COVER SHEET

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S.E.C. Registration Number

STARMALLS, INC. (FORMERLY: POLAR PROPERTY HOLDINGS CORPORATION)

(Company's Full Name)

3RD LEVEL STARMALL LAS PINAS, CV STARR AVENUE, PHILAMLIFE VILLAGE, PAMPLONA, LAS PINAS CITY

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

Jo L. Ilijay	**571-5948**
Contact Person	Company Telephone Number

12	**31**	**17-Q**		
Month	*Day*	FORM TYPE	*Month*	*Day*
Calendar Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

111102015000141

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	0000039587
Company Name	STARMALLS, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	111102015000141
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
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Department	CFD
Remarks	

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 quarter ended September 30, 2015

2. SEC Identification Number 39587

3. BIR Tax Identification No. 000-806-396

4. STARMALLS, INC.
   Exact name of the registrant as specified in its charter

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

6. Industry Classification Code (SEC Use Only)

7. 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Avenue, Pamplona, Las Piñas City 1746
   Address of Principal Office Postal Code

8. (02) 571-5948 / (02) 871-4001
   Registrant's telephone number, including area code

9. Polar Property Holdings Corp.
   Former name, former address and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of common stock outstanding
Common stock	**8,425,981,156 shares**
Preferred stock	**2,350,000,000 shares**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

Yes [x] No [ ]

12. Check 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)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

Yes [x] No [ ]

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

Yes [x] No [ ]

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STARMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014
(In Thousand Pesos)

	Unaudited 09/30/2015	*Audited* 2014
A S S E T S		
CURRENT ASSETS		
Cash	2,775,064	1,960,277
Trade receivables	692,769	349,928
Due from related parties	761,872	860,675
Real estate properties for sale - net	324,291	323,441
Available-for-sale financial assets	33,574	340,657
Prepayments and other current assets	1,788,738	1,372,957
Total Current Assets	6,376,309	5,207,935
NON-CURRENT ASSETS		
Trade receivables	571,064	258,239
Due from related parties	2,834,064	3,189,816
Available-for-sale financial assets	3,204	3,204
Investment properties	26,082,217	19,445,196
Property and equipment - net	251,251	210,668
Other non-current assets - net	163,949	150,036
Total Non-current Assets	29,905,750	23,257,158
TOTAL ASSETS	36,282,059	28,465,093
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Liability for land acquisition	159,892	246,757
Interest-bearing loans and borrowings	4,318,701	1,383,864
Trade and other payables	1,971,303	1,507,428
Due to related parties	168,883	25,936
Income tax payable	13,960	55,870
Other current liabilities	275	275
Total Current Liabilities	6,633,013	3,220,129
NON-CURRENT LIABILITIES		
Liability for land acquisition	445,866	23,473
Interest-bearing loans and borrowings	6,697,987	3,518,035
Retirement benefit obligation	50,819	50,819
Due to related parties	147,040	154,919
Deferred tax liabilities - net	278,079	71,894
Other noncurrent liabilities	585,627	548,300
Total Non-current Liabilities	8,205,419	4,367,441
Total Liabilities	14,838,432	7,587,571
EQUITY		
Equity attributable to parent company's shareholders		
Capital Stock	8,449,481	8,449,481
Additional paid-in capital	976,059	976,059
Treasury shares	(1,578,228)	(1,578,228)
Revaluation reserves	(8,868)	2,001
Retained earnings	13,341,387	12,770,742
Total equity attributable to parent company's shareholders	21,179,831	20,620,056
Non-controlling interest	263,796	257,467
Total Equity	21,443,627	20,877,522
TOTAL LIABILITIES AND EQUITY	36,282,059	28,465,093

STARMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(In Thousand Pesos)

	Unaudited *Jul - Sept* Q3 - 2015	*Unaudited* *Jan - Sept* 2015	*Unaudited* *Jul - Sept* Q3 - 2014	*Unaudited* *Jan - Sept* 2014
REVENUES				
Rent revenue	536,112	1,546,823	354,316	1,030,089
Common usage and service area charges	73,121	193,378	30,296	161,671
Parking fees	12,535	34,189	10,415	30,165
Other operating income	41,218	115,504	58,134	93,247
	662,988	1,889,895	453,161	1,315,172
COSTS AND EXPENSES				
Depreciation & Amortization	173,381	515,240	146,041	437,125
Occupancy expenses	50,312	160,870	46,364	133,804
Outside services	50,371	152,575	42,460	130,599
Repairs and maintenance	13,476	43,629	10,680	31,253
Advertising and promotions	7,419	18,275	1,072	7,477
Salaries and employee benefits	33,758	85,525	20,463	71,240
Taxes and licenses	14,520	46,346	16,557	42,427
Others	16,510	58,400	26,774	54,641
	359,748	1,080,861	310,412	908,568
OPERATING PROFIT	303,239	809,033	142,749	406,604
OTHER INCOME (CHARGES)				
Other charges	(88)	(88)	-	-
GP on real estate sales	-	-	(3,219)	12,249
Finance income	86,386	97,446	6,231	16,031
Finance costs - net	(13,066)	(41,454)	(10,818)	(29,698)
	73,232	55,904	(7,806)	(1,418)
PROFIT BEFORE TAX	376,471	864,938	134,943	405,186
TAX EXPENSE -	(113,687)	(287,963)	(21,593)	(95,500)
NET INCOME	262,785	576,974	113,350	309,686
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value gain (loss) on Available for Sale Financial Assets	(10,870)	(10,870)	(49,248)	(10,397)
TOTAL COMPREHENSIVE INCOME	251,915	566,104	64,103	299,289
Attributable to:				
Parent company's shareholders	249,511	559,775	61,717	292,045
Minority interest	2,404	6,329	2,386	7,245
	251,915	566,104	64,103	299,289
Earnings per Share	P 0.035	P 0.078	P 0.009	P 0.041

STARMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(In Thousand Pesos)

	Unaudited *Jul - Sept* Q3 - 2015	*Unaudited* *Jan - Sept* 2015	*Unaudited* *Jul - Sept* Q3 - 2014	*Unaudited* *Jan - Sept* 2014
EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS				
COMMON STOCK				
Balance at beginning of period	8,425,981	8,425,981	8,425,981	8,425,981
Treasury shares	(1,578,228)	(1,578,228)	(1,578,228)	(1,578,228)
Balance at end of period	6,847,753	6,847,753	6,847,753	6,847,753
PREFERRED STOCK				
Balance at beginning of period	23,500	23,500	23,500	23,500
Treasury shares	-	-	-	-
Balance at end of period	23,500	23,500	23,500	23,500
ADDITIONAL PAID-IN CAPITAL	976,059	976,059	976,059	976,059
REVALUATION RESERVES				
Balance at beginning of period	2,001	2,001	(56,381)	(56,381)
Fair value gains (losses)	(10,870)	(10,870)	(10,397)	(10,397)
Balance at end of period	(8,868)	(8,868)	(66,777)	(66,777)
RETAINED EARNINGS				
Balance at beginning of period	13,081,007	12,770,742	12,615,813	12,424,336
Net income	260,380	570,645	110,964	302,441
Balance at end of period	13,341,387	13,341,387	12,726,777	12,726,777
MINORITY INTEREST				
Balance at beginning of period	261,392	257,467	251,310	246,451
Share in net income	2,404	6,329	2,386	7,245
MINORITY INTEREST	263,796	263,796	253,696	253,696
TOTAL EQUITY	21,443,627	21,443,627	20,761,008	20,761,008

STARMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBR 30, 2015 AND 2014
(In Thousand Pesos)

	Unaudited *Jul - Sept* Q3 - 2015	*Unaudited* *Jan - Sept* 2015	*Unaudited* *Jul - Sept* Q3 - 2014	*Unaudited* *Jan - Sept* 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax	376,471	864,938	134,943	405,186
Adjustments for:				
Finance costs	13,066	41,454	10,818	29,698
Depreciation and amortization	173,381	515,240	146,041	437,125
Interest income	(86,386)	(97,446)	(6,231)	(16,031)
Operating income before changes in operating assets and liabilities	476,532	1,324,185	285,571	855,978
Decrease (increase) in:				
Trade and other receivables	(265,998)	(655,667)	130,457	26,877
Real estate properties for sale	(348)	(850)	63,643	71,650
Prepayments and other current assets	75,608	(415,782)	(21,031)	(20,002)
Other non-current assets	(10,551)	(13,913)	35,765	(18,502)
Increase (decrease) in:				
Trade and other payables	245,598	463,875	7,481	31,752
Other current liabilities	-	-	(3,299)	3,404
Income tax payable	(611)	(41,910)	(22,117)	(16,231)
Deferred gross profit on real estate sales	-	-	(3,556)	-
Other non-current liabilities	5,909	37,327	1,226	3,955
Cash from (used in) operations	526,140	697,266	474,142	938,881
Cash paid for taxes	(29,035)	(81,779)	(21,303)	(93,472)
Interest received	86,386	97,446	6,231	16,031
Interest paid	(13,066)	(41,454)	(10,818)	(29,698)
Net Cash from (Used in) Operating Activities	570,425	671,479	448,252	831,742
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in amounts due from related parties	831,261	454,555	(87,002)	(87,002)
Sale of investment in securities	-	296,213	122,579	122,579
Increase in investment properties	(4,144,379)	(6,301,493)	(1,057,317)	(1,870,147)
Acquisitions of property and equipment	(203,955)	(555,823)	(133,122)	(419,489)
Net Cash Provided by (Used in) Investing Activities	(3,517,073)	(6,106,549)	(1,154,862)	(2,254,059)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in amounts due to related parties	140,068	135,068	(80,363)	(80,363)
Proceeds from bank loans	5,055,485	6,306,522	657,100	1,616,234
Payment of loans	(69,401)	(191,733)	(74,933)	(221,374)
Net Cash From Financing Activities	5,126,152	6,249,857	501,804	1,314,496
NET INCREASE IN CASH	2,179,504	814,788	(204,806)	(107,821)
CASH AT BEGINNING OF PERIOD	595,561	1,960,277	1,221,291	1,124,306
CASH AT END OF PERIOD	2,775,064	2,775,064	1,016,485	1,016,485

STARMALLS, INC. AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Starmalls, Inc. (the Company or Parent Company) was incorporated in the Philippines and duly registered with the Securities and Exchange Commission (SEC) on October 16, 1969, originally to pursue mineral exploration. After obtaining SEC approval, the Company later changed its primary business and is now presently engaged in holding investments in shares of stock and real estate business.

On May 14, 2012, the Company's Board of Directors (BOD) authorized the change in corporate name of Polar Property Holdings Corporation to Starmalls, Inc. The SEC approved the Company's application of change in corporate name on June 22, 2012.

The Company is owned by Fine Properties, Inc. or FPI (40.2%), PCD Nominee Corporation or PCDNC (47.2%), and other entities and individuals (12.6%) . The Company's shares of stock are listed at the Philippine Stock Exchange (PSE).

As of September 30, 2015 and 2014, the Company has ownership interests in the following entities (the Company and subsidiaries are collectively referred herein as the Group):

Subsidiaries	Percentage of Ownership	
	2015	2014
Masterpiece Asia Properties, Inc. (MAPI)	**100.0%**	100.0%
Manuela Corporation (Manuela)	**98.4%**	98.4%
Brittany Estates Corporation (BEC)	-	100.0%

On December 29, 2014, the Company disposed its 100% ownership interest in Brittany Estates Corporation (BEC). The disposal of the subsidiary resulted to the latter's deconsolidation from the Group as of December 31, 2014.

All subsidiaries were incorporated in the Philippines and are primarily engaged in the development, sale of real estate properties and leasing of commercial spaces.

On July 1, 2015, The SEC approved the Company's change in registered office and principal place of business is located at 3rd Floor, Starmall Las Piñas, CV Starr Avenue, Pamplona, Las Piñas City.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

This consolidated interim financial information has been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting.* This consolidated interim financial information do not include all the information required for full annual consolidated financial information, and should be read in conjunction with the consolidated financial information of the Group, as of and for the year ended December 31, 2014, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The preparation of consolidated interim financial information in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The consolidated interim financial statements are presented in Philippine peso, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

3. ADOPTION OF AMENDMENTS TO PFRS THAT IS RELEVANT TO THE COMPANY

In 2015, the Group adopted the following amendment to the PFRS that is relevant to the Group and effective for financial information for the annual period beginning on or after July 1, 2014:

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contribution from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.

(ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, made minor amendments to a number of PFRS. Among those improvements, the amendments below and in the succeeding page are relevant to the Group but did not have material impact on the Group's consolidated interim financial statements.

Annual Improvements to PFRS (2010-2012 Cycle)

(a) PAS 16 (Amendment), *Property, Plant and Equipment.* The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

(b) PAS 24 (Amendment), *Related Party Disclosures.* The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related entity of the latter. It also requires and clarifies that the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the consolidated financial statements, and not the amounts of compensation paid or payable by the management entity to its employees or directors.

(c) PRFS 3 (Amendment), *Business Combinations.* This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities.* It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

(d) PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been segregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

(e) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9, *Financial Instruments*, and PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*, related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

(a) PAS 3 (Amendment), *Business Combinations*. It clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11, *Joint Agreements – Accounting for Acquisitions of Interests in Joint Operations*, in the consolidated financial statements of the joint arrangement itself.

(b) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

(c) PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires entity to use judgment in determining whether the acquisition of an investment property in an acquisition of an asset or a group of asset, or a business combination in reference to PFRS 3.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of September 30, 2015 and December 31, 2014:

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Cash on hand and in banks	**P1,775,569,309**	P1,955,825,670
Short-term placements	**999,494,965**	4,450,962
	P2,775,064,274	P 1,960,276,632

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of between 30 to 90 days and earn effective interests ranging from 1.2% to 2.0% in 2015 and 0.4% to 2.3% in 2014.

Interest income from cash in banks and short-term placements amounted to P6.0 million and P6.7 million for the nine months ended September 30, 2015 and 2014, respectively, and is recognized as part of Finance Income under the Other Income (Charges) account in the consolidated statements of comprehensive income.

The Group's cash and cash equivalents do not include restricted cash amounting to P82.2 million and P72.2 million as of September 30, 2015 and December 31, 2014, respectively, which is presented as Reserve funds under the Prepayments and Other Assets account in the consolidated statements of financial position.

5. TRADE RECEIVABLES

The details of this account are shown below.

	30 Sept 2015 (Unaudited)	**31** Dec 2014 (Audited)
Current -		
Third party	**P 356,425,685**	P 257,721,797
Related parties under common ownership	**336,343,643**	92,206,511
	692,769,328	349,928,308
Non-current –		
Third party	**571,064,460**	258,238,611
	P1,263,833,788	P 608,166,919

All of the Group's trade and other receivables have been reviewed for indications of impairment. There was no impairment loss required to be recognized for the nine months ended September 30, 2015 and 2014.

Receivables represent the outstanding receivables, including the effect of straight-line recognition of contractual rent income as prescribed by PAS 17, *Leases*, arising from the lease of commercial spaces relating to the Group's mall operations. Current trade receivables are collectible within twelve (12) months from the end of the reporting period. The non-current receivables have maturity dates of more than one (1) year.

In 2014, management assessed that certain receivables totaling P21.6 million which were previously provided with allowance should be written off. A reconciliation of the allowance for impairment at the beginning and end of 2014 is shown below.

Balance at beginning period	P 21,606,745
Write-off of receivables previously provided with allowance	(21,606,745)
Balance at end of period	P -

There were no receivables written off for the nine months ended September 30, 2015.

6. REAL ESTATE PROPERTIES FOR SALE

Real estate properties for sale as of September 30, 2015 and December 31, 2014 are stated at cost, the details of which are shown below.

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Residential units for sale	**P 158,207,307**	P 157,357,423
Land for future development	**166,083,954**	166,083,953
	P 324,291,261	P 323,441,376

Residential units for sale represent houses and lots in completed subdivision projects for which the Group has already been granted the license to sell by the Housing and Lot Unit Regulatory Board of the Philippines. Residential units include units that are ready for occupancy, house models and units under construction.

The estimated development costs related to residential units which are sold but not yet completed as of September 30, 2015 and December 31, 2014 are presented as Estimated liability on property development cost under the Trade and Other Payables account in the consolidated statements of financial position.

7. AVAILABLE-FOR-SALE FINANCIAL ASSESTS

The breakdown of this account is as follows:

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Current:		
Equity securities	**P 33,573,711**	P 41,869,689
Debt securities	**-**	198,786,854
Bank notes	**-**	100,000,000
	33,573,711	340,656,543
Non-current –		
Equity securities	**3,204,170**	3,204,170
	P 36,777,881	P 343,860,713

The fair values of the investments in AFS financial assets have been determined directly by reference to published prices in an active market.

In 2015, certain equity securities, debt securities and bank notes were disposed by the Group. The unrealized gain previously recognized under other comprehensive income amounting to P16.7 million was reclassified to profit or loss and presented as a reclassification adjustment within other comprehensive income.

The AFS financial assets classified as current assets in the consolidated statements of financial position is intended by management to be disposed within 12 months from the end of the reporting period.

Interest income from AFS financial assets amounting to P3.8 million for the period ended September 30, 2015 is presented as part of Finance Income under the Other Income (Charges) account in the 2015 consolidated statements of comprehensive income. There were no similar transactions in 2014.

8. PREPAYMENTS AND OTHER ASSETS

This account is composed of the following as of September 30, 2015 and December 31, 2014:

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Current:		
Advances to contractors, brokers and others	**P 771,869,762**	P 605,338,800
Input VAT	**848,877,544**	592,917,116
Reserve fund	**82,184,337**	72,185,021
Prepayments	**44,184,946**	31,068,666
Advances to officers and employees	**13,323,307**	25,382,375
Creditable withholding taxes	**11,432,235**	7,927,322
Short-term installment contracts receivable	**4,749,438**	9,645,634
Advances to suppliers	**-**	13,743,363
Others	**12,116,643**	14,748,312
	1,788,738,212	1,372,956,610
Non-current:		
Refundable deposits	**111,392,806**	92,603,284
Long-term installment contracts receivable	**50,576,211**	56,984,250
Others	**1,979,642**	448,359
	163,948,659	150,035,893
	P 1,952,686,871	P 1,522,992,503

Reserve fund represents the fund established by Manuela in 2015 and MAPI in 2013 in accordance with a loan agreement with a local bank. The fund earns effective interest on 2.5% in 2015 and ranging from 0.3% to 2.5% in 2015 and 2014.

Prepayments pertain to prepaid taxes, insurance premiums, employee benefits, repairs and rent, which will be utilized within 12 months from the end of the reporting period.

Others include penalties receivable from tenants due to late payments, security deposits, advance rentals and office supplies.

9. INVESTMENT PROPERTY

The Group's investment property includes several parcels of land and building and improvements, which are owned and held for capital appreciation and rental purposes.

The Group's investment property generates rental income under various operating lease agreements. Rental income from the investment property amounting to P1,546.8 million and P874.1 million for the nine months ended September 30, 2015 and 2014, respectively, are presented as Rental income under Revenues and Income in the consolidated statements of comprehensive income.

Direct costs incurred generally pertain to depreciation and amortization charges and real property taxes. Real property tax related to investment property amounting to P46.3 million and P36.9 million in 2015 and 2014, respectively, were recognized as part of Taxes and Licenses under the Costs and Expenses account in the consolidated statements of comprehensive income. Depreciation and amortization charges amounted to P469.7 million and P348.3 million in 2015 and 2014, respectively, and are presented as part of Depreciation and amortization under the Costs and Expenses account in the consolidated statements of comprehensive income.

The composition of this account is shown below.

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Land	**P12,389,209,912**	P 9,329,122,464
Building and improvements, net of accumulated depreciation	**9,469,264,228**	8,370,054,385
Commercial building under construction	**4,223,742,838**	1,746,019,274
	P26,082,216,978	P19,445,196,123

Commercial building under construction pertains to accumulated costs incurred in the development of certain commercial buildings. Capitalized borrowing costs amounting to P319.0 million and P98.0 million as of September 30, 2015 and December 31, 2014, respectively, representing the actual borrowing costs incurred on loans obtained to fund the construction project are included as part of the costs of Investment Property.

9.1 Investment Property Owned by MAPI

MAPI's investment property includes several parcels of land, commercial buildings which are currently held for lease (i.e., Starmall San Jose Del Monte in Bulacan, Starmall Taguig, Starmall Azienda in Cebu, Starmall Sta. Rosa, Starmall Daang Hari and Starmall Imus), a commercial building in Wack-Wack and commercial buildings under construction which are owned primarily to earn rental income in the future.

In 2015 and 2014, MAPI acquired certain parcels of land in several locations at a cost of P2,367.0 and P700.5 million, respectively, for future commercial development.

MAPI's land located in Bacoor, Cavite was contributed by two of its former major shareholders as consideration for their subscription to MAPI's shares of stock. The cost of acquisition and development of approximately 177,746 square meters of the said property amounted to P4.4 billion and P2.9 billion as of September 30, 2015 and December 31, 2014, respectively. The Phase 1 of Starmall Daang Hari was completed and started its operations in June 2015. Accordingly, the company reclassified portion of Commercial buildings under construction to Buildings and improvements amounting to P0.4 million representing the completion of Phase 1 of the commercial building as of September 30, 2015. Daang Hari Phase 2 is still in progress.

The land located in San Jose del Monte, Bulacan amounting to P52.5 million, which represents its purchase price, was acquired in 2011 from Household Development Corporation (HDC), a related party under common ownership. Phase 1 and Phase 2 of Starmall San Jose Del Monte were completed in 2012 and 2014, respectively, and started their operations in 2013 and 2014, respectively. Accordingly, the Company reclassified portion of Commercial buildings under construction to Buildings and improvements amounting to P786.4 million and P56.4 million representing the completion of Phase 1 and Phase 2 of the commercial building. Phase 3 of Starmall San Jose Del Monte is in progress.

Starmall Taguig Phase 1 and Starmall Azienda were also completed in 2014 and started operations in September and November, respectively. A commercial building in Wack-Wack was also completed during the latter part of 2014. Starmall Sta. Rosa Phase 1 was completed in April 2015 and started operations. Also in April 2015, Starmall Imus was completed and started operations in September 2015. Accordingly, the Company reclassified portion of commercial buildings under construction to building and improvements totaling P1.3 billion and P1.0 billion representing all the completed malls and commercial buildings for 2015 and 2014, respectively. Starmall Sta. Rosa Phase 2 and Stamall Bataan are in progress. Parking building for Las Pinas was completed in July 2015 and P0.3B was reclassified accordingly. A new office building is in progress in Las Pinas, as part of redevelopment of the area.

9.2 Investment Property Owned by Manuela

The investment property of Manuela, with a total carrying amount of P4.6 billion and P3.3 billion as of September 30, 2015 and December 31, 2014, respectively, includes several parcels of land and buildings and improvements located in Mandaluyong City [Starmall EDSA – Shaw and Worldwide Corporate Center (WCC)], Las Piñas City (Starmall Las Piñas and Starmall Las Piñas – Annex) and Muntinlupa City (Starmall Alabang).

9.3 Fair Value of Investment Property

In 2015 and 2014, the Group secured the services of an independent firm of appraisers to determine the fair market values of the Company's investment as of September 30, 2015. Fair market value of investment property is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date.

The results of the appraisal below showed that the fair market values of investment property exceeded the related carrying amounts.

		Land		Buildings and Improvements		Total
Company –						
Land in Valenzuela City	P	41,521,500	P	-	P	41,521,500
MAPI:						
Starmall Sta. Rosa Laguna		1, 206,000,000		1,986,732,000		3,192,732,000
Starmall Imus		445,489,734		318,311,000		763,800,734
Starmall Daang Hari		4,471,177,000		803,740,000		5,274,917,000
Starmall San Jose del Monte		414,800,000		2,466,652,000		2,881,452,000
Starmall Bataan		122,500,000		903,348,000		1,025,848,000
Starmall Taguig		1,464,000,000		1,276,095,000		2,740,095,000
Starmall Azienda		-		368,089,000		368,089,000
BPO3 Las Pinas		101,000,000		843,465,000		944,465,000
BPO2 Polar Center EDSA		232,000,000		415,413,000		647,413,000
Manuela:						
Starmall Alabang		2,916,000,000		3,468,972,000		6,384,972,000
Starmall EDSA-Shaw		3,001,000,000		1,170,313,000		4,171,313,000
Starmall Las Piñas		293,100,000		799,585,000		1,092,685,000
Starmall Las Piñas-Annex		121,500,000		99,744,000		221,244,000
WCC		-		1,935,166,000		1,935,166,000
	P	14,830,088,234	P	16,855,625,000	P	31,685,713,234

10. LIABILITY FOR LAND ACQUISITION

Liability for land acquisition represents the outstanding payable as of September 30, 2015 and December 31, 2014 relating to the Group's acquisition of certain parcels of land.

In 2011, the Group entered into a Contract to Sell (CTS) with HDC to purchase a parcel of land located in San Jose, Bulacan to be developed by the Group as commercial property. Total contract price amounted to P52.5 million, out of which P5.3 million was paid upon execution of the CTS and the balance payable in quarterly payments over a period of five years commencing on January 15, 2012. The liability for land acquisition is noninterest-bearing and measured at amortized cost using the effective interest rate method. The discount rate of 5.70% was determined by reference to prevailing interest rates on similar borrowings. As of December 31, 2013, the Group has paid 25% of the total purchase price and the title to the land has already been transferred to the Group. Additions in 2015 and 2014 pertains to land purchases in various in Ususan Taguig, Sta. Rosa Laguna, Bataan and Naga City from HDC, Crown Asia and individual third party, respectively, to be held as future commercial building construction sites. From these purchases, the Group has outstanding liability as of September 30, 2015 of P159.9 million, payable in the next 12 months, and P445.9 million with maturity of more than one year, presented as part of the Liability for Land Acquisition in the current and non-current section of the consolidated statement of financial position, respectively.

11. TRADE AND OTHER PAYABLES

This account consists of:

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Trade payables	**P1,037,972,512**	P 573,958,565
Retention payable	**503,187,582**	264,273,577
Accrued rentals	**259,378,475**	252,107,294

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Accrued expenses	**104,746,144**	75,019,755
Deferred output VAT	**16,116,486**	139,633,119
Construction payable	**5,361,739**	174,269,234
Estimated liability on property development cost	**4,831,199**	4,831,199
Other payables	**39,708,801**	23,335,067
	P1,971,302,938	P1,507,427,810

Accrued rentals pertain to the effect of straight-line recognition of contractual rent expense as prescribed by PAS 17, *Leases*.

Accrued expenses represent the accrual for security, building maintenance and janitorial services, salaries and employee benefits, professional fees, interest on interest-bearing loans and borrowings and other administrative expenses as well as marketing and advertising expenses, which are expected to be settled within 12 months after the end of the reporting period

12. INTEREST-BEARING LOANS AND BORROWINGS

The details of the interest-bearing loans and borrowing are as follows:

	30 Sept 2015 (Unaudited)	31 Dec 2014 (Audited)
Current:		
Rizal Commercial Banking Corporation (RCBC)	**P2,757,811,392**	P 115,902,247
China Banking Corporation (CBC)	**998,675,994**	995,062,444
Asia United Bank (AUB)	**173,625,000**	105,000,000
BDO Unibank, Inc. (BDO)	**125,340,818**	50,786,667
Optimum Development Bank, Inc. (ODB)	**100,000,000**	-
PDB	**83,247,817**	88,895,000
Union Bank of the Philippines (UBP)	**80,000,000**	28,235,294
	P4,318,701,021	P1,383,863,652
Non-Current:		
BDO	**P4,061,463,278**	P 211,539,778
RCBC	**1,885,391,429**	2,284,733,424
AUB	**376,125,000**	520,083,644
UBP	**251,764,706**	311,764,706
PDB	**123,242,500**	189,913,750
	P 6,697,986,913	P3,518,035,302
	P 11,016,687,934	P 4,901,898,954

12.1 Loan obtained by the Parent Company

In 2015, the Parent Company obtained an unsecured loan with ODB amounting to P100.0 million to supports its working capital. The loan has maturity of 120 days from July 2015 to November 2015 bearing an annual fixed interest rate of 8.0%.

12.2 Loans of Manuela

In 2015, Manuela obtained a long term loan from BDO amounting to P4.0 billion primarily to finance new commercial buildings. The loan has a term beginning from August 2015 to July 2022 and bears annual interest of 5.75%.

In 2014, Manuela obtained various loans from UBP to finance the upgrade of the air conditioning systems of Starmall Las Pinas and Starmall Las Pinas- Annex and the acquisition of generator set upgrades for all the malls of Manuela. The loans have maturities of five years from the date of drawdown and bear a fixed annual interest rate of 5.8%.

In 2013 and previous years, Manuela also obtained various term loans from BDO and PDB to finance the upgrade the air conditioning systems of Starmall EDSA – Shaw and Starmall Alabang and the expansion of the business process outsourcing area of WCC. The loans have maturities from October 2014 to February 2020 and bear an annual interest rate ranging from 7.0% to 7.3%.

Manuela is required to maintain a reserve fund for its future loan interest repayments. In accordance with the agreement, Manuela maintains a reserve fund amounting to P10.00 million as of September 30, 2015 which is presented as part of Reserve funds under the Prepayments and Other Current Assets account in the consolidated financial position.

Certain properties registered under the name MAPI are used as third party real estate mortgage.

12.3 Loans of MAPI

In 2015, MAPI entered into a short-term loan agreement with RCBC amounting to P2.3 billion. The loan with RCBC has maturities beginning March 2015 to September 2016 and bears annual interest of 5.5%.

In 2014, MAPI entered into term loan agreements with CBC and AUB amounting to P1.0 billion and P366.0 million, respectively, primarily to finance various ongoing malls construction. The loans with CBC has maturities beginning December 2015 and bears annual interest of 4.5% while the loan with AUB has maturities beginning December 2014 to December 2019 and bears annual interest of 6.3%.

In 2013, MAPI entered into a term loan agreement with RCBC for a total credit line of P2.7 billion. P2.4 billion has been drawn in 2013 to 2014 from the secured facility of MAPI. The loans have maturities beginning December 2015 to August 2020 and bear annual interest of 5.8%.

13. OTHER NON-CURRENT LIABLITIES

The composition of this account is shown below.

		30 Sept 2015 (Unaudited)		31 Dec 2014 (Audited)
Security deposits	P	475, 8143,976	P	470,777,449
Construction bond		10,027,068		4,848,341
Miscellaneous		74,835		74,835
	P	**485,915,879**	**P**	**475,697,625**

Security deposit pertain to the three-month rental paid by the lessees as required under the lease contracts, which will be refunded upon termination of the lease term or applied to unpaid rental charges.

14. EQUITY

14.1 Capital Stock

Capital stock consists of:

	Shares		Amount	
	30 Sept **2015**	31 Dec 2014	30 Sept **2015**	31 Dec 2014
Preferred – voting, cumulative, non-participating, non- convertible, non-redeemable – P0.01 par value				
Authorized	**10,000,000,000**	10,000,000,000	**P 100,000,000**	P 100,000,000
Issued and outstanding:				
Balance at beginning of year	**2,350,000,000**	2,350,000,000	**P 23,500,000**	P 23,500,000
Issuance during the year	**-**	-	**-**	-
Balance at end of year	**2,350,000,000**	2,350,000,000	**P 23,500,000**	P 23,500,000
Common shares – P1.00 par value				
Authorized	**16,900,000,000**	16,900,000,000	**P 16,900,000,000**	P 16,900,000,000
Issued and outstanding:				
Balance at beginning of year	**8,425,981,156**	8,425,981,156	**P 8,425,981,156**	P 8,425,981,156
Issuance during the year	**-**	-	**-**	-
Balance at end of year	**8,425,981,156**	8,425,981,156	**P 8,425,981,156**	P 8,425,981,156
			P 8,449,481,156	P 8,449,481,156

**At the consolidation level, the shares of stock of the Company held by Manuela resulted in the recognition of Treasury Stock amounting to P1.6 billion, which is equal to the cost of acquisition by Manuela of the said shares.*

On May 14, 2012, the BOD approved the increase in the Company's authorized capital stock from P5.5 billion divided into 5.5 billion shares with P1 par value to P17.0 billion divided into 16.9 billion common shares with P1 par value and 10.0 billion preferred shares with P0.01 par value. The application for increase in authorized capital stock was approved by the SEC on June 22, 2012.

Each preferred share is a voting, cumulative, non-participating, non-convertible and non-redeemable share.

The list of common shareholders of the Company is shown below with their respective number of shares held:

	Number of Shares Issued	Percentage Ownership
FPI	2,573,507,156	30.5%
PCDNC	5,831,436,554	69.2%
Others	21,037,446	0.3%
	8,425,981,156	100%

The following also illustrates the additional listings made by the Company:

On November 13, 1970, the SEC approved the listing of the Company's common shares totaling 1.0 billion. The shares were initially issued at an offer price of P0.01 per share.

On November 10, 2004, the SEC approved the increase in the authorized capital stock of the Company to P4.5 billion divided into 4.5 billion shares with a par value of P1 each, as authorized by the Company's BOD.

In 2005, the Company applied for another increase in its authorized capital stock to P5.5 billion divided into 5.5 billion shares with a par value of P1 each, as authorized by the Company's BOD. On November 23, 2005, the SEC approved the increase in the authorized capital stock of the Company.

As of September 30, 2015 and December 31, 2014, 8.4 billion and 7.7 billion shares are listed in the PSE and closed at P6.60 and P7.20 per share, respectively.

14.2 Retained Earnings

The Company's unrestricted earnings available for distribution amounted to P2.5 billion and P2.8 billion as of September 30, 2015 and December 31, 2014, respectively, which excludes unrealized gains.

15. EARNINGS PER SHARE

Earnings per share were computed as follows:

	2015 (Unaudited)	2014 (Audited)
Net profit attributable to parent company's shareholders	**P 570,644,841**	P 114,362,745
Divided by weighted outstanding common shares	**7,202,878,365**	7,202,878,365
Earnings per share	**P 0.079**	P 0.016

The Group does not have potential dilutive shares as of September 30, 2015 and 2014; hence, diluted EPS is equal to basic EPS for 2015 and 2014.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering nine months ended September 30, 2015 vs. nine months ended September 30, 2014

Revenues

Rental Revenue
Rental revenue increased by 50% from ₱1,030.1 million in the nine months ended September 30, 2014 to ₱1,546.8 million in the nine months ended September 30, 2015 due to the improvement in the occupancy of existing assets - Starmall Las Pinas 1, Starmall Las Pinas 2, Starmall EDSA, Starmall Alabang, Starmall San Jose del Monte, Starmall Prima Taguig, Starmall Talisay and Worldwide Corporate Center – and the newly opened malls and corporate building - Starmall Prima Daang Hari, Starmall Prima Sta. Rosa, Starmall Imus and Polar Center EDSA.

Common Usage and Service Area Charges
Common usage and service area (CUSA) charges increased by 20% from ₱161.7 million in the nine months ended September 30, 2014 to ₱193.4 million in the period ended September 30, 2015, due to improvement in occupancy of the existing investment properties and the new malls and office building launched in 2015.

Parking Fees
Parking fee revenue increased from ₱30.2 million in the nine months ended September 30, 2014 to ₱34.2 million in the period ended September 30, 2015. The 13% increase was due to the increase in parking rates, improvement of parking system and increase in the foot traffic of the malls and the corporate office building.

Other Operating Income
Other operating income increased from ₱93.2 million in the nine months ended September 30, 2014 to ₱115.5 million in the period ended September 30, 2015. The 24% increase was due to increase in sale of ancillary products and services to the mall and office building tenants. In addition, the Company recorded a gain on derecognition of liabilities in 2015.

Finance Income
Finance income increased by from ₱16.0 million in the nine months ended September 30, 2014 to ₱97.4 million in the period ended September 30, 2015. The 508% increase was due to the recognition of interest income from related parties and increase in interest earned from AFS financial assets and short-term placements of the Group.

Costs and Expenses

Operating Costs and Expenses
Operating cost and expenses increased from ₱908.6 million in the nine months ended September 30, 2014 to ₱1,080.9 million in the period ended September 30, 2015. The increase in the account was primarily attributable to the following:

- Increase in depreciation and amortization by 18% from ₱437.1 million in the nine months ended September 30, 2014 to ₱515.2 million in the period ended September 30, 2015 due to the additional depreciation from new or refurbished mall equipment. Depreciation was also recognized for the new malls and office building which were launched in 2015.

- Increase in outside services by 17% from ₱130.6 million in the period ended September 30, 2014 to ₱152.6 million in the nine months ended September 30, 2015 due to the increase in manpower and agency fees for the operations of the malls and office building and due to increase in professional services engaged for the planning and design of new projects. Consultants were also needed for the redevelopment of existing buildings to provide better services for the mall and office tenants and enhance the mall experience of our clientele.

- Increase in occupancy expenses by 20% from ₱133.8 million in the period ended September 30, 2014 to ₱160.9 million in the nine months ended September 30, 2015 due to the increase in the number of operating malls and corporate office buildings. There was also escalation of lease for the properties where Worldwide Corporate Center, Starmall Talisay and Starmall Prima Taguig are located.

- Increase in repairs and maintenance by 40% from ₱31.2 million in the nine months ended September 30, 2014 to ₱43.6 million in the period ended September 30, 2015. This was due to increase in preventive maintenance as well as refurbishment of various machineries and equipment for the operation of the malls and office buildings.

- Increase in advertising and promotion by 144% from ₱7.5 million in the nine months ended September 30, 2014 to ₱18.3 million in the period ended September 30, 2015 due to increase in promotional activities for newly-opened malls and advertising to increase awareness of the Starmalls brand.

- Increase in salaries and employee benefits by 20% from ₱71.2 million in the nine months ended September 30, 2014 to ₱85.5 million in the period ended September 30, 2015 due to the increase in manpower for the operations and management of the malls and office buildings. Additional workforce was also required for the continuing expansion of Starmalls Group.

- Increase in taxes and licenses by 9% from ₱42.4 million in the nine months ended September 30, 2014 to ₱46.3 million in the period ended September 30, 2015 due to the increase in permits and licensing fees as well as real property taxes paid for the malls and office buildings. Taxes were also paid for the acquisition of properties that will be used for the expansion projects of the Group.

- Increase in other operating expenses by 7% from ₱54.6 million in the nine months ended September 30, 2014 to ₱58.4 million in the period ended September 30, 2015 due to the increase in communication, supplies other expenses incurred for the operations of the malls and office buildings. There was also realized loss in real estate sales recorded in 2015.

Interest and financing charges increased by 40% from ₱29.7 million in the nine months ended September 30, 2014 to ₱41.5 million in the period ended September 30, 2015. This was due to additional interest–bearing loans obtained by subsidiaries MAPI and MC to finance the Group's expansion into new geographic areas and new projects.

Provision for tax increased by 202% from ₱95.5 million in the nine months ended September 30, 2014 to ₱288.0 million in the period ended September 30, 2015. This was due to higher operating revenue earned in the period covered.

Comprehensive Income

As a result of the foregoing, the Company's comprehensive income increased from ₱299.3 million in the nine months ended September 30, 2014 to ₱566.1 million in the nine months ended September 30, 2015.

For the nine months ended September 30, 2015, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of September 30, 2015 vs. December 31, 2014

Total assets were ₱36.3 billion as of September 30, 2015 and ₱28.5 billion as of December 31, 2014. The 27% increase is due to the following:

- Cash and cash equivalents posted an increase of 42% from ₱1.9 billion as of December 31, 2014 to ₱2.8 billion as of September 30, 2015 due to loans availed to finance the expansion of the Group's existing portfolio and entry into new geographic areas.

- Trade and other receivables posted an increase of 108% from ₱608.2 million as of December 31, 2014 to ₱1.3 billion as of September 30, 2015 due to increase in the tenants of the malls resulting from increased occupancy and the opening of new malls and office building in 2015.

- Due from related parties decreased by 11% from ₱4.0 billion as of December 31, 2014 to ₱3.6 billion as of September 30, 2015 due to payments received from the affiliates in 2015.

- Available for sale financial assets decreased 89% from ₱343.7 million as of December 31, 2014 to ₱36.8 million as of September 30, 2015 with the liquidation of some of the company's debt and equity security investments.

- Prepayments and other current assets increased by 30% from ₱1.4 billion as of December 31, 2014 to ₱1.8 million as of September 30, 2015 due to prepayments and advances to contractors as of the 3rd Quarter 2015. There were also increases in input taxes due to purchases of goods and services for the on-going developments of the Group's projects during the period.

- Investment properties increased by 34% from ₱19.4 billion as of December 31, 2014 to ₱26.1 billion as of September 30, 2015 due to completed and on-going construction of new malls and office building.

- Property and equipment increased by 19% from ₱210.7 million as of December 31, 2014 to ₱251.3 million as of September 30, 2015 due to the upgrade of equipment of the malls and office building.

- Other non-current assets increased by 9% from ₱150.0 million as of December 31, 2014 to ₱163.9 million as of September 30, 2015 due to increase in refundable deposits to utilities provider of the malls and office buildings.

Total Liabilities as of June 30, 2015 were ₱14.8 billion compared to ₱7.6 billion as of December 31, 2014, or a 96% increase. This was due to the following:

- Trade and other payables increased by 31% from ₱1.5 billion as of December 31, 2014 to ₱2.0 billion as of September 30, 2015 due to increase in payable to contractors and suppliers for completed and on-going projects.

- Income tax payable decreased by 75% from ₱55.9 million as of December 31, 2014 to ₱14.0 million as of September 30, 2015 due to payments made for income taxes due for the year ended December 31, 2014 and 1st Semester 2015.

- Liabilities for land acquisition increased by 124% from ₱270.2 million as of December 31, 2014 to ₱605.8 million as of September 30, 2015 due to acquisition of land for the expansion of the existing malls as well as development of projects in new geographic areas.

- Interest-bearing loans and borrowings increased by 125% from ₱4.9 billion as of December 31, 2014 to ₱11.0 billion as of September 30, 2015 due to loans availed to finance the expansion of the Group's existing portfolio as well as development in new geographic areas.

- Due to related parties decreased by 5% from ₱154.9 million as of December 31, 2014 to ₱147.0 million as of September 30, 2015 due to payments made to affiliates during the period.

- Deferred tax liabilities increased by 287% from ₱71.9 million as of December 31, 2014 to ₱278.1 million as of September 30, 2015 due to recognition of tax liabilities for rental income and capitalized borrowing cost.

- Refundable deposits increased by 37% from ₱72.6 million as of December 31, 2014 to ₱99.7 million as of September 30, 2015 as a result of new tenants in the existing and new malls and office buildings.

Total stockholder's equity increased by 3% from ₱20.9 billion as of December 31, 2014 to ₱21.4 billion as of September 30, 2015 due to the net profit realized for the nine months ended September 30, 2015.

<u>Top Five(5) Key Performance Indicators</u>

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	09/30/2015	09/30/2014
Current ratio (a)	1.0	2.9
Debt-to-equity ratio (b)	0.69	0.25
Interest coverage ratio (c)	19	14
EBITDA margin (d)	70%	64%
Return on equity (e)	2.7%	1.5%

Notes:

(a) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(b) Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(c) Interest coverage: This ratio is obtained by dividing earnings before interest, taxes depreciation and amortization (EBITDA) by the interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably.

(d) Earnings before interest, income taxes, depreciation and amortization (EBITDA) margin: This ratio is obtained by dividing the Company's Earnings before interest, income taxes, depreciation and amortization by the total revenue. This measures the Company's operating profitability.

(e) Return on equity: This ratio is obtained by dividing the Company's net income (net of income from acquisition of subsidiary) by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of September 30, 2015 decreased from that of September 30, 2014 due to the increase in current liabilities arising from maturing bank loans and increase in accounts payables.

The increase in debt-to-equity ratio as of September 30, 2015 was due to the increase in interest-bearing loans and accounts payable.

Interest coverage for the nine months ended September 30, 2015 increased to due to improved revenues for the period.

EBITDA margin improved due to the improvement of the operations of the malls and office building.

Return on equity is increased as a result of improved profitability in the nine months ended September 30, 2015.

Material Changes to the Company's Statement of Financial Position as of September 30, 2015 compared to December 31, 2014 (increase/decrease of 5% or more)

Cash and cash equivalents posted an increase of 42% from ₱1.9 billion as of December 31, 2014 to ₱2.8 billion as of September 30, 2015 due to loans availed to finance the expansion of the Group's existing portfolio and entry into new geographic areas.

Trade and other receivables posted an increase of 108% from ₱608.2 million as of December 31, 2014 to ₱1.3 billion as of September 30, 2015 due to increase in the tenants of the malls resulting from increased occupancy and the opening of new malls and office building in 2015.

Due from related parties decreased by 11% from ₱4.0 billion as of December 31, 2014 to ₱3.6 billion as of September 30, 2015 due to payments received from the affiliates in 2015.

Available for sale financial assets decreased 89% from ₱343.7 million as of December 31, 2014 to ₱36.8 million as of September 30, 2015 with the liquidation of some of the company's debt and equity security investments.

Prepayments and other current assets increased by 30% from ₱1.4 billion as of December 31, 2014 to ₱1.8 million as of September 0, 2015 due to prepayments and advances to contractors as of the 3rd Quarter 2015. There were also increases in input taxes due to purchases of goods and services for the on-going developments of the Group's projects during the period.

Investment properties increased by 34% from ₱19.4 billion as of December 31, 2014 to ₱26.1 billion as of September 30, 2015 due to completed and on-going construction of new malls and office building.

Property and equipment increased by 19% from ₱210.7 million as of December 31, 2014 to ₱251.3 million as of September 30, 2015 due to the upgrade of equipment of the malls and office building.

Other non-current assets increased by 9% from ₱150.0 million as of December 31, 2014 to ₱163.9 million as of September 30, 2015 due to increase in refundable deposits to utilities provider of the malls and office buildings.

Trade and other payables increased by 31% from ₱1.5 billion as of December 31, 2014 to ₱2.0 billion as of September 30, 2015 due to increase in payable to contractors and suppliers for completed and on-going projects.

Income tax payable decreased by 75% from ₱55.9 million as of December 31, 2014 to ₱14.0 million as of September 30, 2015 due to payments made for income taxes due for the year ended December 31, 2014 and 1st Semester 2015.

Liabilities for land acquisition increased by 124% from ₱270.2 million as of December 31, 2014 to ₱605.8 million as of September 30, 2015 due to acquisition of land for the expansion of the existing malls as well as development of projects in new geographic areas.

Interest-bearing loans and borrowings increased by 125% from ₱4.9 billion as of December 31, 2014 to ₱11.0 billion as of September 30, 2015 due to loans availed to finance the expansion of the Group's existing portfolio as well as development in new geographic areas.

Due to related parties decreased by 5% from ₱154.9 million as of December 31, 2014 to ₱147.0 million as of September 30, 2015 due to payments made to affiliates during the period.

Deferred tax liabilities increased by 287% from ₱71.9 million as of December 31, 2014 to ₱278.1 million as of September 30, 2015 due to recognition of tax liabilities for rental income and capitalized borrowing cost.

Refundable deposits increased by 37% from ₱72.6 million as of December 31, 2014 to ₱99.7 million as of September 30, 2015 as a result of new tenants in the existing and new malls and office buildings.

Material Changes to the Company's Statement of Comprehensive Income for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 (increase/decrease of 5% or more)

Rental revenue increased by 50% from ₱1,030.1 million in the nine months ended September 30, 2014 to ₱1,546.8 million in the nine months ended September 30, 2015 due to the improvement in the occupancy of existing assets - Starmall Las Pinas 1, Starmall Las Pinas 2, Starmall EDSA, Starmall Alabang, Starmall San Jose del Monte, Starmall Prima Taguig, Starmall Talisay and Worldwide Corporate Center – and the newly opened malls and corporate building - Starmall Prima Daang Hari, Starmall Prima Sta. Rosa, Starmall Imus and Polar Center EDSA.

Common usage and service area (CUSA) charges increased by 20% from ₱161.7 million in the nine months ended September 30, 2014 to ₱193.4 million in the period ended September 30, 2015, due to improvement in occupancy of the existing investment properties and the new malls and office building launched in 2015.

Parking fee revenue increased from ₱30.2 million in the nine months ended September 30, 2014 to ₱34.2 million in the period ended September 30, 2015. The 13% increase was due to the increase in parking rates, improvement of parking system and increase in the foot traffic of the malls and the corporate office building.

Other operating income increased from ₱93.2 million in the nine months ended September 30, 2014 to ₱115.5 million in the period ended September 30, 2015. The 24% increase was due to increase in sale of ancillary products and services to the mall and office building tenants. In addition, the Company recorded a gain on derecognition of liabilities in 2015.

Finance income increased by from ₱16.0 million in the nine months ended September 30, 2014 to ₱97.4 million in the period ended September 30, 2015. The 508% increase was due to the recognition of interest income from related parties and increase in interest earned from AFS financial assets and short-term placements of the Group.

Increase in depreciation and amortization by 18% from ₱437.1 million in the nine months ended September 30, 2014 to ₱515.2 million in the period ended September 30, 2015 due to the additional depreciation from new or refurbished mall equipment. Depreciation was also recognized for the new malls and office building which were launched in 2015.

Increase in outside services by 17% from ₱130.6 million in the period ended September 30, 2014 to ₱152.6 million in the nine months ended September 30, 2015 due to the increase in manpower and agency fees for the operations of the malls and office building and due to increase in professional services engaged for the planning and design of new projects. Consultants were also needed for the redevelopment of existing buildings to provide better services for the mall and office tenants and enhance the mall experience of our clientele.

Increase in occupancy expenses by 20% from ₱133.8 million in the period ended September 30, 2014 to ₱160.9 million in the nine months ended September 30, 2015 due to the increase in the number of operating malls and corporate office buildings. There were also escalation of lease for the properties where Worldwide Corporate Center, Starmall Talisay and Starmall Prima Taguig are located.

Increase in repairs and maintenance by 40% from ₱31.2 million in the nine months ended September 30, 2014 to ₱43.6 million in the period ended September 30, 2015. This was due to increase in preventive maintenance as well as refurbishment of various machineries and equipment for the operation of the malls and office buildings.

Increase in advertising and promotion by 144% from ₱7.5 million in the nine months ended September 30, 2014 to ₱18.3 million in the period ended September 30, 2015 due to increase in promotional activities for newly-opened malls and advertising to increase awareness of the Starmalls brand.

Increase in salaries and employee benefits by 20% from ₱71.2 million in the nine months ended September 30, 2014 to ₱85.5 million in the period ended September 30, 2015 due to the increase in manpower for the operations and management of the malls and office buildings. Additional workforce was also required for the continuing expansion of Starmalls Group.

Increase in taxes and licenses by 9% from ₱42.4 million in the nine months ended September 30, 2014 to ₱46.3 million in the period ended September 30, 2015 due to the increase in permits and licensing fees as well as real property taxes paid for the malls and office buildings. Taxes were also paid for the acquisition of properties that will be used for the expansion projects of the Group.

Increase in other operating expenses by 7% from ₱54.6 million in the nine months ended September 30, 2014 to ₱58.4 million in the period ended September 30, 2015 due to the increase in communication, supplies other expenses incurred for the operations of the malls and office buildings. There was also realized loss in real estate sales recorded in 2015.

Interest and financing charges increased by 40% from ₱29.7 million in the nine months ended September 30, 2014 to ₱41.5 million in the period ended September 30, 2015. This was due to additional interest–bearing loans obtained by subsidiaries MAPI and MC to finance the Group's expansion into new geographic areas and new projects.

Provision for tax increased by 202% from ₱95.5 million in the nine months ended September 30, 2014 to ₱288.0 million in the period ended September 30, 2015. This was due to higher operating revenue earned in the period covered.

COMMITMENTS AND CONTINGENCIES

The Parent Company's subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

The Company is contingently liable with respect to certain lawsuits and other claims which are being contested by the subsidiaries and their legal counsels. Management and their legal counsels believe that the final resolution of these claims will not have a material effect on the consolidated financial statements.
There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company sourced its capital requirements through a mix of internally generated cash, sale of liquid assets like installment contracts receivables, pre-selling and joint venture undertakings. The Company does not expect any material cash requirements beyond the normal course of the business. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation except for those items disclosed in the 3rd Quarter 2015 Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 3rd Quarter 2015 Financial Statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Company.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. There are no explanatory comments on the seasonality of the operations. There are no material events subsequent to the end of the fiscal period that have not been reflected in the financial statements.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in a prior period of the current financial year.

PART II - OTHER INFORMATION

Item 3. 3rd Quarter Developments

A. **New Projects or Investments in another line of business or corporation.**

In July 2015, The Group launched the parking building in the Starmall Las Piñas Complex. The building serves as location of All Home Las Piñas in its lower levels and provides ample parking slots in its upper levels for the increasing mallgoers of Starmall Las Piñas.

In August 2015, the Group launched its newest corporate building, Polar Center EDSA, which is located beside Starmall in EDSA, Mandaluyong City. The building is now home to several Business Process Outsourcing (BPO) companies and a development bank. It has a convenience store and food shops that offers variety of choices for the office workers. As of opening date, the building is 85% leased out.

In September 2015, Starmall Imus was opened to the public with the launch of its principal tenant, AllHome Imus. The mall is located in Bo. Palico along Emilio Aguinaldo Highway in Imus, Cavite.

B. **Composition of Board of Directors**

Manuel B. Villar Jr.	Chairman of the Board
Jerry M. Navarrete	Director, President and CEO
Benajamarie Therese N. Serrano	Director, COO
Manuel Paolo A. Villar	Director
Adisorn Thananan-Narapool	Director
Joel L. Bodegon	Independent Director
Raul Juan N. Esteban	Independent Director

C. **Performance of the corporation or result/progress of operations.**

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. **Declaration of Dividends.**

None.

E. **Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.**

None.

F. **Offering of rights, granting of Stock Options and corresponding plans therefore.**

None.

G. **Acquisition of additional mining claims or other capital assets or patents, formula, real estate.**

None.

H. **Other information, material events or happenings that may have affected or may affect market price of security.**

None.

I. **Transferring of assets, except in normal course of business.**

None.

Item 4. Other Notes as of the 3rd Quarter 2015 Operations and Financials.

J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

None.

K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

L. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None.

N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date.

None.

P. Existence of material contingencies and other material events or transactions during the interim period.

None.

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

None.

R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

S. Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development, commercial building construction and requirements which are well within the regular cash flow budget coming from internally generated funds and project financing from local banks.

T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of September 30, 2015, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the six months ended September 30, 2015 financial statements.

U. Significant elements of income or loss that did not arise from continuing operations.

None.

V. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

W. Seasonal aspects that had material effect on the financial condition or results of operations.

None.

X. Disclosures not made under SEC Form 17-C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

STARMALLS, INC.
Issuer

By:

FRANCES ROSALIE T. COLOMA
Chief Financial Officer

Date: November 10, 2015