23 December 2013

Janet A. Encarnacion
Head, Disclosures Department
The Philippine Stock Exchange
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Dear Ms. Encarnacion,

We furnish herewith SEC form 17Q for the period ending September 23, 2013 as submitted to the Securities and Exchange Commission.

Very truly yours,

Mary Grace Z. Velasco
Vice President – Investor Relations and Corporate Planning
Concepcion Industrial Corporation

308 Senator Gil Puyat Avenue
Makati City, Metro Manila
Telephone: (632) 772-1819
Fax: (632) 809-9998

COVER SHEET

A 1 9 9 7 1 3 4 5 6

SEC Registration Number

CONCEPCION INDUSTRIAL
CORPORATION

(Company's Full Name)

308 SEN. GIL PUYAT AVENUE
MAKATI CITY

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

VICTORIA A. BETITA

(Contract Person)

772-1819

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

CORPORATE FINANCE

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2013

2. Commission identification number **A1997-13456** 3. BIR Tax Identification No **005-029-401-000**

CONCEPCION INDUSTRIAL CORPORATION
4. Exact name of issuer as specified in its charter

N/A
5. Province, country or other jurisdiction of incorporation or organization

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

308 Sen. Gil Puyat Avenue, Makati City, Philippines **1209**
7. Address of issuer's principal office Postal Code

+6327721819
8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of Common Stock Outstanding and Amount of Debt Outstanding
	261,244,002 (as of November 27, 2013)

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

Yes [X] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange **Common Stock**

12. Indicate by check mark whether the registrant:

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

Yes[√] No[ ]

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

Yes[√] No[ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited consolidated financial statements of Concepcion Industrial Corporation and its subsidiaries Concepcion Carrier Airconditioning Company (CCAC) and Concepcion Durables Inc. (CDI) (collectively, the "Company") for the nine months ended 30 September 2013 and the comparative period in 2012 is attached to this 17-Q report., comparing the following:

1.1 Unaudited Consolidated and Proforma Consolidated Statement of Financial Position as of 30 September 2013 and 31 December 2012 (Annex A)

1.2 Unaudited Consolidated and Proforma Consolidated Statements of Total Comprehensive Income as of period ended 30 September 2013 and 30 September 2012 (Annex B)

1.3 Unaudited Consolidated and Proforma Consolidated Statement of Changes In Equity as of period ended 30 September 2013 and 30 September 2012 (Annex C)

1.4 Unaudited Consolidated and Proforma Consolidated Statement of Cashflows as of the period ended 30 September 2013 and 30 September 2012 (Annex D)

1.5 Notes to the Unaudited Interim Condensed Financial Statements (Annex E)

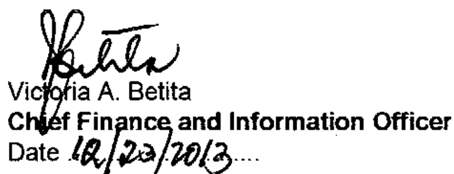
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (based on the Unaudited Consolidated Results for the Period Ended 30 September 2013) (ANNEX F)

PART II--OTHER INFORMATION

There are no material disclosures that have been reported under SEC Form 17C during the period covered by this report.

SIGNATURES

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



Victoria A. Betita
Chief Finance and Information Officer
Date 10/23/2013....

ANNEX A

Concepcion Industrial Corporation
(formerly Concepcion Airconditioning Corporation)

Unaudited Consolidated and Proforma Consolidated Statements of Financial Position
September 30, 2013 and December 31, 2012
(All Amounts in thousand Philippine Peso)

	Notes	2013	2012
	ASSETS		
Current assets			
Cash and cash equivalents	3	917,538	1,668,802
Trade and other receivables, net	4	1,590,666	2,054,829
Inventories, net	7	1,361,871	942,550
Prepayments and other current assets	6	84,520	55,866
Total current assets		3,954,595	4,722,047
Non-current assets			
Property and equipment, net	8	179,484	174,489
Deferred income tax assets, net	10	244,783	199,411
Deposits and other non-current assets		12,902	5,107
Total non-current assets		437,170	379,007
Total assets		4,391,764	5,101,054
	LIABILITIES AND EQUITY		
Current liabilities			
Trade payables and other liabilities	11	1,329,467	2,438,518
Short-term borrowings	12	175,000	282,250
Provision for warranty	13	37,997	30,463
Other provisions	13	89,728	131,779
Income tax payable		85,952	81,088
Total current liabilities		1,718,145	2,964,098
Non-current liabilities			
Retirement benefit obligation	19	70,349	31,962
Provision for warranty	13	41,027	33,473
Total non-current liabilities		111,375	65,435
Total liabilities		1,829,520	3,029,533
Equity			
Attributable to owners of the Parent Company			
Share capital	14	250,000	100,000
Share premium	14	734,126	368,546
Other reserves	2	-	192,864
Retained earnings	14	901,305	643,475
Other comprehensive loss		(21,561)	(11,485)
		1,863,871	1,293,400
Non-controlling interest		698,373	778,121
Total equity		2,562,244	2,071,521
Total liabilities and equity		4,391,765	5,101,054

ANNEX B

Concepcion Industrial Corporation
(formerly Concepcion Airconditioning Corporation)

Unaudited Consolidated and Proforma Consolidated
Statements of Total Comprehensive Income
(All Amounts in thousand Philippine Peso, except earnings per share)

	Notes	For the nine months ended September 30		For the three months ended September 30	
		2013	2012	2013	2012
Net sales and services	16 ,17	5,585,268	4,838,255	1,816,150	1,432,906
Cost of sales and services	16	(3,617,814)	(3,256,444)	(1,171,408)	(943,469)
Gross profit		1,967,455	1,581,811	644,742	489,437
Operating expenses	16, 17	(1,090,637)	(867,283)	(360,694)	(288,069)
Other operating income, net		16,842	32,982	4,121	10,977
Operating income		893,660	747,510	288,169	212,345
Finance costs		(8,005)	443	(2,148)	521
Income before provision for income tax		885,655	747,953	286,022	212,866
Provision for income tax	16	(277,871)	(218,250)	(87,567)	(60,636)
Net income for the period	16	607,785	529,703	198,455	152,230
Other comprehensive loss		(14,778)	(11,469)	-	(3,822)
Total comprehensive income for the period		593,006	518,234	198,455	148,408
Net income attributable to:					
Owners of the Parent Company	15	362,832	338,162	123,929	99,607
Non-controlling interest		244,953	191,541	74,526	52,624
	16	607,785	529,703	198,455	152,230
Total comprehensive income attributable to:					
Owners of the Parent Company		325,756	331,046	123,929	97,235
Non-controlling interest		240,251	187,188	74,526	51,173
	16	593,006	518,234	198,455	148,408
Earnings per share - basic and diluted	15	1.45	338.16	0.50	99.61

ANNEX C

Concepcion Industrial Corporation
(formerly Concepcion Airconditioning Corporation)

Unaudited Consolidated and Proforma Consolidated
Statement of Changes in Equity
For the periods ended September 30, 2013 and 2012
(All Amounts in thousand Philippine Peso)

	Attributable to owners of the Parent Company						
	Share capital	Share premium	Other reserves	Retained earnings	Other comprehensive loss	Non-controlling interest	Total
Note	14	14	2	14			
Balances as at January 1, 2012	100,000	368,546	- 178,541	922,439	(1,996)	665,621	2,233,151
Comprehensive income							
Net income for the period	-	-	-	238,556	-	191,541	529,703
Remeasurement loss on retirement benefit obligation of subsidiaries, net of tax	-	-	-	-	(7,117)	(4,352)	(11,469)
	-	-	-	238,556	(7,117)	187,189	518,234
Transaction with owners							
Dividends declared	-	-	-	-	-	(150,000)	(150,000)
Balances as at September 30, 2012	100,000	368,546	178,541	1,260,601	(9,113)	702,810	2,601,385

	Share capital	Share premium	Other reserves	Retained earnings	Other comprehensive loss	Non-controlling interest	Total
Balances as at January 1, 2013	100,000	368,546	192,864	643,475	(11,485)	778,121	2,071,521
Comprehensive income							
Net income for the period	-	-	-	362,832	-	244,953	607,785
Remeasurement loss on retirement benefit obligation of subsidiaries, net of tax of P6,335	-	-	-	-	(10,076)	(4,702)	(14,778)
	-	-	-	362,832	(10,076)	240,251	593,006
Transaction with owners							
Additional subscription of shares	150,000	365,580	-	-	-	-	515,580
Dividends declared	-	-	-	(105,000)	-	(320,000)	(425,000)
Charges to reserve as a result of acquisition of subsidiary	-	-	(192,864)	-	-	-	(192,864)
	-	-	(192,864)	-	-	(320,000)	2,716
Balances as at September 30, 2013	250,000	734,126	-	901,305	(21,561)	698,373	2,562,244

ANNEX D

Concepcion Industrial Corporation
(formerly Concepcion Airconditioning Corporation)
Unaudited Consolidated and Proforma Statement of Cash Flows
For the nine months ended September 30, 2013 and 2012
(All Amounts in thousand Philippine Peso)

	2013	2012
Cash flows from operating activities		
Income before provision for income tax	885,655	747,953
Adjustments for:		
Depreciation and amortization	40,970	42,090
Unrealized foreign exchange (gains) losses	(14,723)	(433)
Provisions for (reversals of):		
Volume rebates, trade discounts and other incentives	266,588	223,167
Legal disputes and assessments	(8,420)	4,875
Commission	18,219	9,301
Warranty cost	70,901	57,830
Impairment of receivables	31,217	4,908
Inventory obsolescence		1,775
Retirement benefit expense	15,109	12,252
Interest expense	-	85
Gain on disposal of property and equipment	(71)	(85)
Interest income on bank deposits and short-term placements	(9,497)	16,845
Operating income before working capital changes	1,295,949	1,086,811
Changes in:		
Trade and other receivables	166,358	(105,409)
Inventories	(419,321)	(451,566)
Prepaid expenses and other current assets	(41,137)	(30,090)
Deposits and other non-current assets	7,050	252
Trade payables and other liabilities	(100,519)	196,377
Cash generated from operations	908,381	696,375
Interest received on bank deposits	3,306	12,610
Payment of provision for warranty	(57,186)	(42,993)
Payment of other provisions	(46,674)	(7,689)
Retirement benefits paid	(201)	(2,957)
Income tax paid	(286,711)	(188,969)
Net cash provided by operating activities	520,915	466,377
Cash flows from investing activities		
Payment to CII for shares of CDI	(160,000)	-
Additions to property and equipment	(45,965)	(46,324)
Interest received on short-term placements	6,191	4,235
Proceeds from disposal of property and equipment		
Net cash used in investing activities	(199,774)	(42,089)
Cash flows from financing activity		
Additional subscription of shares of subsidiary	515,580	-
Settlement of liability to a related party	(515,580)	-
Payment of short-term borrowings	(107,250)	-
Interest paid on short-term borrowings	-	(85)
Dividends paid	(965,776)	(150,000)
Net cash used in financing activities	(1,073,026)	(150,085)
Effects of foreign exchange rate changes on cash and cash equivalents	622	(120)
Net increase (decrease) in cash and cash equivalents	(751,263)	274,082
Cash and cash equivalents at January 1	1,668,802	1,194,768
Cash and cash equivalents at September 30	917,538	1,468,851

ANNEX D

Concepcion Industrial Corporation
(formerly Concepcion Airconditioning Corporation)
Unaudited Consolidated and Proforma Statement of Cash Flows
For the three months ended September 30, 2013 and 2012
(All Amounts in thousand Philippine Peso)

	2013	2012
Cash flows from operating activities		
Income before provision for income tax	286,022	212,866
Adjustments for:		
Depreciation and amortization	12,880	13,337
Unrealized foreign exchange (gains) losses	(28,239)	3,433
Provisions for (reversals of):		
Volume rebates, trade discounts and other incentives	95,712	74,495
Legal disputes and assessments	9,239	4,875
Commission	(564)	(1,649)
Warranty cost	13,082	25,364
Impairment of receivables	(1)	-
Inventory obsolescence	(1,901)	(352)
Retirement benefit expense	6,199	5,673
Interest expense	(5,857)	7
Gain on disposal of property and equipment	-	-
Interest income on bank deposits and short-term placements	(1,161)	(5,699)
Operating income before working capital changes	385,411	332,249
Changes in:		
Trade and other receivables	22,146	199,494
Inventories	(50,533)	(198,820)
Prepaid expenses and other current assets	8,833	(12,499)
Deposits and other non-current assets	17,011	-
Trade payables and other liabilities	95,656	5,598
Cash generated from operations	478,525	326,122
Interest received on bank deposits	283	4,080
Payment of provision for warranty	(21,245)	25,088
Payment of other provisions	(2,057)	18,312
Retirement benefits paid	(178)	-
Income tax paid	(168,548)	(109,279)
Net cash provided by operating activities	286,780	264,323
Cash flows from investing activities		
Payment to CII for shares of CDI	-	-
Additions to property and equipment	(10,647)	(13,228)
Interest received on short-term placements	878	1,619
Proceeds from disposal of property and equipment	(71)	(85)
Net cash used in investing activities	(9,840)	(11,694)
Cash flows from financing activity		
Additional subscription of shares of subsidiary	-	-
Settlement of liability to a related party	-	-
Payment of short-term borrowings	(75,000)	-
Interest paid on short-term borrowings	5,718	(7)
Dividends paid	(105,000)	-
Net cash used in financing activities	(174,282)	(7)
Effects of foreign exchange rate changes on cash and cash equivalents	2,466	(84)
Net increase (decrease) in cash and cash equivalents	105,124	252,537
Cash and cash equivalents at January 1	-	-
Cash and cash equivalents	105,124	252,538

Note 1 - Summary of significant accounting policies

These consolidated financial statements represent the first consolidated financial statements of the Group following the Parent Company's acquisition of control over CCAC and CDI during the nine month period ended September 30, 2013. The business combination under common control has been accounted for using the predecessor cost method, which is similar to merger accounting/pooling of interest method. This involved the consolidation of the subsidiaries' assets and liabilities including results of operations as at and for the nine months ended September 30, 2013 to reflect the combined financial statements of the three previously separate companies as if the three companies had always been combined as at the earliest period presented.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies used have been consistently applied in the preparation of comparative information as at December 31, 2012 and for the nine months ended September 30, 2012.

Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standard (PAS) 34 - Financial Reporting under the Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC)/Standing Interpretations Committee (SIC)/International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

The preparation of these consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New and amended standards adopted by the Group

- PAS 27 (Revised), Separate Financial Statements (effective 1 January 2013). The revised standard includes the provisions on separate financial statements that are left after the control provisions of PAS 27 have been included in the new PFRS 10. The adoption did not result in material changes particularly in the presentation of the Parent Company's separate financial statements.

- PFRS 10, Consolidated Financial Statements (effective January 1, 2013). This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Group. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption did not result in any significant change since this is the first time that the Group is preparing consolidated financial statements.

- PFRS 12, Disclosures of Interests in Other Entities (effective January 1, 2013). This new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption did not result in any significant change since this is the first time that the Group is preparing consolidated financial statements.

- PFRS 13, Fair Value Measurement (effective January 1, 2013). This new standard aims to improve consistency and reduce complexity by providing a clarified definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements, which are largely aligned with IFRS and US GAAP, do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within PFRS or US GAAP. The adoption did not result in material change as the Group does not have significant items measured and presented at fair value.

- PAS 1 (Amendment), Financial Statement Presentation - Other Comprehensive Income (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (loss) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. As at September 30, 2013, other comprehensive loss only comprises actuarial adjustments arising from pension valuation and in accordance with the amendments to PAS 19.

- PAS 19 (Amendment), Employee Benefits (effective January 1, 2013). These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. They would also require recognition of

all actuarial gains and losses in other comprehensive income as they occur and of all past service costs in profit or loss. The amendments replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group adopted the amendment in 2013 that required restatement of subsidiaries' separate financial statements primarily in the remeasurement of the retirement benefit obligation as part of other comprehensive income (loss).

(b) New and amended standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following:

- PFRS 9, Financial Instruments (effective January 1, 2015). This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39 that relate to the classification and measurement of financial instruments. PFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

  The Group has yet to assess the full impact of the standard; however does not initially expect material changes particularly in the classification of its financial assets and liabilities that primarily refer to regular receivables and payables which are realized and settled in the normal course of operations.

- PAS 32 (Amendment), Financial Instruments: Presentation - Asset and Liability Offsetting (effective January 1, 2014). These amendments are to the application guidance in PAS 32, Financial Instruments: Presentation, and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The Group will adopt the amendment beginning January 1, 2014 and provide the additional disclosures required by the amendment upon adoption.

There are no other relevant standards, amendments and interpretations, which were issued, but are not yet effective as at September 30, 2013 that have or expected to have a significant impact on the Group's consolidated financial statements during and at the end of reporting period.

Note 2 - Consolidation

These consolidated financial statements comprise the financial statements of the Group as at and for the nine months ended September 30, 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. The Group uses uniform accounting policies and any difference is adjusted properly.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Business combinations under common control, which include those entities under common shareholding, are accounted for using the predecessor cost method (similar to merger accounting/pooling of interest method). Under this method, the Company does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which financial statements are prepared. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination.

The consolidated financial statements incorporate the net assets and results of operations of the combining entities or businesses as if they had always been combined or from the date when the combining entities or businesses first became under common control, whichever period is shorter. The difference between the consideration given and the aggregate book value of the assets and liabilities acquired as at the date of the transaction are offset against other reserves, which is presented as a separate line item under equity in the consolidated statement of financial position. Comparative financial information as at December 31, 2012 and 2011 and for the six months ended September 30, 2012 were prepared and presented as though the transfer of control had occurred at the beginning of the earliest period presented.

The effect of the Parent Company's equity in the subsidiaries, and intercompany transactions and balances were eliminated in the consolidated financial position and results of operations.

The details of subsidiaries included in the consolidated financial statements are as follows:

Subsidiaries	Country of incorporation	Percentage of ownership
CCAC	Philippines	60
CDI	Philippines	100

Non-controlling interest is the residual equity in the subsidiary (i.e., CCAC) not attributable, directly or indirectly, to the Parent Company as shown in the table above.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that is recorded in profit or loss. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Note 3 - Cash and cash equivalents

Cash and cash equivalents, which are carried at face amount or nominal amount, include deposits held at call with banks and other short-term highly liquid investments with original maturities of three (3) months or less from the date of acquisition.

Cash and cash equivalents as at September 30, 2013 and December 31, 2012 and 2011 consist of:

	2013	2012
Cash on hand	143	148
Cash in banks	635,109	427,724
Short-term placements	282,287	1,240,930
	917,538	1,668,802

Cash in banks represent deposits with universal and commercial banks which earn interest at the prevailing bank deposit rates.

Short-term placements are made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earn interest at rates ranging from 0.50% to 5.00%. All short-term placements are invested in universal banks.

The carrying values of cash and cash equivalents approximate their fair values as at September 30, 2013 and December 31, 2012, which represent the maximum exposure to credit risk other than cash on hand.

Note 4- Receivables

Receivables are amounts due from customers for merchandise sold or services performed and amounts due from other debtors in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables arising from regular sales with average credit term of 30 to 60 days and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. The original invoice amount of receivables approximates its fair value.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognized in profit or loss. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables.

The Group first assesses whether there is objective evidence of impairment exists individually for receivables that are individually significant, and collectively for receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether

significant of not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses those for impairment.
Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

A provision for incentives on trade receivables (volume rebates, discounts and other incentives) is recognized once pre-determined conditions such as realization of volume targets and early payment dates have been complied with. The amount of provision is estimated based on agreed rates stipulated in contracts with dealers as applied to total sales for volume rebates as approved by the Chief Finance Officer or Chief Operating Officer. These are deducted from revenues in profit or loss and from trade receivables in the consolidated statement of financial position.

The Group has not experienced any defaults with respect to the outstanding balance of due from related parties and other classes of receivables, hence, no allowance was provided.

Advances to suppliers and employees are realized through receipt of material purchases and salary deductions, respectively. Rental deposits are expected to be applied to future lease obligations. All these accounts and other receivables do not contain impaired assets and are not past due.

The maximum exposure to credit risk at the reporting date are the respective carrying values of trade receivables, other receivables and due from related parties as at reporting date, which also approximate fair value due to short-term maturity.

Trade and other receivables as at September 30, 2013 and December 31, 2012 consist of:

	2013	2012
Trade receivables	1,985,939	2,283,332
Less Provision for volume rebates, trade discounts and other incentives	(292,746)	(180,263)
	1,693,193	2,103,069
Less: allowance for impairment of receivables	(150,253)	(119,822)
Net trade receivables	1,542,941	1,983,247
Related parties	14,605	28,697
Advances to suppliers	13,903	19,092
Advances to employees	11,063	10,930
Rental deposits	5,551	4,135
Others	2,603	8,728
	1,590,665	2,054,829

The aging of trade receivables as at September 30, 2013 and December 31, 2012 including data on past due but not impaired or provided with allowance are as follows:

Age classification	Total	Current and not past due	Past due but not impaired	Impaired
As at September 30, 2013				
Current	1,376,213	1,376,213	-	-
Past due:				
Up to 6 months	459,313	-	459,313	
6 to 12 months	25,113	-	18,100	7,013
Over 12 months	125,301	-	12,521	112,779
	1,985,939	1,376,213	489,934	119,793
As at December 31, 2012				
Current	1,584,186	1,584,186	-	-
Past due:				-
Up to 6 months	511,289	-	511,289	-
6 to 12 months	69,706	-	47,654	22,052
Over 12 months	118,151	-	20,381	97,770
	2,283,332	1,584,186	579,324	119,822

Note 5 - Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Group recognizes a financial instrument in the consolidated statement of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

5.1 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. As at September 30, 2013 and December 31, 2012, the Group only holds financial assets classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

(b) Initial recognition and derecognition

Regular-way purchases and sale of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) Subsequent measurement

Loans and receivables are carried at amortized cost using the effective interest method.

(d) Impairment

The Group first assesses at each reporting date whether objective evidence of impairment exists. Loans and receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of an allowance.

5.2 Financial liabilities

(a) Classification

The Group classifies its financial liabilities at initial recognition in the following categories: at fair value through profit or loss and other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

A financial liability is classified as financial liability at fair value through profit and loss upon initial recognition if: such designation eliminates significantly reduces measurement or recognition inconsistency that would otherwise arise; the financial liability forms group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or

investment strategy, and information about grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and PAS 39 permits the entire combined contract (asset or liability) to be designated as fair value through profit or loss.

The Group's foreign exchange forward contracts included under trade payables and other liabilities account in the consolidated statement of financial position qualify as a derivative and are accounted for at fair value through profit or loss.

(ii) Other financial liabilities

Issued financial instruments or their components, which are not designated at fair value through profit or loss, 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.
Other financial liabilities include trade payables, accrued expenses (excluding balances payable to government agencies arising from withholding taxes, payroll deductions and provisions), deposits for future share subscription that did not qualify for presentation under equity, and borrowings (Note 2.12).

(b) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received less directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(c) Subsequent measurement

Derivatives are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses arising from changes in the fair value are presented in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate 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 effective interest rate.

5.3 Other relevant policies

(a) Determination of fair value

The Group analyzes financial instruments carried at fair value based on valuation method used and are categorized as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); or
- Inputs for the asset or liability that are not based on observable market data (Level 3).

The fair values of quoted instruments are based on current exit prices. If the market for a financial liability is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. Fair value of foreign exchange forward contracts is based on closing rate as at reporting date.

(b) Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Note 6 - Prepayments and other current assets

Prepayments, which are carried at cost, are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other current assets include input value-added tax and creditable withholding taxes which are recognized as assets in the period such input value-added tax and income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group.

Note 7 - Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of raw materials, finished goods and work-in-process is determined using the standard cost method adjusted on a regular basis to approximate actual cost using the moving average cost method. For inventories referring to residential refrigeration, cost is determined based on the weighted average cost method. Cost of finished goods and work-in-process includes raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Inventories-in-transit are valued at invoice cost plus incidental charges. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories are derecognized either when sold or written-off. When inventories are sold, the carrying amount of those inventories is recognized as an expense (under cost of sales and services) in the period in which the related revenue is recognized.

Provisions for inventory obsolescence and losses are set-up, if necessary, based on a review of the movements and current condition of each inventory item. Inventories are periodically reviewed and evaluated for obsolescence. Provisions for inventory obsolescence are made to reduce all slow-moving, obsolete, or unusable inventories to their estimated useful or scrap values. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Inventories as at September 30, 2013 and December 31, 2012 consist of:

	2013	2012
At cost		
Raw materials	717,462	517,846
Finished goods	448,680	363,422
Work in process	102,804	110,923
Inventories-in-transit	98,105	25,262
	1,367,051	1,017,453
Less provision for inventory obsolescence	(5,180)	(74,903)
	1,361,871	942,550

Note 8 - Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and amortization and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs of assets under construction are accumulated in Construction in Progress account until these projects are completed upon which they are transferred to appropriate property accounts.

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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Machinery and equipment	3 to 10
Transportation equipment	5 to 10
Furniture, fixtures and office equipment	2 to 5
Tools and equipment	3 to 5

Building and leasehold improvements are amortized over term of the lease or estimated useful life of five (5) years, whichever is shorter. Major renovations are depreciated over the remaining useful life of the related asset.

Construction in progress is not depreciated until they are classified to appropriate asset category and used in operation.

The assets' residual values, useful lives and depreciation and amortization method are reviewed and adjusted, as appropriate, at each reporting date to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

The carrying amount of an item of property and equipment is derecognized on disposal; or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss under other operating income (expense).

Note 9 - Impairment of non-financial assets

Assets that have definite useful lives such as property and equipment are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately and credited to other operating income in profit or loss.

Note 10 - Current and deferred income tax

The provision for income tax for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences, except that the deferred income tax liability arises from initial recognition of goodwill.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are derecognized when the relevant temporary differences are realized/settled or recoverability is no longer probable.

Note 11 - Trade payables and other liabilities

Trade payables and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. Trade payables and other liabilities are classified as current liabilities if payment is due within one (1) year or less. If not, they are presented as non-current liabilities. These are unsecured, non-interest bearing and are recognized initially at fair value and subsequently measured at amortized cost which is normally equal to their nominal value.

Trade payables and other liabilities as at September 30, 2013 and December 31, 2012 consist of:

	2013	2012
Trade payables		
Third parties	673,554	693,262
Related parties	84,504	38,381
Accrued Expense	423,250	385,639
Due to a related party	-	515,580
Dividends payable	-	540,776
Other liabilities	148,160	264,880
	1,329,467	2,438,518

Note 12- Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss within finance costs over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use when it is probable that they will result in future economic benefits to the Group and costs can be measured reliably. Other borrowing costs are expensed as incurred.

Borrowings are derecognized upon payment, cancellation or expiration of the obligation.

The account represents short-term unsecured Philippine Peso denominated loans obtained from local banks to finance the Group's working capital requirements. These borrowings have an average maturity of 245 days with annual interest rates of 4%.

No assets of the Group have been pledged against these short-term borrowings.

The carrying value of the borrowings approximates its fair value as the impact of discounting is not significant.

The group remitted partial payment in the aggregate amount of Php 107,250 thousand to the bank as at September 30, 2013.

Note 13 - Provisions

Provisions are recognized when: (a) the Group has a present legal or constructive obligation as a result of past events; (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated. Provisions are derecognized when the obligation is settled, cancelled or has expired. Provisions are not recognized for future operating losses. Provisions include those for legal disputes and assessments and commissions.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax

rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

The Group recognizes warranty provision, which represents estimated costs including replacement parts and labor that will be incurred in relation to requested service for reported damages and required rework of defective finished goods within the allowable period. The provision is evaluated on an annual basis; and adjusted accordingly which includes actual utilization of warranty provisions. Any increase or decrease in the amount based on reassessment of existing trends and circumstances are charged against or credited to operating expenses in the statement of total comprehensive income. Warranty provisions are classified as current liabilities if the warranty period is due within one (1) year. If not, they are presented as non-current liabilities.

Note 14 - Equity

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares are credited to share premium.

Retained earnings include current and prior years' results of operations, net of dividends declared, if any. Dividends are recorded in the consolidated financial statements in the period in which they are approved by the Board of Directors.

Additional capital received from shareholders for which no share capital is issued is recorded as deposits for future share subscription. These are classified as part of equity if and only if all of the following elements are present. Otherwise, the deposits are presented as liability.

- The unissued authorized share capital of the Parent Company is insufficient to cover the amount of shares indicated in the contract;
- There is Board of Directors' approval on the proposed increase in authorized share capital (for which a deposit was received by the Parent Company);
- There is shareholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Details of Equity as at September 30, 2013 and December 31, 2013 are as follows:

(a) Share capital

As at September 30, 2013 and December 31, 2012, the Parent Company's authorized share capital of 1 million shares with par value of P100 each or equivalent to P100 million is fully subscribed and issued.

In 2013, the Parent Company received deposit for future share subscription amounting to P515,580 from its three (3) shareholders, which was presented as part of equity after complying with the criteria prescribed by the SEC.

On July 5, 2013, the SEC approved the Parent Company's application to increase the authorized share capital to P700 million composed of 700 million shares with par value of P1 per share as ratified by the Parent Company's Board of Directors on April 5, 2013.

The amount of deposit for future share subscription as at December 31, 2011 pertains to the deposit made by CII for the subscription of additional shares of stock pending approval of SEC for increase in authorized share capital of CDI. On November 3, 2012, CII cancelled the subscription for additional shares in relation to its plan to sell ownership of CDI to the Parent Company. Accordingly, the balance of the deposit was reclassified to liabilities as part of trade payables and other liabilities in the same year. CDI settled its liability to CII on June 21, 2013.

(b) Retained earnings

At September 30, 2013, the Parent Company has already converted its deposit for future share subscription that increase share capital to P250 million . In addition, on July 18, 2013, the Board of Directors declared dividends amounting to P105 million for shareholders of record as at September 15, 2013.

Cash dividends declared by the Parent Company as at September 30, 2013 and for the years ended December 31, 2012 are as follows:

Date declared	Dates paid	Per share	2013	2012
July 18, 2013	September 15, 2013	105	105,000	-
April 30, 2012	April 30, 2012	150		150,000
November 3, 2012	March 1/June 13, 2013	541		540,776
			105,000	690,776

Note 15 - Earnings per share

1. Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Parent Company and held as treasury shares.

Earnings per share for the nine months ended September 30, 2013 and 2012 is calculated as follows:

	2013	2012
Net income attributable to owners of the Parent Company	362,832	338,162
Weighted average common shares - basic and diluted (in '000)	250,000	1,000
Basic and diluted earnings per share	1.45	338.16

2. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. As at report date, the Parent Company has no dilutive potential common shares including convertible debt and share options.

The basic and diluted earnings per share are the same for the periods presented as there are no potential dilutive common shares.

Note 16 - Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management Committee that makes strategic decisions.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with that of the financial statements.

The Group's operations are being reviewed and analyzed by the chief operating decision-maker into two (2) principal business segments. The segments are generally determined based on the management structure of the businesses, where each management organization has general operating autonomy over its respective products and services.

(i) CCAC

The segment's products and related services include air conditioning (HVAC), heating, ventilation and refrigeration products. It is supported by a vast network of distributors, dealers, retailers and technicians who sell, install and service the Group's products in the industrial, commercial and residential property sectors. The chief operating decision-maker performs review of gross profit per component, while review of segment operating expenses, income tax, and profit or loss are done in total.

(ii) CDI

The segment is engaged in manufacturing of refrigerators and freezers for domestic market.

Segment information on reported profit or loss for the nine months ended September 30, 2013 and 2012 are as follows:

	2013						
	CCAC				CDI	Others	Total
	Air conditioning	After sales market	Commercial refrigeration	Sub-total	Residential refrigeration		
Sales	3,716,551	211,725	57,528	3,985,804	1,599,464	-	5,585,268
Cost of sales	(2,178,865)	(115,155)	(21,351)	(2,315,371)	(1,302,443)	-	(3,617,814)
Gross profit	1,537,685	96,570	36,177	1,670,433	297,021	-	1,967,455
Operating expenses		819,315		819,315	230,992	40,330	1,090,637
Income tax		264,117		264,117	13,753	-	277,871
Profit or loss		612,382		612,382	33,607	(38,204)	607,785

2012							
Sales	3,059,923	188,526	27,989	3,276,437	1,561,817	-	4,838,255
Cost of sales	(1,860,238)	(100,727)	(13,095)	(19,74,060)	(1,282,384)	-	(3,256,444)
Gross profit	1,199,684	87,799	14,894	1,302,378	279,434	-	1,581,811
Operating expenses		641,244		641,244	224,557	1,482	867,283
Income tax		201,153		201,153	17,098	-	218,250
Profit or loss		478,852		478,852	45,512	5,339	529,703

Segment information on reported profit or loss for the three months ended September 30, 2013 and 2012 are as follows:

	2013						
	CCAC				CDI	Others	Total
	Air conditioning	After sales market	Commercial refrigeration	Sub-total	Residential refrigeration		
Sales	1,177,630	72,642	25,046	1,275,318	540,831	-	1,816,150
Cost of sales	(683,350)	(40,235)	(6,515)	(730,100)	(441,308)	-	(1,171,408)
Gross profit	494,279	32,407	18,531	545,218	99,523	-	644,742

	2013						
	CCAC				CDI	Others	Total
	Air conditioning	After sales market	Commercial refrigeration	Sub-total	Residential refrigeration		
Operating expenses		285,192		285,192	67,128	8,374	360,694
Income tax		79,428		79,428	8,138	-	87,567
Profit or loss		186,315		186,315	20,436	(8,296)	198,455
	2012						
Sales	858,015	64,327	9,650	931,991	500,914		1,432,906
Cost of sales	(487,584)	(36,738)	(4,237)	(528,559)	(414,910)		(943,469)
Operating expenses		223,804		223,804	64,148	117	288,069
Income tax		54,531		54,531	6,106	-	60,636
Profit or loss		131,559		131,559	19,500	1,171	152,230

There were no material export sales or transactions made with related parties that require separate disclosure from the above.

Segment information on assets and liabilities as at September 30, 2013, and December 31, 2012 and 2011 are as follows:

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
CCAC	2,997,512	1,251,580	3,232,992	1,287,688
CDI	1,305,019	541,138	1,417,665	1,199,948
Others	89,233	36,801	450,397	541,897

The balances presented above are net of eliminating entries recognized in the preparation of the consolidated financial statements.

Note 17 - Revenue, cost and expense recognition

17.1. Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured and it is possible that future economic benefits will flow into the entity and specific criteria have been met. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, trade volume discounts, returns and other incentives.

17.1.1 Sale of goods

Sale of goods are recognized when the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligations that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sale contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Volume-based incentives offered are based on the estimated cost of the program as agreed with the dealers and are recognized once volume targets have been achieved by trade customers. Other incentives are deducted from revenue upon fulfillment of respective conditions such as compliance with required documentary requirements for claims on marketing costs incurred by dealers and approval by authorized officials.

The Group grants price discounts in the normal course of business. Allocations to provisions for discounts and rebates to customers are recognized in the same period in which the related sales are recorded based on contract terms. Sales returns arising from manufacturing defects, replacement and change in product specification are recognized upon actual receipt of inventory items within specified time.

17.1.2 Sale of services

The Group provides installation services and preventive maintenance services of products purchased by its customers. These services are provided on a time-basis or as a fixed-price contract. Contract terms of preventive maintenance services of equipment generally range from less than a year to three (3) years, subject to renewal. Revenue from time contracts is recognized at the contractual rates as labor hours. Revenue from fixed-price contracts is recognized on a straight-line basis over the specified period the service is provided. This approximates the timing of the Group's service delivery and realization of economic benefits of the transaction.

17.1.3 Multiple deliverables

The Group also enters into arrangement combining multiple deliverables such as sale of goods and sale of services (installation and maintenance). Revenue for multiple-element arrangements is allocated to each element of the arrangement based upon its relative fair value as determined by the contract terms.

17.1.4 Details of net sales and services for the nine months ended September 30, 2013 and 2012 are as follows:

	2013	2012
Sale of goods	6,100,524	5,298,522
Sale of services	211,725	188,526
	6,312,249	5,487,048
Deductions		
Trade and volume discounts	(505,695)	(468,713)
Sales returns	(221,286)	(180,080)
	(726,981)	(648,793)
Net sales and services	5,585,268	4,838,255

The Group experiences seasonal and weather-related fluctuations in its operations. Residential Light Commercial (RLC) air conditioning sales in each of the four quarters of 2012 comprised 27%, 29%, 18% and 25% of the Company's total revenues from its air conditioning business for the year ended December 31, 2012, respectively. With respect to RLC refrigeration, sales in the four quarters of 2012 comprised 21%, 25%, 22% and 32%, respectively.

This experience indicates that sales of RLC air conditioners peak from February to June, which coincides with the dry or summer season in the Philippines, when temperatures typically reach their annual highs. Long and atypically hot summer seasons, as occurred in the first half of 2013, normally result in stronger demand for the Company's air conditioning products. Conversely, a shortened summer season, as what occurred in the first half of 2011, can also shorten the Company's peak selling season for air conditioning products and cause year on-year short-term fluctuations.

On RLC refrigeration, this experience indicates that sales of refrigerators peak in April and in December. The December peak is due to the increased sales attributable to the Christmas and New Year gift-giving seasons.

17.2 Commission, interest and other operating income

The Group recognizes commission income upon actual receipt of inventory deliveries made to both domestic and offshore customers on behalf of a counterparty, which normally is a related party, based on pre-agreed rates.

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Other operating income is recognized in profit or loss when earned.

17.3 Cost and expenses

Cost and expenses are recognized in profit or loss when incurred.

Details of cost of sales for the nine months ended and three months ended September 30, 2013 and 2012 are shown in Segment reporting (note 16).

Details of operating expenses for the nine months ended September 30, 2013 and 2012 are as follows:

	2013	2012
Employee costs	371,620	286,586
Outside services	172,272	131,324
Rent and utilities	97,038	91,726
Advertising and promotion	91,087	77,506
Warranty cost	84,492	57,830
Delivery and shipping	58,110	57,699
Provision for impairment of receivables	31,217	4,908
Transportation and travel	34,773	29,892
Repairs and maintenance	31,961	25,057
Royalty/Technical fees	24,200	23,085
Taxes and licenses	19,167	16,419
Provision for commission	18,219	9,301
Professional fees	10,262	1,322
Supplies	9,042	7,129
Depreciation and amortization	9,226	12,499
Insurance	3,213	3,739
Provision for inventory obsolescence	1,626	15,792
Registration	5,327	1,443
Others	17,784	14,027
	1,090,637	867,283

Note 18 - Leases - Group as lessee

Leases where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(i) with CII for the lease of respective warehouses located in the Light Industry Science Park, Cabuyao, Laguna, and in Alabang, Muntinlupa City.

(ii) CCAC leases an office space in Muntinlupa City and a factory space in Cabuyao with Concepcion Holdings, Inc., a shareholder, until a new facility contemplated is completely operational. The contract was renewed in January 2013 with terms expiring in December 2015.

(iii) Both CCAC and CDI have agreements with various lessors covering office space for its regional offices. Such agreements have terms ranging from one (1) to five (5) years under terms and conditions as agreed with the lessors.

Rental deposits required for these lease agreements are included in either trade and other receivables and deposits and other non-current assets account in the consolidated statement of financial position.

Note 19 - Employee benefits

(a) Retirement benefit obligation

CCAC maintains a non-contributory defined benefit retirement plan which is a retirement plan that defines an amount of pension benefit that an employee will receive upon retirement, dependent on certain factors such as

age, years of credited service, and compensation. CDI recognizes retirement benefit cost in accordance with Republic Act 7641 (Retirement Law) which is also classified as a defined benefit plan.

The liability recognized in the consolidated statement of financial position in respect of the defined benefit retirement plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), each subsidiary measures the resulting asset at the lower of (a) such amount determined, and (b) the present value of any economic benefits available to each subsidiary in the form of refunds or reduction in future contributions to the plan. The defined benefit obligation is calculated on a regular periodic basis by an independent actuary using the "projected unit credit cost" method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income during the period in which they are arise.

Past service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to a termination when the Group has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Bonus incentives

The Group recognizes a liability and an expense for performance-related bonuses, based on a formula that takes into consideration the profit attributable to the Group after certain adjustments and employee's performance. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Note 20 - Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Group.

(b) Transaction and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss within other income and expenses.

Note 21 -Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions.

Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

In the normal course of business, the Group transacts with related parties. The following are the significant transactions with these entities not presented elsewhere in the consolidated financial statements:

Significant related party transactions and balances as at and for the nine months ended September 30, 2013 and years ended December 31, 2012 are as follows:

Related party	Transactions	Outstanding balances receivable (payable)	Terms and conditions
	2013		
Receivables from entities under common control:			Receivables are collectible in cash within 30 to 60 days from billing date. These receivables are unsecured, unguaranteed and non-interest bearing.
Advances	12,000	1	
Shared administrative cost (a)	11,777	6,820	
Commission income	9,231	7,449	
Sale of goods	335	335	
		14,605	
Payable to entities under common control:			Purchases are made at market prices. Outstanding payables are due within 30 to 60 days from transaction date. These are payable in cash, non-interest bearing and unsecured in nature.
Purchases	253,306	(42,493)	
Purchase of shares	192,864	(32,864)	
Rent and utilities	34,565	(19)	
Royalty/Technical fee (b)	11,520	(7,698)	
Lease of warehouse	3,894	(1,430)	
Shareholders			
Subscription	515,580	-	
		(84,504)	
Immediate parent company		-	Dividends declaration held on July 18, 2013 and remitted to CII on Sept. 15, 2013.
Dividends	105,000		
Payable to directors			
Commission	25,411		
Key management personnel			Salaries and wages are paid in cash in the period incurred and are non-interest bearing. These are unsecured in nature. There were no other long-term benefits.
Salaries, allowances and other short-term benefits	97,463	-	
Retirement benefits	6,950	(43,515)	
		(43,515)	
	2012		
Receivables from entities under common control:			Receivables are collectible in cash within 30 to 60 days from billing date. These receivables are unsecured, unguaranteed and non-interest bearing.
Dividend income	106,000	-	
Shared administrative cost (a)	29,262	4,078	
Commission income	16,916	12,347	
Sale of goods	1,094	271	
Advances	-	12,001	
		28,697	
Payable to entities under common control:			Purchases are made at market prices. Outstanding payables are due within 30 to 60 days from transaction date. These are payable in cash, non-interest bearing and unsecured in nature.
Advance	515,580	(515,580)	
Purchases	366,866	(28,863)	
Rent and utilities	83,348	(3,303)	
Royalty/Technical fee (b)	14,247	(4,007)	
Lease of warehouse	4,512	(2,208)	
		(553,961)	Subscription of CII for additional shares of CDI was cancelled in 2012. The balance became an advance, payable on demand in cash.
Immediate parent company			
Dividends	690,776	(540,776)	
Payable to directors			
Commission	10,500	-	
Key management personnel			Salaries and wages are paid in cash in the period incurred and are non-interest bearing. These are unsecured in nature. There were no other long-term benefits.
Salaries, allowances and other short-term benefits	73,415	-	
Retirement benefits	4,007	(12,754)	
	77,422	(12,754)	

(a) Shared administrative cost

This pertains to administrative costs charged to entities under common control for the accounting services rendered.

(b) Royalty/Technical service agreement with Carrier Corporation

The Group has an existing technical service agreement with Carrier Corporation (Carrier), a related party of one of the owners of CCAC, which is co-terminus with the joint venture agreement between Carrier. The agreement provides that the Group will pay royalty fees equivalent to a specified percentage of the net sales depending on the product type, in exchange for non-exclusive and non-transferable rights to make use of technical data,

process and assistance to be provided by Carrier Corporation in the manufacture of its products. The agreement remains effective unless terminated by both parties.

The following related party transactions and balances were eliminated for the purpose of preparing the interim consolidated financial statements.

	2013	2012
As at December 31		
Investment in subsidiary/associate	2,154,324	1,445,880
For the nine months ended September 30		
Dividend income	480,000	-
Share in net income	-	204,020

Note 22 - 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 economic benefit is probable.

The Group has legal cases still pending with the courts. Management and in consultation with third party counsels believes, however, that its position on each cases has legal merits and for certain loss positions, if any, corresponding provisions were recognized based on existing conditions and available information as at reporting date. Annual assessment is made and actual results may differ significantly from the amount recorded.

Note 23 - Financial risk and capital management

23.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's management under policies approved by the Board of Directors. These policies provide written principles for overall risk management.

(a) Market risk

(i) Foreign exchange risk

Currency risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. In the normal course of business, the Group transacts with certain entities based outside the Philippines particularly for export deliveries, and purchases of raw materials and supplies, and these transactions are being settled in U.S. Dollar and/or other currencies. However, the foreign exchange risk exposure is brought down to an acceptable level since average trade collection and payment terms approximate each other, which range between 30 and 60 days, thereby creating natural hedges. Moreover, the Group enters into foreign exchange forward contracts with average term of three (3) months in order to reduce losses on possible significant fluctuations in the exchange rates.

The rates are based on annual average actual exchange by leading international financial institutions as at September 30, 2013 and December 31, 2012.

(ii) Commodity price risk

The Group is exposed to the risk that the prices for certain primary raw materials (e.g. copper and aluminum) will increase or fluctuate significantly. Most of these raw materials are global commodities whose prices are cyclical in nature and increase or decrease in line with global market conditions. The Group is exposed to these price changes to the extent that it cannot readily pass on these changes to the customers of its respective businesses, which could adversely affect the Group's margins.

The Group does not engage in commodities hedging.

(iii) Cash flow and fair value interest rate risk

The Group is not significantly exposed to cash flow and fair value interest rate risk, since short-term borrowings are made at fixed interest rates.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from deposits and short-term placements with banks and financial institutions, as well as credit exposure to trade customers, including other outstanding receivables. For banks, the Group only has existing deposit arrangements with either universal or commercial banks, which are considered top tier banks in terms of capitalization as categorized by the Bangko Sentral ng Pilipinas.

The Group has no significant concentrations of credit risk due to the large number of customers comprising the customer base and it has policies in place to ensure that the sale of goods is made only to customers with an appropriate credit history. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, respective Credit and Collection (C&C) groups assess the credit quality of the customer, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal and external ratings in accordance with the credit policy limits. The utilization of credit limits are regularly monitored by the C&C group of each subsidiary. Nonetheless, the Group is still exposed to risk of non-collection arising from disputes and disagreements on billings which may deter the collection of outstanding accounts on a timely basis.

The Group's assessment of its credit risk on cash and cash equivalents and trade receivables are as follows:

September 30, 2013	Notes	Carrying Amount	Neither past due nor impaired	Past due but not impaired			Overdue and impaired
				Up to 6 months	6 to 12 months	Over 12 months	
Cash in Bank	3	917,538	917,538				
Trade Receivables	4	1,985,939	1,376,213	459,313	18,100	12,521	119,793
		2,903,478	2,293,751	459,313	18,100	12,521	119,793

December 31, 2012	Notes	Carrying Amount	Neither past due nor impaired	Past due but not impaired			Overdue and impaired
				Up to 6 months	6 to 12 months	Over 12 months	
Cash in Bank	3	1,668,802	1,668,802				
Trade Receivables	4	2,283,332	1,584,186	511,289	47,654	20,381	119,822
		3,952,134	3,252,988	511,289	47,654	20,381	119,822

(c) Liquidity risk

The Group observes prudent liquidity risk management through available credit lines and efficient collection of its receivables, which enables the Group to maintain sufficient cash to meet working capital requirements, planned capital expenditures, and any short-term debt financing requirements.

On top of liquidity risk management above, the Group also performs a monthly review of its financing requirements for working capital and loan capital expenditures and where deemed necessary, the Group obtains short-term bank borrowings to cover for immediate expenses and maturing obligations. Results of management's review are reported to the Board of Directors on a regular basis.

Trade and other payables, and amounts due to related parties are unsecured, non-interest bearing and are normally settled within 30 to 60 days from transaction date. As at September 30, 2013 and December 31, 2012, all of the Group's financial liabilities are due and demandable within 12 months. The Group expects to settle these obligations in accordance with their respective maturity dates. These balances equal their carrying amounts as the impact of discounting is not significant. Based on management's assessment, the Group has sufficient level of readily available funds, which do not yet consider expected receipts from collection of current trade receivables, to settle maturing obligations as they fall due.

23.2 Capital management

The Group's objectives when managing capital, which is equivalent to the total equity shown in the consolidated statement of financial position, less charges to other comprehensive loss are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for partners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital which will reduce the need to obtain long-term borrowings and incur higher cost of capital such as interest expense. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends, increase capital through additional contributions or sell assets in lieu of third party financing. No changes were made in the objectives, policies and processes as at September 30, 2013 and December 31, 2012.

The Group has no significant capital risk exposure given the level of financial assets available to finance its current liabilities. Also, the Group is not subject to externally imposed capital requirements arising from debt covenants and other similar instruments since it has no long-term borrowings from banks and financial institutions. Moreover, the Group is not subject to specific regulatory restrictions on its capital.

23.3 Fair value estimation of financial assets and liabilities

The Group's foreign exchange forward contracts, which are measured at fair value, qualify under Level. Accordingly, the fair values of these financial liabilities are based on published closing rate with any resulting value no longer subject to discounting due to the relative short-term maturity of these instruments. The Group does not account these contracts under hedge accounting; and accordingly recognizes fluctuations in fair value directly to profit or loss. As at September 30, 2013, December 31, 2012 and 2011, the Group has no other financial assets or liabilities measured and carried at fair value that would qualify as either Level 1 or 3.

ANNEX F

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (based on the Unaudited Consolidated Results for the Period Ended 30 September 2013)

CONCEPCION INDUSTRIAL CORPORATION (THE "COMPANY" OR "CIC"), formerly Concepcion Air Conditioning Corporation ("CAC"), is one of the Philippines' most established and leading suppliers of air conditioners, air conditioning solutions, and refrigerators, and is exploring a potential expansion into other consumer appliance products. The Company is primarily a holding company which operates principally through its two subsidiaries, Concepcion-Carrier Air Conditioning Company ("CCAC") and Concepcion Durables, Inc. ("CDI").

CCAC engages in the manufacture, sale, distribution, installation, and service of heating, ventilating, air conditioning, and refrigeration products and services for residential, commercial, and industrial use. CCAC is a joint venture of the Company with Carrier Corporation, which allows it to offer *Carrier* and *Toshiba* brand air conditioners and *Totaline* parts. CCAC also offers other brands such as *Condura* and *Kelvinator*. CCAC manufactures a select range of its air conditioning equipment at its factory in Light Industry and Science Park in Cabuyao, Laguna, Philippines, the Philippines' largest air conditioning facility with a capacity of approximately 500,000 units per year and a production area of 19,620 sq. m. CCAC's products are distributed and sold primarily in the Philippines. The Company believes CCAC has the largest share of the total air conditioning market in the Philippines as measured by revenues, including leading market positions in the residential, light commercial and commercial and industrial segments.

CDI engages primarily in the manufacture, assembly, wholesale, retail, purchase, and trade of refrigeration equipment, including *Condura* and *Kelvinator* brand refrigerators and freezers. CDI's refrigeration equipment is manufactured at its factory at Light Industry and Science Park in Cabuyao, Laguna, adjacent to CCAC's air conditioning and commercial refrigeration factory. The CDI factory has a capacity of 300,000 units per year and a production area of 16,420 sq. m. The Company believes CDI had the largest share of the residential and light commercial ("RLC") refrigeration market in the Philippines in 2012 as measured by revenues.

The Company's air conditioning and refrigeration products and brands have received numerous awards in recognition of their quality and value to customers. *Carrier* and *Condura* brand air conditioners have received "Most Trusted Brand" awards from *Reader's Digest Philippines* for each year for the past 12 and 10 years, respectively. *Condura* brand refrigerators received the same award in 2012. In 2009 and 2010, *Carrier* was awarded "No. 1 Air Conditioning Brand" by GfK Retail and Technology ("GfK").

As of September 30, the company has 250,000,002 shares outstanding after the effect of the increase in capital stock on July 5, 2013.

Through an official listing on November 27, 2013, the Company issued additional new common shares (primary offering) of 11,244,000 bringing is total outstanding shares to date at 261,244,002.

Key Performance Indicators

The Company monitors its financial and operating performance in terms of the following indicators:

	For The Period end September 30, 2013	For The Period end September 30, 2012
Gross Profit Margin (%)	35.2%	32.7%
Before Tax Return on Sales (%)	15.9%	15.5%
Net Income Attributable to Shareholders (PHP M)	362.8	338.2
Net Income Attributable to Shareholders (% to Sales)	6.5%	7.0%
Return on Average Equity (%)	30.6%	28.9%
Return on Average Assets (%)	18.5%	15.3%
Earnings per Share (at 250 million shares)	1.9	1.8
	As of end September 30, 2013	As of end December 31, 2012
Debt to Equity Ratio	0.7	1.0
Asset-to-Equity Ratio	1.7	2.0
Current Ratio	2.3	1.8
Book Value Per Share (at 250 million shares)	9.9	8.3

Key Performance Indicator	Definition
Gross Profit Margin	Gross Profit/Net Sales
Before Tax Return on Sales	Income before Tax/Net Sales
Return on Average Equity	Net Income after Minority Interest/ Average Shareholder's Equity net of Minority Interest
Return on Average Assets	Net Income after Minority Interest/ Average Assets
Debt to Equity Ratio	Total Liabilities/Total Equity
Asset-to-Equity Ratio	Total Assets/Total Equity
Current Ratio	Current Assets/Current Liabilities
Earnings Per Share	Net Income after Minority Interest/Total Shares Outstanding
Book Value Per Share	Shareholder's Equity/Total Shares Outstanding

Results of Operations

Nine months ended September 30, 2013 compared with nine months ended September 30, 2012

Net sales and services

The Company's net sales for the first nine months of 2013 were PhP 5.6 billion, an up-tick of PhP 747.0 million or 15.4% from the same period in 2012 on the back of a very strong third quarter performance as sales grew 27% in Q3. This result is due to the significant increase in Air Conditioning sales of 21.5% or PhP 656.6 million for this segment, year-on-year.

Air conditioning. The net sales of the air conditioning segment increased by 21.5% or PhP 656.6 million to PhP 3.7 billion for the period ending September 30, 2013 from last year's PhP 3.1 billion. The Residentia and Light Commercial segment remained to be the main driver as demand for window room and energy-efficient hi-wall split air conditioning products continued to grow. The segment grew 37.3% in Q3 alone driving the Company's strong sales performance.

Refrigeration. On the consumer refrigeration side, net sales was PhP 1.6 billion, growing steadily by PhP 37.6 million from the first nine months of September 2012 as it recovered from a flat growth in the first half to an 8% growth in Q3 . Commercial refrigeration segment net sales accelerated by 105.5% to PhP 57.5 million versus the same period last year, net sales were PhP 28.0 million.

After Sales. For the period ending September 30, 2013, After Sales contributed PhP 211. 7 million, jumping from PhP 188.5 million, translating to a growth of 12.3% or PhP 23.2 million for the third quarter of 2013. This increase was largely related to the Company's increased net sales and services particularly from its air conditioning segment.

Cost of sales and services

CIC's cost of sales and services increased to PhP 3.6 billion, a PhP 361.4 million or 11.1% year-on-year growth for the period ending September 30, 2013 as a result of an increase in total sales. The increase in manufacturing costs and the unfavorable impact of foreign exchange was more that offset by purchasing savings and lower commodity costs with inflation remaining steady in the country for the first nine months of the year 2013. This resulted in a lower cost of sales increase relative to the growth in sales.

Air conditioning. Air Conditioning cost of sales and services was at PhP 318.6 million, a 17.1% increase from September 2012's PhP 1.9 billion compared to a sales growth of 21.5%.

Refrigeration. For the third quarter of 2013, cost of sales and services for consumer refrigeration remains steady at PhP 1.3 billion while commercial refrigeration accelerated by 63.0% to PhP 21.4 million from the same period last year with last year.

Gross Profit

As a result of the above, the gross profit of the Company was close to PhP 2.0 billion for the period ending September 2013, a PhP 385.6 million increase. On the back of a faster growth clip in sales vis-à-vis cost of sales and services, gross margin showed 2.5 pts improvement from 32.7% same period in in 2012 to 35.2% in 2013.

Operating expenses

In the first nine months of 2013, CIC's operating expense was PhP 1.1 billion showing a growth of PhP 223.4 million or 25.8% from PhP 867.3 million for the same period last year. Increases were seen in employment costs and outside services with continued organizational investments as well as increase in risk provisions particularly for warranty and receivables..

Other operating income

The decline in Company's other operating income at PhP 16.8 million for the period compared to PhP 32.9 million from the third quarter of 2012 was due to the impact of balance sheet FX revaluation loss as FX closed at 43.309 vs. 41.192 in December 2012. Other operating income includes writeback of provisions for legal disputes and assessments as well as cross-territorial commissions.

Provision for income tax

Provisions for Income tax was PhP 277. 9 million, a 27.2% increase from PhP 218.3 million, a PhP 59.2 million jump from the same period last year. This is attributed to higher income for the period.

Net income

For the period ending September 30, 2013, Net Income was PhP 607.8 million, a 14.7% increase from the PhP 529.7 million from the first nine months of 2012. Net Income attributable to parent company was at 362.8 million and 338.2 million in 2012 which translates to a growth of 7.6% of Sales during the same period . This translates to a Return on Average Equity of 30.6% vis-à-vis 28.9% from the year before.

Financial Condition

Period end of September 30, 2013 compared with the Period end of December 31, 2012

Total Assets for the period ending September 30, 2013 was PhP 4.4 billion, a decrease of 13.9% from end of 2012 which was at PhP 5.1 billion or PhP 709.3 million lower. This result was primarily driven by a decrease in Total current assets of 16.3% partially offset by the increase of PhP 58.2 million or 15.3% in Total Non-current assets.

Total Current Assets were PhP 4.0 billion, lower by PhP 767.5 million or 16.3%. Lower Cash and cash equivalents was a result of dividend payments in the first half of 2013. Lower Trade and other receivables and increases in Inventories were a result of Sales timing, in particular, higher invoicing towards the 4th quarter of 2012. Increases Prepayment and Other Current Assets was 51.3%.

Total Non-Current assets were PhP 437.2 million vis-à-vis PhP 379.0 million or a growth of 15.3% from the period ending December 31, 2012. This was driven by higher net deferred income tax assets and Deposits and other non-current assets.

Total Liabilities decreased by PhP 1.2 billion or 39.6% to PhP 1.8 billion.

Total Current Liabilities decreased by PhP 1.2 billion to PhP 1.7 billion from December 2012's PhP 3.0 billion due mainly to payment of dividends declared in 2012 (540 million). Also, Short-term borrowings were also reduced by PhP 107.5 million or 38.0%

Total Non-Current Liabilities accelerated to PhP 111.4 million from December 2012's PhP 65.4 million due mainly to the growth in Retirement Benefit Obligations and Provisions for Warranty of PhP 38.4 million and PhP 7.6 million, respectively.

Total Equity grew by 23.7% to PhP 2.6 billion was driven primarily by increase in Share Capital, Share Premium and Retained Earnings.