GT CAPITAL
HOLDINGS, INCORPORATED

August 11, 2017

Securities and Exchange Commission
Ground Floor Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City, 1307

Attention: **Atty. Justina F. Callangan**
Director - Corporate Governance and Finance Department

Philippine Stock Exchange, Inc.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Mr. Jose Valeriano B. Zuño, III**
OIC, Head - Disclosure Department

Attention: **Mr. Norbert T. Moreno**
Assistant Head – Disclosure Department

Subject: Submission of 17Q Report as of June 30, 2017

Gentlemen /Mesdames:

In line with the reportorial requirements of the Securities Regulation Code and the Revised Disclosure Rules, we hereby submit the attached 2017 Second Quarter Report on SEC Form 17-Q.

Very truly yours,

Francisco H. Suarez, Jr.
Chief Finance Officer

COVER SHEET

CS200711792

S.E.C. Registration Number

GT CAPITAL HOLDINGS, INC.

(Company's Full Name)

GT TOWER INTERNATIONAL, AYALA AVENUE CORNER H.V. DELA COSTA STREET, MAKATI CITY

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

FH Suarez, Jr. / RP Manon-og

Contact Person

836-4500

Company Telephone Number

1 2 | 3 1

Month | Day

Fiscal Year

1 7 - Q

FORM TYPE

2nd Wednesday in May of each year

Month | Day

Annual Meeting

N A

Secondary License Type, If Applicable

SEC General Accountant &

C F D

Dept. Requiring this Doc.

N A

Amended Articles Number/Section

As of June 30, 2017
76

Total No. of Stockholders

Total Amount of Borrowings

Domestic | Foreign

To be accomplished by SEC Personnel concerned.

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning

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: **June 30, 2017**

2. Commission identification number: **CS200711792**

3. BIR Tax Identification No.: **006-806-867**

4. Exact name of issuer as specified in its charter: **GT CAPITAL HOLDINGS, INC.**

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office: **43/F GT Tower International, Ayala Avenue corner H.V. de la Costa Street, Makati City Postal Code: 1227**

8. Issuer's telephone number, including area code: **632 836-4500; Fax No: 632 836-4159**

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

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

a) Shares of Stock

Title of Each Class	Number of Shares of Outstanding Common Stock
Common Stock -Php10.00 par value	**192,596,685 shares**
Series A Perpetual Preferred Shares (GTPPA)	**4,839,240 shares**
Series B Perpetual Preferred Shares (GTPPB)	**7,160,760 shares**

b) Debt Securities: Php22 Billion Bonds*

Title of Each Class	Amount of Debt Outstanding
Corporate Retail Bonds	**Php21.8 billion**

**amount represents only the debt of GT Capital Holdings, Inc. registered with Philippine SEC*

11. Are any or all of the securities listed on a Stock Exchange? Yes [X] No []

Type of Shares	**Stock Exchange**
Common Shares	Philippine Stock Exchange
GTPPA	Philippine Stock Exchange
GTPPB	Philippine Stock Exchange
Corporate Retail Bonds	Philippine Dealing and Exchange Corporation

The Corporation's Voting Preferred Shares are not listed in any stock exchange.

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)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports). Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days. Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached Interim Condensed Consolidated Financial Statements and General Notes to Interim Condensed Consolidated Financial Statements (Refer to Annex A) and Financial Soundness Indicators (Refer to Annex B) and Details of the Use of Proceeds of the Company's Perpetual Preferred Shares Offering (Refer to Annex C).

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

Consolidated Results of Operations- For the Six Months Ended June 30, 2017 and For the Six Months ended June 30, 2016

GT CAPITAL CONSOLIDATED STATEMENT OF INCOME	UNAUDITED Six Months Ended June		Increase (Decrease)	
(In millions, except for Percentage)	2017	2016	Amount	Percentage
REVENUE				
Automotive operations	**94,289**	80,350	13,939	17%
Real estate sales and interest income on real estate sales	**7,557**	6,310	1,247	20%
Equity in net income of associates and joint venture	**4,409**	3,032	1,377	45%
Rent income	**454**	443	11	2%
Sale of goods and services	**248**	249	(1)	(0%)
Interest income	**403**	243	160	66%
Commission income	**30**	105	(75)	(71%)
Gain on previously held interest	**–**	140	(140)	(100%)
Other income	**788**	612	176	29%
	108,178	91,484	16,694	18%
COST AND EXPENSES				
Cost of goods and services sold	**63,686**	54,260	9,426	17%
Cost of goods manufactured	**19,664**	14,566	5,098	35%
General and administrative expenses	**5,579**	5,983	(404)	(7%)
Cost of real estate sales	**4,576**	3,699	877	24%
Interest expense	**1,616**	1,577	39	2%
Cost of rental	**147**	143	4	3%
	95,268	80,228	15,040	19%
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**12,910**	11,256	1,654	15%
PROVISION FOR INCOME TAX	**2,145**	2,606	(461)	(18%)
NET INCOME FROM CONTINUING OPERATIONS	**10,765**	8,650	2,115	24%
NET INCOME FROM DISCONTINUED OPERATIONS	**–**	5,230	(5,230)	(100%)
NET INCOME	**10,765**	13,880	(3,115)	(22%)
ATTRIBUTABLE TO:				
Equity holders of the parent company				
Profit for the year from continuing operations	**7,237**	4,792	2,445	51%
Profit for the year from discontinued operations	**–**	4,317	(4,317)	(100%)
	7,237	9,109	(1,872)	(21%)
Non-controlling interest				
Profit for the year from continuing operations	**3,528**	3,858	(330)	(9%)
Profit for the year from discontinued operations	**–**	913	(913)	(100%)
	3,528	4,771	(1,243)	(26%)
	10,765	13,880	(3,115)	(22%)

GT Capital Holdings, Inc. ("GT Capital" or the "Parent Company" or the "Company") consolidated net income attributable to equity holders of the Parent Company declined by 21% from Php9.11 billion for the six months ended June 30, 2016 to Php7.24 billion for the six months ended June 30, 2017. The decline was principally due to the recognition of non-recurring gains from the sale of investments in 2016. Despite this, revenues still grew by 18% from Php91.48 billion in 2016 to Php108.18 billion in 2017.

The revenue growth came from: (1) increase in the combined auto sales of Toyota Motor Philippines Corporation ("TMP") and Toyota Manila Bay Corporation ("TMBC") from Php80.35 billion to Php94.29 billion contributing 87% of total revenue; (2) increase in the combined real estate sales and interest income on real estate sales of Federal Land, Inc. ("Fed Land") and Property Company of Friends, Inc. ("PCFI") from Php6.31 billion to Php7.56 billion; and (3) higher equity in net income of associates which grew from Php3.03 billion to Php4.41 billion.

Core net income attributable to equity holders of the Parent Company improved by 19% from Php6.21 billion for the six (6) months ended June 30, 2016 to Php7.36 billion in the same period of 2017. Core net income for 2016 amounted to Php6.21 billion after excluding Php2.90 billion one-time gains from the sale of investments in subsidiaries, net of related taxes and expenses. Core net income for 2017 amounted to Php7.36 billion after adding back the Php0.12 billion amortization of fair value adjustments arising from business combinations.

The financial statements of Fed Land, PCFI, TMP, TMBC and GT Capital Auto Dealership Holdings, Inc. ("GTCAD") are included in the consolidated financial statements of the Group. The investments in other component companies Metropolitan Bank and Trust Company ("Metrobank"), Philippine AXA Life Insurance Corporation ("AXA Philippines"), Toyota Financial Services Philippines Corporation ("TFSPC") and Metro Pacific Investments Corporation ("MPIC") are reported through equity accounting.

Of the nine (9) component companies, Fed Land, TMBC, Metrobank, MPIC and AXA Philippines posted growth in net income for the period in review while and PCFI, TMP, TFSPC registered declines in net income. GTCAD has not commenced commercial operations.

Auto sales comprising the sale of assembled and imported auto vehicles and spare parts grew by 17% from Php80.35 billion in the first half of 2016 to Php94.29 billion in the first half of 2017 driven by a 14% growth in wholesale volume from 74,461 units to 84,616 units.

Real estate sales and interest income on real estate sales grew by 20% from Php6.31 billion in the first half of 2016 to Php7.56 billion in the first half of 2017 with Fed Land contributing 56% of the sales, mostly from its middle-market development projects. PCFI's low cost and economic housing projects contributed the remaining balance.

Equity in net income of associates and jointly-controlled entities increased by 45% from Php3.03 billion to Php4.41 billion due to increases in: (1) net income of MPIC from Php6.78 billion to Php7.82 billion which contributed six (6) months in 2017 as compared to one (1) month contribution in 2016; (2) net income of Metrobank from Php9.06 billion to Php9.50 billion and increased ownership from 26.47% to 36.09% effective May 1, 2017; and (3) net income of AXA Philippines from Php0.87 billion to Php1.00 billion.

Interest income increased by Php0.16 billion from Php0.24 billion to Php0.40 billion due to an increase in interest income from in-house financing mostly from PCFI.

Commission income declined by Php0.08 billion from Php0.11 billion in the first half of 2016 to Php0.03 billion in the first half of 2017 due to a decline in booked sales from Grand Hyatt.

Gain on previously-held interest in the first half of 2016 amounting to Php0.14 billion represents the gain on re-measurement of GT Capital's investment in TMBC which was previously accounted for as an investment in a jointly-controlled entity. Upon SEC's approval of the merger of TMBC and Toyota Cubao, Inc. in March 2016, TMBC became a subsidiary of GT Capital.

Other income grew by 29% from Php0.61 billion to Php0.79 billion with: (1) TMP contributing Php0.28 billion consisting of gain on sale of fixed assets, ancillary income and other income; (2) Fed Land contributing Php0.25 billion comprising real estate forfeitures, management fees and other income; and (3) TMBC contributing Php0.22 billion consisting of ancillary income on finance and insurance commissions and other income. The remaining balance of Php0.04 billion came from PCFI and GT Capital.

Consolidated costs and expenses increased by 19% from Php80.23 billion to Php95.27 billion. TMP contributed Php74.37 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. TMBC contributed Php12.13 billion composed of cost of goods and services sold, general and administrative expenses and interest expenses. Fed Land contributed Php4.17 billion consisting of cost of real estate sales, cost of goods and services sold, cost of rental, general and administration expenses and interest expenses. PCFI contributed Php3.14 billion consisting of cost of real estate sales, general and administration expenses and interest expenses. GT Capital contributed Php1.46 billion representing general and administrative expenses and interest expenses.

Cost of goods and services sold increased by 17% from Php54.26 billion to Php63.69 billion with TMP's and TMBC's completely built-up units (CBU) and spare parts accounting for Php52.12 billion and Php11.34 billion, respectively. The balance of Php0.23 billion came from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 35% from Php14.57 billion in the first half of 2016 to Php19.66 billion in the first half of 2017.

General and administrative expenses declined by 7% from Php5.98 billion to Php5.58 billion. TMP accounted for Php2.54 billion consisting of advertisements and promotional expenses, salaries and wages, taxes and licenses and delivery and handling expenses. Fed Land accounted for Php1.09 billion composed of salaries and wages, commission expenses, taxes and licenses and repairs and maintenance expenses. PCFI contributed Php1.04 billion consisting of salaries and wages, commission expenses, advertising and promotional expenses and outside services; and TMBC contributed Php0.77 billion representing salaries and wages, commission expenses and taxes and licenses and advertising and promotional expenses. GT Capital contributed Php0.14 billion consisting of salaries and wages, professional fees and taxes and licenses.

Cost of real estate sales grew by 24% from Php3.70 billion to Php4.58 billion due to an increase in booked real estate sales. Fed Land contributed 58% while PCFI accounted for the remaining balance.

Provision for income tax declined by 18% from Php2.61 billion to Php2.15 billion due to the lower level of taxable income for the first half of 2017 versus the first half of 2016.

Net income from discontinued operations for the first half of 2016 amounted to Php5.23 billion comprising: (1) Php1.39 billion GBPC net profit after taxes for the first five (5) months of 2016; (2) Php1.85 billion gain on disposal of direct ownership in GBPC; (3) Php1.84 billion realization of previously deferred gain on sale of GBPC; (4) Php0.16 billion CPAIC net loss after taxes covering the first three (3) months of 2016; (5) Php0.23 billion gain on disposal of direct ownership in CPAIC; and (6) Php0.08 billion realization of previously deferred gain on sale of CPAIC.

Consolidated Results of Operations- For the Second Quarter Ended June 30, 2017 and For the Second Quarter ended June 30, 2016

GT CAPITAL CONSOLIDATED STATEMENT OF INCOME	UNAUDITED			
	April to June		Increase (Decrease)	
(In millions, except for Percentage)	2017	2016	Amount	Percentage
REVENUE				
Automotive operations	**51,444**	49,594	1,850	4%
Real estate sales and interest income on real estate sales	**4,676**	2,812	1,864	66%
Equity in net income of associates and joint venture	**2,305**	1,445	860	60%
Rent income	**233**	234	(1)	(0%)
Sale of goods and services	**94**	115	(21)	(18%)
Interest income	**184**	14	170	1,214%
Commission income	**24**	92	(68)	(74%)
Other income	**468**	369	99	27%
	59,428	54,675	4,753	9%
COST AND EXPENSES				
Cost of goods and services	**35,048**	34,479	569	2%
Cost of goods manufactured	**9,940**	8,480	1,460	17%
General and administrative expenses	**3,072**	3,704	(632)	(17%)
Cost of real estate sales	**2,783**	1,771	1,012	57%
Interest expense	**818**	833	(15)	(2%)
Cost of rental	**66**	72	(6)	(8%)
	51,727	49,339	2,388	5%
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**7,701**	5,336	2,365	44%
PROVISION FOR INCOME TAX	**1,435**	1,440	(5)	(0%)
NET INCOME FROM CONTINUING OPERATIONS	**6,266**	3,896	2,370	61%
NET INCOME FROM DISCONTINUED OPERATIONS	**-**	4,704	(4,704)	(100%)
NET INCOME	**6,266**	8,600	(2,334)	(27%)
ATTRIBUTABLE TO:				
Equity holders of the parent company				
Profit for the year from continuing operations	**4,136**	1,906	2,230	117%
Profit for the year from discontinued operations	**-**	4,255	(4,255)	(100%)
	4,136	6,161	(2,025)	(33%)
Non-controlling interest				
Profit for the year from continuing operations	**2,130**	1,990	140	7%
Profit for the year from discontinued operations	**-**	449	(449)	(100%)
	2,130	2,439	(309)	(13%)
	6,266	8,600	(2,334)	(27%)

Net income attributable to equity holders of the Parent Company declined by 33% from Php6.16 billion for the second quarter ended June 30, 2016 to Php4.14 billion for the second quarter ended June 30, 2017 primarily due to the recognition of non-recurring gains from the sale of investments in 2016.

Core net income attributable to equity holders of the Parent Company improved by 24% from Php3.37 billion in the second quarter of 2016 to Php4.18 billion in the same period of 2017. Core net income for the second quarter of 2016 amounted to Php3.37 billion after excluding Php2.84 billion one-time gains from the sale of investments in subsidiaries, net of related taxes and expenses and adding back Php0.05 billion amortization of fair value adjustments arising from business combinations. Core net income for the second quarter of 2017 amounted to Php4.18 billion after adding back Php0.04 billion of non-recurring expenses, net of one-time gains.

Real estate sales and interest income on real estate sales rose by 66% from Php2.81 billion to Php4.68 billion with Fed Land contributing 47% of the sales and PCFI contributing the remaining balance.

Equity in net income of associates and jointly-controlled entities increased by Php0.86 billion from Php1.45 billion to Php2.31 billion primarily due to the increases in: (1) net income of Metrobank from Php3.81 billion to Php3.93 billion and increased ownership from 26.47% to 36.09% effective May 1, 2017; (2) net income of AXA Philippines from Php0.48 billion to Php0.61 billion; and (3) net income of MPIC and contribution from one (1) month in the second quarter of 2016 to three (3) months in the second quarter of 2017.

Sales of goods and services consisting of the sale of petroleum products, on a wholesale and retail basis, dropped by Php0.02 billion from Php0.11 billion to Php0.09 billion due to lower fuel sales arising from successive price increases and rollbacks implemented during the quarter.

Interest income on deposits and investments grew by Php0.17 billion from Php0.01 billion to Php0.18 billion owing to an increase in in-house financing receivables from PCFI.

Commission income declined by Php0.07 billion from Php0.09 billion in the second quarter of 2016 to Php0.02 billion in the second quarter of 2017 due to a decline in booked sales from Grand Hyatt.

Other income increased by 27% from Php0.37 billion in the second quarter of 2016 to Php0.47 billion in 2017 with: (1) TMP contributing Php0.16 billion consisting of ancillary income, other income and gain on sale of fixed assets; (2) Fed Land contributing Php0.15 billion comprising real estate forfeitures, other income and management fees; and (3) TMBC contributing Php0.13 billion consisting of ancillary income and other income. The remaining balance of Php0.03 billion came from PCFI.

Consolidated costs and expenses grew by 5% from Php49.34 billion to Php51.73 billion. TMP contributed Php40.02 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. TMBC contributed Php6.58 billion comprising cost of goods and services sold, general and administrative expenses and interest expenses. Fed Land contributed Php2.12 billion from cost of real estate sales, cost of goods and services sold, general and administrative expenses and interest expenses. PCFI contributed Php2.26 billion composed of cost of real estate sales, general and administrative expenses and interest expenses. GT Capital contributed Php0.75 billion consisting of general and administrative expenses and interest expenses.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 17% from Php8.48 billion in the second quarter of 2016 to Php9.94 billion in the same period of 2017 due to an increase in sales volume for the quarter.

General and administrative expenses declined by 17% from Php3.70 billion to Php3.07 billion with TMP, PCFI, Fed Land, TMBC, and GT Capital contributing Php1.29 billion, Php0.78 billion, Php0.52 billion, Php0.39 billion and Php0.08 billion, respectively.

Cost of real estate sales increased by 57% from Php1.77 billion to Php2.78 billion due to an increase in real estate sales.

Net income from discontinued operations in the second quarter of 2016 amounted to Php4.70 billion, consisting of: (1)Php0.70 billion GBPC net income after taxes for April and May 2016; (2) Php1.85 billion gain on disposal of direct ownership in GBPC; (3) Php1.84 billion realization of previously deferred gain on sale of GBPC; (4) Php0.23 billion gain on disposal of direct ownership in CPAIC; and (5) Php0.08 billion realization of previously deferred gain on sale of CPAIC.

Consolidated Statement of Financial Position- As of June 30, 2017 and As of December 31, 2016

GT CAPITAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (In Million Pesos, Except for Percentage)	Unaudited June 2017	Audited December 2016	Increase (Decrease) Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**14,658**	20,954	(6,296)	(30%)
Short-term investments	**501**	1,598	(1,097)	(69%)
Available-for-sale investments	**1,008**	1,284	(276)	(21%)
Receivables	**23,885**	22,798	1,087	5%
Inventories	**55,446**	52,060	3,386	7%
Due from related parties	**66**	80	(14)	(18%)
Prepayments and other current assets	**7,695**	6,992	703	10%
Total Current Assets	**103,259**	105,766	(2,507)	(2%)
Non Current Assets				
Available-for-sale investments	**1,449**	1,443	6	0%
Receivables – net of current portion	**7,245**	7,141	104	1%
Land held for future development	**19,458**	18,464	994	5%
Investment properties	**14,390**	14,314	76	1%
Investments in associates and joint venture	**125,009**	94,828	30,181	32%
Property and equipment	**9,589**	9,367	222	2%
Goodwill and intangible assets	**12,910**	12,802	108	1%
Deferred tax assets	**658**	540	118	22%
Other noncurrent assets	**847**	781	66	8%
Total Noncurrent Assets	**191,555**	159,680	31,875	20%
	294,814	265,446	29,368	11%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**26,396**	21,177	5,219	25%
Short term debt	**2,599**	6,697	(4,098)	(61%)
Current portion of long-term debt	**3,787**	1,581	2,206	140%
Current portion of liabilities on purchased properties	**166**	166	–	0%
Customers' deposits	**3,245**	3,839	(594)	(15%)
Dividends payable	**294**	589	(295)	(50%)
Due to related parties	**193**	195	(2)	(1%)
Income tax payable	**1,014**	202	812	402%
Other current liabilities	**558**	638	(80)	(13%)
Total Current Liabilities	**38,252**	35,084	3,168	9%
Noncurrent Liabilities				
Long-term debt – net of current portion	**55,698**	56,475	(777)	(1%)
Bonds payable	**21,863**	21,848	15	0%
Liabilities on purchased properties - net of current portion	**1,899**	1,993	(94)	(5%)
Pension liabilities	**1,867**	1,671	196	12%
Deferred tax liabilities	**5,177**	5,052	125	2%
Other noncurrent liabilities	**2,034**	2,085	(51)	(2%)
Total Noncurrent Liabilities	**88,538**	89,124	(586)	(1%)
	126,790	124,208	2,582	2%

(forward)

GT CAPITAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (In Million Pesos, Except for Percentage)	Unaudited June 2017	Audited December 2016	Increase (Decrease) Amount	Percentage
EQUITY				
Equity attributable to equity holders of the Parent Company				
Capital stock	**3,143**	2,960	183	6%
Additional paid-in capital	**78,940**	57,437	21,503	37%
Retained earnings				
Unappropriated	**61,226**	39,961	21,265	53%
Appropriated	**–**	14,900	(14,900)	(100%)
Other comprehensive loss	**(1,836)**	(2,775)	939	34%
Other equity adjustments	**2,322**	2,322	–	0%
	143,795	114,805	28,990	25%
Non-controlling interest	**24,229**	26,433	(2,204)	(8%)
Total Equity	**168,024**	141,238	26,786	19%
	294,814	265,446	29,368	11%

The major changes in GT Capital's consolidated statement of financial position from December 31, 2016 to June 30, 2017 are as follows:

Consolidated assets of the Group grew by 11% or Php29.37 billion from Php265.45 billion as of December 31, 2016 to Php294.81 billion as of June 30, 2017. Total liabilities grew by 2% or Php2.58 billion from Php124.21 billion to Php126.79 billion while total equity grew by 19% or Php26.79 billion from Php141.24 billion to Php168.02 billion.

Cash and cash equivalents declined by 30% from Php20.95 billion to Php14.66 billion with TMP, Fed Land, GT Capital-Parent Company, PCFI, GTCAD and TMBC accounting for Php10.73 billion, Php1.37 billion, Php1.28 billion, Php0.75 billion, Php0.32 billion and Php0.21 billion, respectively.

Short-term investments declined by Php1.10 billion from Php1.60 billion to Php0.50 billion mainly from TMP's short-term money market placements.

Available-for-sale (AFS) investments classified as current declined by 21% from Php1.28 billion to Php1.01 billion due to the withdrawal of Unit Investment Trust Fund (UITF) by GT Capital Parent to fund its acquisitions.

Receivables grew by 5% from Php22.80 billion to Php23.88 billion with PCFI contributing Php7.63 billion comprising of installment contract receivables and other receivables; Fed Land contributing Php7.09 billion, a majority of which were installment contract receivables, rent receivable and other receivables; TMP contributing Php6.84 billion consisting of trade and non-trade receivables; and TMBC accounting for Php2.32 billion representing trade receivables from the sale of automobiles and after-sales maintenance services.

Inventories grew by 7% from Php52.06 billion to Php55.45 billion with Fed Land contributing Php36.69 billion comprising land and improvements, condominium units for sale and inventory with construction-in-progress; PCFI contributing Php8.13 billion comprising land and improvements, material inventory, ongoing construction of house inventory and condominium units for sale; TMP contributing Php10.12 billion mostly finished goods; and the balance of Php0.51 billion came from TMBC representing automobiles and spare parts.

Due from related parties decreased by Php0.01 billion from Php0.08 billion to Php0.07 billion mainly from Fed Land's related-parties.

Prepayments and other current assets increased by 10% from Php6.99 billion to Php7.70 billion due to recognition of TMP's additional ad valorem tax deposit and other prepaid taxes.

Non-current inventories mainly PCFI's land held for future development increased by 5% from Php18.46 billion to Php19.46 billion due to acquisition of additional land bank.

Investments in associates and jointly-controlled entities increased by 32% from Php94.83 billion to Php125.01 billion primarily due to: 1) acquisition of 9.62% ownership over Metrobank amounting to Php24.74 billion; 2) equity in net income amounting to Php4.41 billion; 3) equity in other comprehensive income amounting to Php0.97 billion; 4) Php0.75 billion additional investment in ST 6747 Resources Corporation; and 5) Php0.48 billion additional investment in TFS offset by 1) cash dividends received from Metrobank (Php0.84 billion) and MPIC (Php0.33 billion).

Deferred tax assets grew by 22% from Php0.54 billion to Php0.66 billion with TMP, Fed Land, PCFI, TMBC, and GT Capital-Parent Company accounting for Php0.50 billion, Php0.07 billion, Php0.07 billion, and Php0.02 billion, respectively.

Other noncurrent assets grew by 8% from Php0.78 billion to Php0.85 billion comprising long-term deposits, non-current input tax, non-current prepaid rent, other assets and retirement assets from PCFI (Php0.37 billion), Fed Land (Php0.28 billion), TMP (Php0.15 billion), GTCAD (Php0.03 billion), TMBC (Php0.01 billion), and GT Capital (Php0.01 billion).

Accounts and other payables increased by 25% from Php21.18 billion to Php26.40 billion with TMP, Fed Land, PCFI, TMBC and GT Capital accounting for Php18.08 billion, Php4.65 billion, Php2.19 billion, Php1.30 billion and Php0.18 billion, respectively.

Short-term loans payable declined by Php4.10 billion from Php6.70 billion to Php2.60 billion due to loan payments by GT Capital-Parent Company (Php3.00 billion), Fed Land (Php0.82 billion), and TMP dealership subsidiaries (Php0.55 billion); partially offset by TMBC's availment of short-term loans of Php0.27 billion.

Current-portion of long-term debt grew by Php2.2 billion from Php1.58 billion to Php3.79 billion due to a reclassification from non-current to current for the loan portion due within one year.

Customers' deposits declined by 15% from Php3.84 billion to Php3.24 billion mainly due to the recognition of real estate sales which qualified for revenue recognition.

Dividends payable declined by 50% from Php0.59 billion to Php0.29 billion due to the quarterly payments of dividends due to shareholders of perpetual preferred shares in January and April 2017, respectively.

Income tax payable grew by Php0.81 billion from Php0.20 billion to Php1.01 billion due to an increase in taxable income for the first and second quarters of 2017 vis-a-vis the fourth quarter of 2016.

Other current liabilities declined by 13% from Php0.64 billion to Php0.56 billion due to remittance of withholding taxes as of December 31, 2016.

Noncurrent portion of liabilities on purchased properties declined by 5% from Php1.99 billion to Php1.90 billion due a scheduled principal payment by Fed Land within the first half of 2017.

Retirement benefit obligation increased by 12% from Php1.67 billion to Php1.87 billion due to the accrual of retirement expense for the first six months of 2017.

Capital stock increased by 6% from Php2.96 billion to Php3.14 billion due to the issuance of 18.3 million new common shares to Grand Titan Capital Holdings, Inc.

The increase in additional paid-in capital of Php21.50 billion pertain to the excess of issue price over par value for the 18.3 million new common shares issued by GT Capital-Parent Company to Grand Titan Capital Holdings, Inc.

Unappropriated retained earnings increased by Php21.27 billion from Php39.96 billion to Php61.23 billion due to the 1) Php7.24 billion consolidated net income earned in the first six (6) months of 2017; and 2) Php14.9 billion retained earnings reverted back to unappropriated retained earnings from appropriated retained earnings; partially offset by the Php0.87 billion cash dividends declared in March 2017.

Appropriated retained earnings of Php14.90 billion as of December 31, 2016 reverted back to unappropriated retained earnings upon completion of the purpose of appropriation.

Other comprehensive loss improved by 34% from a negative Php2.78 billion to a negative Php1.84 billion primarily due to the 1) Php0.83 billion mark-to-market gains recorded on available-for-sale investments of subsidiaries and associates; 2) Php0.19 billion positive translation adjustment of subsidiaries and associates; offset by the Php0.08 billion mark-to-market loss on remeasurement of retirement liabilities.

Non-controlling interest (NCI) declined by 8% from Php26.43 billion to Php24.23 billion due to: 1) Php5.69 billion NCI share in dividends declared by subsidiaries; and 2) Php0.04 billion NCI share in the other comprehensive loss partially offset by the Php3.53 billion NCI share in the net income for the six (6) months of 2017.

Key Performance Indicators (In Million Pesos, except %)

Income Statement	**June 30, 2016**	**June 30, 2017**
Total Revenues	91,484	108,178
Net Income attributable to GT Capital Holdings	9,109	7,237
Balance Sheet	**December 31, 2016**	**June 30, 2017**
Total Assets	265,446	294,814
Total Liabilities	124,208	126,790
Equity attributable to GT Capital Holdings	102,863	131,540
Return on Equity	11.99%	11.96%*

*Annualized core net income attributable to GT Capital Holdings divided by the average equity; where average equity is the sum of equity attributable to GT Capital Holdings at the beginning and end of the period/year divided by 2.

Automobile Assembly and Importation, Dealership and Financing

Toyota Motor Philippines (TMP)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H 2016	1H 2017		
Sales	71,266.1	82,057.9	10,791.8	15.1
Gross Profit	11,206.4	10,305.5	(901.1)	(8.0)
Operating Profit	8,909.5	7,794.3	(1,115.2)	(12.5)
Net income attributable to Parent	6,816.0	6,332.2	(483.8)	(7.1)
	FY 2016	1H 2017		%
Total Assets	36,003.4	35,793.9	(209.5)	(0.6)
Total Liabilities	18,511.1	23,534.4	5,023.3	27.1
Total Equity	17,492.3	12,259.5	5,232.8	(29.9)
Total Liabilities to Equity ratio*	1.1x	1.9x		

**Total Liabilities to Equity ratio is a measure of the company's financial leverage which is calculated by dividing total liabilities by total equity*

TMP's consolidated sales registered a 15.1% growth from Php71.3 billion in the first half of 2016 to Php82.1 billion in the first half of 2017 as wholesale volume grew by 13.6% from 74,461 units to 84,616 units. TMP retail sales volume, likewise, grew by 18.0% from 72,642 units to 85,728 units. The improvement was attributed to the continued strong sales for the Vios, Fortuner, Innova and Avanza models.

Overall market share improved from 38.5% in June 2016 to 39.3% in June 2017 due to sustained sales volume growth arising from the launching of the Full Model Change (FMC) Fortuner and Innova, in April 2016 and May 2016, respectively.

Higher cost of sales due to unfavorable foreign exchange, increased sales of low margin models and increase in operating and overhead expenses resulted in a decline in gross profit, operating profit, net income margins, from 15.7%, 12.5% and 9.7% to 12.6%, 9.5% and 7.8%, respectively. As a result, consolidated net income attributable to equity holders declined by 7.1% from Php6.8 billion to Php6.3 billion mainly due to the aforementioned decreasing factors.

As of the first half of 2017, TMP directly owns a total of six (6) dealer outlets namely Toyota Makati with one (1) branch Toyota Bicutan, Toyota San Fernando in Pampanga with one (1) branch in Plaridel Bulacan, Toyota Tarlac in Tarlac City and Lexus Manila, situated in Bonifacio Global City, Taguig City. Toyota Santa Rosa, the seventh dealer facility, is scheduled to commence operations within August 2017.

Toyota Financial Services Philippines Corporation (TFSPC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H 2016	1H 2017		
Gross Interest Income	1,684.4	2,274.4	590.0	35.0
Net Interest Income	980.6	1,347.0	366.4	37.4
Net Income	267.2	233.3	(33.9)	(12.7)
Finance Receivable	36,378.9	51,041.3	14,662.4	40.3
	1H 2016	1H 2017		
Total Assets	47,937.7	63,013.6	15,075.9	31.4
Total Equity	4,622.3	5,186.1	563.8	12.2

TFSPC recorded a 35.0% growth in gross interest income from Php1.7 billion in the first half of 2016 to Php2.3 billion in the first half of 2017, as gross loans and receivables increased by 40.3% from Php36.4 billion to Php51.0 billion on a year-on-year basis.

Booking volume grew by 47.2% from 12,011 units to 17,679 units in the first half of 2017 attributed to the strong sales volume of Toyota vehicles.

Net income, however, declined by 12.7% from Php267.2 million to Php233.3 million due to a 68.0% increase in operating expenses, mainly provisions from increase booking volume in 2017, reversals in 2016 arising from migration to a new credit risk-based methodology, across the board structural salary adjustments, and a 31.8% increase in interest expenses from new loan availments.

Toyota Manila Bay Corporation (TMBC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H 2016*	1H 2017		
Net Sales	11,396.5	12,323.3	926.8	8.1
Gross Profit	700.2	849.3	149.1	21.3
Ancillary Income	184.5	212.0	27.6	15.0
Net Income	168.4	193.5	25.1	14.9
	FY 2016*	1H 2017		
Total Assets	5,389.8	5,748.3	358.5	6.7
Total Liabilities	3,567.2	3,731.6	164.4	4.6
Total Equity	1,822.5	2,016.7	194.2	10.7

**pro-forma consolidated figures of TMBC and TCI*

On March 7, 2016, the SEC approved the merger of TMBC and TCI. TMBC is the surviving corporation and absorbed the entire assets and liabilities of TCI.

Consolidated sales, comprising of vehicle sales, spare parts and maintenance services, grew by 8.1% from Php11.4 billion in the first half of 2016 to Php12.3 billion in the first half of 2017. Vehicle sales, accounting for 92.8% of TMBC's revenues, increased by 7.6% from Php10.6 billion to Php11.4 billion.

Retail sales volume grew by 7.8% from 10,273 units to 11,071 units due to strong demand of FMC Fortuner and Innova. Sales from spare parts and maintenance services, accounting for a combined 7.2% of revenues, increased by 12.9% and 19.9%, respectively.

Consolidated net income for the first half of 2017 increased by 14.9%, from Php168.4 million to Php193.5 million due to higher vehicle sales, improved vehicle margins due to price increase effective March 1 and increased ancillary income from financing and insurance commissions.

TMBC currently owns five (5) dealer outlets namely Toyota Manila Bay, Toyota Abad Santos, Toyota Cubao and Toyota Marikina, all situated within Metro Manila; and Toyota Dasmariñas in Cavite.

Banking

Metrobank

	In Billion Pesos, except for percentages and ratios			
	1H2016	1H2017	Inc (Dec)	%
Net income attributable to equity holders	9.1	9.5	0.4	4.8%
Net interest margin on average earning assets	3.5%	3.7%		
Operating efficiency ratio[1]	57.6%	58.7%		
Return on average assets[2]	1.0%	1.0%		
Return on average equity[3]	9.3%	9.5%		

	CY2016	1H2017	Inc (Dec)	%
Total assets	1,876.0	1,964.5	88.5	4.7%
Total liabilities	1,670.5	1,748.1	77.6	4.7%
Equity attributable to equity holders of the parent company	196.0	205.6	9.6	4.9%
Tier 1 capital adequacy ratio[4]	12.5%	13.2%		
Total capital adequacy ratio[4]	15.5%	16.0%		
Non-performing loans ratio[5]	0.9%	0.9%		
Non-performing loans coverage ratio[6]	113.0%	109.2%		

Notes:

(1) Operating efficiency ratio is the ratio of total operating expenses (excluding provisions for credit and impairment loss and income tax) to total operating income (excluding share in net income of associates and joint venture).
(2) Return on average asset is the net income attributable to equity holders of the parent company divided by the average total assets
(3) Return on average equity is the net income attributable to equity holders of the parent company divided by the average total equity attributable to equity holders of the parent company
(4) Capital adequacy ratios as of December 31, 2015, 2016, and June 30, 2017 were computed based on Basel III standards.
(5) Non-performing loans ratio is the ratio of net non-performing loans divided by total loans – excluding interbank loans.
(6) Non-performing loans coverage ratio is the ratio of the total allowance for probable losses on loans divided by gross non-performing loans

Metrobank consolidated net income grew by 5% from Php9.1 billion in the first half of 2016 to Php9.5 billion in the first half of 2017. This was primarily due to growth in loans and receivables, and lower provision for credit and impairment losses.

Net interest income grew by 16% from Php25.6 billion in the first half of 2016 to Php29.6 billion in the first half of 2017, composing 73% of total operating income. This was driven by strong demand from the commercial and consumer segments and higher CASA ratio, as a percentage of total deposits. As a result, net interest margin improved from 3.5% to 3.7%.

Non-interest income, however, dropped by 10.8% from Php12.5 billion in the first half of 2016 to Php11.1 billion in the first half of 2017 due to lower trading and securities, and foreign exchange gains; and miscellaneous income.

Total assets grew by 4.7% from Php1.9 trillion as of December 31, 2016 to Php2.0 trillion as of June 30, 2017 primarily due to increases in investment securities, and loans and receivables offset by a decrease in Interbank Loans Receivable and Securities Purchased Under Resale Agreements.

Total liabilities, likewise, grew by 4.7% from Php1.67 trillion to Php1.75 trillion due to increases in deposit liabilities, bills payable and Securities Sold Under Repurchase Agreement offset by a decrease in bonds payable, subordinated debt and other liabilities. CASA and time deposits increased by Php44.4 billion and Php22.7 billion from Php846.1 billion to Php890.5 billion and from Php520.3 billion to Php543.0 billion, respectively. Further, Metrobank issued its first tranche of Long-term Negotiable Certificate of Deposits (LTNCD) amounting to Php3.4 billion on January 30, 2017.

Equity attributable to equity holders of the parent company improved by 4.9% from Php196.0 billion as of December 31, 2016 to Php205.6 billion as of June 30, 2017 due to the net income earned in the first half of 2017 plus, a decline by Php2.5 billion in net unrealized losses on available-for-sale (AFS) investment securities, net of P3.2 billion cash dividends.

Property Development

Federal Land and Property Company of Friends

	In Million Pesos, except for percentages and ratios			
	1H2016	**1H2017**	**Inc(Dec)**	**%**
Real Estate Sales *	6,497.5	7,556.9	1,059.4	16.3
Revenues	7,798.4	8,868.3	1,069.8	13.7
Net income attributable to equity holders of the parent	1,455.1	1,461.9	6.8	0.5
	2016	**1H2017**	**Inc(Dec)**	**%**
Total assets	107,936.9	109,477.7	1,540.8	1.4
Total liabilities	48,214.0	48,387.1	173.1	0.4
Total equity attributable to equity holders of the parent	59,618.3	60,980.4	1,362.1	2.3
Current ratio[1]	5.0x	4.8x		
Debt to equity ratio[2]	0.5x	0.6x		

** Includes interest income on real estate sales*

Notes:

(1) **Current ratio is the ratio of total current assets divided by total current liabilities.**
(2) **Debt to equity ratio is the ratio of total loans divided by total equity attributable to equity holders of the parent company**

GT Capital's property companies recorded a 13.7% growth in consolidated revenues from Php7.8 billion in the first half of 2016 to Php8.9 billion in the first half of 2017. Of the total revenues, FedLand accounted for 60%, while the balance came from PCFI. Real estate sales grew by 16.3% from Php6.5 billion to Php7.6 billion, as booked sales of FedLand and PCFI grew by 18% and 14% on a year-on-year basis. Together, the two property developers reported a net income of Php1.5 billion in the first half of 2017.

Consolidated assets of the property companies grew by 1.4% from Php107.9 billion as of December 31, 2016 to Php109.5 billion as of June 30, 2017. For Fed Land, the growth was due to increase in receivables from real estate sales, additional investment in a joint venture project and increase in inventory arising from improvement in percentage of completion. For PCFI, the growth in total assets was due to the increase in inventories from on-going projects and house construction, and acquisition of additional land bank partially offset by receivables taken out by the banks.

In the first half of 2017, Fed Land launched Park Avenue, a vertical residential condominium project located in Grand Central, Bonifacio Global City, Taguig City. Average overall percentage-of-completion of ongoing development projects improved from 34.0% in the first half of 2016 to 41.0% in the first half of 2017.

New retail outlets such as SM Appliance, Watsons and Handyman were opened in Lancaster New City (LNC), PCFI's flagship project. McDonalds and Shopwise will likewise open their branches in LNC within the second half of 2017. As of June 30, 2017, commercial and retail establishments reached an aggregate of 46 outlets.

Life and Non-Life Insurance

Philippine AXA Life Insurance Corporation and Subsidiary (AXA Philippines)

The following are the major performance measures used by AXA Philippines for the first half of 2016 and 2017.

In Million Pesos, except ratios					
	Stand-alone (Life Insurance)				Consolidated[1]
	1H 2016	1H 2017	Inc (Dec)	%	1H 2017
Gross Premiums	9,583.9	11,698.9	2,114.8	22.1	14,204.9
Net income after tax	853.8	967.9	114.1	13.4	995.6
Premium Margin[2]	*22.4%*	*22.5%*			
Net Profit Margin[3]	*8.3%*	*7.7%*			
	FY 2016	1H 2017	Inc (Dec)	%	1H 2017
Total Assets	90,316.7	103,411.9	13,095.2	14.5	111,878.0
Total Liabilities	83,853.2	95,920.1	12,066.9	14.4	104,948.5
Total Equity	6,463.5	7,491.8	1,028.3	15.9	6,929.5
Solvency ratio[4]	*220%*	*360%*			

Notes:

1. *Acquisition of Charter Ping An from GT Capital was completed in April 2016. For discussion purposes, consolidated amounts as of June 30, 2016 including Charter Ping An.*
2. *Premium margin (%) is the ratio of Premium margin over Premium Revenues.*
3. *Net profit margin (%) is the ratio of Net profit over Total Revenues.*
4. *Solvency ratio is calculated as the insurance company's net worth divided by the Risk-based Capital (RBC) requirement of the Insurance Commission based on Memorandum Circular (IMC) No. 6-2006. Net worth shall include the company's paid-up capital, contributed and contingency surplus, and unassigned surplus.*

New business from life insurance expressed in Annualized Premium Equivalent grew by 28.0% from Php2.3 billion for the first half of 2016 to Php3.0 billion for the first half of 2017. Such was driven by the growth in Regular and Single Premium of 30.3% and 19.7%, respectively. The reported sales mix of life insurance slightly changed to 50%/50% for the first half of 2017 from the previous 51%/49% in 2016 (Single Premium vs. Regular Premium). By distribution platform, bancassurance and sales agency accounted for 74% and 26% of premium revenues, respectively.

Gross earned premiums of CPAIC rose by 8.6% from Php2.3 billion to Php2.5 billion for the first half of 2017 mainly due to the growth in motor car and property insurance lines. As a result, consolidated gross earned premiums of AXA Philippines increased by 19.5% from Php11.9 billion in the first half of 2016 to Php14.2 billion in the first half of 2017.

Consolidated net income of AXA Philippines grew by 60.7% from Php0.6 billion in the first half of 2016 to Php1.0 billion in the first half of 2017 primarily due to the following: (1) improvement in the life sector's premium margins by Php473.2 million or 22.1%; and (2) increase in asset management fees by 20.8% reaching Php122.7 million. AXA Philippines' consolidated net income included a Php27.7 million net income contribution from CPAIC. Excluding CPAIC, AXA Philippines grew its net income by 13.4% from Php853.8 million in the first half of 2016 to Php967.9 million in the first half of 2017.

Infrastructure and Utilities

Metro Pacific Investments Corporation (MPIC)

	In Million Pesos, except for Percentage			
	1H 2016	**1H 2017**	**Inc (Dec)**	**%**
Core net income	6,644	7,800	1,156	17
Net income attributable to equity holders	6,980	7,821	841	12
	FY 2016	**1H 2017**	**Inc (Dec)**	**%**
Total assets	351,602	472,667	121,065	34
Total liabilities	163,521	257,221	93,700	57
Total equity attributable to owners of Parent Company	152,032	157,987	5,955	4

On May 27, 2016, GT Capital subscribed to 3.6 billion common shares of MPIC for a total subscription price of Php21.96 billion. On the same day, GT Capital entered into a Sale and Purchase Agreement with Metro Pacific Holdings, Inc. (MPHI), with GT Capital as the buyer and MPHI as the seller of 1.3 billion common shares of MPIC for a total consideration of Php7.93 billion. After said transactions, GT Capital owned 4.9 billion common shares of MPIC. This represents 15.55% of the total issued and outstanding common shares of MPIC.

GT Capital and MPHI signed on the same date, a Shareholder's Agreement whereby GT Capital was entitled to nominate at least two (2) out of fifteen (15) directors of MPIC. GT Capital was also entitled to nominate one (1) out of three (3) members in each of the Audit and Risk Management Committee (ARMC) and Governance Committee (GC). In addition, GT Capital had veto rights on certain corporate acts such as the declaration or payment of any dividend or other distribution with respect to the shares of capital stock of MPIC and the adoption of an Annual Budget or Business Plan, including plans for capital calls, and any amendment to such.

The combination of GT Capital's 15.55% ownership over MPIC, representation in the Board of Directors (BOD), ARMC and GC of MPIC, and veto rights on certain corporate acts provided GT Capital with the ability to exercise significant influence over the operating and financial policies of MPIC. Through its presence and participation at the BOD, ARMC and GC meetings, GT Capital can influence the operating and financial policies of MPIC. Accordingly, GT Capital accounted for its investment in MPIC as an associate using equity method of accounting.

MPIC is the Philippines' largest infrastructure conglomerate, which has exposure in high-growth infrastructure businesses such as toll roads, water, power, railways, healthcare, and logistics. Among MPIC's portfolio is Manila Electric Company, the country's largest power distribution utility, Global Business Power Corporation (GBPC), one of the largest power generation companies in the Visayas Region, Maynilad Water Services, Inc., which manages Metro Manila's widest water distribution network, and Metro Pacific Tollways Corporation, operator of the country's largest toll road network.

For the first half of 2017, MPIC's share in the consolidated operating core income increased by 18% from Php8.1 billion in the first half of 2016 to Php9.6 billion in the first half of 2017, primarily reflecting the following:

- Expanded power portfolio through the increase in effective shareholding in Meralco from 32.48% to 41.22% (beginning May 30, 2016) and investment in GBPC representing 47.78% effective interest (acquired last May 27, 2016); Core net income contribution from Meralco and GBPC to MPIC was Php5.3 billion.

- Higher share in the Tollway business arising from strong traffic growth on each of the roads held by Metro Pacific Tollways Corporation (MPTC); Core net income contribution of MPTC to MPIC was Php2.0 billion.
- Continuing growth in the Hospital group mainly due to the increase in number of patients served across all hospitals and contributions from new hospital acquisitions namely, Marikina Valley Medical Center (acquired in July 2016) and Dr. Jesus C. Delgado Memorial Hospital (acquired in January 2017); Core net income contribution of the group to MPIC was Php0.3 billion.

Reported net income grew by 12% from Php7.0 billion in 2016 to Php7.8 billion in 2017. Head office expenses grew by 11% from Php0.5 billion to Php0.6 billion due to increase in manpower costs arising from new business acquisitions. Increase in interest expense by 23% from Php1.0 billion to Php1.2 billion was mainly driven by new debt drawdowns. Non-core income for the first half of 2017 was Php21 million, mainly from realized gain on sale of 4.5% direct equity stake in Meralco, offset by refinancing costs, project expenses and separation expense as a result of Maynilad's redundancy program.

Except for (ii), (iv) and (vii), the Company does not know of:

(i) Any known trends or any known demands, commitments, events, uncertainties that will result or that are reasonably likely in the Company's liquidity increasing or decreasing in any material way;

(ii) Any events that would trigger direct or contingent financial obligation (including contingent obligation) that is material to the Company, including any default or acceleration of an obligation except those disclosed in the notes to the financial statements;

(iii) Any 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;

(iv) Any material commitments for capital expenditures, their purpose and sources of funds for such expenditures, except those discussed in the 2016 17A;

(v) Any known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;

(vi) Any significant elements of income or loss that did not arise from the Company's continuing operations;

(vii) The causes of any material change from period to period including vertical and horizontal analysis of any material item, the causes of material changes are discussed in the Item 2, Management's Discussion & Analysis of Financial Condition and Results of operations under Part I - Financial Information ; and

(viii) Any seasonal aspects that had a material effect on financial condition or results of operation of the Company.

PART II - OTHER INFORMATION

GT Capital Holdings, Inc. received on July 4, 2017 Mr. Peter B. Favila's letter of resignation as an Independent Director of the Corporation.

GT CAPITAL HOLDINGS, INC.
AGING OF ACCOUNTS RECEIVABLE
IN MILLION PESOS
AS OF JUNE 30, 2017

Number of Days	Amount
Less than 30 days	Php994
30 days to 60 days	698
61 days to 90 days	625
91 days to 120 days	250
Over 120 days	298
Current	21,030
Impaired	72
Noncurrent receivables	7,123
Total	Php31,090

GT CAPITAL HOLDINGS, INC.
LIST OF STOCKHOLDERS AND PERCENTAGE OF HOLDINGS
AS OF JUNE 30, 2017

The following stockholders own more than 5% of the total issued and outstanding common shares of the Company as of June 30, 2017:

Name Of Stockholder	Total Number Of Shares Held	Percent To Total Number Of Shares Issued
Grand Titan Capital Holdings, Inc.	107,723,795	55.932%
PCD Nominee-Non Filipino	61,193,466	31.773%
PCD Nominee-Filipino	23,069,852	11.978%

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.

Issuer: **GT Capital Holdings, Inc.**

Signature and Title:

Reyna Rose P. Manon-og Head, Accounting and Financial Control	**Francisco H. Suarez, Jr.** Chief Finance Officer

Date: August 11, 2017

GT Capital Holdings, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements

As of June 30, 2017 (Unaudited) and December 31, 2016 (Audited) and for the six-month periods ended June 30, 2017 and 2016 (Unaudited)

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

	Unaudited June 30, 2017	Audited December 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	₱14,658	₱20,954
Short-term investments	501	1,598
Available-for-sale investments	1,008	1,284
Receivables	23,885	22,798
Inventories	55,446	52,060
Due from related parties	66	80
Prepayments and other current assets	7,695	6,992
Total Current Assets	103,259	105,766
Non Current Assets		
Available-for-sale investments	1,449	1,443
Receivables – net of current portion	7,245	7,141
Land held for future development	19,458	18,464
Investment properties	14,390	14,314
Investments in associates and joint venture	125,009	94,828
Property and equipment	9,589	9,367
Goodwill and intangible assets	12,910	12,802
Deferred tax assets	658	540
Other noncurrent assets	847	781
Total Noncurrent Assets	191,555	159,680
	₱294,814	₱265,446
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	₱26,396	₱21,177
Short term debt	2,599	6,697
Current portion of long-term debt	3,787	1,581
Current portion of liabilities on purchased properties	166	166
Customers' deposits	3,245	3,839
Dividends payable	294	589
Due to related parties	193	195
Income tax payable	1,014	202
Other current liabilities	558	638
Total Current Liabilities	38,252	35,084
Noncurrent Liabilities		
Long-term debt – net of current portion	55,698	56,475
Bonds payable	21,863	21,848
Liabilities on purchased properties - net of current portion	1,899	1,993
Pension liabilities	1,867	1,671
Deferred tax liabilities	5,177	5,052
Other noncurrent liabilities	2,034	2,085
Total Noncurrent Liabilities	88,538	89,124
	126,790	124,208

(forward)

	Unaudited June 30, 2017	Audited December 31, 2016
EQUITY		
Equity attributable to equity holders of the Parent Company		
Capital stock	**3,143**	2,960
Additional paid-in capital	**78,940**	57,437
Retained earnings		
Unappropriated	**61,226**	39,961
Appropriated	**–**	14,900
Other comprehensive loss	**(1,836)**	(2,775)
Other equity adjustments	**2,322**	2,322
	143,795	114,805
Non-controlling interest	**24,229**	26,433
Total Equity	**168,024**	141,238
	₱294,814	₱265,446

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Millions, Except Earnings Per Share)

	UNAUDITED			
	January to June		April to June	
	2017	2016	**2017**	2016
REVENUE				
Automotive operations	**₱94,289**	₱80,350	**₱51,444**	₱49,594
Real estate sales and interest income on real estate sales	**7,557**	6,310	**4,676**	2,812
Equity in net income of associates and joint venture	**4,409**	3,032	**2,305**	1,445
Rent income	**454**	443	**233**	234
Sale of goods and services	**248**	249	**94**	115
Interest income	**403**	243	**184**	14
Commission income	**30**	105	**24**	92
Gain on previously held interest	**–**	140	**–**	–
Other income	**788**	612	**468**	369
	108,178	91,484	**59,428**	54,675
COST AND EXPENSES				
Cost of goods and services	**63,686**	54,260	**35,048**	34,479
Cost of goods manufactured	**19,664**	14,566	**9,940**	8,480
General and administrative expenses	**5,579**	5,983	**3,072**	3,704
Cost of real estate sales	**4,576**	3,699	**2,783**	1,771
Interest expense	**1,616**	1,577	**818**	833
Cost of rental	**147**	143	**66**	72
	95,268	80,228	**51,727**	49,339
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**12,910**	11,256	**7,701**	5,336
PROVISION FOR INCOME TAX	**2,145**	2,606	**1,435**	1,440
NET INCOME FROM CONTINUING OPERATIONS	**10,765**	8,650	**6,266**	3,896
NET INCOME FROM DISCONTINUED OPERATIONS	**–**	5,230	**–**	4,704
NET INCOME	**₱10,765**	₱13,880	**₱6,266**	₱8,600
ATTRIBUTABLE TO:				
Equity holders of the parent company				
Profit for the year from continuing operations	**₱7,237**	₱4,792	**₱4,136**	₱1,906
Profit for the year from discontinued operations	**–**	4,317	**–**	4,255
	7,237	9,109	**4,136**	6,161
Non-controlling interest				
Profit for the year from continuing operations	**3,528**	3,858	**2,130**	1,990
Profit for the year from discontinued operations	**–**	913	**–**	449
	3,528	4,771	**2,130**	2,439
	₱10,765	₱13,880	**₱6,266**	₱8,600

Basic/Diluted Earnings Per Share from Continuing Operations Attributable to Equity Holders of the Parent Company (Note 10)	**₱38.36**	₱27.49
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 10)	**₱38.36**	₱52.26

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	Unaudited			
	January to June		April to June	
	2017	2016	2017	2016
NET INCOME FROM CONTINUING OPERATIONS	₱10,765	₱12,651	₱6,266	₱7,897
NET INCOME FROM DISCONTINUED OPERATIONS	–	1,229	–	703
NET INCOME	10,765	13,880	6,266	8,600
OTHER COMPREHENSIVE INCOME				
CONTINUING OPERATIONS				
Items that may be reclassified to profit or loss in subsequent periods:				
Changes in fair value of available-for-sale investments	6	4	(769)	–
Changes in cumulative translation adjustments	2	–	2	–
Equity in other comprehensive income of associates:				
Changes in fair value of available-for-sale investments of associates	828	2,066	403	799
Cash flow hedge reserve	4	(4)	9	(3)
Translation adjustment of associates	183	80	104	19
	1,023	2,146	(251)	815
Items that may not be reclassified to profit or loss in subsequent periods:				
Remeasurement of defined benefit plans	(120)	17	1,097	1
Equity in remeasurement of defined benefit plans of associates	(53)	13	–	(1)
Income tax effect	52	(9)	(329)	
	(121)	21	768	–
OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	902	2,167	517	815
OTHER COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	–	1,068	–	1,049
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	902	3,235	517	1,864
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱11,667	₱17,115	₱6,783	₱10,464
ATTRIBUTABLE TO:				
Equity holders of the GT Capital Holdings, Inc.				
Total comprehensive income for the year from continuing operations	8,176	11,274	4,652	6,976
Total comprehensive income for the year from discontinued operations	–	569	–	550
	8,176	11,843	4,652	7,526
Non-controlling interest				
Total comprehensive income for the year from continuing operations	3,491	3,860	2,131	1,526
Total comprehensive income for the year from discontinued operations	–	1,412	–	1,412
	3,491	5,272	2,131	2,938
	₱11,667	₱17,115	₱6,783	₱10,464

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
QUARTER ENDED JUNE 30, 2017 AND 2016 (UNAUDITED)
(In Millions)

	Equity Attributable to Equity Holders of the Parent Company														
	Capital Stock	Additional Paid-in Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Net Unrealized Gain on Available-for-Sale Investments	Net Unrealized Gain (Loss) on Remeasure ment of Defined Benefit Plans	Cumulative Translation Adjustments	Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates	Equity in Translation Adjustment of Associates	Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates	Equity in Cash flow Hedge Reserve of Jointly Controlled Entity	Equity in Other Equity Adjustment of Associates	Other Equity Adjustment	Non-controlling Interests	Total
At January 1, 2017	₱2,960	₱57,437	₱39,961	₱14,900	₱186	(₱221)	–	(₱2,547)	₱677	(₱869)	₱12	(₱13)	₱2,322	₱26,433	₱141,238
Issuance of capital stock	183	21,503	–	–	–	–	–	–	–	–	–	–	–	–	21,686
Total comprehensive income	–	–	7,237	–	4	(44)	1	828	183	(37)	4	–	–	3,491	11,667
Dividends declared	–	–	(872)	–	–	–	–	–	–	–	–	–	–	(5,694)	(6,566)
Acquisition of additional TMBC shares	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	(1)
Reversal of appropriation	–	–	14,900	(14,900)	–	–	–	–	–	–	–	–	–	–	–
At June 30, 2017	₱3,143	₱78,940	₱61,226	₱–	₱190	(₱265)	₱1	(₱1,719)	₱860	(₱906)	₱16	(₱13)	₱2,322	₱24,229	₱168,024

(Forward)

	Equity Attributable to Equity Holders of the Parent Company														
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Unappropriated Retained Earnings	Appropriated Retained Earnings	Net Unrealized Gain on Available-for-Sale Investments	Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plans	Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates	Equity in Translation Adjustment of Associates	Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates	Equity in Cash flow Hedge Reserve of Jointly-Controlled Entity	Reserve of Disposal Group Classified as Held-For-Sale	Other Equity Adjustment	Non-controlling Interests	Total
At January 1, 2016	₱1,760	₱46,695	(₱6)	₱33,267	₱8,760	₱824	(₱306)	(₱969)	₱502	(₱898)	₱4	(₱75)	₱576	₱53,708	₱143,842
Total comprehensive income	–	–	–	9,109	–	552	12	2,066	80	9	(4)	19	–	5,272	17,115
Dividends declared (Note 8)	–	–	–	(1,046)	–	–	–	–	–	–	–	–	–	(4,858)	(5,904)
Effect of asset disposal (CPAIC) (Note 5)	–	–	6	(57)	–	–	–	–	–	–	–	56	–	–	5
Effect of asset disposal (GBPC) (Note 3)	–	–	–	(92)	–	(1,370)	92	–	–	–	–	–	–	(18,068)	(19,438)
Acquisition of 4.73% of GBPC shares (Note 3)	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,322)	(1,322)
Acquisition of 28.32% of PCFI shares (Note 3)	–	–	–	–	–	–	–	–	–	–	–	–	5,137	(5,137)	–
Effect of business combination	–	–	–	(11)	–	–	–	–	–	11	–	–	–	607	607
At June 30, 2016	₱1,760	₱46,695	₱–	₱41,170	₱8,760	₱6	(₱202)	₱1,097	₱582	(₱878)	₱–	₱–	₱5,713	₱30,202	₱134,905

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)

	Unaudited	
	For the Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	**₱12,910**	₱11,256
Income (loss) before income tax from discontinued operations	**–**	5,269
Adjustments for:		
Interest expense	**1,616**	2,358
Depreciation and amortization	**847**	1,762
Pension expense	**112**	172
Unrealized foreign exchange losses	**9**	(17)
Provision for impairment losses	**2**	7
Gain on disposal of property and equipment	**(13)**	(29)
Gain on previously held interest	**–**	(140)
Gain on sale of subsidiaries	**–**	(2,083)
Interest income	**(1,039)**	(939)
Realization of previously deferred gain	**–**	(1,919)
Equity in net income of associates and joint ventures	**(4,409)**	(3,032)
Operating income before changes in working capital	**10,035**	12,665
Decrease (increase) in:		
Short-term investments	**1,097**	(2,884)
Receivables	**(1,255)**	2,600
Due from related parties	**15**	(49)
Inventories	**(3,263)**	(4,894)
Land held for future development	**(993)**	–
Prepayments and other current assets	**(704)**	(1,196)
Increase (decrease) in:		
Accounts and other payables	**5,248**	7,848
Customers' deposits	**(595)**	772
Other current liabilities	**(79)**	846
Cash provided by operations	**9,506**	15,708
Interest received	**1,095**	918
Interest paid	**(1,642)**	(2,802)
Contributions to pension plan	**–**	(231)
Dividends received	**1,180**	60
Dividends paid	**(6,860)**	(8,765)
Income taxes paid	**(1,333)**	(2,527)
Net cash provided by (used in) operating activities	**1,946**	2,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Property and equipment	**50**	14
Available-for-sale investments	**2,022**	–
Investment properties	**–**	86
Additions to:		
Property and equipment	**(1,071)**	(6,081)
Investments in associates and joint ventures	**(25,969)**	(30,254)
Available-for-sale investments	**(1,746)**	–
Intangible assets	**(150)**	(10)
Investment properties	**(191)**	(132)
Decrease (increase) in other noncurrent asset	**(184)**	65
Acquisition of subsidiary, net of cash acquired	**–**	177
Net cash outflows from disposals of subsidiaries	**–**	(3,590)
Net cash provided by (used in) investing activities	**(27,239)**	(39,725)

(Forward)

	Unaudited	
	For the Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment	**₱6,514**	₱30,588
Proceeds from issuance of capital stock	**21,686**	
Payment of loans payable	**(9,171)**	(7,727)
Increase (decrease) in:		
Due to related parties	**(3)**	1
Liabilities on purchased properties	**(94)**	(453)
Other noncurrent liabilities	**75**	(283)
Acquisition of noncontrolling interests	**(1)**	–
Net cash provided by financing activities	**19,006**	22,126
Effect of exchange rate changes on cash and cash equivalents	**(9)**	17
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(6,296)**	(15,221)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**20,954**	37,861
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱14,658**	₱22,640

1. Corporate Information

GT Capital Holdings, Inc. (the Parent Company) was organized and registered with the Philippine Securities and Exchange Commission (SEC) on July 26, 2007. The primary purpose of the Parent Company is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned.

The common shares of the Parent Company were listed beginning April 20, 2012 and have since been traded in the Philippine Stock Exchange, Inc. (PSE).

The ultimate parent of GT Capital Holdings, Inc. is Grand Titan Capital Holdings, Inc. (Grand Titan).

Group Activities
The Parent Company, Federal Land, Inc. (Fed Land) and Subsidiaries (Fed Land Group), Toyota Motor Philippines Corporation (Toyota or TMPC) and Subsidiaries (Toyota Group), Property Company of Friends, Inc. (PCFI) and Subsidiaries (PCFI Group), Toyota Manila Bay Corp. (TMBC) and Subsidiaries (TMBC Group) and GT Capital Auto Dealership Holdings, Inc. (GTCAD) and Subsidiary are collectively referred herein as the "Group". The Parent Company, the holding company of the Fed Land Group (real estate business), Toyota Group (automotive business), PCFI Group (real estate business), TMBC Group (automotive business) and GTCAD (automotive business) is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations.

The principal business interests of the Fed Land Group and PCFI Group are real estate development and leasing and selling properties and acting as a marketing agent for and in behalf of any real estate development company or companies. The Fed Land Group is also engaged in the business of trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintaining a petroleum service station and food and restaurant service.

Toyota Group is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of motor vehicles including vehicle parts, accessories and instruments.

TMBC Group is engaged in purchasing, trading, exchanging, distributing, marketing, repairing and servicing automobiles, trucks and all kinds of motor vehicles and automobile products of every kind and description, motor vehicle parts, accessories, tools and supplies and equipment items.

The principal business interests of GTCAD are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any auto dealership or other corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned.

The Parent Company also has significant shareholdings in Metropolitan Bank & Trust Co. (MBTC or Metrobank), Metro Pacific Investments Corporation (MPIC), Philippine AXA Life Insurance Corporation (AXA Philippines or Phil AXA) and Toyota Financial Services Philippines Corporation (TFSPC).

The registered office address of the Parent Company is at the 43rd Floor, GT Tower International, Ayala Avenue corner H.V. de la Costa Street, 1227 Makati City.

The accompanying interim condensed consolidated financial statements of the Company were approved for issue by the Company's Audit Committee on August 8, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34 Interim Financial Reporting. Accordingly, the interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Group's annual audited financial statements as at December 31, 2016.

The interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis except for available-for-sale (AFS) investments, which have been measured at fair value. The Group's interim condensed consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded to the nearest million pesos (₱000,000) unless otherwise indicated.

Presentation of Financial Statements

Financial assets and financial liabilities are offset and the net amount reported in the interim condensed consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense are not offset in the interim condensed consolidated statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of Consolidation

The interim condensed consolidated financial statements of the Group comprise the financial statements of the Parent Company and the following domestic subsidiaries:

	Country of Incorporation	Percentages of Ownership June 30, 2017	December 31, 2016
Fed Land and Subsidiaries	Philippines	**100.00**	100.00
PCFI and Subsidiaries	-do-	**51.00**	51.00
Toyota and Subsidiaries	-do-	**51.00**	51.00
TMBC and Subsidiaries	-do-	**58.10**	58.05
GTCAD and Subsidiary	-do-	**100.00**	100.00

**GTCAD was incorporated on June 13, 2016 and has not started commercial business operations.*

Fed Land's Subsidiaries

	Percentage of Ownership
Horizon Land Property and Development Corp. (HLPDC)	100.00
Omni - Orient Management Corp. (Previously as Top Leader Property Management Corp.) (TLPMC)	100.00
Federal Land Orix Corporation (FLOC)*	100.00
Topsphere Realty Development Co., Inc. (TRDCI)	100.00
Central Realty and Development Corp. (CRDC)	75.80
Federal Brent Retail, Inc. (FBRI)	51.66

** On December 23, 2016,Fed Land acquired the 40% ownership in FLOC from Orix Risingsun Properties Incorporated (ORPI). As a result of the purchase, Fed Land gained control in FLOC and accounted for its investment as a subsidiary as of December 31, 2016.*

PCFI's Subsidiaries

	Percentage of Ownership
Micara Land, Inc.	100.00
Firm Builders Realty Development Corporation	100.00
Marcan Development Corporation (MDC)*	100.00
Camarillo Development Corporation (CDC)**	100.00
Branchton Development Corporation (BDC)***	100.00
Williamton Financing Corporation (WFC)**** (Note 5)	100.00

** MDC was incorporated on November 25, 2015.*
***On March 31, 2016 CDC was incorporated and has not started commercial business operations.*
****On June 14, 2016, BDC was incorporated and has not started commercial business operations.*
*****On June 23, 2016, PCFI acquired 100% of WFC from Maplecrest Group, Inc. (formerly known as Profriends Group, Inc.)*

Toyota's Subsidiaries

	Percentage of Ownership
Toyota Makati, Inc. (TMI)	100.00
Toyota Sta. Rosa Laguna, Inc. (TSRLI)*	100.00
Toyota Motor Philippines Logistics, Inc. (TLI)	100.00
Lexus Manila, Inc. (LMI)	75.00
Toyota San Fernando Pampanga, Inc. (TSFI)	55.00

**TSRLI was incorporated on June 24, 2015.*

TMBC's Subsidiaries

	Percentage of Ownership
Oxfordshire Holdings, Inc. (OHI)	100.00
TMBC Insurance Agency Corporation (TIAC)*	100.00

**TIAC was incorporated on May 4, 2016*

GTCAD has 55% ownership in Toyota Subic, Inc. (TSI). TSI was incorporated on July 14, 2016 and has not started commercial business operations.

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

Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies except for Charter Ping An which uses the revaluation method in accounting for its condominium units included as part of 'Property and equipment' account, presented under 'Assets of disposal group classified as held-for-sale' and PCFI which uses fair value model in accounting for its 'Investment Properties'. The carrying values of the condominium units of Charter Ping An and the investment properties of PCFI are adjusted to eliminate the effect of revaluation or fair value gain and to recognize the related accumulated depreciation based on the original acquisition cost to align the measurement with the Group's accounting policy. All intragroup transactions, balances, income and expenses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

Non-controlling interests (NCI) represent the portion of profit or loss and net assets in a subsidiary not attributed, directly or indirectly, to the Parent Company. The interest of non-controlling shareholders may be initially measured at fair value or share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, NCI consists of the amount attributed to such interests at initial recognition and the NCI's share of changes in equity since the date of combination.

NCI are presented separately in the interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and within equity in the interim condensed consolidated statement of financial position, separately from the Parent Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if that results in the NCI having a deficit balance.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences, recorded in equity;
- recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

<u>Business Combinations Involving Entities Under Common Control</u>
A business combination involving entities under common control is accounted for using the uniting of interest method, except when the acquisition is deemed to have commercial substance for the Group, in which case the business combination is accounted for under the acquisition method. The combined entities accounted for by the uniting of interests method reports the results of operations for the period in which the combination occurs as though the entities had been combined as of the beginning of the period. Financial statements of the separate entities presented for prior years are also restated on a combined basis to provide comparative information. The effects of intercompany transactions on assets, liabilities,

revenues, and expenses for the periods presented, and on retained earnings at the beginning of the periods presented are eliminated to the extent possible.

Under the uniting of interest method, the acquirer accounts for the combination as follows:

- the assets and liabilities of the acquiree are consolidated using the existing carrying values instead of fair values;
- intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable PFRS;
- no amount is recognized as goodwill;
- any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities; and
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

The acquiree's equity are included in the opening balances of the equity as a restatement and are presented as 'Effect of uniting of interest' in the interim condensed consolidated statement of changes in equity. Cash considerations transferred on acquisition of a subsidiary under common control are deducted in the 'Retained earnings' at the time of business combination.

When evaluating whether an acquisition has commercial substance, the Group considers the following factors, among others:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as NCI or other third parties; and
- whether or not the transaction is conducted at fair value.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer elects whether to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. Acquisition-related costs are expensed and included in the interim condensed consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and liabilities of the acquiree for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. The Group also assesses whether assets or liabilities of the acquiree that are previously unrecognized in the books of the acquiree will require separate recognition in the interim condensed consolidated financial statements of the Group at the acquisition date.

In a business combination achieved in stages, the Group remeasures its previously-held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the interim condensed consolidated statements of income. Any recognized changes in the value of its equity interest in the acquiree previously recognized in other comprehensive income are recognized by the Group in profit or loss, as if the previously-held equity interest are disposed of.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in the interim condensed consolidated statements of income or as changes to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that if known, would have affected the amounts recognized as at that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one (1) year.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously-held interest, if any, over the fair value of the net assets acquired.

If after reassessment, the fair value of the net assets acquired exceeds the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously-held interest, if any, the difference is recognized immediately in the interim condensed consolidated statements of income as 'Gain on bargain purchase'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss is recognized immediately in the interim condensed consolidated statements of income and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination from the acquisition date irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is not amortized but is reviewed for impairment at least annually. Any impairment losses are recognized immediately in profit of loss and is not subsequently reversed.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Change in Ownership without Loss of Control
Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling interest and NCI are adjusted by the Group to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

Changes in Accounting Policies
The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those of the previous year except for the following new and amended Philippine Financial Reporting Standards (PFRS) and PAS which were adopted as of January 1, 2017.

Except as otherwise indicated, the following new and amended standards did not have a material impact on the accounting policies, financial position or performance of the Group.

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

The impact of the revised standards adopted effective January 1, 2017 has been reflected in the interim condensed consolidated financial statements, as applicable.

Significant Accounting Policies

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of changes in value.

Fair Value Measurement
The Group measures financial instruments, such as AFS investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell assets.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for financial assets and financial liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and financial liabilities includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of June 30, 2017 and December 31, 2016, the Group has no financial assets and financial liabilities at FVPL and HTM investments. The Group's financial instruments include loans and receivables, AFS investments and other financial liabilities.

Determination of fair value

The fair value for financial instruments traded in active markets as at the reporting date is based on their quoted market prices or dealer price quotations (bid price for long positions and asking price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of income under 'Interest income' and 'Interest expense' accounts unless it qualifies for recognition as some other type of asset or liability. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS investments or financial assets at FVPL. This accounting policy relates to the accounts in the consolidated statement of financial position 'Receivables', 'Due from related parties' and 'Cash and cash equivalents'.

Receivables are recognized initially at fair value which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in 'Interest income' in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

AFS investments
AFS investments are those which are designated as such or do not qualify to be classified as designated at FVPL, HTM investments, or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. The Group's AFS investments pertain to quoted and unquoted equity securities and other debt instruments.

After initial recognition, AFS investments are measured at fair value with gains or losses recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously included in equity are included in the consolidated statement of income. Dividends on AFS equity instruments are recognized in the consolidated statement of income when the entity's right to receive payment has been established. Interest earned on holding AFS debt instruments are reported in the statement of income as 'Interest income' using the effective interest method.

The fair value of investments that are traded in active markets is determined by reference to quoted market bid prices at the close of business on the reporting date. The unquoted equity instruments are carried at cost less any impairment losses because fair value cannot be measured reliably due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value.

Other financial liabilities
These are financial liabilities not designated at FVPL where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

This accounting policy applies primarily to the Group's 'Accounts and other payables', 'Short-term debt', 'Long-term debt', 'Liabilities on purchased properties', 'Due to related parties' and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable). The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

Impairment of Financial Assets

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

Loans and receivables

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income continues to be recognized based on the original EIR of the asset.

If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as past due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost as at the reversal date.

AFS investments
For AFS investments, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In case of equity instruments classified as AFS investments, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income, is removed from the statement of changes in equity and recognized in the consolidated statement of income. Impairment losses on equity instruments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as 'Interest income' in the statement of income. If, in the subsequent year, the fair value of the debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

a. the rights to receive cash flows from the asset have expired;
b. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
c. the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Standards Issued But Not Yet Effective
The Group will adopt the following standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  The amendments are not applicable to the Group since it does not have share-based payment transactions.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

  The Group is assessing the impact of adopting the amendments.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Group does not anticipate early adopting PFRS 15 and is currently assessing its impact.

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's credit losses. The Group does not anticipate early adopting PFRS 9 and is currently assessing its impact.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Group is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation.

3. Cash and cash equivalents

This account consists of:

	June 30, 2017	June 30, 2016	December 31, 2016
Cash equivalents	**₱11,458**	₱1,365	₱5,740
Cash in banks	**3,188**	21,253	15,186
	14,646	22,618	20,926
Cash on hand	**12**	22	28
	₱14,658	₱22,640	₱20,954

4. Investment in associates and joint ventures

Investment in MBTC

On April 20, 2017, the Parent Company acquired a total of 306.00 million common shares of Metrobank from Ty-Family Companies for a total purchase price of ₱24.72 billion. On April 21, 2017, the Parent Company paid the purchase price in cash. This increased the Parent Company's ownership in Metrobank from 26.47% to 36.09%.

On various dates in 2016, the Parent Company acquired an aggregate of 39.83 million shares of Metrobank for a total consideration of ₱3.04 billion. This increased the Parent Company's ownership interest in Metrobank from 25.22% to 26.47%.

Investment in MPIC

On May 27, 2016, the Parent Company subscribed to 3.60 billion common shares of MPIC for a total subscription price of ₱21.96 billion. On the same day, the Parent Company entered into a Sale and Purchase Agreement with Metro Pacific Holdings, Inc. (MPHI), with the Parent Company as the buyer and MPHI as the seller of 1.3 billion common shares of MPIC for a total consideration of ₱7.93 billion. On August 5, 2016, the SEC approved the increase in the authorized capital stock of MPIC. As a result, the Parent Company's ownership interest is 15.55% of the issued and outstanding capital stock of MPIC.

Also, on May 27, 2016, the Parent Company and MPHI signed a Shareholders' agreement whereby the Parent Company is entitled to nominate at least two (2) out of fifteen (15) directors of MPIC. The Parent Company is also entitled to nominate one (1) out of three (3) members in each of the Audit Committee (AC), Risk Management Committee (RMC) and Governance Committee (GC) of MPIC.

The combination of the Parent Company's 15.55% ownership over MPIC, representation in the Board of Directors (BOD), AC, RMC and GC of MPIC provides the Parent Company with the ability to exercise significant influence over the operating and financial policies of MPIC. Through its presence and participation at the BOD, AC, RMC and GC meetings, the Parent Company can influence the operating and financial policies of MPIC. Accordingly, the Parent Company accounted for its investment in MPIC as an associate using equity method of accounting.

The following table summarizes cash dividends declared and paid by the Group's associates and joint venture (amount in millions, except for dividend per share):

	Declaration date	Per share	Total	Record Date	Payment Date
2017					
MBTC	February 22, 2017	₱1.00	₱3,180	March 9, 2017	March 23, 2017
MPIC	March 1, 2017	0.068	2,144	March 30, 2017	April 26, 2017
2016					
MBTC	March 16, 2016	₱1.00	₱3,180	April 1, 2016	April 8, 2016
MPIC	August 3, 2016	0.032	893	September 1, 2016	September 26, 2016

5. Business Combinations

2016

Acquisition of TMBC

On March 7, 2016, the SEC approved the merger of TMBC and TCI, with TMBC as the surviving corporation and TCI as the absorbed corporation. The merger resulted in GT Capital owning 58.05% of the merged corporation. Pursuant to the merger, GT Capital has majority representation in the BOD and the Executive Committee (ExCom) of TMBC. Management has assessed that it has the ability to direct the relevant activities of TMBC that most significantly affect its returns based on its majority representation in the BOD and the ExCom. As a result, the Group obtained control over TMBC and the financial statements of TMBC were consolidated in the financial statements of the Parent Company.

The consideration given to obtain control over TMBC was the carrying value of existing TCI shares exchanged for new TMBC shares. The transaction was accounted for as a business combination using the purchase method. Details of the purchase price allocation are discussed extensively in the 2016 Audited Consolidated Financial Statements.

Acquisition of FLOC

On December 23, 2016, Fed Land acquired 40.00% ownership in FLOC from ORPI amounting to ₱289.00 million in exchange for the 220,000,000 common shares of ORPI. As a result of the purchase, Fed Land gained control in FLOC and accounted for its investment as an investment in subsidiary as of December 31, 2016. Fed Land recognized a gain on revaluation of previously held interest amounting to ₱51.06 million. The goodwill recognized from the acquisition amounted to to ₱9.14 million.

Acquisition of WFC

On June 23, 2016, PCFI purchased 1,409,995 common shares and 2,499,996 preferred shares of WFC for a total consideration of ₱49.56 million. Subsequently, in various dates in June 2016, PCFI entered into a Subscription Agreement with WFC for the subscription of a total 200,000,000 common shares of WFC for ₱2.00 billion. The net assets of WFC are short-term financial instruments. The carrying values of the net assets of WFC approximate their fair values due to the short-term maturities of these financial instruments.

6. Disposal of Assets

Sale of Investment in Global Business Power Corporation

On May 26, 2016, the Parent Company acquired FMIC's 4.73% direct equity stake in GBPC for a total consideration of ₱3.26 billion. This increased the Parent Company's direct ownership in GBPC from 51.27% to 56.00%. Subsequently, on May 27, 2016, the Parent Company sold its entire 56.00% investment in GBPC to Beacon Powergen Holdings, Inc. (Beacon) for a total consideration of ₱22.06 billion. Immediately after the sale, the Parent Company relinquished control over GBPC and GBPC ceased to be a subsidiary of the Parent Company effective May 31, 2016. Accordingly, GBPC was deconsolidated from the consolidated financial statements of the Group at that date.

Certain AFS investments of GBPC were retained by the Group and did not form part of the assets that were sold and deconsolidated. The carrying value of these AFS investments amounted to ₱858.32 million as of June 30, 2017.

PFRS 5 requires income and expenses from discontinued operations to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit after taxes from the operations of GBPC amounting to ₱1.39 billion is reported separately in the statement of income under "Net Income from Discontinued Operations".

With the loss of control over GBPC, the Parent Company realized its share in the gain on sale amounting to ₱1.84 billion arising from the sale of GBPC shares by FMIC to Orix P&E Philippines Corporation (Orix) and Meralco Powergen Corporation previously deferred in 2013.

The total gain on sale of GBPC amounting to ₱3.69 billion, comprising ₱1.85 billion gain on sale of direct ownership and realization of the above previously deferred gain of ₱1.84 billion is included in the statement of income under "Net Income from Discontinued Operations".

Sale of Investment in CPAIC
On April 4, 2016, the Parent Company completed the sale of Charter Ping for a final consideration of ₱2.10 billion.

In accordance with PFRS 5, the resulting loss (after taxes) from the operations of Charter Ping An amounting to ₱0.16 billion is reported separately in the statement of income under "Net Income from Discontinued Operations".

The total gain on sale of CPAIC amounting to ₱0.31 billion, comprising ₱0.23 billion gain on sale of direct ownership and realization of previously deferred gain of ₱0.08 billion, is included in the statement of income under "Net Income from Discontinued Operations".

7. Loans Payable

This account consists of:

	June 30, 2017					
		Long-term debt				
	Short-term debt	**Corporate notes**	**Loans payable**	**Subtotal**	**Bonds payable**	**Total**
Parent Company	**₱–**	**₱–**	**₱25,000**	**₱25,000**	**₱22,000**	**₱47,000**
Fed Land Group	**400**	**4,925**	**17,445**	**22,370**	**–**	**22,770**
PCFI	**–**	**–**	**10,960**	**10,960**	**–**	**10,960**
Toyota Group	**1,345**	**–**	**246**	**246**	**–**	**1,591**
TMBC	**854**	**–**	**1,100**	**1,100**	**–**	**1,954**
	2,599	**4,925**	**54,751**	**59,676**	**22,000**	**84,275**
Less: Deferred financing cost	**–**	**–**	**191**	**191**	**137**	**328**
	2,599	**4,925**	**54,560**	**59,485**	**21,863**	**83,947**
Less: Current portion of long-term debt	**–**	**25**	**3,762**	**3,787**	**–**	**3,787**
	₱2,599	**₱4,900**	**₱50,798**	**₱55,698**	**₱21,863**	**₱80,160**

	December 31, 2016					
		Long-term debt				
	Short-term debt	Corporate notes	Loans payable	Subtotal	Bonds payable	Total
Parent Company	₱3,000	₱–	₱25,000	₱25,000	₱22,000	₱50,000
Fed Land Group	1,222	4,925	14,081	19,006	–	20,228
PCFI	–	–	12,489	12,489	–	12,489
Toyota Group	1,890	–	245	245	–	2,135
TMBC	585	–	1,500	1,500	–	2,085
	6,697	4,925	53,315	58,240	22,000	86,937
Less: Deferred financing cost	–	–	184	184	152	336
	6,697	4,925	53,131	58,056	21,848	86,601
Less: Current portion of long-term debt	–	25	1,556	1,581	–	1,581
	₱6,697	₱4,900	₱51,575	₱56,475	₱21,848	₱85,020

Bonds payable
This account consists of the following Peso Bonds:

			Carrying Value	
Maturity Dates	Interest rate	Par Value	**June 30, 2017**	December 31, 2016
₱10.0 billion Bonds				
February 27, 2020	4.8371%	₱3,900	**₱3,883**	₱3,880
February 27, 2023	5.0937%	6,100	**6,060**	6,056
		10,000	**9,943**	9,936
₱12.0 billion Bonds				
November 7, 2019	4.7106%	3,000	**2,985**	2,982
August 7, 2021	5.1965%	5,000	**4,967**	4,964
August 7, 2014	5.6250%	4,000	**3,968**	3,966
		12,000	**11,920**	11,912
Balances at end of year		₱22,000	**₱21,863**	₱21,848

Unamortized debt issuance costs on these notes amounted to ₱137.35 million and ₱151.65 million as of June 30, 2017 and December 31, 2016, respectively.

8. Equity

Common Shares
On April 20, 2017, the Parent Company and Grand Titan signed a subscription agreement for the subscription of 18.30 million common shares of the Parent for a total subscription price of ₱21.69 billion. On April 26, 2017, Grand Titan paid the subscription price in cash.

Amendment of By-laws
On March 10, 2016, the BOD of the Parent Company approved the amendment of its Amended By-laws moving the date of the annual/regular meeting of the stockholders from the second Monday of May to the second Wednesday of May.

Retained earnings
Details of the Parent Company's dividend distributions to preferred shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in millions)	Record date	Payment date
Voting preferred shares				
March 21, 2017	₱0.00377	₱0.66	April 4, 2017	April 20, 2017
March 10, 2016	0.00377	0.66	April 8, 2016	May 4, 2016
Perpetual Preferred Shares				
Series A				
December 15, 2016	11.5748	56.01	January 3, 2017	January 27, 2017
December 15, 2016	11.5748	56.01	March 30, 2017	April 27, 2017
December 15, 2016	11.5748	56.01	July 3, 2017	July 27, 2017
December 15, 2016	11.5748	56.01	October 3, 2017	October 27, 2017
Series B				
December 15, 2016	12.7373	91.21	January 3, 2017	January 27, 2017
December 15, 2016	12.7373	91.21	March 30, 2017	April 27, 2017
December 15, 2016	12.7373	91.21	July 3, 2017	July 27, 2017
December 15, 2016	12.7373	91.21	October 3, 2017	October 27, 2017

Details of the Parent Company's dividend distributions to common shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount	Record date	Payment date
March 21, 2017	₱5.00	₱871.50	April 4, 2017	April 20, 2017
March 10, 2016	6.00	₱1,045.80	April 8, 2016	May 4, 2016

On December 15, 2016, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱15.50 billion to be earmarked for the following:

Project Name	Timeline	Amount
Strategic investment in Financial Services	2017	₱13.90 billion
Dividends on Perpetual Preferred Shares	2017	0.60 billion
Dividends on Common Shares	2017	0.50 billion
Capital Call from TFSPC	2017	0.50 billion
		₱15.50 billion

Appropriation of retained earnings amounting to ₱0.60 billion and ₱14.90 billion were reversed within December 2016 and first six months of 2017, respectively, upon completion of the purpose of appropriation.

On December 17, 2015, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱8.76 billion to be earmarked for the following:

Project Name	Timeline	Amount
Tranche 2 of PCFI Acquisition	2016	₱6.26 billion
Tranche 3 of PCFI Acquisition	2017	2.50 billion
		₱8.76 billion

Subsequent to the completion of Tranches 2 and 3 of the PCFI acquisition, the said appropriation was reversed in July 2016.

9. Related Party Transactions

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

The Group, in its regular conduct of its business, has entered into transactions with its associate and other related parties principally consisting of cash advances for reimbursement of expenses merger and acquisitions and capital infusion, leasing agreements, management agreements and dividends received from associates. Transactions with related parties are made at normal market prices.

As of June 30, 2017 and December 31, 2016, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

10. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share from continuing operations attributable to equity holders of the Parent Company for the periods indicated were computed as follows:

	June 30, 2017	June 30, 2016	December 31, 2016
a) Net income attributable to equity holders of the Parent Company from continuing operations	**₱7,237**	₱4,792	₱10,631
b) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company	**(295)**	–	–
c) Net income attributable to common shareholders of the Parent Company	**6,942**	4,792	10,631
d) Weighted average number of shares	**180.97**	174.30	174.30
Basic/diluted earnings per share (c / d)	**₱38.36**	₱27.49	₱60.99

The basic/diluted earnings per share from discontinued operations attributable to equity holders of the Parent Company for the periods indicated were computed as follows:

	June 30, 2017	June 30, 2016	December 31, 2016
a) Net income attributable to equity holders of the Parent Company from discontinued operations	**₱–**	₱4,317	₱4,003
b) Weighted average number of shares	**180.97**	174.30	174.30
	₱–	₱24.77	₱22.97

The basic/diluted earnings per share attributable to equity holders of the Parent Company for the periods indicated were computed as follows:

	June 30, 2017	June 30, 2016	December 31, 2016
a) Net income attributable to equity holders of the Parent Company from continuing operations	**₱7,237**	₱9,109	₱14,634
b) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company	**(295)**	–	–
c) Net income attributable to common shareholders of the Parent Company	**6,942**	9,109	14,634
d) Weighted average number of shares	**180.97**	174.30	174.30
Basic/diluted earnings per share (c / d)	**₱38.36**	₱52.26	₱83.96

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

11. Operating Segments

Segment Information

For management purposes, the Group is organized into business units based on their products and activities and has four reportable segments as follows:

- Real estate is engaged in real estate and leasing, development and selling of properties of every kind and description, as well as ancillary trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintenance of a petroleum service station, engaging in food and restaurant service and acting as a marketing agent for and in behalf of any real estate development company or companies;
- Financial institutions are engaged in the banking and insurance industry;
- Power is engaged mainly in the generation and distribution of electricity;
- Automotive operations is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments; and
- Infrastructure is engaged in the water distribution, toll operation, power sector, hospitals and rail;
- Others pertain to other corporate activities of the Group (i.e., capital raising activities, acquisitions and investments).

The chief operating decision maker (CODM) monitors the operating results of the Group for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, taxes and depreciation/amortization (EBITDA) and pretax income which are measured similarly under PFRS, except for EBITDA. EBITDA is computed by reconciling net interest income (expense) and provision for income taxes to the net income and adding back depreciation and amortization expenses for the period.

Seasonality of Operations

The operations of the Group are not materially affected by seasonality, except for the mall leasing operations of the real estate segment which experiences higher revenues during the holiday seasons. This information is provided to allow for a proper appreciation of the results of the Group's operations. However, management concluded that the aforementioned discussions of seasonality do not constitute "highly seasonal" as considered in PAS 34.

Segment Assets

Segment assets are resources owned by each of the operating segments that are employed in its operating activities.

Segment Liabilities

Segment liabilities are obligations incurred by each of the operating segments from its operating activities.

The following tables present the financial information of the operating segments of the Group as of and for the six-month period ended June 30, 2017 and as of and for the year ended December 31, 2016:

	June 30, 2017					
	Real Estate	**Financial Institution**	**Automotive Operations**	**Infrastructure**	**Others**	**Total**
Revenue	**₱6,921**	**₱–**	**₱94,289**	**₱–**	**₱–**	**₱101,210**
Other income	**1,006**	**–**	**510**	**–**	**4**	**1,520**
Equity in net income of associates and joint venture	**75**	**3,119**	**–**	**1,215**	**–**	**4,409**
	8,002	**3,119**	**94,799**	**1,215**	**4**	**107,139**
Cost of goods and services sold	**227**	**–**	**63,459**	**–**	**–**	**63,686**
Cost of goods manufactured and sold	**–**	**–**	**19,664**	**–**	**–**	**19,664**
Cost of rental	**147**	**–**	**–**	**–**	**–**	**147**
Cost of real estate sales	**4,576**	**–**	**–**	**–**	**–**	**4,576**
General and administrative expenses	**2,127**	**–**	**3,315**	**–**	**137**	**5,579**
	7,077	**–**	**86,438**	**–**	**137**	**93,652**
Earnings before interest and taxes	**925**	**3,119**	**8,361**	**1,215**	**(133)**	**13,487**
Depreciation and amortization	**202**	**–**	**642**	**–**	**3**	**847**
EBITDA	**1,127**	**3,119**	**9,003**	**1,215**	**(130)**	**14,334**
Interest income	**861**	**–**	**158**	**–**	**20**	**1,039**
Interest expense	**(232)**	**–**	**(61)**	**–**	**(1,323)**	**(1,616)**
Depreciation and amortization	**(202)**	**–**	**(642)**	**–**	**(3)**	**(847)**
Pretax income	**1,554**	**3,119**	**8,458**	**1,215**	**(1,436)**	**12,910**
Provision for income tax	**(314)**	**–**	**(1,828)**	**–**	**(3)**	**(2,145)**
Net income	**₱1,240**	**₱3,119**	**₱6,630**	**₱1,215**	**(₱1,439)**	**₱10,765**
Segment assets	**₱71,765**	**₱84,793**	**₱45,210**	**₱32,261**	**₱60,785**	**₱294,814**
Segment liabilities	**₱49,948**	**(₱6)**	**₱29,587**	**₱–**	**₱47,261**	**₱126,790**

	December 31, 2016						
	Real Estate	Financial Institution	Automotive Operations	Power	Infrastructure	Others	Total
Revenue	₱12,438	₱–	₱177,709	₱–	₱–	₱–	₱190,147
Other income	2,372	–	887	–	–	90	3,349
Equity in net income of associates and joint venture	240	5,001	9	–	1,116	–	6,366
	15,050	5,001	178,605	–	1,116	90	199,862
Cost of goods and services sold	499	–	121,561	–	–	–	122,060
Cost of goods manufactured and sold	–	–	33,792	–	–	–	33,792
Cost of rental	326	–	–	–	–	–	326
Cost of real estate sales	7,586	–	–	–	–	–	7,586
General and administrative expenses	4,515	–	7,140	–	–	1,182	12,837
	12,926	–	162,493	–	–	1,182	176,601
Earnings before interest and taxes	2,124	5,001	16,112	–	1,116	(1,092)	23,261
Depreciation and amortization	373	–	1,245	–	–	6	1,624
EBITDA	2,497	5,001	17,357	–	1,116	(1,086)	24,885
Interest income	1,743	–	337	–	–	182	2,262
Interest expense	(433)	–	(159)	–	–	(2,734)	(3,326)
Depreciation and amortization	(373)	–	(1,245)	–	–	(6)	(1,624)
Pretax income	3,434	5,001	16,290	–	1,116	(3,644)	22,197
Provision for income tax	(669)	6	(3,909)	–	–	(14)	(4,586)
Net income	₱2,765	₱5,007	₱12,381	₱–	1,116	(3,658)	₱17,611
Net income from discontinued operations	₱–	₱87	₱–	₱4,829	₱–	₱–	4,916
Segment assets	₱113,472	₱55,921	₱49,052	₱858	₱31,353	₱14,790	₱265,446
Segment liabilities	₱47,555	₱–	₱22,032	₱–	₱–	₱54,621	₱124,208

Geographical Information

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	June 30, 2017	June 30, 2016	December 31, 2016
Domestic	**₱104,331**	₱87,477	₱194,229
Foreign	**3,847**	4,007	7,895
	₱108,178	₱91,484	₱202,124

12. Financial Risk Management and Objectives

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, long-term cash investments, due from related parties, AFS investments, accounts and other payables, loans payable and due to related parties. The main purpose of the Group's financial instruments is to provide funding for its business operations and capital expenditures. The Group does not enter into hedging transactions or engage in speculation with respect to financial instruments.

Exposure to credit, liquidity, foreign currency and interest rate risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

<u>Credit risk</u>
The Group's credit risks are primarily attributable to its financial assets. To manage credit risks, the Group maintains defined credit policies and monitors on a continuous basis its exposure to credit risks. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

Financial assets comprise of cash and cash equivalents, receivables, due from related parties and AFS investments. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations.

In respect of installment receivables from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant and the requirement for remedial procedures is minimal given the profile of buyers.

Maximum exposure to credit risk after taking into account collateral held or other credit enhancements

As of June 30, 2017 and December 31, 2016, the maximum exposure to credit risk of the Group's financial assets is equal to its carrying value except for installment contracts receivable with nil exposure to credit risk since the fair value of the related condominium units collateral is greater than the carrying value of the installment contracts receivable.

<u>Liquidity risk</u>
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt, to give financing flexibility while continuously enhancing the Group's businesses. To serve as back-up liquidity, management develops variable funding alternatives either by issuing debt or raising capital.

The table summarizes the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments:

	June 30, 2017 (Unaudited)			
	< 1 year	**> 1 to < 5 years**	**> 5 years**	**Total**
Financial assets				
Cash and cash equivalents*	**₱14,646**	**₱–**	**₱–**	**₱14,646**
Short-term investments	**501**	**–**	**–**	**501**
Receivables	**26,119**	**7,732**	**1,679**	**35,530**
Due from related parties	**66**	**–**	**–**	**66**
AFS investments				
Equity Securities				
Quoted	**1,976**	**–**	**–**	**1,976**
Unquoted	**481**	**–**	**–**	**481**
Total undiscounted financial assets	**₱43,789**	**₱7,732**	**₱1,679**	**₱53,200**
Other financial liabilities				
Accounts and other payables	**₱24,839**	**₱783**	**₱–**	**₱25,622**
Customer's deposit	**3,245**	**–**	**–**	**3,245**
Dividends payable	**294**	**–**	**–**	**294**
Loans payable	**8,932**	**25,852**	**46,612**	**81,396**
Bonds payable	**1,126**	**15,353**	**10,778**	**27,257**
Due to related parties	**193**	**–**	**–**	**193**
Liabilities on purchased properties	**301**	**854**	**1,272**	**2,427**
Total undiscounted financial liabilities	**₱38,930**	**₱42,842**	**₱58,662**	**₱140,434**
Liquidity Gap	**₱4,859**	**(₱35,110)**	**(₱56,983)**	**(₱87,234)**

***excluding cash on hand**

	December 31, 2016 (Audited)			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents*	₱20,926	₱–	₱–	₱20,926
Short-term investments	1,598	–	–	1,598
Receivables	24,613	10,955	2,214	37,782
Due from related parties	80	–	–	80
AFS investments				
Equity Securities				
Quoted	2,246	–	–	2,246
Unquoted	481	–	–	481
Total undiscounted financial assets	₱49,944	₱10,955	₱2,214	₱63,113
Other financial liabilities				
Accounts and other payables	₱19,737	₱–	₱–	₱19,737
Customer's deposit	3,839	–	–	3,839
Dividends payable	589	–	–	589
Loans payable	11,270	25,552	46,517	83,339
Bonds payable	1,126	15,681	11,064	27,871
Due to related parties	195	–	–	195
Liabilities on purchased properties	231	873	1,478	2,582
Total undiscounted financial liabilities	₱36,987	₱42,106	₱59,059	₱138,152
Liquidity Gap	₱12,957	(₱31,151)	(₱56,845)	(₱75,039)

excluding cash on hand

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's foreign currency-denominated financial instruments primarily consist of cash and cash equivalents, accounts receivable and accounts payable. The Group's policy is to maintain foreign currency exposure within acceptable limits.

Interest rate risk
The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve and degree of variability of cash flows.

13. Fair Value Measurement

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and short-term cash investments
The fair value of cash and cash equivalents approximate the carrying amounts at initial recognition due to the short-term maturities these instruments.

Receivables
The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 8.00% to 12.00% as of March 31, 2016 and December 31, 2015. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan and determined that the carrying amount of the loans receivable was not materially different from its calculated fair value.

Due from and to related parties
The carrying amounts approximate fair values due to its short term nature. Related party receivables and payables are due and demandable.

AFS investments - unquoted
These are carried at cost less allowance for impairment losses because fair value cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

AFS investments - quoted
Fair value of quoted AFS investment is based on the quoted market bid prices at the close of business on the reporting date.

Accounts and other payables
The fair values of accounts and other payables approximate the carrying amounts due to the short-term nature of these transactions.

Loans payable
Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. Estimated fair value of long-term loans payable with fixed interest rates are discounted based on interest rates ranging from 3.75% to 7.10% as of June 30, 2017 and December 31, 2016.

Bonds payable
The fair value of the bonds payable is based on its quoted market price in the Philippine Dealing and Exchange Corporation.

Liabilities on purchased properties
Estimated fair value was based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term payable was incurred on December 20, 2012 with 3.00% interest per annum.

The following tables summarize the carrying amount and fair values of financial assets and liabilities, as well as nonfinancial assets, analyzed based on the fair value hierarchy (see accounting policy on Fair Value Measurement), except for assets and liabilities where the carrying values as reflected in the consolidated statements of financial position and related notes approximate their respective fair values.

	June 30, 2017 (Unaudited)				
	Carrying	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
AFS investments:					
Quoted equity securities	₱1,976	₱110	₱1,866	₱–	₱1,976
	₱1,976	₱110	₱1,866	₱–	₱1,976
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱ 19,212	₱–	₱–	₱22,442	₱22,442
Non-financial Assets					
Investment in listed associates	113,652	129,918	–	–	129,918
Investment properties	14,390	–	–	15,624	15,624
	₱147,254	₱129,918	₱–	₱38,066	₱167,984
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	2,065	–	–	2,065	2,065
Loans payable	62,084	–	62,982	–	62,982
Bonds payable	21,863	22,754	–	–	22,754
	₱86,012	₱22,754	₱62,982	₱2,065	₱87,801

	December 31, 2016 (Audited)				
	Carrying	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
AFS investments:					
Quoted equity securities	₱2,246	₱104	₱2,142	₱–	₱2,246
	₱2,246	₱104	₱2,142	₱–	₱2,246
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱18,257	₱–	₱–	₱21,734	21,734
Loans receivables	643	–	–	610	610
Non-financial Assets					
Investment in listed associates	84,999	93,562	–	–	93,562
Investment properties	14,314	–	–	15,331	15,331
	₱118,213	₱93,562	₱–	₱37,675	₱131,237
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	2,158	–	–	2,582	2,582
Loans payable	64,938	–	–	67,112	67,112
Bonds payable	21,848	22,382	–	–	22,382
	₱88,944	₱22,382	₱–	₱69,694	₱92,076

As of June 30, 2017 and December 31, 2016, no transfers were made among the three levels in the fair value hierarchy.

Inputs used in estimating fair values of financial instruments carried at cost and categorized under Level 3 include risk-free rates and applicable risk premium.

The fair value of the Group's investment properties has been determined based on valuations performed by third party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison. Valuation of the Group's investment properties are done every three years with the latest valuation report issued by Asian Appraisal Company and Philippine Appraisal Co. Inc. in 2014 and 2015, respectively.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group:

	Valuation Techniques	Significant Unobservable Inputs
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence
Building and Land Improvements	Cost Approach and Market Data Approach	Lineal and square meter, current cost of materials, labor and equipment, contractor's profits, overhead, taxes and fees

Description of the valuation techniques and significant unobservable inputs used in the valuation of the Group's investment properties are as follows:

Valuation Techniques

Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Cost Approach	A process of determining the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation on physical wear and tear, and obsolescence.

Significant Unobservable Inputs

Reproduction Cost New	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.
Time Element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Corner influence	Bounded by two (2) roads.

14. Contingent Liabilities

In the ordinary course of the Group's operations, certain companies within the Group have pending tax assessments/claims which are in various stages of protest/appeal with the tax authorities, the amounts of which cannot be reasonably estimated. Management believes that the bases of said protest/appeal are legally valid such that the ultimate resolution of these assessments/claims would not have material effects on the Group's interim condensed consolidated financial position and results of operations.

In addition, in order to partially guarantee the completion of Fed Land's ongoing projects, the Parent Company issued Letters of Guarantee (LG) in favor of Housing and Land Use Regulatory Board for a total guarantee amount of ₱1.39 billion as of June 30, 2017 and December 31, 2016.

15. Events after Financial Reporting Date

On August 8, 2017, the BOD of the Parent Company approved the acquisition of 4.0 million common shares, representing 20% ownership in Sumisho Motor Finance Corporation for a total consideration of ₱379.92 million from Philippine Savings Bank and PS Bank Retirement Fund.

Annex B

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIODS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (UNAUDITED)

(Amounts in millions except ratio and %)	2017	2016
Liquidity Ratio		
Current ratio	**2.70**	1.91
Current assets	**₱103,259**	₱121,741
Current liabilities	**38,252**	63,651
Solvency Ratio		
Total liabilities to total equity ratio	**0.75**	1.13
Total liabilities	**126,790**	152,036
Total equity	**168,024**	134,905
Debit to equity ratio	**0.51**	0.79
Total debt	**86,012**	106,566
Total equity	**168,024**	134,905
Asset to Equity Ratio		
Asset to equity ratio	**1.75**	2.13
Total assets	**294,814**	286,941
Total Equity	**168,024**	134,905
Interest Rate Coverage Ratio*		
Interest rate coverage ratio	**8.35**	7.58
Earnings before interest and taxes (EBIT)	**13,487**	11,959
Interest expense	**1,616**	1,577
Profitability Ratio		
Return on average assets	**2.58%**	3.02%
Net income attributable to Parent Company	**7,237**	9,109
Total assets	**294,814**	286,941
Average assets	**280,130**	302,113
Return on Average Equity	**5.60%**	9.35%
Net income attributable to Parent Company	**7,237**	9,109
Equity attributable to Parent Company	**143,795**	104,703
Average equity attributable to Parent Company	**129,300**	97,418

*computed as EBIT/Interest Expense

Annex C

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

DETAILS OF THE USE OF PROCEEDS OF THE COMPANY'S PERPETUAL PREFERRED SHARES OFFERING
FOR THE PERIOD OCTOBER 27, 2016 TO JUNE 30, 2017
(In millions)

Gross proceeds	₱12,000
Less: Offer-related fees and expenses	87
Net Proceeds	11,913
Use of Proceeds	
Refinancing of short-term loans in 2016	7,520
Acquisition of additional investment in Metropolitan Bank & Trust Company in 2016	1,442
Infusion of capital into Toyota Financial Services Philippines in response to an equity call representing 40% share in 2017	480
Acquisition of additional investment in Metropolitan Bank & Trust Company in 2017	2,471
Total	11,913
Balance of the Net Offering Proceeds as of June 30, 2017	₱–