of the interest in an associate recognized in the consolidated financial statements is as follows:

	2012	2011	2010
Net assets of an associate	**₱523,607,213**	₱137,385,938	(₱367,691,939)
Proportionate ownership in the associate	**40%**	40%	40%
Share in net identifiable assets of common stocks	**209,442,885**	54,954,375	(147,076,776)
Difference	**288,829,826**	288,829,826	288,829,826
	₱498,272,711	₱343,784,201	₱141,753,050

The difference is attributable to the commercial banking license and goodwill.

16. **License**

On September 21, 2012, RSSI acquired local trademarks that were duly registered in the Philippine Intellectual Rights Office amounting ₱121,212,122. The acquisition allowed RSSI to secure a license to use the same trademarks in the Philippines. The licensing agreement is for a period of five (5) years which can be renewed for another 5 years upon the mutual agreement of the parties.

No amortization was recorded in 2012 since the license is not yet available for use pending completion of documentary requirements.

17. **Goodwill**

The Group's goodwill pertains to the excess of the acquisition cost over the fair value of the net assets of RTSHPI and SSDI as follows:

	2012	2011	2010
SSDI (Note 23)	**₱1,733,045,176**	₱–	₱–
RTSHPI	**85,161,468**	85,161,468	85,161,468
	₱1,818,206,644	₱85,161,468	₱85,161,468

RTSHPI was acquired by RHMI in February 2007. The acquisition represents 66.67% ownership interest on the shares of stock of RTSHPI.

SSDI was acquired by RSC and RI in July 2012. The acquisition represents 90% ownership interest on the shares of stock of SSDI (Note 23).

The Group performed its annual impairment test. The Group compared the recoverable amount against the book value of the CGU. The recoverable amount of the CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five (5) year period. As a result of the impairment test as of December 31, 2012, the Group did not identify any impairment on its CGU to which the goodwill is allocated.

18. **Other Noncurrent Assets**

This account consists of:

	2012	2011	2010
Security and other deposits	**₱698,489,313**	₱542,182,482	₱451,134,730
Construction bond	**18,340,532**	15,443,922	17,157,428
Others	**26,447,827**	20,422,191	22,062,841
	₱743,277,672	₱578,048,595	₱490,354,999

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term.

Others include franchises to carry various global brands.

19. **Trade and Other Payables**

This account consists of:

	2012	2011	2010
Trade	**₱10,127,884,624**	₱6,772,362,103	₱6,039,762,067
Nontrade (Note 27)	**2,086,166,502**	2,471,216,630	2,208,978,016
Others	**105,525,477**	151,546,271	55,773,126
	₱12,319,576,603	₱9,395,125,004	₱8,304,513,209

Trade payables are noninterest-bearing and are normally settled on forty five (45) to sixty (60) days' term.

This account represents trade payables arising mainly from purchases of merchandise inventories.

Nontrade payables consist mainly of liabilities/obligations payable to nontrade suppliers and due to related parties.

Others consist of taxes and licenses payable and salaries payable.

20. **Loans Payable**

The rollforward analysis of this account follows:

	2012	2011	2010
At January 1	**₱540,000,000**	₱540,000,000	₱390,000,000
Addition through business combination (Note 23)	**246,483,209**	–	–
Availments	**2,003,516,791**	–	150,000,000
Payments	**(261,802,436)**	–	–
At December 31	**2,528,197,564**	540,000,000	540,000,000
Less current portion	**411,530,897**	540,000,000	540,000,000
Noncurrent portion	**₱2,116,666,667**	₱–	₱–

The loans were obtained by the following:

	2012	2011	2010
RSC	**₱1,000,000,000**	₱–	₱–
RI	**1,000,000,000**	–	–
RAC	**140,000,000**	140,000,000	140,000,000
SSDI	**250,000,000**	–	–
RCSI	**215,000,000**	400,000,000	400,000,000
	₱2,605,000,000	₱540,000,000	₱540,000,000

a.) On August 8, 2012, a local commercial bank (Metrobank) granted ₱1,000,000,000 each to RSC and RI for a total amount of ₱2,000,000,000. The proceeds of the loan were used to acquire SSDI (Note 23). The clean loan bears annual interest rate of 3.88%.

b.) The RAC loans payable represents a secured short-term promissory notes obtained from a local commercial banks and which are payable within twelve (12) months after reporting date with interest rates ranging from 4.12% to 7.0% per annum. The short-term note was obtained to support working capital requirements which mainly include store expansion and renovation of existing stores.

c.) The SSDI loans payable represents a five year at a floating rate benchmark, based on 12M PDST-F. SSDI also entered into an interest rate swap agreement with the lender bank to coincide with the changes in notional amount, amortization schedule, and floating rate spread with fixed interest rate at 5.34% per annum. The interest rate swap is assessed as clearly and closely related and no bifurcation is required to recognize either a gain or loss on embedded derivative.

d.) RCSI has outstanding loans amounting ₱215,000,000, ₱400,000,000 and ₱400,000,000 as of December 31, 2012, 2011 and 2010, respectively. The interest on the loans is computed at prevailing market interest rates. RSC and RI act as guarantors for RCSI's loan. The bank restricts ₱100,000,000 and ₱115,000,000, respectively from the guarantors' bank accounts as guarantee for the said loan.

Total interest expense charged to operations amounted to ₱58,217,332, ₱35,389,303 and ₱26,674,800 in 2012, 2011 and 2010, respectively.

21. Other Current Liabilities

Other current liabilities consist primarily of customers' and concessionaires'deposits.

22. Equity

Capital Stock
The details of this account follows:

	2012		2011		2010	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Common stock - ₱1 par value						
Authorized	**500,000,000**	**₱500,000,000**	500,000,000	₱500,000,000	500,000,000	₱500,000,000
Issued and outstanding	**415,000,000**	**415,000,000**	415,000,000	415,000,000	214,285,714	214,285,714

The rollforward of this account follows:

	No. of Shares			**Amount**		
	2012	2011	2010	**2012**	2011	2010
At January 1	**415,000,000**	214,285,714	214,285,714	**₱415,000,000**	₱214,285,714	₱214,285,714
Issuance	–	200,714,286	–	–	200,714,286	–
At December 31	**415,000,000**	415,000,000	214,285,714	**₱415,000,000**	₱415,000,000	₱214,285,714

On May 6, 2011, the BOD of the Parent Company approved the issuance of additional 200,714,286 shares or ₱200,714,286 out of the authorized capital stock of 500,000,000 shares or ₱500,000,000. The deposits for future stock subscriptions amounting ₱135,714,286 was applied to the subscription of shares while the remaining subscription of ₱65,000,000 was paid in cash.

Retained Earnings
The income of the subsidiaries and associates that are recognized in the consolidated statement of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and associates. This amounted to ₱4,897,344,308 as at December 31, 2012.

In accordance with SRC Rule 68, as Amended (2011), Annex 68-C, the Parent Company's retained earnings available for dividend declaration as of December 31, 2012 amounted to ₱1,409,420,790.

23. Business Combination

Acquisition
On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45% interest in SSDI, aggregating to 90%, for a total consideration amounting ₱2,570 million.

The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. Below are the preliminary fair values of the identifiable assets and liabilities assumed:

Assets	
Cash	₱418,078,660
Trade and other receivables	59,002,918
Inventories	1,348,427,599
Other current assets	60,866,170
Property and equipment (Note 14)	181,924,835
Other noncurrent assets	37,252,913
	2,105,553,095
Liabilities	
Trade and other payables	₱906,773,885
Income tax payable	5,134,007
Loans payable	246,483,209
Pension liability	17,028,684
	1,175,419,785
Net assets before non-controlling interest	930,133,310
Non-controlling interest measured at share of net assets	93,013,331
Net assets	₱837,119,979
Goodwill arising on acquisition (Note 17)	1,733,045,176
Acquisition cost	₱2,570,165,155

From the date of acquisition, the Group's share in SSDI's revenue and net income amounted to ₱2,237,499,891 and ₱46,943,467, respectively. If the combination had taken place at the beginning of the year, SSDI's total revenue would have been ₱5,201,621,559, while SSDI's net income would have been ₱86,116,731.

24. **Operating Expenses**

This account consists of:

	2012	2011	2010
Rental and utilities (Notes 27, 31 and 32)	**₱4,634,596,573**	₱4,137,257,420	₱3,542,812,324
Personnel costs and contracted services (Note 25)	**2,622,508,253**	2,086,139,895	1,860,362,740
Depreciation and amortization (Note 14)	**1,577,933,781**	1,259,128,565	1,126,388,788
Transportation and travel	**407,351,904**	347,006,743	294,782,198
Supplies	**338,730,267**	308,161,706	267,359,656
Advertising	**261,375,050**	226,973,186	192,312,579
Bank and credit charges	**265,719,157**	232,060,391	200,546,759
Repairs and maintenance	**205,087,239**	157,088,108	104,198,864
Royalty (Note 34)	**78,419,485**	69,352,814	72,296,175
Provision for impairment losses (Notes 11 and 14)	**21,474,843**	105,260,943	–
Others	**222,783,225**	197,963,971	198,612,022
	₱10,635,979,777	₱9,126,393,742	₱7,859,672,105

Depreciation and amortization expense pertains to the depreciation and amortization of property and equipment, and amortization of franchise fee amounting ₱1,575,865,596 and ₱2,068,185, respectively, in 2012, ₱1,258,916,837 and ₱211,728, respectively, in 2011, and ₱1,126,292,547 and ₱96,241, respectively, in 2010.

Others consist mainly of taxes and licenses, insurance and professional fees.

25. **Personnel Costs and Contracted Services**

This account consists of:

	2012	2011	2010
Salaries, allowances and benefits (Notes 24 and 26)	**₱1,393,462,906**	₱1,215,812,058	₱1,088,845,525
Contracted services (Note 24)	**1,229,045,347**	870,327,837	771,517,215
	₱2,622,508,253	₱2,086,139,895	₱1,860,362,740

26. **Employee Benefits**

The Group has a defined benefit plan, covering substantially all of its employees. The defined benefit plan is partly funded in 2012 and unfunded in 2011 and 2010. The latest retirement valuation was issued on May 30, 2013.

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

Net pension expense

	2012	2011	2010
Current service cost	**₱29,397,758**	₱12,552,171	₱11,394,480
Interest cost on benefit obligation	**14,623,953**	13,245,157	9,907,190
Net pension expense	**₱44,021,711**	₱25,797,328	₱21,301,670

Pension liability

	2012	2011	2010
Pension obligation	**₱301,606,425**	₱215,414,264	₱128,765,336
Fair value of plan assets	**(16,333,878)**	–	–
Pension liability	**₱285,272,547**	₱215,414,264	₱128,765,336

Remeasurement effects recognized in other comprehensive income

	2012	2011	2010
Actuarial loss	**(₱33,326,571)**	(₱67,973,335)	₱–
Return on assets excluding amount included in net interest cost	**1,275,003**	–	–
Pension liability	**(₱32,051,568)**	(₱67,973,335)	₱–

The movements in pension liability recognized in the consolidated statements of financial position follow:

	2012	2011	2010
At January 1	**₱215,414,264**	₱128,765,336	₱107,463,666
Pension expense	**44,021,711**	25,797,328	21,301,670
Recognized in OCI	**32,051,568**	67,973,335	–
Additions from business combination	**6,024,363**		
Benefits paid	**(12,239,359)**	(7,121,735)	–
At December 31	**₱285,272,547**	₱215,414,264	₱128,765,336

Movements in the fair value of plan assets follow:

	2012	2011	2010
At January 1	**₱–**	₱–	₱–
Addition arising from business combination	**14,206,486**	–	–
Interest income included in net interest cost	**852,389**	–	–
Actual return excluding amount in net interest cost	**1,275,003**	–	–
At December 31	**₱16,333,878**	₱–	₱–

Changes in the present value of defined benefit obligation follow:

	2012	2011	2010
At January 1	**₱215,414,264**	₱128,765,336	₱107,463,666
Current service cost	**29,397,758**	12,552,171	11,394,480
Interest cost	**14,623,953**	13,245,157	9,907,190
Actuarial losses	**34,178,960**	67,973,335	
Additions from business combination	**20,230,849**		
Benefits paid	**(12,239,359)**	(7,121,735)	–
At December 31	**₱301,606,425**	₱215,414,264	₱128,765,336

Amounts of the current and previous periods follow:

	2012	2011	2010	2009	2008
Defined benefit obligation	**₱301,606,325**	₱215,414,264	₱128,765,336	₱102,552,066	₱62,798,986
Experience adjustments on plan liabilities	**46,418,171**	(13,840,865)	–	967,223	2,874,140

The principal assumptions used in determining pensions for the Group's plan are shown below:

	2012	2011	2010
Discount rates	**5.57%-20.00%**	6.38%-20.00%	10.04%-15.91%
Salary increase rates	**5.50%**	5.50%	5.50%

The distribution of the plan assets at year end follows:

Assets	
Cash	₱3,702,697
Investments in government securities	10,898,419
Investments in funds - AFS	854,544
Receivables	897,234
	₱16,352,894
Liabilities	
Trust fee payable	₱19,016

The carrying amounts disclosed above reasonably approximate fair value at year-end. The actual return on plan assets amounted to ₱2,127,392 in 2012.

The sensitivity analyses that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant.

	Rates		PVO
Salary increase	5.50%	+1%	301,696,300
		-1%	263,350,000

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. Metrobank's current strategic investment strategy consists of 67% of debt instruments, 23% of equity instruments, and 10% for cash and receivables. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

Cash and cash equivalents of the fund include the savings deposit with Metrobank amounting ₱3,702,697 as of December 31, 2012 . Debt instruments include investments in government securities amounting ₱10,898,419 as of December 31, 2012. Equity instruments include investments in available for sale securities amounting ₱854,544 as of December 31, 2012.

Salaries, allowances and benefits (Note 25):

	2012	2011	2010
Salaries, wages and allowances	**₱1,349,441,195**	₱1,190,014,730	₱1,067,543,855
Net pension expense	**44,021,711**	25,797,328	21,301,670
	₱1,393,462,906	₱1,215,812,058	₱1,088,845,525

27. **Related Party Disclosures**

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

Significant Related Party Transactions

(1) The Group, in the regular conduct of business, has receivables from/payables to related parties arising from the normal course of operations.

Outstanding operational due from (to) related parties follow (Note 19):

2012

Related parties	**Sales**	**Royalty fee**	**Purchases - net**	**Rent and Utilities**	**Outstanding balance**	**Terms**	**Conditions**
Other entities under common control							
Consolidated Global Imports, Inc.	**₱929,558,921**	**₱336,171,723**	**₱–**	**₱–**	**₱68,883,197**	**Noninterest bearing; payable in 30 days**	**Unsecured, Unimpaired**
Universal Robina Corporation	–	–	**(1,389,842,771)**	**(19,692,993)**	**(127,798,881)**	**Noninterest bearing; payable in 30 days**	**Unsecured,**
Robinsons Land Corporation	–	–	–	**(2,529,782,731)**	**(156,219,112)**	**Noninterest bearing; payable in 30 days**	**Unsecured,**
JG Summit Holdings, Inc.	–	–	–	–	**(454,283,254)**	**Noninterest bearing; payable in 30 days**	**Unsecured,**
Total	**₱929,558,921**	**₱336,171,723**	**(₱1,389,842,771)**	**(₱2,549,475,724)**	**(₱669,418,050)**		

2011

Related parties	**Sales**	**Royalty fee**	**Purchases - net**	**Rent and Utilities**	**Outstanding balance**	**Terms**	**Conditions**
Other entities under common control							
Consolidated Global Imports, Inc.	₱550,776,529	₱193,633,923	₱–	₱–	₱49,413,873	Noninterest bearing; payable in 30 days	Unsecured, Unimpaired
Universal Robina Corporation	–	–	(1,173,414,910)	(18,940,352)	(99,098,968)	Noninterest bearing; payable in 30 days	Unsecured,
Robinsons Land Corporation	–	–	–	(2,144,323,035)	(216,419,228)	Noninterest bearing; payable in 30 days	Unsecured,
JG Summit Holdings, Inc.	–	–	–	–	(439,971,717)	Noninterest bearing; payable in 30 days	Unsecured,
Total	₱550,776,529	₱193,633,923	(₱1,173,414,910)	(₱2,163,263,387)	(₱706,076,040)		

2010

Related parties	Sales	Royalty fee	Purchases - net	Rent and Utilities	Outstanding balance	Terms	Conditions
Other entities under common control							
Consolidated Global Imports, Inc.	₱427,489,299	₱157,009,519	₱–	₱–	₱28,864,489	Noninterest bearing; payable in 30 days	Unsecured, Unimpaired
Universal Robina Corporation	–	–	(1,107,687,455)	(8,821,552)	(82,333,916)	Noninterest bearing; payable in 30 days	Unsecured,
Robinsons Land Corporation	–	–	–	(2,208,673,347)	(174,972,768)	Noninterest bearing; payable in 30 days	Unsecured,
JG Summit Holdings, Inc.	–	–	–	–	(440,257,299)	Noninterest bearing; payable in 30 days	Unsecured,
Total	₱427,489,299	₱157,009,519	(₱1,107,687,455)	(₱2,217,494,899)	(₱668,699,494)		

In 2012, RI sold its shares in JG Summit Holdings, Inc. (JGSHI) for ₱141,667,700. RI recognized investment income amounting ₱129,874,167 in 2012. The proceeds on the sale have been fully paid.

(2) Key management personnel of the Group include the Chairman of the BOD, President and Treasurer. These officers do not receive any form of compensation or benefits from the Group.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2012, 2011and 2010. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

28. Income Tax

The components of the Group's deferred tax assets follow:

	2012	2011	2010
Tax effects of:			
Pension liability	**₱85,581,764**	₱64,624,279	₱38,629,601
MCIT	**44,732,962**	32,405,380	22,372,456
NOLCO	**18,117,731**	55,371,686	52,918,907
Allowance for inventory write-down	**1,923,125**	1,923,125	3,101,904
Accrued rent	**4,160,408**	4,160,408	4,160,408
Unrealized foreign exchange loss	**5,648,208**	3,635,471	5,027,754
Allowance for impairment losses	**6,771,445**	90,253	90,253
Fair value adjustment on available for sale financial assets and investment in an associate	**(15,093,531)**	(16,664,116)	(1,066,700)
	₱151,842,112	₱145,546,486	₱125,234,583

Details of the Group's NOLCO follows:

Inception Year	Beginning Balance	Applied/ Expired	Addition	Ending Balance	Expiry Year
2012	₱12,328	₱–	₱–	₱12,328	2015
2011	40,323,775	(15,748,673)	–	24,575,102	2014
2010	109,143,081	(73,338,076)	–	35,805,005	2013
2009	42,323,245	(42,323,245)	–	–	2012
Total	₱191,802,429	(131,409,994)	₱–	₱60,392,435	

Details of the Group's MCIT follow:

Inception Year	Beginning Balance	Applied/ Expired	Addition	Ending Balance	Expiry Year
2012	₱11,078,155	₱–	₱7,291,480	₱18,369,635	2015
2011	14,623,304	–	–	14,623,304	2014
2010	11,740,023	–	–	11,740,023	2013
2009	6,042,053	6,042,053	–	–	2012
Total	₱43,483,535	₱6,042,053	₱7,291,480	₱44,732,962	

The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2012	2011	2010
Statutory income tax rate	**30.00%**	30.00%	30.00%
Add (deduct) tax effects of:			
Change in unrecognized deferred tax assets	**0.50**	8.95	0.38
Nondeductible interest expense	**0.28**	0.17	0.03
MCIT	**0.08**	0.77	–
Dividend income	**(0.07)**	(0.52)	(0.69)
Interest income subject to final tax	**(1.84)**	(4.74)	(4.94)
Gain on sales of stocks	**(2.21)**	–	–
Investment income	**(2.70)**	(6.55)	(0.84)
Effective income tax rate	**24.04%**	28.08%	23.94%

Current tax regulations define expenses to be classified as entertainment, amusement and recreation (EAR) expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling of such expenses.

29. Earnings Per Share

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company:

	2012	2011	2010
Net income attributable equity holder of the Parent Company	**₱1,199,643,937**	₱483,057,842	₱402,135,124
Weighted average number of common shares	**415,000,000**	415,000,000	214,285,714
Adjusted weighted average number of common shares for diluted EPS	**415,000,000**	415,000,000	214,285,714
Basic EPS	**₱2.89**	₱1.16	₱1.88
Diluted EPS	**₱2.89**	₱1.16	₱1.88

The Parent Company has no dilutive potential common shares in 2012, 2011 and 2010.

30. Risk Management and Financial Instruments

Governance Framework
The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

Fair Value of Financial Instruments
The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as of December 31, 2012 and 2011:

	2012		2011		2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Loans and receivables						
Cash and cash equivalents	**₱6,051,728,328**	**₱6,051,728,328**	₱5,242,208,579	₱5,242,208,579	₱4,327,322,567	₱4,327,322,567
Short term investments	**309,852,939**	**309,852,939**	303,592,000	303,592,000	303,592,000	303,592,000
Trade and other receivables	**736,797,631**	**736,797,631**	579,239,550	579,239,550	479,732,830	479,732,830
Security deposits (included in security deposits and other assets account in the consolidated statements of financial position)	**698,489,313**	**698,489,313**	542,182,482	542,182,482	451,134,730	451,134,730
AFS financial assets	**51,800,000**	**51,800,000**	52,500,000	52,500,000	158,150,000	158,150,000
Total financial assets	**7,848,668,211**	**7,848,668,211**	6,719,722,611	6,719,722,611	5,719,932,127	5,719,932,127
Financial Liabilities						
Other financial liabilities						
Trade and other payables*	**₱12,232,150,723**	**₱12,232,150,723**	₱9,317,067,794	₱9,317,067,794	₱8,237,100,763	₱8,237,100,763
Loans payable	**2,528,197,564**	**2,528,197,564**	540,000,000	540,000,000	540,000,000	540,000,000
Other current liabilities**	**206,585,012**	**206,585,012**	193,027,451	193,027,451	139,351,984	139,351,984
Total financial liabilities	**14,966,933,299**	**14,966,933,299**	10,050,095,245	10,050,095,245	8,916,452,747	8,916,452,747
Net Financial Liabilities	**(₱7,118,265,088)**	**(₱7,118,265,088)**	(₱3,330,372,634)	(₱3,330,372,634)	(₱3,196,520,620)	(₱3,196,520,620)

**excluding statutory liabilities amounting ₱87,425,880, ₱78,057,210, and ₱67,412,446 in 2012, 2011 and 2010, respectively.*
***excluding statutory liabilities amounting ₱28,646,508, ₱17,180,270 and nil in 2012, 2011 and 2010, respectively.*

Due to the short-term nature of the financial assets and liabilities, except AFS financial assets, their fair values approximate the carrying amounts as of the reporting date. The fair value of the AFS financial assets has been determined based on prevailing market quotes.

The main purpose of the Group's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and equity price risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2012, 2011 and 2010, the Group has AFS financial assets valued under Level 1 amounting ₱51,800,000, ₱52,500,000 and ₱158,150,000, respectively (Note 10).

There were no transfers among levels 1, 2 and 3 in 2012, 2011 and 2010.

Financial Risk

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates.

The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.

The Group has minimal interest rate risk because the interest-bearing loans are short-term in nature.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial instruments of the Group as of December 31, 2012, 2011 and 2010 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

2012

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**₱6,051,728,328**	**₱–**	**₱–**	**₱6,051,728,328**
Short term investments	**–**	**309,852,939**	**–**	**309,852,939**
Trade and other receivables	**–**	**736,797,631**	**–**	**736,797,631**
Security deposits (included in security deposits and other assets account in the consolidated statements of financial position)	**–**	**–**	**698,489,313**	**698,489,313**
AFS financial assets	**–**	**–**	**51,800,000**	**51,800,000**
	₱6,051,728,328	**₱1,046,650,570**	**₱750,289,313**	**₱7,848,668,211**
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	**₱–**	**₱12,232,150,723**	**₱–**	**₱12,232,150,723**
Loans payable	**–**	**411,530,897**	**2,116,666,667**	**2,528,197,564**
Other current liabilities**	**–**	**206,585,012**	**–**	**206,585,012**
	₱–	**₱12,850,266,632**	**₱2,116,666,667**	**₱14,966,933,299**

**excluding statutory liabilities amounting ₱87,425,880*
***excluding statutory liabilities amounting ₱28,646,508*

2011

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱5,242,208,579	₱–	₱–	₱5,242,208,579
Short term investments	–	303,592,000	–	303,592,000
Trade and other receivables	–	579,239,550	–	579,239,550
Security deposits (included in security deposits and other assets account in the consolidated statements of financial position)	–	–	542,182,482	542,182,482
AFS financial assets	–	–	52,500,000	52,500,000
	₱5,242,208,579	₱882,831,550	₱594,682,482	₱6,719,722,611
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱9,317,067,794	₱–	₱9,317,067,794
Loans payable	–	540,000,000	–	540,000,000
Other current liabilities**	–	193,027,451	–	193,027,451
	₱–	₱10,050,095,245	₱–	₱10,050,095,245

**excluding statutory liabilities amounting ₱78,057,210*
***excluding statutory liabilities amounting ₱17,180,270*

2010

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱4,327,322,567	₱–	₱–	₱4,327,322,567
Short term investments	–	303,592,000	–	303,592,000
Trade and other receivables	–	479,732,830	–	479,732,830
Security deposits (included in security deposits and other assets account in the consolidated statements of financial position)	–	–	451,134,730	451,134,730
AFS financial assets	–	–	158,150,000	158,150,000
	₱4,327,322,567	₱783,324,830	₱609,284,730	₱5,719,932,127
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱8,237,100,763	₱–	₱8,237,100,763
Loans payable	–	540,000,000	–	540,000,000
Other current liabilities	–	139,351,984	–	139,351,984
	₱–	₱8,916,452,747	₱–	₱8,916,452,747

**excluding statutory liabilities amounting ₱67,412,446*

As of December 31, 2012, 2011 and 2010, the Group has outstanding loans from Robinsons Savings Bank and Metrobank and Trust Company amounting ₱2,528,197,564, ₱540,000,000 and ₱540,000,000, respectively.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.

The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

As of December 31, 2012, 2011 and 2010, all trade and other receivables are expected to be settled within one (1) year.

The Group's maximum exposure in financial assets are equal to their carrying amounts. These financial assets have a maturity of up to one (1) year only, and have a high credit rating. This was determined based on the nature of the counterparty and the Group's experience.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages its foreign currency risk exposure by matching, as much as possible, receipts and payments in each individual currency. The table below summarizes the Group's exposure to currency risk on foreign currency-denominated financial assets and their Philippine Peso (PHP) equivalents:

	2012		2011		2010	
	USD	**PHP[1]**	USD	PHP[2]	USD	PHP[3]
Cash in banks	**$2,065,176**	**₱84,775,475**	$1,901,456	₱83,359,831	$937,802	₱41,113,240
Short-term deposits	**7,548,184**	**309,852,939**	6,925,000	303,592,000	6,925,000	303,592,000
Total	**$9,613,360**	**₱394,628,414**	$8,826,456	₱386,951,831	$7,862,802	₱344,705,240

[1] The exchange rate used was ₱41.05 to US$1.

[2] The exchange rate used was ₱43.84 to US$1.

[3] The exchange rate used was ₱43.84 to US$1.

Sensitivity analysis
The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2012, 2011 and 2010. There is no other impact on the Group's equity other than those already affecting the income.

	Currency	**Increase (decrease) in Philippine Peso rate**	**Effect on income before income tax**
2012	**USD**	**+0.41**	**₱1,718,298**
		-0.41	**(1,718,298)**

	Currency	Increase (decrease) in Philippine Peso rate	Effect on income before income tax
2011	USD	+0.62	₱2,403,672
		-0.62	(2,403,672)

	Currency	Increase (decrease) in Philippine Peso rate	Effect on income before income tax
2010	USD	+2.15	₱9,573,348
		-2.15	(9,573,348)

Equity price risk
Equity price risk is the risk that the fair values of equities will decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Group's equity price risk exposure relates to quoted equity shares classified as AFS financial assets.

The table below shows the equity impact of reasonably possible change of Philippine Stock Exchange Composite Index (PSEi) as of December 31, 2012, 2011 and 2010.

	Percentage increase (decrease) in equity prices	Effect on equity
2012	**+26%**	**₱9,563,566**
	-26%	**(9,563,566)**

	Percentage increase (decrease) in equity prices	Effect on equity
2011	+28%	₱10,449,954
	-28%	(10,449,954)

	Percentage increase (decrease) in equity prices	Effect on equity
2010	+17%	₱21,311,410
	-17%	(21,311,410)

Capital Management

The primary objective of the Group's capital management policy is to ensure that it maintains a healthy capital in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2012, 2011 and 2010.

The Group considers its equity as follows:

	2012	2011	2010
Capital stock	**₱415,000,000**	₱415,000,000	₱214,285,714
Additional paid-in capital	**141,816,919**	141,816,919	141,816,919
Other comprehensive income	**(30,049,176)**	(3,948,537)	7,238,967
Equity reserve	**116,459,430**	98,101,590	–
Retained earnings	**6,308,645,466**	5,109,001,529	4,630,943,687
	₱6,951,872,639	₱5,759,971,501	₱4,994,285,287

The Group is not subject to externally-imposed capital requirements.

31. **Lease Commitments**

Group as lessee

The Group has entered into cancellable lease agreements as a lessee with terms of one (1) year up to fifteen (15) years. Most leases contain renewal options and a clause enabling annual upward revision of the rental charges based on prevailing market conditions. Other leases provide for the percentage rent which is a certain percentage of actual monthly sales. Rent expense for the years ended December 31, 2012, 2011and 2010 amounted to ₱2,745,120,983, ₱2,453,423,425 and ₱2,175,910,244, respectively (Notes 24 and 27).

Group as lessor
Lease agreements mainly include agreements entered into by RCSI to provide store facilities and equipment. Other services rendered by RCSI consist of providing personnel and utilities to its lessees. The lease fee is based on a certain percentage of the gross profit of the lessee. The related lease fee income derived from these transactions included under “Rent and other income” amounted to ₱941,336,384, ₱770,401,722 and ₱726,872,539 in 2012, 2011 and 2010, respectively.

32. Agreements

Among the Group’s outstanding agreements during the year are as follows:

a) The Group has exclusive right to use the Ministop System in the Philippines was granted to the Group by Ministop Co. Ltd., a corporation organized in Japan. In accordance with the franchise agreement, the Group agrees to pay, among others, royalties to Ministop based on a certain percentage of gross profit.

   Royalty expense amounted to ₱35,160,595, ₱31,055,970 and ₱41,046,124 in 2012, 2011 and 2010, respectively. Royalty payable to Ministop included under “Nontrade payable” as of December 31, 2012, 2011 and 2010 amounted to ₱35,160,595, ₱31,055,970 and ₱41,046,124, respectively (Notes 19 and 24).

b) The Group has franchise/lease agreements which mainly include providing store facilities and equipment to franchisees. Other services rendered by Ministop consist of providing personnel and utilities. The lease/royalty fee is based on a certain percentage of the gross profit of the lessee/franchisee. The related royalty fee amounted to ₱941,336,384, ₱770,401,722 and ₱726,872,539 in 2012, 2011 and 2010, respectively (Note 31).

   As of December 31, 2012, 2011 and 2010, amounts due from franchisees amounted to ₱49,780,316, ₱64,289,458 and ₱59,117,242, respectively. These amounts are net of allowance for impairment losses amounting ₱29,461,011, ₱29,461,011 and nil as of December 31, 2012, 2011 and 2010, respectively.

c) The Group obtained a license to use the Daiso Business Model in the Philippines that was granted to RDDC by Daiso Industries Co., Ltd. (DICL) in Japan. In accordance with the license agreement, RDDC agrees to pay, among others, royalties to DICL based on a certain percentage of monthly net sales.

   Royalty expense amounted to ₱1,246,640 and ₱733,510 in 2012 and 2011, respectively.

d.) On September 21, 2012, the Company paid ₱121,212,122 in exchange for the trademarks that were duly registered in the Philippine Intellectual Rights Office. Upon acquisition, the trademarks were surrendered that granted the Company a license to operate a brand in the Philippines. The ₱121,212,122 it paid allows the Company to use the brand and operate its stores.

e.) The group has licenses and franchises to carry various global brands.

33. **Approval of the Consolidated Financial Statements**

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on June 13, 2013.

ROBINSONS RETAIL HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

The management of **Robinsons Retail Holdings Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended June 30, 2013 and 2012, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

MR. JOHN GOKONGWEI, JR.
Chairman and CEO

DIOSDADO FELIX ZAPATA III
Chief Financial Officer

Signed this __ day of __, 2013

QUEZON CITY
AUG 0 1 2013

Subscribed and Sworn to before me this TIN 124-294-226, 2013 affiant(s) exhibiting to me his Residence Certificate/Passport, as follows:

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BOOK NO. I
SERIES 2013

GILBERT S. MILLADO, JR.
Roll No. 45039
Notary Public
Until December 31, 2014
PTR No. 8427895; Jan. 4, 2013; Pasig City
IBP No. 916295; Jan. 4, 2013; CALMANA
TIN No. 166-215-465
Commission-Adm. No. 233(2013-2014)
MCLE Compliance No IV-0015071

ROBINSONS RETAIL HOLDINGS, INC.
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E info@robinsonsretailholdings.com.ph
www.robinsonsretailholdings.com.ph

June 13, 2013

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

The management of **Robinsons Retail Holdings Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012, 2011 and 2010, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

MR. JOHN GOKONGWEI, JR.
Chairman and CEO

MR. LANCE Y. GOKONGWEI
Treasurer

Signed this __day of__, 2013 JUN 1 3 2013

Subscribed and Sworn to before me this JUN 1 3 2013, 2012 affiant(s) exhibiting to me his Residence Certificate/Passport, as follows:

REPUBLIC OF THE PHILIPINES)
QUEZON CITY) S.S
Before me, a notary public in the city named above, personally appeared:

Name	Competent Proof of Identity	Place/Date of Issue
John Gokongwei, Jr.	TIN No. 124-294-226	
Lance Y. Gokongwei	TIN No. 116-312-586	

Who personally known to me to be the same persons described in the foregoing instrument, and signed the instrument in my presence, and who took an oath affirmation before me as to such instrument.

Witness my hand and seal this 13 June 2013

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Series of 2013

GILBERT S. MILLADO, JR.
Roll No. 45039
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INDEPENDENT AUDITORS

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