COVER SHEET

CS200711792

S.E.C. Registration Number

GT CAPITAL HOLDINGS, INC.

(Company's Full Name)

43rd FLOOR, GT TOWER INTERNA-TIONAL AYALA AVENUE CORNER H.V DELA COSTA STREET MAKATI CITY

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

Atty. Joselito V. Banaag

Contact Person

836-45-00

Company Telephone Number

12	31	20-IS	07	11
Month	Day		Month	Day
Fiscal Year		Form Type	Annual Meeting	

NONE

Secondary License type, if applicable

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

18

Total No. of Stockholders

Total amount of Borrowings

Domestic | Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. use black ink for scanning purposes.

GT CAPITAL
HOLDINGS, INCORPORATED

Notice of Annual Stockholders' Meeting
July 11, 2012 at 4:00 p. m.
Metrobank Auditorium, Second Floor Metrobank Plaza
Sen. Gil Puyat Avenue, Makati City

To all Stockholders:

Please take notice that the 2012 annual stockholders' meeting of GT Capital Holdings, Inc. will be held on July 11, 2012 at 4:00 p.m. at the Metrobank Auditorium, Second Floor Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City. The agenda of the meeting is set forth below:

AGENDA

1. Call to order
2. Certification of notice and quorum
3. Approval of minutes of special meeting of stockholders held on February 14, 2012
4. Amendment of By-laws to change the date of Stockholders Meeting
5. Annual Report for the Year 2011
6. General ratification of the acts of the Board of Directors and the management from the date of the last annual stockholders' meeting up to the date of this meeting
7. Election of directors for 2012 - 2013
8. Appointment of external auditors
9. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange (PSE) on May 24, 2012 as the record date for the determination of stockholders entitled to notice of and to vote at such meeting and any adjournment thereof.

In case you cannot personally attend the meeting, you are requested to accomplish the attached proxy form and return the same to the office of the Secretary at 43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City 1227 on or before June 29, 2012.

For your convenience in registering your attendance, please bring some form of identification with a photograph, such as a passport, driver's license, or company I.D.

Makati City, June 8, 2012.

BY THE ORDER OF THE BOARD OF DIRECTORS

A. V. Viray

ANTONIO V. VIRAY
Corporate Secretary
GT CAPITAL HOLDINGS, INC.

PROXY

The undersigned stockholder of GT Capital Holdings, Inc. (the "Company") hereby appoints ______________________________ or in his absence, the Chairman of the meeting, *as attorney* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on July 11, 2012 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors.

____ Vote for all nominees listed below

Dr. George S. K. Ty
Arthur V. Ty
Alfred V. Ty
Carmelo Maria Luza Bautista
Roderico V. Puno
Solomon S. Cua
Manuel Q. Bengson
Jaime Miguel G. Belmonte (Independent Director)
Renato C. Valencia (Independent Director)

____ Withhold authority for all nominees listed above

____ Withhold authority to vote for the nominees listed below:

____________ ____________
____________ ____________
____________ ____________
____________ ____________

2. Approval of minutes of previous annual and special stockholders' meetings

___ Yes ___ No ____ Abstain

3. Approval of annual report.

___ Yes ___ No ___ Abstain

4. Ratification of all acts and resolutions of the Board of Directors and Executive Officers.

___ Yes ___ No ___ Abstain

5. Election of Sycip Gorres Velayo & Co. as independent auditors.

___ Yes ___ No ___ Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

___ Yes ___ No

____
PRINTED NAME OF STOCKHOLDER

____
SIGNATURE OF STOCKHOLDER/
AUTHORIZED SIGNATORY

____
DATE

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE JUNE 29, 2012, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED 'FOR' THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS OR HER INTENTION TO VOTE IN PERSON.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [X] Definitive Information Statement

8/10/11

2. Name of Registrant as specified in its charter: **GT CAPITAL HOLDINGS, INC.**

3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

4. SEC Identification Number: **CS200711792**

5. BIR Tax Identification Code **006-806-867**

6. Address of principal office: **43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City, Metro Manila, Philippines** Postal Code: 1227

7. Registrant's telephone number, including area code: **(632) 836-4500**

8. Date, time and place of the meeting of security holders: **July 11, 2012 at 4:00 p.m., to be held at the MBTC Auditorium, Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City 1200**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 20, 2012**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	**158,000,000**

11. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes ____X____ No __________

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    THE PHILIPPINE STOCK EXCHANGE, INC.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

(a) The Annual Stockholders' Meeting of GT Capital Holdings, Inc. ("GT Capital" or the "Company") is scheduled to be held on July 11, 2012 at 4:00 p.m. at the MBTC Auditorium, Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City 1200. The complete mailing address of the principal office of the registrant is 43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa Street, Makati City, Metro Manila, Philippines 1227.

(b) The approximate date on which the Information Statement will be sent or given to the stockholders is on June 20, 2012.

Statement that proxies are not solicited

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY.

Voting Securities

The record date for purposes of determining the stockholders entitled to vote is May 24, 2012. The total number of shares outstanding and entitled to vote in the stockholders' meeting is 158,000,000 shares. Stockholders are entitled to cumulative voting in the election of the board of directors, as provided by the Corporation Code.

Item 2. **Dissenters' Right of Appraisal**

Pursuant to Section 81 of the Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares in the following instances:

(a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any shares of any class, or of extending or shortening the term of corporate existence.
(b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
(c) In case of merger or consolidation.

A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. The procedure for the exercise by a dissenting stockholder of his appraisal right is as follows:

(a) The dissenting stockholder shall make a written demand on the corporation within 30 days after the date on which the vote was taken for payment for the fair value of his shares. The failure of the stockholder to make the demand within 30 day period shall be deemed a waiver on his appraisal right;
(b) If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of corresponding certificate(s) of stock within 10 days after demanding payment for his shares (Sec. 86), the fair value thereof; and
(c) Upon payment of the agreed or awarded price, the stockholder shall transfer his share to the corporation.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

(a) No director or officer of the Company since the beginning of the last fiscal year, nominee for election as director, or associate of the foregoing persons, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

(b) No director in the Company has given written notice that he intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) As of May 31, 2012, the total number of shares outstanding and entitled to vote in the stockholders' meeting is 158,000,000 common shares.

(b) The record date for determining the stockholders entitled to notice and to vote is May 24, 2012.

(c) Stockholders shall be entitled to vote in person or by proxy and, unless otherwise provided by law, he shall have one vote for each share of stock entitled to vote and recorded in his name in the books of the Corporation. At all meetings of the stockholders, all elections and all questions shall be decided by the plurality of vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present, except in cases where other provision is made statute. Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by proxy if there be by proxy, and shall state the number of shares voted by him.

Provided however, that in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner prescribed by Title III, Section 24 of the Corporation Code of the Philippines.

(c) **Security Ownership of Certain Record and Beneficial Owners as of May 31, 2012:**

As of May 31, 2012, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (%)
Common	Grand Titan Capital Holdings, Inc. 4th Floor Metrobank Plaza, Sen. Gil Puyat Ave., Makati City	Same as the Record Owner **Arthur Vy Ty** is authorized to vote the shares held by Grand Titan Capital Holdings, Inc.	Filipino	110,095,110	69.680%
Common	PCD Nominee Corp. (Non-Filipino)	Various Clients [1]	Foreign	33,255,762	21.048%

Common	PCD Nominee Corp. (Filipino)	Various Clients [1]	Filipino	14,130,578	08.943%

(1) The Company has no information as to the beneficial owners of the shares of stocks held by PCD Nominee Corp. The clients of PCD Nominee Corp. have the power to decide how their shares are to be voted.

Security Ownership of Management as of May 31, 2012

Title of Securities	Name of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership (D) direct/(I) indirect	Citizenship	Percent of Class
Common	Dr. George S. K. Ty	200,000 (D)	Filipino	0.1266%
Common	Arthur V. Ty	100,000 (D)	Filipino	0.0633%
Common	Alfred V. Ty	100,000 (D)	Filipino	0.0633%
Common	Mary Vy Ty	99,000 (D)	Filipino	0.0627%
Common	Anjanette T. Dy Buncio	20,000 (D) 20,000 (I)	Filipino	0.0126% 0.0126%
Common	Solomon S. Cua	1,000 (I) 20,000 (D)	Filipino	0.0006% 0.0126%
Common	Carmelo Maria Luza Bautista	1,000 (I) 10,000 (D)	Filipino	0.0006% 0.0063%
Common	Francisco H. Suarez, Jr.	5,000 (D)	Filipino	0.0032%
Common	Jocelyn Y. Kho	2,200 (I)	Filipino	0.0014%
Common	Roderico V. Puno	1,000 (I)	Filipino	0.0006%
Common	Jaime Miguel G. Belmonte	1,000 (I)	Filipino	0.0006%
Common	Manuel Q. Bengson	1,000 (I)	American	0.0006%
Common	Renato C. Valencia	1,000 (I)	Filipino	0.0006%
Common	Joselito V. Banaag	900 (D)	Filipino	0.0005%
Common	Alesandra T. Ty	0	Filipino	0.000%
Common	Antonio V. Viray	0	Filipino	0.000%
Common	Reyna Rose P. Manon-Og	0	Filipino	0.000%
Total		**554,900 (D)** **28,200 (I)** **583,100 (D) and (I)**		**0.3687%**

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

(e) **Change in Control**

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements which may result in a change in control of the Company.

Item 5. **Directors and Executive Officers of the Registrant**

(a) The incumbent Directors and Executive Officers of the Company are as follows:

Board of Directors

Office	Name	Age	Citizenship
Chairman	Dr. George S.K. Ty	79	Filipino
Vice Chairman	Arthur V. Ty	45	Filipino
Vice Chairman	Alfred V. Ty	44	Filipino
Director/President	Carmelo Maria Luza Bautista	54	Filipino
Director	Roderico V. Puno	48	Filipino
Director	Solomon S. Cua	56	Filipino
Independent Director	Jaime Miguel G. Belmonte	48	Filipino
Independent Director	Manuel Q. Bengson	67	American
Independent Director	Renato C. Valencia	69	Filipino

The business experience of the members of the Board for the last five (5) years is as follows:

Dr. George S.K. Ty has served as GT Capital Holdings' Chairman since its inception in 2007. Dr. Ty is also the founder of Metropolitan Bank & Trust Company (MBT) and served as its Chairman from 1975 until 2006 when he became group Chairman of the Metrobank group of companies. Dr. Ty graduated from the University of Santo Tomas. He is concurrently Chairman of the Board of Trustees of the Metrobank Foundation, Inc. and of the Board of Directors of TMP and Toyota Autoparts Philippines Corporation.

Arthur V. Ty has been the Company's Vice Chairman since 2007 and President of MBT since 2006. In May 2012, he was appointed Chairman of MBT. He headed MBT's Consumer Lending Group from 2000 to 2004 and served as Vice Chairman of the Bank from 2004 to 2006. He also serves as the Chairman of Metrobank Technology, Inc., Vice Chairman of PSBank and Metrobank Foundation, Inc. and director of Metrobank Card Corporation. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York in 1991.

Alfred V. Ty has been a Vice Chairman of the Company since February 14, 2012 and has served as a Director of the Company since 2007. He is also the current President of Federal Land Inc. He graduated from the University of Southern California with a degree major in Business Administration in 1989. Some of his other current roles and positions include: Corporate Secretary, MBT; Vice Chairman, TMP; Chairman, Lexus Manila; Director, Philippine Long Distance Telephone Company; Chairman, Asia Pacific Top Management; Director, Vivant Corporation; Corporate Secretary, Metrobank Foundation, Inc.; Director, GBP; Honorary Consul, Consulate of Uruguay; and Former Special Envoy of the President to China, Republic of the Philippines Department of Foreign Affairs.

Carmelo Maria Luza Bautista assumed the role of Director and President of GT Capital Holdings in 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation in April of 2008 as Executive Director and was appointed as the head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for over 30 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank Manila; Vice President Real

Estate Finance Group Citibank N.A. Singapore branch; and Country Manager ABN AMRO Offshore Bank Philippines. Mr. Bautista has a Masters in Business Management degree from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelors degree major in Economics from the Ateneo de Manila University.

Roderico V. Puno is a Senior Partner of Puno & Puno Law Offices. He earned his Bachelor of Laws degree from the Ateneo de Manila University in 1989 and currently specializes in general corporate law, banking, corporate and project finance, real estate, utilities regulation, securities and infrastructure. He is currently a Director of GBP; and Corporate Secretary of Atlas Consolidated and Mining and Development Corporation, Banco De Oro Private Bank, Banco De Oro Securities Corporation and First Philippine Industrial Park. He served as the Vice-President-Legal for First Philippine Holdings Corporation.

Solomon S. Cua currently serves as Vice Chairman of the board of directors of FMIC and has been a director since 2001. He has over 20 years' experience in general management, banking, and finance. Prior to joining FMIC, he served as Undersecretary of the Department of Finance (1998-2000). Mr. Cua graduated from the University of Melbourne and the University of Queensland where he earned Bachelor of Arts in Mathematical Sciences and Economics and Bachelor of Laws, respectively. He obtained his Masters of Law from the London School of Economics and Political Sciences. Mr. Cua currently holds the following positions: Chairman of Philippine AXA Life Insurance Corporation (since April, 2010), Director of Omico Corp (since 2006), Vice Chairman and Chief Executive Officer for Arlec Incorporated (since 2002), as well as President/Director of the Philippine Racing Club (since 2001), Venasque Club (since 2002) and Trustee for GT Metro Foundation Incorporated (since May 2010).

Jaime Miguel G. Belmonte* was elected an independent director of GT Capital Holdings, Inc. on December 2, 2011. Mr. Belmonte has been the President and Chief Executive Officer of The Philippine Star since 1998. He also currently holds the following positions: President, Pilipino Star Printing, Co., Inc.; President/Publisher, Pilipino Star Ngayon; President, The Freeman, Inc. (Cebu); Director, Stargate Media Corporation (People Asia Magazine); and Member - Board of Advisers, Manila Tytana College. Mr. Belmonte earned his undergraduate degree from the University of the Philippines-Diliman.

Manuel Q. Bengson* was elected an independent director of GT Capital Holdings on February 14, 2012 and appointed Chairman of the Corporate Governance Committee. At present, he concurrently serves as an independent director of MBT (since 2011) and Energy Opt, Inc. (since 2010); and as a member of the Board of Governance of the Philippine Dealing and Exchange Corporation (since 2011). At MBT, he is the Chairman of the Legal and Tax Committee and a member of both the Trust and Overseas Banking Committees. From 1969 to 2003, he assumed executive functions in several entities such as Ayala Corporation, Ayala Life-FGU, Ayala Life Fixed Income Fund, Bank of the Philippine Island Group and Citibank. He finished his BBA major in Accounting at the University of the East.

Renato C. Valencia* was elected an independent director of GT Capital Holdings on February 14, 2012 and appointed Chairman of the Audit Committee. At present, he concurrently holds the following positions: director of MBT(since 1998), President and CEO of Roxas Holdings, Inc. (since 2011), Chairman of i-People (since 2007) and Board Adviser of Philippine Veterans Bank (since 2005). At MBT, he serves as the chairman of the Audit Committee, Related Party Transaction Committee and Nominations Committee; and a member of the Risk Management Committee. From 1963 to 2011, he assumed different executive and non-executive roles in various entities including the Armed Forces of the Philippines, Ayala Investment and Development Corporation, Far East Bank and Trust Company, Manila Electric Company, Philex Mining Corporation, PSBank, Philippine Long Distance Telecommunications, San Miguel Corporation, Philippine Coca-Cola System, Union Bank of the Philippines and the Social Security System. He finished his master's degree in Business Management at the Asian Institute of Management.

** Independent director - the Company has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule. The Company's By-laws were amended for this purpose and such amendment was approved by the SEC on January 13, 2012. A discussion on the guidelines and procedures for Nomination and Election of Independent Directors is set forth in Annex "A" of this Information Statement.*

Period of Directorship

Name	Date Elected
Dr. George S.K. Ty	June 3, 2011
Arthur V. Ty	June 3, 2011
Alfred V. Ty	February 14, 2012
Carmelo Maria Luza Bautista	August 5, 2011
Roderico V. Puno	August 5, 2011
Solomon S. Cua	June 3, 2011
Jaime Miguel G. Belmonte	December 2, 2011
Manuel Q. Bengson	February 14, 2012
Renato C. Valencia	February 14, 2012

Executive Officers

Name	Office	Age	Citizenship
Carmelo Maria Luza Bautista	President	54	Filipino
Francisco H. Suarez, Jr.	SVP/Chief Financial Officer	52	Filipino
Mary Vy Ty	Treasurer	71	Filipino
Anjanette T. Dy Buncio	Assistant Treasurer	43	Filipino
Alesandra T. Ty	Assistant Treasurer	32	Filipino
Antonio V. Viray	Corporate Secretary	72	Filipino
Jocelyn Y. Kho	Assistant Corporate Secretary	57	Filipino
Joselito V. Banaag	VP/Head, Legal and Compliance	41	Filipino
Reyna Rose P. Manon-Og	AVP/Head, Accounting and Financial Control	30	Filipino

Francisco H. Suarez, Jr. has served as GT Capital Holdings' Chief Financial Officer since February 16, 2012. He brings to the Company over 30 years of experience in the fields of investment banking and corporate finance. He served as Chief Financial Officer of ATR KimEng Group, PSi Technologies, Inc. and SPi Technologies; and he assumed various positions in Asian Alliance Investment Corporation, Metrobank, International Corporate Bank, Far East Bank and Trust Company and National Economic Development Authority. He earned his Bachelor of Arts in Applied Economics from De La Salle University in 1981; and is a candidate for a Masters in Business Administration degree at the Ateneo Graduate School of business.

Mary Vy Ty has served as the Company's Treasurer since its incorporation in 2007. Mrs. Ty has more than 30 years of experience in banking and general business. Concurrently, she holds the following positions: Assistant to the Group Chairman, Metrobank; Adviser, Metrobank (Bahamas); Board of Trustee/Treasurer, Metrobank Foundation, Inc; Director, First Metro Investment Corporation; Vice Chairman, Manila Medical Services Inc.; Board of Trustee, Manila Doctors College, Inc.; Treasurer, GBP; Director, Fed Land; Director, Global Treasure Holdings, Inc.; and Director, Grand Titan Capital Holdings, Inc. Previously, she held the position of Vice Chairman for Federal Homes, Inc. as well as Adviser for MCC. She earned her collegiate degree from the University of Santo Tomas.

Antonio V. Viray first served as the Company's Assistant Corporate Secretary prior to assuming the position of Corporate Secretary in June 2009. He concurrently holds the following positions: Of Counsel, Feria Tantoco Robeniol Law Office; Corporate Secretary, Golden Treasure Holdings Corporation and Grand Titan Capital Holdings, Inc.; Senior Vice President, GBH; and Chairman and President, AVIR Development Corporation. His previous employments include serving as Director, Assistant Corporate Secretary and General Counsel of Metrobank; and as Corporate Secretary of PS Bank. He obtained his associate degree from Letran College; Bachelor of Laws from University of Santo Tomas; and Master of Laws from Northwestern University.

Jocelyn Y. Kho has served as the Company's Assistant Corporate Secretary since June 2011. She concurrently serves as the Corporate Secretary of Federal Homes, Inc.; Controller and Assistant Corporate Secretary of Global Treasure Holdings, Inc. and Grand Titan Capital Holdings, Inc.; Director and Treasurer of Global Business Holdings, Inc.; Chairman and President of MBT-Management Consultancy, Inc.; and Director of Cathay International Resources, Inc. She served as Vice President under the Office of the Assistant to the Group Chairman of MBT from 1978 to 2009. She earned her Bachelor of Science degree in Commerce with a major in Accounting from the University of Santo Tomas in 1975.

Anjanette T. **Dy Buncio** has served as GT Capital Holdings' Assistant Treasurer since 2007. She also is a Senior Vice President and the Treasurer of Fed Land. She graduated from the International Christian University in Tokyo, Japan with a Bachelor of Sciences degree in Economics. Other roles that she occupies include: Director and Vice Chairman of MCC (2003 to present); Corporate Secretary, GBP (2010 to present); Executive Vice President, Proline Sports Center (1994 to present); Corporate Secretary, Pro Oil Corporation (2002 to present).

Alesandra V. Ty was appointed Assistant Treasurer of GT Capital Holdings on February 14, 2012. She finished her Bachelor of Legal Management degree at Ateneo De Manila University and earned her Master in Business Administration at the China Europe International Business School in China. She is currently a director and Treasurer of AXA, and director of Federal Homes, Inc. and Sumisho Motorcycle Finance Corp., Corporate Secretary of FMIC and Treasurer of MCC.

Joselito V. Banaag joined the Company on January 2, 2012 as head of its Legal and Compliance Division. Prior to this, he served as General Counsel of the Philippine Stock Exchange and head of the Exchange's Issuer Regulation Division, Compliance Officer of the Exchange, and Chief Legal Counsel of the Securities Clearing Corporation of the Philippines, a wholly-owned subsidiary of the Exchange. Previous employments include assuming various positions in SGV & Co., Cayetano Sebastian Ata Dado and Cruz Law Offices, PNOC Exploration Corporation and Padilla Jimenez Kintanar & Asuncion Law Offices. He earned his Bachelor of Arts in Political Science with a minor in Japanese Studies from the Ateneo de Manila University and his Bachelor of Laws from the University of the Philippines.

Reyna Rose P. Manon-og was appointed the Company's Controller in October 2011. Prior to joining the Company, she spent seven years at SGV&Co. as an external auditor; and another two years in United Coconut Planters Bank as head of its Financial Accounting Department. She is a Certified Public Accountant and an honors graduate of Bicol University.

Period of Officership

Name	**Office**	**Period Held**
Carmelo Maria Luza Bautista	President	2011-Present
Francisco H. Suarez, Jr.	SVP/Chief Financial Officer	2012-Present
Mary Vy Ty	Treasurer	2007-Present
Anjanette T. Dy Buncio	Assistant Treasurer	2007-Present
Alesandra T. Ty	Assistant Treasurer	2012-Present
Antonio V. Viray	Corporate Secretary	2009-Present
Jocelyn Y. Kho	Assistant Corporate Secretary	2011-Present
Joselito V. Banaag	VP/Head, Legal and Compliance	2012-Present
Reyna Rose P. Manon-Og	AVP/Head, Accounting And Financial Control	2011-Present

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The same set of directors will be nominated in the coming regular annual stockholders' meeting. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC and its Implementing Rules and Regulations as well as the Company's By-laws.

Nomination of Independent Directors shall be conducted by the Nomination Committee prior to the stockholders' meeting. The Nomination Committee shall prepare a Final List of Candidates from those who have passed the Guidelines, Screening Policies and Parameters for nomination of independent directors and which list shall contain all the information about these nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as

Independent Director. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee; otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

(b) Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

Directorships in Other Reporting Companies

The following are directorships held by Directors and Executive Officers in other reporting companies during the last five years:

Name of Corporation	Position
Arthur Vy Ty	
Metropolitan Bank & Trust Company..	Chairman
Philippine Savings Bank..	Vice Chairman
First Metro Investment Corporation...	Vice Chairman
Alfred Vy Ty	
Philippine Long Distance Telephone Company...................................	Director
Solomon S. Cua	
Philippine Racing Club, Inc.	President/Director
Manuel Q. Bengson	
Metropolitan Bank & Trust Company..	Independent Director
Renato C. Valencia	
Metropolitan Bank & Trust Company..	Director
Roxas Holdings, Inc.	President and CEO/Director
Mary Vy Ty	
First Metro Investment Corporation...	Director

The members of the Audit and Risk Management Committee are:

Renato C. Valencia	- Chairman
Manuel Q. Bengson	- Member
Solomon S. Cua	- Member

The members of the Compensation Committee are:

Alfred V. Ty	- Chairman
Carmelo Maria Luza Bautista	- Member
Renato C. Valencia	- Member

The members of the Nominations Committee are:

Roderico V. Puno	- Chairman
Carmelo Maria Luza Bautista	- Member
Jaime Miguel G. Belmonte	- Member

The members of the Corporate Governance Committee are:

Manuel Q. Bengson	- Chairman
Roderico V. Puno	- Member
Jaime Miguel G. Belmonte	- Member

The Nomination Committee created by the Board under its Corporate Governance Manual nominated the following for re-election to the Board of Directors at the forthcoming Annual Stockholders' Meeting:

Dr. George S. K. Ty
Arthur V. Ty
Alfred V. Ty
Carmelo Maria Luza Bautista
Roderico V. Puno
Solomon S. Cua
Manuel Q. Bengson

Francisco H. Suarez, Jr. nominated to the Board, for inclusion in the Final List of Candidates for Independent Director, the following stockholders:

Jaime Miguel G. Belmonte
Renato C. Valencia

Francisco H. Suarez, Jr., Mr. Jaime Miguel G. Belmonte and Mr. Renato C. Valencia are not related either by consanguinity or affinity, nor has any other professional/business dealings with each other.

The Company has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director. The same provision has been incorporated in the Amended By-Laws of the Company.

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The same set of directors will be nominated in the coming regular annual stockholders' meeting.

The following will be nominated as officers at the Organizational meeting of the Board of Directors:

Office	Name
Chairman	Dr. George S. K. Ty
Vice Chairman	Arthur V. Ty
Vice Chairman	Alfred V. Ty
Director and President	Carmelo Maria Luza Bautista
Treasurer	Mary Vy Ty
Assistant Treasurer	Anjanette T. Dy Buncio
Assistant Treasurer	Alesandra T. Ty
Corporate Secretary	Antonio V. Viray
Assistant Corporate Secretary	Jocelyn Y. Kho
Chief Financial Officer	Francisco H. Suarez, Jr.
Head, Legal and Compliance	Joselito V. Banaag
Head, Accounting and Financial Control	Reyna Rose P. Manon-Og

(c) Family Relationships

Mary Vy Ty is the wife of Dr. George SK Ty. Arthur Vy Ty, Alfred Vy Ty, Anjanette T. Dy Buncio and Alesandra T. Ty are the children of Dr. George SK Ty and Mary Vy Ty. All other directors and officers are not related either by consanguinity or affinity. There are no other family relationships known to the registrant other than the ones disclosed herein.

(d) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 23 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

(e) Involvement in Legal Proceedings

The Company is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or controlling person of the Company:

(1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

(4) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated; and

(5) a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Item 6. **Compensation of Directors and Executive Officers**

Executive Compensation of GT Capital Holdings

Summary compensation table

The following table identifies the Company's President and four most highly-compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2010, 2011 and 2012. The amounts (in P millions) set forth in the table below have been prepared based on what the Company paid its executive officers in 2010 and 2011 and what the Company expects to pay in 2012.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Named Executive Officers*..........................	2010	-	-	-
	2011	1.90	0.59	-
	2012**	14.09	3.74	-
All other Officers as a Group	2010	-	-	-
	2011	0.26	0.04	-
	2012**	1.02	0.26	-

** Named executive officers include: Carmelo Maria Luza Bautista (President), Francisco H. Suarez, Jr. (Chief Financial Officer), Joselito V. Banaag (Head, Legal and Compliance), Alesandra T. Ty (Assistant Treasurer) and Reyna Rose P. Manon-og (Controller).*

*** Figures for the year 2012 are estimates.*

Compensation of key management personnel for the year ended December 31, 2011 was P2.5 million, which represents short-term employee benefits.

Employment contracts between the Company and named executive officers

The Company has no special employment contracts with the named executive officers.

Warrants and options outstanding

There are no outstanding warrants or options held by the CEO, the named executive officers, and all officers and directors as a group.

Stock option plan

The Company has no employee stock option plan.

Item 7. **Independent Public Accountants**

Sycip, Gorres, Velayo & Company is the external auditor for the current year. The same external auditor will be recommended for re-appointment at the scheduled stockholders' meeting. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Company engaged Ms. Jessie Cabaluna of SGV & Co. for the examination of the Company's financial statements from 2007 to 2011. Pursuant to SRC Rule 68, Paragraph 3 (b) (ix) (Rotation of External Auditors), the independent auditors or in the case of an audit firm, the signing partner, shall be rotated after every five (5) years of engagement, with a two-year cooling off period to be observed in the re-engagement of the same signing partner or individual auditor.

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the external auditor were P300,000.00 and P110,000.00 for 2011 and 2010, respectively. The audit fees for 2012 are estimated to be at P300,000.00. Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, and assistance in the preparation of annual income tax returns. Also, in 2011-2012, SGV rendered other professional services relating to the Initial Public Offering of GT Capital Holdings, Inc. The professional fees amounted to P30,000,000.00 exclusive of VAT and out-of-pocket expenses. There were no other professional services rendered by SGV & Co. during the period. Tax consultancy services are secured from other entities other than the external auditor.

The Audit Committee recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors and stockholders approve the Audit Committee's recommendation.

Item 8. **Compensation Plans**

GT Capital Holdings, Inc. has no existing or planned stock options.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

Not applicable.

Item 10. **Modification or Exchange of Securities**

Not applicable.

Item 11. **Financial and Other Information**

Not applicable.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

Not applicable.

Item 13. **Acquisition or Disposition of Property**

Not applicable.

Item 14. **Restatement of Accounts**

Not applicable.

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

The following are to be submitted for approval during the stockholders' meeting:

(a) Minutes of the special meeting of stockholders held on February 14, 2012.

The following was the agenda of the said meeting:

- Call to order
- Certification of notice and quorum
- Approval of minutes of the special meeting of stockholders held on December 02, 2011
- Election of two (2) directors after amendment of Articles of Incorporation to increase members of the Board from seven (7) to nine (9)
- Sale of corporate shares in connection with the Company's Initial Public Offering
- Adjournment

(b) Amendment of By-laws to change date of Annual Stockholders Meeting from second Monday of June to second Monday of May

(c) General ratification of the acts of the Board of Directors and the management from the date of the last special stockholders' meeting up to the date of this meeting.

These acts are covered by Resolutions of the Board of Directors duly adopted in the normal course of trade or business, such as:

I. Authorizing GT Capital Holdings, Inc. to offer and issue common shares by way of Initial Public Offering
II. Appointing Metropolitan Bank & Trust Company-Trust Banking Group as Stock Transfer Agent, and as Escrow Agent, and Receiving and Paying Agent in relation to the Initial Public Offering
III. Appointing bank signatories and amendments thereof
IV. Entering into various agreements pertaining to operations
V. Adopting the corporate logo

There are no matters that would require approval of the stockholders other than as stated in Item 18.

Item 16. **Matters Not Required to be Submitted**

Not applicable.

Item 17. **Amendment of Charter, Bylaws or Other Documents**

At the regular meeting of stockholders held on September 23, 2011, at which a quorum was present, the stockholders approved the amendment of the Company's Articles of Incorporation to increase the number of directors on the board from seven (7) to nine (9).

At the special meeting of stockholders held on December 02, 2011, at which a quorum was present, the stockholders approved the following amendments to the Company's By-laws:

i) That the Company have at least two (2) independent directors on its board;
ii) That members of the board of directors may participate in meetings through teleconference or videoconference;
iii) That an Executive Committee be created, which may be convened by the Chairman, or in his absence, the Vice-Chairman

At a special meeting of the Board of Directors on June 7, 2012, the Board approved the amendment of Article II, Section 1 of the Company's By-laws on the holding of the Annual/Regular Meetings of Stockholders, moving it from the second Monday of June of each year to the second Monday of May of each year.

Item 18. **Other Proposed Action**

The following are to be presented for approval during the stockholders' meeting:

(a) Election of directors for 2012-2013; and
(b) Appointment of external auditors.

Item 19. **Voting Procedures**

a. Election of Directors

As stated in Section 2 of Article III of the Company's By-Laws, "The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified."

Section 24 of The Corporation Code of the Philippines states that "At all elections of directors or trustees, there must be present, either in person or by representative authorized to act by written proxy, the owners of a majority of the outstanding capital stock... entitled to vote".

b. Appointment of External Auditors

As stated in Section 1 of Article VII of the Company's By-Laws, "At the regular stockholders' meeting the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation." The stockholders representing the majority of the subscribed capital stock approves the appointment of external auditors.

Methods by which votes will be counted

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote of any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.

The external auditor of the Company, SGV & Co., will validate the ballots when voting is done by secret ballot. Likewise, SGV & Co. will count the number of hands raised when voting by show of hands is done.

N.B. UPON WRITTEN REQUEST OF A STOCKHOLDER, GT CAPITAL HOLDINGS, INC. SHALL PROVIDE, FREE OF CHARGE, A COPY OF ITS 2012 ANNUAL REPORT (SEC FORM 17-A). THE REQUEST SHOULD BE ADDRESSED TO THE ATTENTION OF FRANCISCO H. SUAREZ, JR., CHIEF FINANCIAL OFFICER, 43RD FLOOR, GT TOWER INTERNATIONAL, AYALA AVENUE CORNER H. V. DELA COSTA ST., MAKATI CITY 1227.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on June 8, 2012.

By:

FRANCISCO H. SUAREZ, JR.
Chief Financial Officer

A.i Consolidated Audited Financial Statements

The Company's consolidated financial statements for the year ended December 31, 2011 are incorporated herein by reference.

A.ii Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosures.

A.iii Management's Discussion and Analysis or Plan of Operation

Calendar Year Ended December 31, 2011 compared to year ended December 31, 2010

Results of Operations

GT Capital Consolidated Income Statement (In Million Pesos, except for percentages)	Audited Year-End December 31		Increase (Decrease)	
	2011	2010	Amount	Percentage
REVENUE				
Equity in net income of associates - net	3,568	2,949	619	21.0%
Real estate sales	2,512	2,161	351	16.3%
Sale of goods and services	764	645	119	18.6%
Commission income	96	47	49	103.8%
Rent income	238	198	40	20.2%
Interest and other income	787	307	480	156.4%
	7,965	**6,307**	**1,658**	**26.3%**
COST AND EXPENSES				
Cost of real estate sales	1,554	1,365	189	13.8%
Cost of goods and services	709	585	124	21.4%
General and administrative expenses	1,110	893	217	24.2%
Interest expense	990	282	708	251.1%
	4,363	**3,125**	**1,238**	**39.6%**
INCOME BEFORE INCOME TAX	**3,602**	**3,182**	**420**	**13.2%**
PROVISION FOR INCOME TAX	**148**	**70**	**78**	**112.0%**
NET INCOME	**3,454**	**3,112**	**342**	**11.0%**
Attributable to:				
Equity holders of GT Capital Holdings, Inc.	3,325	3,002	323	10.8%
Non-controlling interest	129	110	19	17.3%
	3,454	**3,112**	**342**	**11.0%**

As an investment holdings company, GT Capital generates its revenues from equity in net income of associates from the following component companies, namely: Metropolitan Bank and Trust Company ("Metrobank"), Global Business Power Corporation ("GBPC"), Toyota Motor Philippines Corporation ("TMPC") and Philippine AXA Life Insurance Corporation ("AXA Life"). The other revenue components including real estate sales, sales of goods and services, commission income, interest income on real estate sales, and rent income are generated from Federal Land, Inc. ("FLI"). As of December 31, 2011, FLI is the only component company that is consolidated in the financial statements of the Company.

The Company reported a net income attributable to shareholders of PhP3.3 billion for the year ended December 31, 2011, representing a 10.8% growth over the PhP3.0 billion recorded in the same period last year. The net income improvement was principally due to the increase in consolidated revenues by 26.3% to PhP8 billion from PhP6.3 billion a year ago. The major contributors to revenue growth came from equity in net income from associates, real estate sales, sale of goods and services, rent income, commission income and interest and other income.

GT Capital registered an equity in net income of associates of PhP3.6 billion in 2011, an increase of 21.0% from PhP2.9 billion in 2010. This increase was primarily attributable to the growth in equity in net earnings from Metrobank amounting to PhP795.1 million due to the higher net income registered for the year.

Real estate sales rose by 16.3% to PhP2.5 billion in 2011 from PhP2.2 billion in 2010 mainly due to a higher percentage of completion from ongoing FLI high end and middle market development projects.

Sale of goods and services increased by 18.6% to PhP764 million in 2011 from PhP645 million in 2010 primarily due to the increase in the sale of petroleum and petroleum products at the Blue Wave Malls arising from higher volumes and increased prices. The higher volumes were primarily the result of the increased vehicle traffic in and around the Mall of Asia.

Commission income more than doubled and increased by 103.8% to PhP96 million in 2011 from PhP47 million in 2010. The increase was primarily due to sales commissions earned from units owned by Federal Land Orix Corporation at the Grand Midori project.

Rent income rose by 20.2% to PhP238 million in 2011 from PhP198 million in 2010. The increase was primarily due to higher occupancy and increased rental rates at both of the Blue Wave Malls resulting from the full year recognition of rent from a call center anchor tenant that began its tenancy in May 2010 as well as the acquisition of one (1) floor in the GT Tower International building in November 2010 which FLI leased out.

Interest and other income, comprising interest income on real estate sales, interest income and other income more than doubled and increased by 156.4% to PhP787 million in 2011 from PhP307 million in 2010. The improvement was due to the following: (1) reimbursement of interest expense from option money granted to affiliates for land purchases of FLI amounting to PhP337.1 million; (2) substantial increase in money market placements due to the corporate notes proceeds by GT Capital in the last quarter of 2010 and by FLI in the first quarter of 2011; and (3) higher accumulation of interest income arising from various buyers of FLI projects.

Cost of real estate sales increased by 13.8% to PhP1.6 billion in 2011 from PhP1.4 billion in 2010 chiefly due to an increase in real estate sales.

Cost of goods and services increased by 21.4% to PhP709 million in 2011 from PhP585 million in 2010 due to the increase in the volume of petroleum and petroleum products sold at the Blue Wave Malls as well as higher costs incurred for the purchase of petroleum products.

General and administrative expenses increased by 24.2% to PhP1.1 billion in 2011 from PhP893 million in 2010. A significant portion of the increase was the rise in commission expense due to higher sales, administrative and management fees, salaries and wages (as a result of an overall increase in head count and general wage increases due to higher sales), professional fees, and advertising and promotions for the greater number of new projects launched by FLI in 2011, amounting to PhP54.2 million, PhP49.4 million, PhP44.7 million, PhP37.4 million and PhP32.9 million, respectively.

Interest expense rose by 251.1% to PhP990 million in 2011 from PhP282 million in 2010 primarily due to the increase in loans availed in 2011 by FLI for land bank acquisition and by the Company to fund its equity investments in GBPC.

Provision for income tax more doubled and increased by 112% to PhP148 million in 2011 from PhP70 million in 2010 due to the substantial increase in taxable income during the year.

As a result of the foregoing, GT Capital's net income increased by 11% to PhP3.4 billion in 2011 from PhP3.1 billion in 2010.

Financial Position

GT Capital Consolidated Balance Sheet (In Million Pesos, except for percentages)	Audited Year-End December 31 2011	2010	Increase (Decrease) Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**455**	3,065	(2,610)	-85.2%
Receivables	**4,864**	1,176	3,688	313.6%
Inventories	**11,338**	7,889	3,449	43.7%
Due from related parties	**939**	558	381	68.3%
Prepayments and other current assets	**975**	752	223	29.7%
Total Current Assets	**18,571**	13,440	5,131	38.2%
Noncurrent Assets				
Noncurrent receivables	**1,115**	909	206	22.7%
Long-term cash investment	**2,440**	-	2,440	100.0%
Deposits	**4,085**	-	4,085	100.0%
Investments and advances	**38,113**	31,123	6,990	22.5%
Investment properties	**5,227**	5,299	(72)	-1.4%
Property and equipment	**396**	431	(35)	-8.1%
Deferred tax assets	**4**	7	(3)	-42.9%
Other noncurrent assets	**112**	94	18	19.1%
Total Noncurrent Assets	**51,492**	**37,863**	**13,629**	**36.0%**
	70,063	**51,303**	**18,760**	**36.6%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**4,573**	1,936	2,637	136.2%
Current portion on purchased land	-	119	(119)	-100.0%
Short term loans payable	**7,649**	7,182	467	6.5%
Customers' deposits	**458**	417	41	9.8%
Due to related parties	**403**	321	82	25.5%
Income tax payable	-	2	(2)	-100.0%
Other current liabilities	**58**	24	34	141.7%
Total Current Liabilities	**13,141**	**10,001**	**3,140**	**31.4%**
Noncurrent Liabilities				
Pension liabilities	**28**	24	4	16.7%
Loans payable - non-current portion	**19,600**	9,000	10,600	117.8%
Non-current portion on purchased land	-	398	(398)	-100.0%
Deferred tax liabilities	**81**	7	74	1,057.1%
Other noncurrent liabilities	**63**	53	10	18.9%
Total Noncurrent Liabilities	**19,772**	**9,482**	**10,290**	**108.5%**
	32,913	**19,483**	**13,430**	**68.9%**
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital Stock	**1,250**	1,250	-	0.0%
Additional paid-in capital	**23,072**	23,072	-	0.0%
Retained earnings	**7,802**	5,377	2,425	45.1%
Other comprehensive income	**2,805**	(90)	2,895	3,216.7%
	34,929	**29,609**	**5,320**	**18.0%**
Non-controlling interest	**2,221**	**2,211**	**10**	**0.5%**
Total Equity	**37,150**	**31,820**	**5,330**	**16.8%**
	70,063	**51,303**	**18,760**	**36.6%**

The major changes in the balance sheet items from December 31, 2010 to December 31, 2011 are as follows:

Total assets of GT Capital increased by 36.6% or PhP18.8 billion; from PhP51.3 billion as of December 31, 2010 to PhP70.1 billion as of December 31, 2011. Total liabilities also increased by 68.9% or PhP13.4 billion;

from PhP19.5 billion to PhP32.9 billion. Total equities also increased by 16.8% or PhP5.3 billion; from PhP31.8 billion to PhP37.1 billion.

Cash and cash equivalents decreased by 85.2% or PhP2.6 billion due a loan provided to a third party.

Receivables increased substantially by 313.6% or PhP3.7 billion. This was mostly attributed to increases in loans receivable (PhP2.6 billion); installment contracts receivable, (PhP536.0 million); and advances to contractors and suppliers (PhP410.6 million) of FLI.

Inventories consisting of condominium units held for sale, land for development, materials and supplies and gasoline retail and petroleum products increased by 43.7% or PhP3.4 billion mainly due to an increase in real estate properties for development.

Due from related parties increased by 68.3% or PhP380.7 million due to advances provided to various subsidiaries of FLI.

Prepayment and other current assets increased by 29.7% or PhP222.5 million due to the increase in creditable withholding taxes of PhP144.3 million, input value-added tax of PhP69.4 million arising from real estate sales.

Noncurrent installment contract receivables increased by 22.7% or PhP206 million as unit buyers availed of long term payment packages for equity build up offered by FLI.

Long-term cash investment from FLI amounted to PhP2.4 billion in 2011 representing cash investment with a local bank in exchange for a loan obtained by an affiliate.

Deposits from FLI amounted to PhP4.1 billion in 2011. This deposits pertains to option money granted by a third party for the exclusive rights for three (3) years to either (1) to purchase the property; (2) to purchase shares of stock of the third party which own the property; (3) to develop the property as developer in joint venture with the third party; or (4) to undertake a combination of any of the foregoing, as may be agreed upon by the parties.

Investment and advances increased by 22.5% or PhP7 billion due to: (1) the exercise of stock rights and additional subscription of shares amounting to PhP2.6 billion in Metrobank; (2) entered into a Subscription Agreement with GBPC for a total consideration of PhP3.4 billion; and (3) increased subscription in AXA Life amounting to PhP14.6 million.

Property and equipment decreased by 8.1% or PhP34.5 million due to an increase in accumulated depreciation and amortization.

Deferred tax assets decreased by 42.9% or PhP3.1 million due to a decrease in accrued expenses and unearned income, principally.

Other noncurrent assets increased by 19.1% or PhP18 million due to the increase in rental and other deposits for leased offices and deposits for set-up of services required by utility companies of PhP44 million, which was offset by a decrease in AFS financial assets of PhP17.6 million and a decrease in deferred charges and guaranteed deposits of PhP8.9 million.

Accounts and other payables increased by 136.2% or PhP2.6 billion mainly due to the increase in trade payables pertaining to billings received from contractors and construction costs incurred by FLI.

Short-term loans payable increased by 6.5% or PhP466.5 million due to an increase in working capital requirements by FLI and GT Capital.

Customer deposits increased by 9.8% or PhP41 million due to an increase in cash payments arising from reservation sales generated by FLI.

Due to related parties increased by 25.5% or PhP82 million arising from FLI intercompany advances.

Other current liabilities increased by 141.7% or PhP34.1 million mainly due to the increase in withholding taxes payable from PhP11.2 million to PhP39.3 million.

Pension liabilities increased by 16.7% or PhP3.7 million chiefly due to an increase in unfunded obligations.

Long-term loans payable increased by 117.8% or PhP10.6 billion, arising from loan availments of GT Capital and FLI.

Deferred tax liabilities increased by 1,057.1% or PhP74 million due to an increase in deferred tax liabilities principally capitalized borrowing cost and excess of book basis over tax basis of deferred gross profit.

Other noncurrent liabilities increased by 18.9% or PhP10 million due to increase in finance lease obligation amounting to PhP11.9 million and in unearned rental income amounting to PhP13.9 million; which were offset by a decrease in refundable and other deposits amounting to PhP15.5 million.

Retained earnings increased by 45.1% or PhP2.4 billion due to an increase in total comprehensive income of PhP3.3 billion which was offset by the dividends declaration of PhP564.0 million and acquisition of subsidiary under common control of PhP336.0 million.

Other comprehensive income increased by PhP2.9 billion due to net unrealized gain on AFS securities of associates amounting to PhP2.8 billion and translation adjustment of PhP133.1 million.

Key Performance Indicators

The following are the key performance indicators of the Company for the years ended December 31, 2011 and 2010:

In Million Pesos, except for percentages

Income Statement	**December 31, 2011**	**December 31, 2010**
Total Revenues	7,965	6,307
Net Income attributable to GT Capital Holdings, Inc.	3,325	3,002
Balance Sheet		
Total Assets	70,063	51,303
Total Liabilities	32,913	19,483
Equity attributable to GT Capital Holdings, Inc.	34,929	29,609
Return on Equity*	10.3%	10.6%

* Annualized 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

Expansion Plans/Prospects for the Future

1. Further strengthen GT Capital's leadership position across existing businesses

   In each of its existing businesses, GT Capital intends to further strengthen its market position by targeted strategies and investments that leverage its existing expertise, market insights, partnerships, and brand value and customer recognition:

   - At Metrobank, asset growth and demand deposit growth will be key strategies in the near term. Coming off of a five year "clean up" period whereby Metrobank was able to significantly increase its NPL coverage ratio, Metrobank is turning its focus to growing its loan portfolio in the middle market and consumer banking segments. In addition, Metrobank intends to expand its current account and savings account balances through more efficient supply chain coverage and cash management products.
   - At FLI, sustained strong growth in residential development activity - based on FLI's high-quality land bank and industry-leading expertise and brand recognition - shall be complemented by a

broader market footprint (across middle-income and high-end segments) and an increasing portfolio of commercial properties generating recurring income.

- At GBPC, ongoing capacity optimization through additional long-term off-take agreements will be complemented by new growth projects across the Visayas and Luzon, involving both conventional fuels such as coal and oil, and renewable energy projects such as hydropower.
- At TMPC, the recent capacity expansion at the TMPC manufacturing plant together with continued introductions of new imported completely build-up units, further improvements to the dealer network and best-in-class customer service are intended to maintain and further expand TMPC's clear market leadership.
- At AXA Life, the market-leading bancassurance distribution will be further enhanced while investing in additional distribution channels, continued product innovation and targeting of new customer groups such as high net worth individuals.

2. Seek profitable growth opportunities in other key domestic industries via proven partnership model

   GT Capital's management is focused on identifying and addressing long-term profitable business opportunities in key sectors of the economy. These include sectors where GT Capital companies are already present, such as property development and power generation. For example, FLI intends to capitalize on the significant future growth expected in the BPO sector by providing innovative commercial real estate solutions in key locations to potential BPO customers. In addition, GBPC is currently exploring both greenfield and brownfield power generation projects, including those in the renewable energy sector such as hydroelectric. Beyond its existing business interests, GT Capital is also actively considering and evaluating new business initiatives in sectors that complement GT Capital's existing portfolio and where GT Capital will be able to contribute relevant insights, expertise and resources. Where appropriate value-enhancing business initiatives exist, GT Capital will seek to expand on its successful partnership model with recognized global industry leaders.

3. Consolidate GT Capital's ownership of the GT Capital companies

   GT Capital Holdings is the primary vehicle for the holding and management of the various business interests of the Ty family in the Philippines. Subject to applicable laws and regulations and the conformity of its joint venture partners, GT Capital intends to acquire, over time, additional interests in current GT Capital companies, or in other companies controlled by the Ty family. Such consolidation would be consistent with GT Capital's active management approach to its portfolio and may allow an even more integrated approach among the GT Capital companies.

4. Further optimized synergy creation among the GT Capital companies

   GT Capital's management intends to continuously seek and realize synergies among the GT Capital companies in areas including strategy, fund deployment, human resources and sharing of common IT and service platforms in order to further enhance cost efficiencies, competitive strengths and market positions across the group. Furthermore, there exist significant revenue synergies as many products and services offered by GT Capital are attractive to a common consumer target group and stand to benefit from cross-selling. For example, Metrobank's large depositor base represents a significant opportunity for the cross-selling of other GT Capital companies' products through coordinated efforts. In addition, mortgage products can be offered to potential purchasers of FLI condominium units, and the same target demographic may also be interested in automotive products (including lease financing) or life insurance-linked investment products. GT Capital aims to maximize such synergies from both existing and future business initiatives.

Year ended December 31, 2010 compared to year ended December 31, 2009

Results of Operation

GT Capital Consolidated Income Statement (In Million Pesos, except for percentages)	Audited Year-End December 31 2010	2009	Increase (Decrease) Amount	Percentage
REVENUE				
Equity in net income of associates - net	2,949	2,090	859	41.1%
Real estate sales	2,161	1,148	1,013	88.2%
Sale of goods and services	645	584	61	10.4%
Commission income	47	-	47	100.0%
Rent income	198	177	21	11.9%
Interest and other income	307	331	(24)	-7.2%
	6,307	**4,330**	**1,977**	**45.7%**
COST AND EXPENSES				
Cost of real estate sales	1,365	637	728	114.4%
Cost of goods and services	585	498	87	17.6%
General and administrative expenses	893	755	138	18.3%
Interest expense	282	170	112	65.9%
	3,125	**2,060**	**1,066**	**51.7%**
INCOME BEFORE INCOME TAX	**3,182**	**2,270**	**912**	**40.2%**
PROVISION FOR INCOME TAX	**70**	**59**	**11**	**18.0%**
NET INCOME	**3,112**	**2,211**	**901**	**40.8%**
Attributable to:				
Equity holders of GT Capital Holdings, Inc.	3,002	2,184	818	37.5%
Non-controlling interest	110	27	83	310.4%
	3,112	**2,211**	**901**	**40.8%**

The Company reported a net income attributable to shareholders of PhP3.0 billion for the year ended December 31, 2010, representing a 37.5% growth over the PhP2.2 billion recorded in the same period last year. The increase was principally due to the upsurge in consolidated revenues by 46% to PhP6.3 billion from PhP4.3 billion a year ago. The improvement in revenues came from equity in net income from associates, real estate sales, sale of goods and services, rent income, and commission income.

GT Capital registered an equity in net income of associates of PhP2.9 billion in 2010, an increase of 41.1% from PhP2.1 billion in 2009. This increase was primarily attributable to the increase in equity earnings from Metrobank and TMPC amounting to PhP470.7 million and PhP360.0 million, respectively.

Real estate sales rose by 88.2% to PhP2.2 billion in 2010 from PhP1.1 billion in 2009. The increase was mainly due to an increase in the percentage of completion from ongoing FLI high and middle market development projects.

Sale of goods and services increased by 10.4% to PhP644.7 million in 2010 from PhP584.2 million in 2009. The increase was primarily due to an increase in the sale of petroleum and petroleum products at the Blue Wave Malls caused by higher volumes and increased prices.

Commission income arising from commissions earned in selling units of Federal Land Orix Corporation amounted to PhP47.1 million in 2010.

Rent income increased by 11.9% to PhP198.0 million in 2010, from PhP176.9 million in 2009. The increase was primarily due to the net effect of: (1) higher occupancy and increased rental rates at the Blue Wave Malls; (2) the acquisition of two (2) floors in GT Tower International for lease; and (3) office and commercial space rented out at the Blue Wave Mall to a call center in 2009, with 2010 being the first full year of revenue recognition from the call center tenant.

Interest and other income, comprising interest income on real estate sales, interest income and other income decreased by 7% to PhP307.4 million in 2010 from PhP330.7 million in 2009 arising from lower accumulation of interest income from certain FLI projects and lower management fees.

Cost of real estate sales increased by 114.4% to PhP1.4 billion in 2010 from PhP636.7 million in 2009 due to the increase in real estate sales.

Cost of goods and services increased by 17.6% to PhP584.6 million in 2010 from PhP497.6 million in 2009. The increase was primarily a result of an increase in the volume of petroleum sold at the Blue Wave Malls as well as higher prices paid for petroleum purchases due to increased traffic in the areas around the malls.

General and administrative expenses increased by 18.3% to PhP893.3 million in 2010 from PhP755.3 million in 2009. A significant portion of the increase was due to an increase in professional fees, commission expense, advertising and publicity and taxes and licenses , primarily as a result of the upsurge in business activities in 2010, amounting to PhP44.3 million, PhP31.1 million, PhP21.5 million and PhP21.1 million respectively.

Interest expense increased by 65.9% to PhP281.9 million in 2010 from PhP169.9 million in 2009. The significant increase was primarily due to the increase in loans availed by GT Capital.

Provision for income tax increased by 18.0% to PhP70.2 million in 2010 from PhP59.3 million in 2009 due to an increase in taxable income for the year.

As a result of the foregoing, GT Capital's net income increased by 40.8% to PhP3.1 billion in 2010 from PhP2.2 billion in 2009.

Financial Position

GT Capital Consolidated Balance Sheet	**Audited Year 2010**		**Increase (Decrease)**	
(In Million Pesos, except for percentages)	**31-Dec**	**1-Jan**	**Amount**	**Percentage**
ASSETS				
Current Assets				
Cash and cash equivalents	**3,065**	199	2,867	1,444.1%
Receivables	**1,176**	755	421	55.8%
Inventories	**7,889**	6,928	961	13.9%
Due from related parties	**558**	872	(314)	-36.0%
Prepayments and other current assets	**752**	564	188	33.4%
Total Current Assets	**13,440**	9,317	4,123	44.3%
Noncurrent Assets				
Noncurrent receivables	**909**	285	625	219.5%
Investments and advances	**31,123**	22,761	8,362	36.7%
Investment properties	**5,299**	3,906	1,393	35.7%
Property and equipment	**431**	373	58	15.5%
Deferred tax assets	**7**	1	6	775.0%
Other noncurrent assets	**94**	96	(2)	-1.8%
Total Noncurrent Assets	**37,863**	**27,422**	**10,442**	**38.1%**
	51,303	**36,738**	**14,565**	**39.6%**

LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**1,936**	571	1,365	239.2%
Current portion of liabilities on purchased land	**119**	112	7	6.0%
Short term loans payable	**7,182**	4,257	2,925	68.7%
Customers' deposits	**417**	615	(198)	-32.2%
Due to related parties	**321**	501	(180)	-35.9%
Dividends payable	-	2	(2)	-100.0%
Income tax payable	**2**	-	2	100.0%
Other current liabilities	**24**	30	(6)	-18.9%
Total Current Liabilities	**10,001**	**6,088**	**3,913**	**64.3%**
Noncurrent Liabilities				
Pension liabilities	**24**	25	(1)	-3.6%
Loans payable - non-current portion	**9,000**	1,639	7,361	449.1%
Non-current portion on purchased land	**398**	517	(119)	-23.0%
Deferred tax liabilities	**7**	35	(28)	-80.1%
Other noncurrent liabilities	**53**	38	15	38.0%
Total Noncurrent Liabilities	**9,482**	**2,254**	**7,228**	**320.6%**
	19,483	**8,342**	**11,141**	**133.5%**
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital Stock	**1,250**	1,250	-	0.0%
Additional paid-in capital	**23,072**	23,072	-	0.0%
Retained earnings	**5,377**	2,876	2,501	87.0%
Other comprehensive income	**(90)**	(323)	233	72.1%
	29,609	**26,875**	**2,734**	**10.2%**
Non-controlling interest	**2,211**	**1,521**	**690**	**45.3%**
Total Equity	**31,820**	**28,396**	**3,424**	**12.1%**
	51,303	**36,739**	**14,564**	**39.6%**

The major changes in the balance sheet items from January 1, 2010 as re-stated as compared to December 31, 2010 are as follows:

Total assets of GT Capital increased by 39.6% or PhP14.6 billion; from PhP36.7 billion as of January 1, 2010 to PhP51.3 billion as of December 31, 2010. Total liabilities also increased by 133.5% or PhP11.1 billion from PhP8.3 billion to P19.5 billion. Total equity also increased by 12.1% or PhP3.4 billion from PhP28.4 billion to PhP31.8 billion.

Cash and cash equivalents increased by PhP2.9 billion due to drawdown of a corporate notes issue by GT Capital in November of said year.

Receivables increased by 55.8% or PhP421 million. This was attributed to increases in installment contracts receivable, trade receivables, advances to officers and employees, accrued commission income, rent income, interest receivable, claims on late payments and other non-trade receivables.

Inventories consisting of condominium units held for sale, land for development, materials and supplies and gasoline retail and petroleum products increased by 13.9% or PhP961.4 million mainly due to an increase in real estate properties for development.

Due from related parties decreased by 36% or PhP314.1 million due to collections received from various subsidiaries of FLI.

Prepayment and other current assets increased by 33.4% or PhP188.9 million as the increases in tax of PhP217.8 million, prepaid expense of PhP25.9 million and other current assets of PhP47.7 million was offset by the decrease in input value-added tax of PhP102.5 million arising from real estate sales.

Noncurrent installment contract receivables more than doubled and increased by 219.5% or PhP625 million as unit buyers availed of long term payment packages for equity build up offered by FLI.

Investment and advances increased by 36.7% or PhP8.4 billion due to the advances made to GBPC (PhP4.0 billion); and purchase of additional shares in Metrobank and AXA Life, (PhP4.4 billion).

Investment properties increased by 35.7% or PhP1.4 billion due to additional land purchases by FLI.

Property and equipment increased by 15.5% or PhP57.9 million due to an increase in fixed assets.

Deferred tax assets increased by 755.0% or PhP5.9 million due to an increase in deferred tax assets principally excess of tax basis over book basis of deferred gross profit and accrued expenses.

Accounts and other payables increased by 239.2% or PhP1.4 billion mainly due to the increase in trade payables pertaining to billings received from contractors and construction costs incurred by FLI.

Short-term loans payable increased by 68.7% or PhP2.9 billion due to an increase in loans availed by GT Capital and FLI to fund its working capital requirements.

Customer deposits decreased by 32.2% or PhP198.4 million due to a decrease in cash payments from reservation sales generated by FLI.

Due to related parties decreased by 35.9% or PhP180 million due to payments made by various FLI subsidiaries.

Other current liabilities decreased by 18.9% or PhP5.6 million mainly due to a decrease in withholding taxes payable, which was offset by an increase in other payables.

The increase in long-term loans payable by PhP7.3 billion originated from a corporate notes issue and secured term loan availed by GT Capital to fund equity infusion for GBPC.

Liabilities on purchased land are payables to various real estate property sellers. Under the terms of the agreement executed by FLI covering the purchase of certain real asset properties, the titles of the subject properties shall be transferred to FLI only upon full payment of the real estate loans. As of December 31, 2010, the current and non-current portion of the liabilities on this purchased land amounted to PhP119 million and PhP398 million, respectively. In 2010, FLI has capitalized interest expense on liabilities on purchase land to "Inventories" account amounting to PhP32.7 million. During the year, the Group paid in full the remaining balance to property sellers.

Deferred tax liabilities decreased by 80.1% or PhP28.0 million arising from deferred tax liabilities principally capitalized borrowing cost and excess of book basis over tax basis of deferred gross profit.

Other noncurrent liabilities increased by 38.0% or PhP14.4 million mainly because of the increase in refundable and other deposits, unearned rental income and other noncurrent liabilities.

Retained earnings increased by 87.0% or PhP2.5 billion due to an increase in total comprehensive income of PhP3.0 billion which was offset by the cash dividends of PhP500.0 million.

Other comprehensive income increased by 72.1% or PhP233 million due to an increase in net income, offset by a decrease in net unrealized gain on AFS securities of associates and decrease in translation adjustment.

Key Performance Indicators

The following are the key performance indicators of the Company for the years ended December 31, 2010 and 2009:

In Million Pesos, except for percentages

Income Statement	**December 31, 2010**	**December 31, 2009**
Total Revenues	6,307	4,330
Net Income attributable to GT Capital Holdings, Inc.	3,002	2,184
Balance Sheet		
Total Assets	51,303	36,738
Total Liabilities	19,483	8,342
Equity attributable to GT Capital Holdings, Inc.	29,609	26,875
Return on Equity*	10.6%	8.4%

* Annualized 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

LIQUIDITY AND CAPITAL RESOURCES

In 2009, 2010, and 2011, GT Capital's principal source of liquidity was cash dividends received from investee companies and proceeds from loan availments. As of December 31, 2011, GT Capital had cash and cash equivalents totaling PhP454.4 million.

The following table sets forth selected information from GT Capital's statements of cash flows for the periods indicated:

	As of December 31,		
	2009	**2010**	**2011**
		(In Million Pesos)	
Net cash provided by operating activities	481.6	109.1	(3,586.3)
Net cash provided by (used in) investing activities	(464.5)	(7,323.8)	(9,067.0)
Net cash provided by (used in) financing activities	57.0	10,081.8	10,043.0
Net increase in cash and cash equivalents	73.9	2,866.4	(2,610.5)
Cash and cash equivalents at beginning of period	124.6	198.5	3,064.9
Cash and cash equivalents at end of period	198.5	3,065.0	454.4

Cash flows from operating activities

Cash flows from (used in) operating activities was PhP481.6 million in 2009, PhP109.1 million in 2010, and (PhP3.6 billion) in 2011. In 2009, the primary source of cash was PhP233.9 million from operations while cash from operations was used for an increase in inventories of PhP820.6 million. In 2010, the primary source of cash was PhP408.7 million from operations while cash from operations was used for an increase in amounts of receivables of PhP1.1 billion and an increase in inventories of PhP820.9 million. In 2011, the primary source of cash was PhP514.0 million from operations while cash from operations was used for an increase in receivables and inventories amounting to PhP4.2 billion and PhP3.2 billion, respectively.

Cash flows used in investing activities

Cash flows used in investing activities was (PhP464.5 million) in 2009, (PhP7.3 billion) in 2010, and (PhP9.1 billion) in 2011. In 2009, cash flows used in investing activities were primarily due to the increase in investment and advances of PhP240.0 million. In 2010, cash flows used in investing activities were primarily due to the additions to investments and advances and investment properties of PhP5.9 billion and PhP1.4 billion, respectively. In 2011, cash flows used in investing activities were primarily due to additions to deposit, long term investment and investments and advances amounting to PhP4.1 billion, PhP2.4 billion and PhP2.6 billion, respectively.

Cash flows from financing activities

Cash flows from financing activities were PhP57.0 million in 2009, PhP10.1 billion in 2010, and PhP10.0 billion in 2011. In 2009, cash flow from financing activities were primarily from the proceeds from loan availments of PhP3.2 billion while partially offset by payments of cash dividends of PhP1.1 billion. In 2010, cash flows from financing activities were primarily from the proceeds from loan availments of PhP14.2 billion while partially offset by payment of loans payable of PhP3.9 billion. In 2011, cash flows from financing activities were primarily from the proceeds of loan availments of PhP19.3 billion while partially offset by payment of loans payable and dividends amounting to PhP8.2 billion and PhP600.0 million, respectively.

A.iv Brief Description of the General Nature and Scope of the Company's Business and Its Subsidiaries

The Company is a major Philippine conglomerate with interests in market-leading businesses across banking, real estate development, power generation, automotive and life insurance. GT Capital is the primary vehicle for the holding and management of the diversified business interests of the Ty family in the Philippines. The Company's business management, investment decisions and future business development are and will be firmly rooted in its corporate values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation.

GT Capital's current portfolio of businesses is well-positioned to benefit from broad-based growth in the Philippine economy, and domestic consumption in particular. The current portfolio comprises directly held interests in the following component companies:

Banking - GT Capital conducts banking services through its 25.1% interest in Metrobank, a universal bank that offers corporate and commercial banking products and services throughout the Philippines. As of December 31, 2011, Metrobank was the second largest Philippine bank by asset size, net loans and receivables and total deposits, with total assets of PhP958.4 billion, net loans and receivables of PhP457.4 billion and total deposits of PhP681 billion. Metrobank has been listed on the Philippine Stock Exchange since 1981, and as of December 31, 2011 was the third largest Philippine bank by market capitalization (PhP143.5 billion). As of the same date, the Metrobank Group's Tier 1 and total adequacy ratios were 13.7% and 17.4%, respectively.

Real estate development - GT Capital conducts its real estate development business through its 100.0% interest in its fully consolidated subsidiary FLI, which develops residential and commercial projects. On May 3, 2012, the Company executed a Deed of Absolute Sale with various selling shareholders of FLI to acquire the remaining 20% equity stake in FLI for an aggregate consideration of PhP2.7 billion. The consideration was based on a premium above book value as of December 31, 2011. The acquisition increases the direct holdings of GT Capital from 80% to 100%.Following a successful consolidation process, FLI is the sole Philippine real estate development company of the Ty family. FLI is currently executing a comprehensive growth plan that aims to fully capitalize on the Ty family companies' 40-year track record in real estate and FLI's high-quality land bank and brand recognition. In 2011, FLI recorded reservation sales of 2,168 residential units with a total sales value of PhP9.1 billion (an increase of 114% compared to 2010 in terms of value). As of December 31, 2011, FLI had nineteen (19) ongoing residential projects at various stages of completion, with a total number of 7,473 units. FLI's land bank as of December 31, 2011 comprised 100.8 hectares of land.

Power generation - GT Capital conducts its power generation business through its 39.0% direct ownership interest in GBPC, a holding company that, through its subsidiaries, is a leading independent power producer in the Visayas Region, with a combined gross dependable capacity of 627 MW (480 MW attributable to GBPC, net of minority interests in its subsidiaries). On May 2, 2012, the Company exercised its option to acquire an additional 4.6% of GBPC's outstanding capital stock at a fixed price of PhP35.00 per share. GT Capital is currently in discussions with a third-party for the purchase of additional GBPC Shares. It is expected that these discussions will result in the increase in the direct holdings of GT Capital in GBPC up to 51% by the end of 2012. Panay Energy Development Corporation and Cebu Energy Development Corporation, GBPC's two largest power generation subsidiaries which own power plants with a combined installed capacity of 410 MW, only began commercial operations during the first quarter of 2011. The financial year ending December 31, 2012 is expected to be the first year of full contribution by these plants. On May 24, 2012, the Company disbursed an initial PhP507 million as its pro-rata share in an equity call for GBPC upon its stockholders. The equity call funded GBPC's downpayment on the Engineering Procurement and Construction and initial expenses of the Toledo Expansion Project. GBPC is actively considering further expansion options across the Philippines.

Automotive - GT Capital conducts its automotive business through its 21.0% interest in TMPC. TMPC is engaged in the manufacture, importation and wholesale distribution of Toyota brand motor vehicles in the Philippines, and is also engaged in the sale of motor vehicle parts and accessories both within the Philippines and through exports. TMPC is also engaged in the distribution of Lexus brand motor vehicles in the Philippines. Every year since 2002, Toyota has been the top selling brand for both passenger cars and commercial vehicles in the Philippines, and since 1989, TMPC has been number one in total sales in 21 out of 23 years. In March 31, 2012, TMPC achieved a market share of 38.0% of total vehicle sales in the Philippines, according to data from the Chamber of Automotive Manufacturers of the Philippines ("CAMPI") and the Association of Vehicle Importers and Distributions ("AVID"). As the clear market leader in a key consumption sector and as exclusive manufacturer, importer and wholesale distributor in the Philippines of the No.1 global automotive brand (based on Interbrand 2011 and WPP 2011 studies), TMPC is ideally positioned to capitalize on the strong projected growth of the domestic automotive market.

Insurance - GT Capital conducts its insurance business through its 25.3% interest in AXA Life, which offers personal and group insurance products in the Philippines, including life insurance and investment-linked insurance products. AXA Life is a joint venture between the AXA Group, one of the world's largest insurance groups, and the Metrobank Group. AXA Life was first in first year premium and single premium of variable life insurance in the Philippines and is the third largest insurance company in terms of total net premium income of PhP8.3 billion as of December 31, 2010. In 2011, the 'AXA' brand was the top insurance brand in the world according to Interbrand.

A.v Company's Directors and Executive Officers

Please refer to Item 5 of the Information Statement for the discussion on the identity of each of the Company's directors and executive officers including their principal occupation or employment, name and principal business of any organization by which such persons are employed.

A.vi Market Price, Shareholder and Dividend Information

Market Information

The Company's shares of stock are traded in the Philippine Stock Exchange.

As of May 25, 2012, the closing price of the Company's shares of stock is PhP479.00/share.

Shareholder and Dividend Information:

The top 20 stockholders as of May 31, 2012 are as follows:

NAME OF STOCKHOLDER	NO. OF SHARES *	RATIO (%) TO TOTAL AMOUNT SUBSCRIBED
1. GRAND TITAN CAPITAL HOLDINGS, INC.	110,095,110	69.680
2. PCD NOMINEE (NON-FILIPINO)	33,255,762	21.048
3. PCD NOMINEE (FILIPINO)	14,130,578	08.943
4. TY SIAN KIAN	200,000	00.127
5. TY, ARTHUR VY	100,000	00.063
6. TY, ALFRED VY	100,000	00.063
7. TY, MARY VY	99,000	00.063
8. CENTURY SAVINGS BANK CORP.	8,000	00.005
9. CHUA, JOSEPHINE TY	3,000	00.002
10. PUNO, REGIS VILLANUEVA	2,200	00.001
11. BAUTISTA, CARMELO MARIA LUZA	1,000	00.001
12. BELMONTE, JAIME MIGUEL	1,000	00.001
13. BENGSON, MANUEL Q.	1,000	00.001
14. CUA, SOLOMON	1,000	00.001
15. PUNO, RODERICO	1,000	00.001
16. VALENCIA, RENATO C.	1,000	00.001
17. GUZMAN, JOSE MARIA ALFONSO T.	300	00.000
18. TRESPALACIOREAL, JOSE JEVITE P.	50	00.000
TOTAL	158,000,000	100.000

* Fully subscribed and paid up

The Company paid cash dividends to its shareholders in 2009, 2010 and 2011 in the amounts of PhP1.04 billion, PhP500 million and PhP500 million, respectively.

A.vii Corporate Governance

The Company adopted its Manual on Corporate Governance (the "Governance Manual") on December 2, 2011. The policy of corporate governance is based on the Governance Manual. The Governance Manual lays down the principles of good corporate governance in the entire organization. The Governance Manual provides that it is the Board's responsibility to initiate compliance with the principles of good corporate governance, to foster long-term success and to secure the Company's sustained competitiveness in a manner consistent with its fiduciary responsibility.

The Company's By-laws and Manual on Corporate Governance (the "Governance Manual") provide that the Board shall have at least two independent directors. The Company espouses the definition of independence pursuant to the Securities Regulation Code. The Company considers as an independent director one who, except for his director's fees and shareholdings, is independent of management and free from any business or other relationship which, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of GT Capital Holdings.

The Governance Manual embodies the Company's policies on disclosure and transparency, and mandates the conduct of communication and training programs on corporate governance. The Governance Manual further provides for the rights of all shareholders and the protection of the interests of minority stockholders. Commission of any violation of the Governance Manual is punishable by a penalty ranging from reprimand to dismissal, depending on the frequency of commission as well as the gravity thereof.

The Board has constituted four committees to effectively oversee the Company's operations: (i) the Audit Committee; (ii) the Nominations Committee; (iii) the Compensation Committee; and (iv) the Corporate Governance Committee.

A.viii Undertaking to provide without charge a copy of the Company's Annual Report

The Company will provide without charge a copy of the Company's Annual Report on SEC Form 17-A to its stockholders upon receipt of a written request addressed to Mr. Francisco H. Suarez, Jr., Senior Vice President and Chief Financial Officer at 43rd Floor, GT Tower International, Ayala Avenue corner H. V. Dela Costa St., 1227 Makati City, Metro Manila, Philippines.

GT CAPITAL
HOLDINGS, INCORPORATED

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of GT Capital Holdings, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2011, 2010 and 2009, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Ty Sao Kian
Chairman of the Board

Carmelo Maria Luza Bautista
President

Francisco H. Suarez, Jr.
Chief Financial Officer

February 17, 2012

43RD FLOOR, GT TOWER INTERNATIONAL 6813 AYALA AVENUE CORNER H.V. DELA COSTA STREET, MAKATI CITY, PHILIPPINES TEL.: 836-4500

SUBSCRIBED AND SWORN to before me this MAY [illegible], affiants exhibiting to me the following:

Ty Siao Kian	TIN No. 121-526-603
Carmelo Maria L. Bautista	TIN No. 106-903-668
Francisco H. Suarez Jr.	TIN No. 126-817-465

[illegible]
NOTARY PUBLIC
[illegible]
Until December 31, 2012
Roll No. [illegible]
PTR No. [illegible] Manila
IBP No. [illegible] Manila IV

Doc. No. 343
Page No. 69
Book No. 2
Series of 2012

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Ernst & Young

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines
www.sgv.com.ph

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International
Ayala Ave. cor. H.V. dela Costa Street
Makati City

We have audited the accompanying consolidated financial statements of GT Capital Holdings, Inc. and its Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended December 31, 2011, 2010 and 2009, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GT Capital Holdings, Inc. and its Subsidiaries as at December 31, 2011 and 2010 and January 1, 2010, and their financial performance and their cash flows for the years ended December 31, 2011, 2010 and 2009 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-2 (Group A),
February 11, 2010, valid until February 10, 2013
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174583, January 2, 2012, Makati City

February 17, 2012

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	January 1,
	2011	2010	2010 (see Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 4, 23 and 26)	**₱454,421,565**	₱3,064,941,846	₱198,498,584
Receivables (Notes 5 and 26)	**4,864,096,896**	1,175,627,247	754,968,420
Inventories (Note 6)	**11,338,367,323**	7,889,219,200	6,927,608,992
Due from related parties (Notes 23 and 26)	**938,859,224**	558,144,260	872,062,998
Prepayments and other current assets (Note 7)	**974,997,209**	752,475,791	563,638,483
Total Current Assets	**18,570,742,217**	13,440,408,344	9,316,777,477
Noncurrent Assets			
Noncurrent receivables (Notes 5 and 26)	**1,114,943,862**	908,865,891	284,535,117
Long - term cash investments (Note 23)	**2,440,084,378**	-	-
Deposits (Note 11)	**4,085,000,000**	-	-
Investments and advances (Note 8)	**38,112,517,612**	31,123,061,558	22,761,246,838
Investment properties (Note 9)	**5,227,423,530**	5,299,217,182	3,906,242,718
Property and equipment (Note 10)	**396,367,203**	430,887,963	373,046,962
Deferred tax assets (Note 25)	**3,791,675**	6,746,662	759,255
Other noncurrent assets (Notes 12 and 26)	**111,893,447**	94,509,242	95,714,605
Total Noncurrent Assets	**51,492,021,707**	37,863,288,498	27,421,545,495
	₱70,062,763,924	₱51,303,696,842	₱36,738,322,972
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables (Notes 13 and 26)	**₱4,573,419,840**	₱1,935,865,840	₱570,745,974
Current portion of liabilities on purchased land (Notes 16 and 26)	**-**	118,989,240	112,254,000
Short term loans payable (Notes 14 and 26)	**7,648,700,000**	7,182,191,076	4,257,000,000
Customers' deposits (Note 15)	**457,625,624**	417,461,273	615,365,978
Due to related parties (Notes 23 and 26)	**403,598,150**	320,571,614	500,992,878
Dividends payable	**244,000**	244,000	1,956,766
Income tax payable	**-**	1,982,814	-
Other current liabilities (Note 17)	**57,884,393**	23,808,095	29,652,205
Total Current Liabilities	**13,141,472,007**	10,001,113,952	6,087,967,801

(Forward)

		December 31	January 1,
	2011	2010	2010 (see Note 2)
Noncurrent Liabilities			
Pension liabilities (Note 24)	**₱28,111,610**	₱24,448,701	₱24,894,733
Long- term loans payable (Notes 14 and 26)	**19,600,000,000**	9,000,000,000	1,638,891,076
Non-current portion of liabilities on purchased land (Notes 16 and 26)	**-**	397,856,760	516,846,000
Deferred tax liabilities (Note 25)	**80,613,144**	7,294,339	35,241,965
Other noncurrent liabilities (Note 18)	**62,932,335**	52,663,113	38,338,257
Total Noncurrent Liabilities	**19,771,657,089**	9,482,262,913	2,254,212,031
	32,913,129,096	19,483,376,865	8,342,179,832
Equity (Note 19)			
Equity attributable to equity holders of GT Capital Holdings, Inc.			
Capital Stock	**1,250,000,000**	1,250,000,000	1,250,000,000
Additional paid-in capital	**23,071,664,419**	23,071,664,419	23,071,664,419
Retained earnings	**7,801,755,408**	5,377,356,029	2,875,735,063
Other comprehensive income	**2,805,451,828**	(90,153,139)	(322,556,599)
	34,928,871,655	29,608,867,309	26,874,842,883
Non-controlling interests	**2,220,763,173**	2,211,452,668	1,521,300,257
Total equity	**37,149,634,828**	31,820,319,977	28,396,143,140
	₱70,062,763,924	₱51,303,696,842	₱36,738,322,972

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2011	2010	2009
REVENUE			
Equity in net income of associates (Note 8)	**₱3,567,873,099**	₱2,948,879,125	₱2,089,845,209
Real estate sales	**2,512,196,616**	2,160,695,953	1,148,005,785
Sale of goods and services	**764,665,350**	644,692,097	584,192,149
Commission income	**95,970,876**	47,054,822	-
Rent income (Notes 9 and 27)	**238,001,688**	197,991,209	176,853,527
Interest and other income (Note 20)	**786,772,891**	307,496,714	330,679,234
	7,965,480,520	6,306,809,920	4,329,575,904
COSTS AND EXPENSES			
Cost of real estate sales (Note 6)	**1,553,768,313**	1,364,808,171	636,731,568
Cost of goods and services (Notes 6 and 21)	**709,726,583**	584,566,497	497,583,999
General and administrative expenses (Note 22)	**1,109,747,048**	893,294,486	755,346,193
Interest expense (Note 14)	**989,749,556**	281,920,080	169,849,306
	4,362,991,500	3,124,589,234	2,059,511,066
INCOME BEFORE INCOME TAX	**3,602,489,020**	3,182,220,686	2,270,064,838
PROVISION FOR INCOME TAX (Note 25)	**148,779,135**	70,203,309	59,302,159
NET INCOME	**₱3,453,709,885**	₱3,112,017,377	₱2,210,762,679
Attributable to:			
Equity holders of the GT Capital Holdings, Inc.	**₱3,324,399,379**	₱3,001,620,966	₱2,183,991,521
Non-controlling interest	**129,310,506**	110,396,411	26,771,158
	₱3,453,709,885	₱3,112,017,377	₱2,210,762,679

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010	2009
NET INCOME	**₱3,453,709,885**	₱3,112,017,377	₱2,210,762,679
Equity in other comprehensive income of associates (Note 8):			
Net unrealized gain (loss) on available for sale of associates	**2,762,533,470**	345,327,351	1,733,349,175
Revaluation reserve on investment property of associates	**-**	(113,611)	(927,022)
Revaluation increment on property and equipment of associates	**-**	(238,918)	(133,680)
Translation adjustment of associates	**133,071,497**	(112,571,362)	(53,064,619)
TOTAL OTHER COMPREHENSIVE INCOME	**2,895,604,967**	232,403,460	1,679,223,854
TOTAL COMPREHENSIVE INCOME	**₱6,349,314,852**	₱3,344,420,837	₱3,889,986,533
Attributable to:			
Equity holders of the GT Capital Holdings, Inc.	**₱6,220,004,346**	₱3,234,024,426	₱3,863,215,375
Non-controlling interest	**129,310,506**	110,396,411	26,771,158
	₱6,349,314,852	₱3,344,420,837	₱3,889,986,533

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of GT Capital Holdings, Inc.								
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Retained Earnings (Note 19)	Net Unrealized gain (loss) on available for sale of associates (Note 8)	Revaluation reserve on investment property of associates (Note 8)	Revaluation increment on property and equipment of associates (Note 8)	Translation adjustment of associates (Note 8)	Attributable to Non-controlling interest of subsidiary	Total
At January 1, 2011	₱1,250,000,000	₱23,071,664,419	₱4,937,094,253	(₱216,343,953)	(₱1,302,061)	(₱594,450)	₱128,087,325	₱2,090,485,609	₱31,259,091,142
Effect of uniting of interest	-	-	440,261,776	-	-	-	-	120,967,058	561,228,834
As restated	1,250,000,000	23,071,664,419	5,377,356,029	(216,343,953)	(1,302,061)	(594,450)	128,087,325	2,211,452,667	31,820,319,976
Consideration transferred on acquisition of a subsidiary under common control (Note 28)	-	-	(336,000,000)	-	-	-	-	(84,000,000)	(420,000,000)
Dividends declared	-	-	(564,000,000)	-	-	-	-	(36,000,000)	(600,000,000)
Total comprehensive income	-	-	3,324,399,379	2,762,533,470	-	-	133,071,497	129,310,506	6,349,314,852
At December 31, 2011	₱1,250,000,000	₱23,071,664,419	₱7,801,755,408	₱2,546,189,517	(1,302,061)	(₱594,450)	₱261,158,822	₱2,220,763,173	₱37,149,634,828
At January 1, 2010	₱1,250,000,000	₱23,071,664,419	₱2,518,654,607	(₱561,671,304)	(₱1,188,450)	(₱355,532)	₱240,658,687	₱1,421,333,054	₱27,939,095,481
Effect of uniting of interest	-	-	357,080,456	-	-	-	-	99,967,203	457,047,659
As previously restated	1,250,000,000	23,071,664,419	2,875,735,063	(561,671,304)	(1,188,450)	(355,532)	240,658,687	1,521,300,257	28,396,143,140
Increase in non-controlling interest	-	-	-	-	-	-	-	600,000,000	600,000,000
Dividends declared	-	-	(500,000,000)	-	-	-	-	(20,244,000)	(520,244,000)
Total comprehensive income	-	-	3,001,620,966	345,327,351	(113,611)	(238,918)	(112,571,362)	110,396,411	3,344,420,837
At December 31, 2010	₱1,250,000,000	₱23,071,664,419	₱5,377,356,029	(₱216,343,953)	(₱1,302,061)	(₱594,450)	₱128,087,325	₱2,211,452,668	₱31,820,319,977
At January 1, 2009	1,250,000,000	₱23,071,664,419	₱1,466,428,530	(₱2,295,020,479)	(₱261,428)	(₱221,852)	₱293,723,306	₱1,022,457,862	₱24,808,770,358
Effect of uniting of interest	-	-	359,252,060	-	-	-	-	100,298,105	459,550,165
Consideration transferred on acquisition of a subsidiary under common control (Note 28)	-	-	(81,600,000)	-	-	-	-	(20,400,000)	(102,000,000)
Increase in non-controlling interest	-	-	-	-	-	-	-	400,000,000	400,000,000
Acquisition of non-controlling interest	-	-	(337,048)	-	-	-	-	(4,826,868)	(5,163,916)
Dividends declared	-	-	(1,052,000,000)	-	-	-	-	(3,000,000)	(1,055,000,000)
Total Comprehensive Income	-	-	2,183,991,521	1,733,349,175	(927,022)	(133,680)	(53,064,619)	26,771,158	3,889,986,533
At December 31, 2009/January 1, 2010	₱1,250,000,000	₱23,071,664,419	₱2,875,735,063	(₱561,671,304)	(₱1,188,450)	(₱355,532)	₱240,658,687	₱1,521,300,257	₱28,396,143,140

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱3,602,489,020	₱3,182,220,686	₱2,270,064,838
Adjustments for:			
Interest expense	989,749,556	281,920,080	169,849,306
Depreciation and amortization (Notes 9, 10, 12 and 22)	71,352,576	72,251,958	72,346,926
Unrealized foreign exchange losses	193,784	604,708	219,715
Gain on disposal of property and equipment	(302,584)	(4,844,081)	(2,087,833)
Equity in net income of associates and a joint venture (Note 8)	(3,567,873,099)	(2,948,879,125)	(2,089,845,209)
Interest income	(598,227,699)	(184,374,971)	(192,342,838)
Pension expense	16,621,998	9,368,388	5,695,785
Loss on disposal of assets	-	448,931	-
Operating income (loss) before changes in working capital	514,003,552	408,716,574	233,900,690
Decrease (increase) in:			
Receivables	(4,203,893,169)	(1,068,313,992)	(147,540,574)
Due from related parties	(380,714,964)	313,918,738	155,807,882
Inventories	(3,228,592,505)	(820,933,594)	(820,561,067)
Prepayments and other current assets	(282,455,718)	(188,837,310)	(111,192,288)
Increase (decrease) in:			
Accounts and other payables	2,632,476,447	1,302,037,270	(55,279,275)
Customers' deposits	40,164,351	(197,904,705)	134,758,727
Other current liabilities	34,076,298	34,542,139	7,083,408
Cash used in operations	(4,874,935,708)	(216,774,880)	(603,022,497)
Contributions to pension plan assets (Note 24)	(12,959,089)	(9,814,420)	(3,000,000)
Interest received	353,463,140	207,699,362	341,926,054
Interest paid	(1,087,246,900)	(374,660,184)	(292,854,026)
Dividends received	1,495,803,180	604,780,787	1,107,468,133
Income taxes paid	(14,553,856)	(102,155,530)	(68,872,057)
Net cash provided by (used in) operating activities	(3,586,319,126)	109,075,135	481,645,607
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of:			
Investment in an associate	-	142,218,325	-
Property and equipment	475,003	112,714	1,807,406
Refund of advances	602,879,241	-	-
Additions to:			
Investment properties (Note 9)	(57,705,511)	(1,411,585,709)	(57,550,246)
Property and equipment (Note 10)	(18,540,327)	(117,646,488)	(34,769,861)
Investment and advances	(2,624,660,409)	(5,927,980,178)	(240,000,000)
Long term investment	(2,440,084,378)	-	-
Deposit	(4,085,000,000)	-	-
Decreased in other noncurrent asset	(24,329,670)	(8,901,393)	(26,795,483)
Acquisition of subsidiary through business combinations - net of cash acquired	(420,000,000)	-	(107,163,916)
Net cash used in investing activities	(9,066,966,051)	(7,323,782,729)	(464,472,100)

(Forward)

	2011	2010	2009
			Years Ended December 31
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments	₱19,305,000,000	₱14,189,000,000	₱3,235,257,743
Payment of:			
Cash dividends (Note 19)	(600,000,000)	(521,956,766)	(1,113,043,234)
Loans payable	(8,238,491,076)	(3,902,700,000)	(514,000,000)
Increase (decrease) in:			
Noncontrolling interests	-	600,000,000	400,000,000
Liabilities on purchased land	(516,846,000)	(112,254,000)	(230,868,600)
Due to related parties	83,026,536	(174,741,264)	96,569,215
Other noncurrent liabilities	10,269,219	4,407,592	(1,816,940,536)
Net cash provided by financing activities	10,042,958,679	10,081,755,562	56,974,588
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(193,784)	(604,708)	(219,715)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,610,520,282)	2,866,443,262	73,928,380
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,064,941,846	198,498,584	124,570,204
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱454,421,565	₱3,064,941,846	₱198,498,584

See accompanying Notes to Consolidated Financial Statements.

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 ultimate parent is Grand Titan Capital Holdings, Inc.

The Parent Company owns 80% of Federal Land, Inc. (Fed Land) and has significant shareholdings in Metropolitan Bank & Trust Co. (MBTC), Toyota Motor Philippines, Inc. (Toyota) and Philippine AXA Life Insurance Corp. (Phil AXA) (see Note 8).

Group Activities
The Parent Company and Fed Land Group are collectively referred herein as the "Group". The Parent Company, holding company of Fed Land Group, is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations. The principal business interests of Fed Land Group are real estate development and leasing and sell properties and act as a marketing agent for and in behalf of any real estate development company or companies.

The Fed Land Group is also engaged in:
a) the business of trading of goods such as petroleum, non-fuel products on wholesale or retail basis;
b) maintaining a petroleum service station and;
c) food and restaurant service.

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on February 17, 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared using the historical cost basis. The Group's consolidated financial statements are presented in Philippine Peso (₱), the Group's functional currency. Values are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

Basis of consolidation from January 1, 2010

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2011, 2010 and January 1, 2010, and for the years then ended December 31, 2011, 2010 and 2009.

The consolidated financial statements comprise the financial statements of the Parent Company, consolidated financial statements of Fed Land Group and Group's share in the net assets of the associates plus cost of investment. The consolidated statement of financial position as of January 1, 2010, as presented herein, represents the retrospective restatement of items in the consolidated financial statements of Fed Land Group and was consequently consolidated to the Group's financial statements (see Note 19 and 28). The Group provides full set of notes for the consolidated statement financial position as of January 1, 2010, including the related notes that were affected by the restatement.

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

Non-controlling interests (NCI) represent the portion of profit or loss and net assets in a subsidiary not wholly owned and are presented separately in the consolidated statement of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and within equity in the consolidated statements of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the NCI even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. 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.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to January 1, 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to January 1, 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to January 1, 2010 were not reallocated between NCI and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying values of such investments at January 1, 2010 have not been restated.

The consolidated financial statements include the financial statements of the Parent Company and the following domestic subsidiaries of Fed Land:

	Effective Percentages of Ownership		
	December 31		January 1,
	2011	2010	2010
Federal Land Inc. (Fed Land)[1]	**80.00%**	80.00%	80.00%
Subsidiaries of Fed Land:			
Southern Horizon Development Corp. (SHDC)	**80.00**	80.00	80.00
Federal Land - Management and Consultancy, Inc. (FMCI)	**80.00**	80.00	80.00
Fedsales Marketing, Inc. (FMI)	**80.00**	80.00	80.00
Baywatch Realty Corporation (BRC)[a]	-	-	80.00
Baywatch Project Management Corporation (BPMC)	**80.00**	80.00	80.00
Paco Realty Development, Inc. (PRDI) [b]	-	-	80.00
Horizon Land Property and Development Corporation previously known as Heritage Consolidated Assets, Inc.(HCAI) [b]	**80.00**	80.00	80.00
Morano Holdings Corporation (MHC)	**80.00**	80.00	80.00
Promenade Construction and Realty Development Corp. (PCRDC) [b]	-	-	80.00
Omni-Orient Marketing Network, Inc. (OOMNI)	**70.24**	70.24	70.24
Federal Brent Retail, Inc. (FBRI) [4]	**41.33**	41.33	41.33
Top Leader Property Management Corp. (TLPMC)	**80.00**	-	-
Central Realty and Development Corp. (CRDC) [c]	**60.64**	60.64	60.64
Harbour Land Realty Corporation (HLRC) [c]	**80.00**	80.00	80.00

1 Subsidiary

2 Subsidiary's Associates

3 Engaged in trading of petroleum and non-fuel products and food and restaurant services

a - BRC was merged to Fed Land in 2010

b - Merged witn HCAI in 2010 and SEC approved the change of name in December 23, 2010

c - Effective ownership in 2010 and 2009 was the effect of uniting of interest method

TLPMC

On April 27, 2011, the SEC approved the Articles of Incorporation and by Laws of TLPMC, a wholly owned subsidiary of Fed Land for a total subscription of ₱0.50 million. TLPMC started its operations in May 2011.

CRDC

On June 23, 2011, CRDC issued its remaining unissued capital stock to Fed Land consisting of 375,000 common shares with ₱100 par value share for ₱37.50 million. As a result, the Group obtained a 60.64% interest through Fed Land's 75.8% direct interest of CRDC after the issuance. The Group accounted the business combination under common control using uniting of interest method (see Note 28).

HLRC

In 2011, the Group acquired effective interest holdings of 80% in HLRC, a wholly owned subsidiary of Fed Land, from affiliated companies for a total consideration of ₱420.00 million. Such transaction involving business combination under common control was accounted for using uniting of interest method (see Note 28).

FBRI

FBRI is 51.66% owned by Fed Land and was consolidated to Fed Land Group. Effective ownership of the Parent Company over FBRI through Fed Land is 41.33%.

BLRDC

In 2011, Fed Land and MHC entered into a Deed of Assignment and Subscription Agreement under a joint venture arrangement with ORIX Risingsun Properties II, Inc. (Orix) (see Note 31).

On January 25, 2012, the SEC approved the change in corporate name of MHC from Morano Holdings Corporation to Bonifacio Landmark Realty and Development Corporation (BLRDC).

Combinations of Entities Under Common Control
Business combination of entities under common control is accounted for using the uniting of interest method. The combined entities accounted for by the uniting of interests method reports 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 current assets, current liabilities, revenues, and cost of sales 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 acquire 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 acquire in accordance with applicable PRFS;
- 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 consolidated statement of changes in equity. Cash consideration transferred on acquisition of a subsidiary under common control is deducted in the "Retained earnings" at the time of business combination.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRSs and Philippine Interpretations which were adopted as of January 1, 2011. Adoption of these changes in PFRS did not have any significant effect on the Group's consolidated financial statements.

- PAS 24, *Related Party Transactions* (Amendment)
  PAS 24 clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

- PAS 32, *Financial Instruments: Presentation* (Amendment)
  The amendment alters the definition of a financial liability in PAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

- Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement* (Amendment)
  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Group is not subject to minimum funding requirements in the Philippines, therefore the amendment of the interpretation has no effect on the financial position nor performance of the

Group.

Improvements to PFRSs
Improvements to PFRSs, an omnibus of amendments to standards, deal primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments did not have any impact on the consolidated financial position or performance of the Group.

Improvements to PFRS 2010

- PFRS 3, *Business Combinations*: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

  The amendments to PFRS 3 are effective for annual periods beginning on or after July 1, 2011. The Group, however, adopted these as of January 1, 2011 and changed its accounting policy accordingly as the amendment was issued to eliminate unintended consequences that may arise from the adoption of PFRS 3.

- PFRS 7, *Financial Instruments- Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

- PAS 1, Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.

Other amendments resulting from the 2010 Improvements to PFRSs to the following standards did not have any impact on the accounting policies, consolidated financial position or performance of the Group.

- PFRS 3, *Business Combinations* (Contingent consideration arising from business combination prior to adoption of PFRS 3 (as revised in 2008))
- PFRS 3, *Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards)
- PAS 27, *Consolidated and Separate Financial Statements*
- PAS 34, *Interim Financial Statements*

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes* (determining the fair value of award credits)
- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*

<u>New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2011</u>
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 consolidated financial statements.

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

- PAS 12, *Income Taxes - Recovery of Underlying Assets*
  The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after January 1, 2012.

- PAS 19, *Employee Benefits* (Amendment)
  Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group is currently assessing the impact of the amendment to PAS 19. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the new PFRS 10, *Consolidated Financial Statement* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates* and *Joint Ventures* (as revised in 2011)
  As a consequence of the new PFRS 11, Joint Arrangements and PFRS 12, PAS 28 has been renamed PAS 28, Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
  The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and

e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities* - Non-monetary Contributions by Venturers. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not have significant impact to the financial position of the Group since the Group accounts its jointly controlled under equity method of accounting. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosure of Involvement with Other Entities*
  PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 9, *Financial Instruments: Classification and Measurement*
  PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities*
  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group is currently assessing impact of the amendments to PAS 32.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  The interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue Standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements and guidance of the final Revenue Standard in relation to the practices of the Philippine real estate industry is completed

  The adoption of this Philippine Interpretation may significantly affect the determination of the revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this Interpretation.

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.

Long Term Cash Investments
Long term cash investments are highly liquid investments that are subject to explicit time restriction under the provisions on the contracts.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the 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: securities at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss 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 December 31, 2011, 2010 and 2009, the Group's financial assets are of the nature of loans and receivables and AFS financial assets while financial liabilities are of the nature of other financial liabilities.

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

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 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 use is made of data which is not observable, the difference between the transaction price and model value is only recognized in 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 or financial assets at FVPL. This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables except for advances to contractors and suppliers", "Due from related parties" and "Long term cash investment" which in included in receivables account.

Receivables are recognized initially at fair value which normally pertains to the billable amount. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate 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 the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

AFS financial assets
AFS financial assets are non-derivative financial assets those which are designated as such or do not qualify to be classified as designated as securities of 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 financial assets pertain to unquoted equity securities included under the consolidated statement of financial position caption "Other noncurrent assets".

These are carried at cost less impairment and approximate fair value 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
Other financial liabilities 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 rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the Group's accounts and other payables, loans payable, liabilities for purchased land, 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).

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivable, 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 at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as 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.

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

Inventories
Inventories consist of condominium units held for sale, gasoline retail and petroleum products, food and nonfood products that are available for sale in the Group's ordinary course of business and land and improvements and will be part of the Group's future real estate projects. These are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to make the sale. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Real Estate Inventories
Property acquired are being developed or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory. Real estate inventories consist of land and improvements and condominium held for sale.

Land and improvements consists of properties that is held for future real estate projects and are carried at the lower of cost or NRV. Cost includes the acquisition cost of the land and those costs incurred for development and improvement of the properties. Upon commencement of real estate project, the subject land is transferred under "Condominium units held for sale".

Costs of condominium held for sale includes the carrying amount of the land transferred from "Land and improvements" at the commencement of its real estate projects and those costs incurred for construction, development and improvement of the properties, including capitalized borrowing costs.

Gasoline retail, petroleum products and chemicals
Cost is determined using first-in, first-out method. The costs of oil, petroleum products and chemicals include cost incurred for acquisition and freight charges.

Investments and Advances

This account includes advances for future stocks acquisition on investee companies. Investments and advances to in associates and jointly controlled entity are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

An investment is accounted for using the equity method from the day it becomes an associate or jointly controlled entity. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and neither amortized nor individually tested for impairment. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments and advances to in associate and jointly controlled entity are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investees, less any impairment in value.

The consolidated statement of income reflects the Group's share in the results of operations of the investee companies and the Group's share on movements in the investee's other comprehensive income are recognized directly in other comprehensive income in the consolidated financial statements. The Group's share on total comprehensive income of an associate is shown in the statement of income and statement of comprehensive income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in subsidiaries of the associate.

Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the assets transferred. Dividends received are treated as a reduction of the accumulated earnings under "Investment in associate" account.

The Group discontinues applying the equity method when its investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associates or jointly controlled entity. When the investees subsequently report net income, the Group will resume applying the equity method but only after its share in the net income equals the share of net losses not recognized during the period the equity method was suspended.

Investment Properties

Investment properties consist of properties that are held to earn rentals and that are not occupied by the companies in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the properties which is 25 years.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including capitalized borrowing costs.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and put into operational use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are calculated on the straight-line basis over the following estimated useful lives (EUL) of the property and equipment as follows:

	Years
Transportation equipment	5
Furniture, fixtures and equipment	5
Leasehold improvements	2 to 10 or lease term (whichever is shorter)
Machineries, tools and equipment	3 to 5
Building	20 to 40

The assets' residual values, EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Transfers are made from property and equipment, when there is a change in use, evidenced by ending of owner-occupation, and with a view of sale.

Franchise
Franchise fee is amortized over the franchise period which ranges from three (3) to five (5) years. Accumulated depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Software Costs
Costs related to software purchased by the Group for use in the operations are amortized on a straight-line basis over a period of 3 years.

Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any. Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software.

Deposits
Deposits are stated at cost. Cost is the fair value of the asset given up at the date transfer to the affiliates. This account is treated as a real option money to purchase and develop a property that is held by a related party or an equity instrument to be issued upon exercise of option. The deposit granted to affiliates charges an interest and other related expenses in lieu of the time value in use of option money granted to the affiliates.

Impairment of Non-financial Assets
The Group assesses at each financial reporting date whether there is an indication that their nonfinancial assets (e.g. investments and advances to in associates and jointly controlled entity, investment properties, property and equipment, software costs and franchise and deposits), may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

This accounting policy applies primarily to the Group's property and equipment.

The following criteria are also applied in assessing impairment of specific assets:

Investments and advances
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in its associates and jointly controlled entity. The Group determines at each financial reporting date whether there is any objective evidence that the investments and advances to associates and jointly controlled entity is impaired.

If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the associate and jointly controlled entity and the carrying cost and recognizes the amount in the consolidated statement of income.

Intangible assets
Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and accumulated impairment, if any. Otherwise, such costs are recognized as expense as incurred.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software. The Group's intangible assets consist of software costs and franchise. Intangible assets have an estimated useful life of 2 to 5 years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Impairment of AFS financial assets
The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment and 'prolonged' as greater than 6 months for

quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Customers' Deposits

The Group requires buyers of condominium units to pay a minimum percentage of the total selling price before the two parties enter into a sale transaction. The minimum percentage is on the basis of the level of buyer's commitment to pay and is part of the revenue recognition criteria. When the revenue recognition criteria are met, sales are, then, recognized and these deposits and downpayments will be applied against the related installment contracts receivable. In the event that the customer decides to terminate the purchase prior to recognition of sale, an amount equivalent to the cash surrender value of the deposit will be refunded to the buyer.

In relation to this, the customer's deposits consists of payment from buyers which have not reached the minimum required percentage and any excess of collections over the recognized receivables

Equity

The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

Retained earnings represent(s) accumulated earnings (losses) of the Group less dividends declared, if any.

Acquisition of Non-controlling Interest in a Subsidiary

Acquisition of non-controlling interest is accounted for using the parent entity extension method, whereby the difference between the fair value of consideration given and the share in the net book value of the net assets acquired is recognized in equity. When the consideration is less than the net assets acquired, the difference is recognized as a gain in the consolidated statement of income. In an acquisition without consideration involved, the difference between the share of the non-controlling interests in the net assets at book value before and after the acquisition is treated as transaction between equity owners.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Real estate revenue and cost from completed projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-01, the percentage of completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

When the sale of real estate does not meet the requirements for revenue recognition, the sale is accounted under the deposit method until all the conditions are met. Under this method, revenue is not recognized, the receivable from the buyer is not recorded and the cash received from buyers are presented under the "Customers' deposits" account in the "Liabilities" section of the consolidated statement of financial position. The related real estate inventories continue to be reported in the consolidated statement of financial position as "Inventories".

Cost of condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Sale of goods
Sale of goods is recognized from retail customers at the point of sale in the stores. This is measured at the fair value of the consideration received, excluding (or 'net of,' or 'reduced for') discounts, returns, rebates and sales taxes.

Management fees
Management fees from administrative, property management and other fees are recognized when services are rendered.

Commission income
Commission income is recognized by reference to the percentage of collection of the agreed sales price or depending on the term of the sale as provided under the marketing agreement.

Rental income
Rental income under noncancellable leases is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Interest income
Interest is recognized as it accrues using the effective interest method.

Dividend income
Dividend income is recognized when the Group's right to receive the payment is established.

Other income
Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

<u>Expense Recognition</u>
Commission expenses
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized. These are recorded as "Prepaid expenses" under "Prepayments and other current assets" account.

General and administrative expenses
General and administrative expenses constitute costs of administering the business and are expensed as incurred.

<u>Pension Costs</u>
The Group has a funded, noncontributory defined benefit retirement plan, administered by trustees, covering their permanent employees.

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses and the effect of any curtailment or settlement.

The liability recognized in the consolidated statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the financial reporting date less the fair value of the plan assets and less any actuarial gains or losses not recognized. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses is recognized as income or expense if the cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of defined benefit obligation or 10% of the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting dates.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences, with certain exceptions, at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefit of unused tax credits from MCIT and NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

Foreign Currency Transactions

The functional and presentation currency of the Group is Philippine Peso. Transactions denominated in foreign currency are recorded using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rates prevailing at reporting date. Exchange gains or losses resulting from rate fluctuations upon actual settlement and from restatement at year-end are credited to or charged against current operations.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 30.

Leases

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis over the lease term. Variable rent is recognized as an income based on the terms of the lease contract.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate.

Provisions

Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after Reporting Date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Management's Judgments and Use of Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including future events that are believed to be reasonable under circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue and cost recognition

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

Collectibility of the sales price
In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

Operating lease commitments - the Group as lessee
The Group has entered into a lease contract with its related parties with respect to the parcels of land where its retail malls are located. The Group has determined that all significant risks and rewards of ownership of the leased property remains to the lessor since the leased property, together with the buildings thereon, and all permanent fixtures, will be returned to the lessor upon termination of the lease.

Operating lease commitment - the Group as lessor
The Group entered into commercial property leases on its retail mall, investment properties and certain units of its real estate projects to different parties for a specific amount depending on the lease contracts. The Group has determined that it retains all significant risks and rewards of ownership on the properties as the Group considered risks and rewards of ownership on the properties as the Group considered among others the length of the lease as compared with the estimated life of the assets.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considered among others, the significance of the penalty, including the economic consequences to the lessee (see Note 27).

Finance lease commitments - Group as Lessee
The Group has entered into finance leases on certain parcel of land. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor transfers substantially all the risks and benefits incidental to ownership of the leased equipment to the Group thus, it recognized these leases as finance leases.

Impairment of AFS financial assets
The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' as greater than six months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Financial assets not quoted in an active market
The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Distinction between real estate inventories and investment properties
The Group determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, the Group considers whether the property is held for sale in the ordinary course of business (real estate inventories) or which are held primarily to earn rental and capital appreciation and are not occupied substantially for use by, or in the operations of the Group (investment properties).

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as of financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Contingencies
The Group is currently involved in few legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

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

Revenue recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. The carrying amount of installment contract receivable amounted to ₱1,924.21 million in December 31, 2011, ₱1,361.19 million in December 31, 2010, and ₱750.93 million in January 1, 2010 (see Note 5). The Group recognized real estate sales in 31, 2011, 2010, and 2009 amounting to ₱2,512.20 million, ₱2,160.70 million, and ₱1,148.00 million, respectively.

Estimating allowance for impairment losses
The Group reviews its loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statement of financial position and any changes thereto in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors. Actual results may also differ, resulting in future changes to the allowance.

The Group maintains allowance for impairment losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivable's carrying balance and the computed present value. The collective assessment would require the Group to group its receivables based on the credit risk characteristics (industry, customer type, customer location, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. 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 the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. As of December 31, 2011 and 2010 and January 1, 2010, the carrying values of these assets are as follows:

		December 31	January 1,
	2011	2010	2010
Receivables (Note 6)	**₱4,864,096,896**	₱1,175,627,247	₱754,968,420
Due from related parties	**938,859,224**	558,144,260	872,062,998

Evaluating net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expense for any period would differ if different judgments were made or different estimates were utilized. The carrying value of the Group's inventories amounted to ₱11,338.37 million, ₱7,889.22 million, and ₱6,927.61 million as of December 31, 2011, 2010 and January 1, 2010, respectively (see Note 6).

Estimating useful lives of property and equipment, investment properties and intangibles assets
The Group estimated useful lives (EUL) of its property and equipment, investment properties, and intangibles assets based on the period over which the assets are expected to be available for use. The Group reviews annually the EUL of property and equipment, investment properties and intangible assets based on factors that include asset utilization, internal technical evaluation, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment, investment properties and intangible assets would increase the recorded depreciation and amortization expense.

As of December 31, 2011, 2010 and January 1, 2010, the carrying values of property and equipment, investment property, software costs and franchise are as follow:

		December 31	January 1, 2010
	2011	2010	(See Note 2)
Investment properties (Note 9)	**₱5,227,423,530**	₱5,299,217,182	₱3,906,242,718
Property and equipment (Note 10)	**396,367,203**	430,887,963	373,046,962
Software costs (Note 12)	**8,425,386**	8,386,285	13,840,392
Franchise (Note 12)	**72,697**	145,424	2,063,057

Evaluating asset impairment
The Group reviews investment properties, investments in and advances to associates and a jointly controlled entity, property and equipment, software costs and franchise. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investments and advances to in associates and jointly controlled entity, property and equipment, software cost and franchise. The following table sets forth the carrying values of investment properties, investments and advances to in associates and jointly controlled entity, property and equipment, software costs and franchise as of December 31, 2011, 2010 and January 1, 2010:

		December 31	January 1, 2010
	2011	2010	(See Note2)
Investments and advances to in associates and a joint venture (Note 8)	**₱38,112,517,612**	₱31,123,061,558	₱22,761,246,838
Property and equipment (Note 10)	**396,367,203**	430,887,963	373,046,962
Investment properties (Note 9)	**5,227,423,530**	5,299,217,182	3,906,242,718
Software (Note 12)	**8,425,386**	8,386,285	13,840,392
Franchise (Note 12)	**72,697**	145,424	2,063,057

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of deferred income tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

The Group's deferred tax asset amounted to ₱3.79 million, ₱6.75 million and ₱0.76 million as of December 31, 2011, 2010 and 2009, respectively. Unrecognized temporary differences pertaining to NOLCO, MCIT and unrealized foreign exchange loss amounted to ₱190.31 million and ₱0.02 million and ₱6.83 million, respectively (see Note 25).

Estimating pension and other retirement benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include are described in Note 24 to the consolidated statement of financial position and include among others, discount rates, expected returns on plan assets and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations.

As of December 31, 2011, 2010 and January 1, 2010, the present value of defined benefit obligations and unrecognized actuarial losses are as follows (see Note 24):

		December 31	January 1, 2010
	2011	2010	(See Note2)
Present value of funded defined benefit obligations	**₱94,019,346**	₱78,287,581	₱51,699,062
Unrecognized actuarial losses	**(42,949,696)**	(42,807,415)	(6,311,230)

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation (see Note 26).

4. Cash and Cash Equivalents

This account consists of:

	December 31		January 1,
	2011	2010	2010
Cash on hand and in banks	**₱383,635,340**	₱2,731,763,350	₱164,857,911
Cash equivalents	**70,786,225**	333,178,496	33,640,673
	₱454,421,565	₱3,064,941,846	₱198,498,584

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates ranging from 2.3% to 4.0% interest per annum.

Interest income from deposits and savings accounts of the Group amounted to ₱24.52 million, ₱9.81 million and ₱3.28 million in 2011, 2010 and 2009, respectively.

5. Receivables

This account consists of:

	December 31		January 1,
	2011	2010	2010
Installment contracts receivable	**₱1,924,210,550**	₱1,361,188,994	₱750,928,270
Loans receivable (Note 31)	**2,602,879,241**	-	-
Advances to contractors and suppliers	**890,524,121**	479,942,744	151,154,261
Dividend receivable (Note 31)	**157,156,316**	-	-
Trade receivables	**136,974,272**	91,391,066	70,439,186
Receivable from customers	**41,842,302**	1,895,036	4,712,614
Advances to officers, employees and agents	**39,780,012**	12,010,584	7,141,616
Accrued commission income	**21,252,081**	26,256,933	4,519,931
Accrued rent income	**5,300,029**	14,703,308	8,378,764
Accrued interest receivable	**2,269,418**	34,559,913	24,984,384
Others	**160,620,804**	65,475,121	18,939,085
Total	**5,982,809,146**	2,087,423,699	1,041,198,111
Less noncurrent portion	**1,114,943,862**	908,865,891	284,535,117
Total current	**4,867,865,284**	1,178,557,808	756,662,994
Less allowance for impairment losses	**3,768,388**	2,930,561	1,694,574
	₱4,864,096,896	₱1,175,627,247	₱754,968,420

The details of installment contracts receivable follow:

	December 31		January 1,
	2011	2010	2010
Installment contracts receivable	**₱2,348,347,412**	₱1,508,270,802	₱865,110,158
Less unearned interest income	**424,136,862**	147,081,808	114,181,888
Net installment contracts receivable	**1,924,210,550**	1,361,188,994	750,928,270
Less noncurrent portion	**1,104,578,763**	908,865,891	284,535,117
Current portion	**₱819,631,787**	₱452,323,103	₱466,393,153

Noninterest-bearing installment contracts receivables are collected over a period of one to ten years. The fair value upon initial recognition is derived using discounted cash model using the discount rate ranging from 8% to 18% in December 31, 2011, 2010 and January 1, 2010. Interest income recognized from these receivables amounted to ₱195.92 million, ₱174.57 million, and ₱180.64 million in 2011, 2010 and 2009, respectively. Unamortized discount amounted to ₱424.14 million, ₱147.08 million, and ₱ 114.18 million as of December 31, 2011, 2010 and January 1, 2010, respectively.

Movements in the unamortized discount as of December 31, 2011, 2010 and January 1, 2010 follow:

	December 31		January 1,
	2011	2010	2010
Balance at beginning of year	**₱147,081,808**	₱114,181,888	₱187,551,788
Additions	**472,979,186**	207,467,520	107,273,723
Accretion	**(195,924,132)**	(174,567,600)	(180,643,623)
Balance at end of year	**₱424,136,862**	₱147,081,808	₱114,181,888

Advances to contractors and suppliers pertain to advances and initial payment for the purchase of construction materials and supplies and contractor services. These are recouped upon every progress billing payments and will be due and demandable upon breach of contract.

Trade receivables pertain to tenants' rentals already billed but not yet collected and their share in utilities (electricity, water and liquefied petroleum gas).

Accrued rent income and accrued commission pertain to commission and rent earned but not yet collected, with a 15- to 30- day term.

Advances to officers and employees pertain to cash advances for representation and entertainment and employee cash loans. Advances for representation and entertainment are liquidated within 30 days after incurrence of expense while employee cash loans are collected through salary deduction. Cash advances to agents pertain to mobilization funds granted to agents to finance their sales-related needs. These advances are subjected to liquidation within 30 days after the release of cash advance.

Other receivables pertain to the claims on late payments and other non trade receivables.

Loan receivable represents a short term loan granted by the Parent Company to a third party on December 27, 2011 amounting to ₱2.6 billion with fixed interest rate of 4.00% per annum.

As of December 31, 2011, 2010 and January 1, 2010, the Group's other receivables which are past due were provided with full allowance amounting to ₱3.77 million, ₱2.93 million, and ₱1.69 million, respectively. The impairment loss pertains to individually impaired accounts. These are presented as gross amounts before directly deducting impairment allowance. No impairment losses resulted from performing collective impairment test.

The movement in the Group's allowance for impairment losses follows:

	December 31		January 1,
	2011	2010	2010
Balance at beginning of year	**₱2,930,561**	₱1,694,574	₱1,374,510
Provision for the year	**879,708**	1,235,987	320,064
Write off	**(41,881)**	-	-
Balance at end of year	**₱3,768,388**	₱2,930,561	₱1,694,574

6. Inventories

This account consists of:

	December 31		January 1,
	2011	2010 (As restated)	2010 (As restated)
Condominium units held for sale	**₱5,931,704,263**	₱3,154,520,645	₱1,882,373,019
Land and improvements at cost	**4,653,076,618**	4,279,214,214	4,492,170,030
Materials, supplies and others	**743,058,180**	443,479,143	544,370,758
Crude oil and petroleum products (Note 21)	**8,367,927**	10,014,263	5,620,580
Food (Note 21)	**2,160,335**	1,990,935	3,074,605
	₱11,338,367,323	₱7,889,219,200	₱6,927,608,992

The Group started the development of its parcels of land previously accounted for as property and equipment amounting to ₱4.22 million and investment properties amounting to ₱2.41 million both in 2009. The transfers of properties into "Inventories" account are in line with the Group's intention of constructing condominium units for sale and as evidenced by its commencement of development with the view to sale (see Notes 9 and 10).

The rollforward of land for development is as follows:

	December 31		January 1,
	2011	2010	2010
Balance at beginning of year	**₱4,279,214,214**	₱4,492,170,030	₱4,233,598,038
Acquisitions	**7,165,853**	1,281,774,720	446,537,537
Transfers from materials, supplies and others	**475,473,513**	-	-
Transfers to condominium units held for sale	**(108,776,962)**	(1,494,730,536)	(187,965,545)
Balance at end of year	**₱4,653,076,618**	₱4,279,214,214	₱4,492,170,030

As of December 31, 2011, 2010 and 2009, inventories recognized as "Cost of real estate sales" amounted to ₱1,553.77 million, ₱1,364.81 million and ₱636.73 million, respectively, while other inventory items recognized as "Cost of goods and services sold" amounted to ₱709.73 million, ₱584.57 million, and ₱497.58 million, respectively.

Certain parcels of land were transferred to the inventories account with carrying amount of ₱117.98 million ₱9.12 million and ₱2.41 million in 2011, 2010 and 2009, respectively (see Note 9).

The Group capitalized borrowing cost on real estate inventories amounting to ₱171.54 million, ₱174.54 million and 155.86 million in 2011, 2010 and 2009, respectively for loans with interest rates ranging from 2.89% to 8.00% used to finance the Group's project construction. Also, the Group capitalized borrowing with regards to its general borrowing amounting to ₱79.28 in 2011. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 7.29% in 2011. Said capitalized interest is added to "Condominium units held for sale" account and recognized as expense upon the sale of condominium units. The Group expensed out capitalized interest amounted to ₱59.81 million in 2011 and ₱36.06 million in 2010 (see Note 6).

7. Prepayments and Other Current Assets

This account consists of:

	December 31		January 1,
	2011	2010	2010
Input value-added tax (VAT)	**₱695,928,291**	₱626,513,862	₱408,690,591
Creditable withholding taxes	**186,685,573**	42,401,104	144,949,966
Prepaid expenses	**90,924,676**	31,505,623	5,644,923
Others	**1,458,669**	52,055,202	4,353,003
	₱974,997,209	₱752,475,791	₱563,638,483

Input VAT will be applied against output VAT in the succeeding periods.

Creditable withholding taxes (CWT) are attributable to taxes withheld by third parties arising from real estate revenue, rental income and service fees.

Input VAT and CWT are fully realizable and will be applied against future taxes payable.

Prepaid expenses mainly include unrecognized commission expense for incomplete real estate units and prepayments for supplies, taxes and licenses, rentals and insurance.

8. Investments and Advances

This account consists of:

	December 31		January 1,
	2011	2010	2010
Investments in associates	**₱34,268,458,613**	₱26,763,676,334	₱22,442,662,461
Investment in a joint venture	**446,938,240**	359,385,224	318,584,377
Advances to GBPC	**3,397,120,759**	4,000,000,000	-
	₱38,112,517,612	₱31,123,061,558	₱22,761,246,838

	December 31		January 1,
	2011	2010	2010
Associates:			
Balance at beginning of year	**₱21,923,397,617**	₱20,145,417,439	₱20,145,417,439
Additions during the year			
Additional investments	**2,624,660,409**	1,927,980,178	-
Disposal	**-**	(150,000,000)	-
	24,548,058,026	21,923,397,617	20,145,417,439
Accumulated equity in total comprehensive income (loss)			
Balance at beginning of year	**4,840,278,717**	2,297,245,022	(366,445,264)
Equity in net income	**3,480,320,083**	2,908,078,278	2,091,934,566
Equity in total comprehensive income (loss)	**2,895,604,967**	232,403,460	1,679,223,854
Dividends received (Note 22)	**(1,495,803,180)**	(604,780,787)	(1,107,468,134)
Disposal	**-**	7,332,744	-
	9,720,400,587	4,840,278,717	2,297,245,022
	34,268,458,613	30,763,676,334	22,442,662,461
Joint venture:			
Cost			

Balance at beginning of year	330,000,000	330,000,000	90,000,000
Additions	-	-	240,000,000
	330,000,000	330,000,000	330,000,000
Accumulated equity in net income (loss)			
Balance at beginning of year	29,385,224	(11,415,623)	(9,326,266)
Equity in net income (loss)	87,553,016	40,800,847	(2,089,357)
	116,938,240	29,385,224	(11,415,623)
	446,938,240	359,385,224	318,584,377
Advances: (Note 23 and 31)			
Balance at the beginning of year	4,000,000,000	-	-
Deposit for future stocks subscriptions	-	4,000,000,000	-
Refund	(602,879,241)	-	-
	3,397,120,759	4,000,000,000	-
	₱38,112,517,612	₱31,123,061,558	₱22,761,246,838

The following tables summarize cash dividends declared and paid by the Group's associates:

Associate	Declaration date	Per share	Total (in millions)	Record Date	Payment Date
2011					
Phil AXA	December 14, 2011	₱177.43	₱621	December 14, 2011	February 9, 2012
Phil AXA	April 28, 2011	143.13	501	April 28, 2011	June 6, 2011
TMPC	April 12, 2011	209.51	3,246	December 31, 2010	April 13, 2011
MBTC	March 25, 2011	1.00	2,111	May 16, 2011	May 23, 2011
2010					
TMPC	May 20, 2010	102.52	1,588	December 31, 2009	May 21, 2010
MBTC	February 17, 2010	0.60	1,084	March 25, 2010	April 15, 2010
2009					
Phil AXA	December 15, 2009	184.00	399	December 15, 2009	December 23, 2009
MBTC	August 19, 2009	0.40	723	October 7, 2009	November 10, 2009
TMP	May 21, 2009	170.37	2,644	May 21, 2009	May 22, 2009
MBTC	March 11, 2009	0.60	1,084	April 30, 2009	May 18, 2009

Advances to GBPC
As of December 31, 2011, investments and advances to in associates include deposits for future subscription (DFS) amounting to ₱3,397.12 million advanced by the Parent Company to GBPC in August 2010, net of ₱602.88 million refund of DFS in December 2011.

On December 9, 2011, the Parent Company and GBPC entered into a Subscription Agreement which provides that of the planned increase of ₱760.00 million in GBPC's authorized capital stock, the Parent Company shall subscribe to and purchase, and GBPC agrees to issue and sell, 117,067,800 shares with par value of ₱1.00 per share, for a total consideration of ₱3,397.12 million (see Note 31).

Investment in MBTC
In 2011, FMIC, a majority owned subsidiary of MBTC participated in a bond exchange transaction under the liability management exercise of the Philippine government. The SEC granted exemptive relief from the existing tainting rule on held-to-maturity (HTM) investment under Philippine Accounting Standard (PAS) 39, Financial Instruments: Recognition and Measurement while the Bangko Sentral ng Pilipinas (BSP) also provided the same exemption for prudential reporting to the participants. Following the exemption granted, the 2011 consolidated financial statements of MBTC have been prepared in compliance with

Philippine GAAP. For the purpose of computing the Group's share in 2011 net income and other comprehensive income of MBTC, certain adjustments were made in MBTC's 2011 consolidated financial statements to comply with PFRS.

In January 2011, the Parent Company exercised its stock rights and subscribed for additional shares which aggregated to 52,201,070 million shares with a cost of ₱2.61 billion.

In October 2010, the Board of Directors of MBTC approved the entitlement to subscribe to one (1) share for every 9.557 common shares held by eligible shareholders as of December 20, 2010, which is the Record Date. The offer price is ₱50.00 per share and the offer period is from January 5 to 15, 2011. At the Record Date, the Parent Company held 478,000,000 shares, and had been entitled to 50,015,695 stock rights valued at ₱722.30 million. The fair value of stock rights was estimated at the date of entitlement using the Black-Scholes model. The inputs on the model included price history time period, and exercise price. With an assumption on the volatility of 40.96%, valuation resulted to an intrinsic value of ₱720.23 million and time value of ₱2.07 million for the stock rights.

As a result of stock rights issuance, the Parent Company owns 23.65% interest in MBTC as of December 31, 2010.

In December 2010, the Parent Company purchased 26.00 million shares of MBTC with a par value of ₱ 20.00 per share for a total consideration of ₱1,822.00 million.

Investment in Phil AXA

In 2011 and 2010, the Parent Company agreed to increase its subscription in Phil AXA amounting to ₱14.61 million and ₱105.98 million, respectively.

On December 15, 2009, the BOD of Phil AXA authorized the declaration of 16% stock dividends or a total of ₱34.30 million (see Note 23).

On October 6, 2009, to comply with the capitalization requirement, the Insurance Commission granted the request of Phil AXA for the conversion of its contingency surplus into paid-up capital.

Disposal of an associate

In December 2010, Fed Land sold its interest in Cathay International Resources Corporation (CIRC) to a third party for a consideration of ₱142.22 million. The disposal of the investment resulted to a loss amounting to ₱0.45 million (see Note 23).

The details of the net assets of the Group's associates and equity in the net assets of jointly controlled entity and the corresponding percentages of ownership follow:

	Associates				**Joint Venture**
	Cathay Int'l. Resources Corp	MBTC	Phil AXA	Toyota	Federal Land Orix Corp.
Nature of Business	Real estate	Banks	Insurance	Motor	Real estate
	In thousands (except for percentage)				
2011					
Percentage of ownership.	-%	25.11%	25.31%	21.00%	60.00%
Net assets	₱-	₱116,504,000	₱3,667,751	₱7,340,419	₱446,938
Comprehensive income (loss)	-	22,322,534*	2,199,222	1,218,872	87,553
2010					
Percentage of ownership.	-%	25.01%	25.00%	21.00%	60.00%
Net assets	475,557,518	93,017,000	3,565,937	8,666,458	359,385

Comprehensive income (loss)	1,180,185	9,079,000	1,043,720	3,485,782	40,801
2009					
Percentage of ownership.	30.00%	23.65%	25.00%	21.00%	60.00%
Net assets	474,377,333	80,318,000	2,519,403	6,756,361	318,584
Comprehensive income (loss)	6,406,074	12,423,716	1,167,051	1,763,346	(2,089)

**Total comprehensive income under PFRS*

9. Investment Properties

The composition and rollforward analysis of this account follow:

	December 31, 2011		
	Land	**Buildings**	**Total**
Cost			
At January 1,	**₱5,091,340,619**	**₱305,138,230**	**₱5,396,478,849**
Additions	**57,180,342**	**525,169**	**57,705,511**
Transfer	**(117,980,723)**	**-**	**(117,980,723)**
At December 31	**5,030,540,238**	**305,663,399**	**5,336,203,637**
Accumulated Depreciation			
At January 1,	**-**	**97,261,667**	**97,261,667**
Depreciation (Note 21)	**-**	**11,518,440**	**11,518,440**
At December 31	**-**	**108,780,107**	**108,780,107**
Net Book Value at December 31	**₱5,030,540,238**	**₱196,883,292**	**₱5,227,423,530**

	December 31, 2010 (As restated)		
	Land	Buildings	Total
Cost			
At January 1,	₱3,786,488,826	₱207,878,788	₱3,994,367,614
Additions	1,305,590,709	105,995,000	1,411,585,709
Transfer (Note 6)	(738,916)	(8,735,558)	(9,474,474)
At December 31	5,091,340,619	305,138,230	5,396,478,849
(Forward)			
Accumulated Depreciation			
At January 1,	-	88,124,896	88,124,896
Depreciation (Note 21)	-	9,136,771	9,136,771
At December 31	-	97,261,667	97,261,667
Net Book Value at December 31	₱5,091,340,619	₱207,876,563	₱5,299,217,182

	January 1, 2010 (As restated)		
	Land	Buildings	Total
Cost			
At January 1,	₱3,788,161,462	₱151,067,457	₱3,939,228,919
Additions	738,915	56,811,331	57,550,246
Transfer (Note 6)	(2,411,551)	-	(2,411,551)
At December 31	3,786,488,826	207,878,788	3,994,367,614
Accumulated Depreciation			
At January 1,	-	81,300,957	81,300,957
Depreciation (Note 21)	-	6,823,939	6,823,939
At December 31	-	88,124,896	88,124,896
Net Book Value at December 31	₱3,786,488,826	₱119,753,892	₱3,906,242,718

Certain parcels of land were transferred to the "Inventories" account with a carrying amount of ₱117.98 million, ₱9.12 million and ₱2.41 million as of December 31, 2011 and 2010 and January 1, 2010, respectively (see Note 6). The transferred properties are already intended for the construction of condominium units for sale.

In December 2010, the Fed Land acquired additional office space in GT Tower which is currently being leased out to third parties.

Various parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit. Rental income recognized from these properties amounted to ₱238.00 million, ₱197.99 million and ₱176.85 million in 2011, 2010 and 2009, respectively (see Note 27).

The depreciation of the investment properties amounting to ₱11.52 million, ₱9.14 million and ₱6.82 million in 2011, 2010 and 2009, respectively, is included in the "General and administrative expenses" account in the consolidated statements of income (see Note 22).

The aggregate fair value of the Group's investment properties amounted to ₱8.01 billion and ₱3.26 billion as of December 31, 2011 and 2010, respectively and ₱1.87 billion as of January 1, 2010. The fair value of the Group's investment properties has been determined based on valuations performed by Philippine Appraisal Company, Inc., an accredited independent appraiser. Philippine Appraisal Company, Inc. is an industry specialist in valuing these types of investment properties. 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 in February 2012.

10. Property and Equipment

The composition and rollforward analysis of this account follow:

	December 31, 2011						
	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Machinery, Tools and Equipment	Construction-in-Progress	Building	Total
Cost							
At January 1,	₱21,596,996	₱86,919,287	₱476,541,640	₱13,700,765	₱1,660,746	₱116,712,824	₱717,132,258
Additions	2,938,513	8,880,581	5,241,206	444,218	203,500	832,309	18,540,327
Transfer	-	283,085	101,831	-	(384,916)	-	-
Disposals	(1,354,63)	-	-	-	-	-	(1,354,63)
At December 31	23,180,879	96,082,953	481,884,677	14,144,983	1,479,330	117,545,133	734,317,955
Accumulated Depreciation and Amortization							
At January 1,	13,142,437	76,158,106	186,229,157	9,063,060	-	1,651,535	286,244,295
Depreciation and amortization (Note 21)	3,325,198	8,338,910	36,700,081	1,233,172	-	3,291,307	52,888,668
Disposals/Reclassification	(1,182,21)	-	-	-	-	-	(1,182,21)
Reclassification	326,392	-	(326,392)	-	-	-	-
Adjustment	-	-	-	-	-	-	-
At December 31	15,611,816	84,497,016	222,602,846	10,296,232	-	4,942,842	337,950,752
Net Book Value at December 31	₱7,569,063	₱11,585,937	₱259,281,831	₱3,848,751	₱1,479,330	₱117,545,133	₱396,367,203

	December 31,2010						
	Transportation Equipment	Furniture, Fixtures and Equipments	Leasehold Improvements	Machinery, Tools and Equipment	Construction - in-Progress	Building	Total
Cost							
At January 1	₱20,193,247	₱93,884,649	₱484,681,051	₱13,700,765	₱182,233	₱15,077,824	₱627,719,769
Additions	4,237,845	4,563,062	5,549,836	-	1,660,746	101,635,000	117,646,489
Transfer	-	(11,528,424)	182,233	-	(182,233)	-	(11,528,424)
Disposals	(2,834,096)	-	(13,871,480)	-	-	-	(16,705,576)
At December 31	21,596,996	86,919,287	476,541,640	13,700,765	1,660,746	116,712,824	717,132,258
Accumulated Depreciation and Amortization							
At January 1	12,784,281	77,593,713	155,782,031	7,821,715	-	691,067	254,672,807
Depreciation and amortization	2,883,574	9,806,046	38,116,998	1,241,345	-	960,468	53,008,431
Disposals	(2,525,418)	(11,241,653)	(7,669,872)	-	-	-	(21,436,943)
At December 31	13,142,437	76,158,106	186,229,157	9,063,060	-	1,651,535	286,244,295
Net Book Value at December 31	₱8,454,559	10,761,181	₱290,312,482	₱4,637,706	₱1,660,746	₱115,061,289	₱430,887,963

	January 1, 2010						
	Transportation Equipment	Furniture, Fixtures and Equipments	Leasehold Improvements	Machinery, Tools and Equipment	Construction - in-Progress	Building	Total
Cost							
At January 1	₱ 18,019,937	₱89,238,340	₱389,913,128	₱13,700,765	₱88,147,743	₱-	₱599,019,913
Additions	3,980,716	4,685,755	10,843,333	-	182,233	15,077,824	34,769,861
Transfer	-	(39,446)	83,924,590	-	(88,147,743)	-	(4,262,599)
Disposals	(1,807,406)	-	-	-	-	-	(1,807,406)
At December 31	20,193,247	93,884,649	484,681,051	13,700,765	182,233	15,077,824	627,719,769
Accumulated Depreciation and Amortization							
At January 1	10,956,518	62,750,887	120,331,300	6,346,111	-	-	200,384,816
Depreciation and amortization	2,910,170	14,842,826	35,450,731	1,289,993	-	691,067	55,184,787
Disposals	(1,082,407)	-	-	-	-	-	(1,082,407)
Adjustments	-	-	-	185,611	-	-	185,611
At December 31	12,784,281	77,593,713	155,782,031	7,821,715	-	691,067	254,672,807
Net Book Value at December 31	₱7,408,966	₱16,290,936	₱3 328,899,020	₱5,879,050	₱182,233	₱14,386,757	₱373,046,962

The additional office space pertains to the 20th floor of GT Tower International, which were acquired by the Group on December 14, 2010.

Construction-in-progress (CIP) amounting to ₱0.38 million, ₱0.18 million and ₱88.15 million was reclassified to leasehold improvements as of December 31, 2011, 2010 and January 1, 2010 and inventories amounting to ₱83.92 million and ₱4.22 million, respectively (see Note 6). There was no capitalized borrowing cost on CIP as of December 31, 2011 and 2010. These assets were not pledged as collateral for securing bank loans (see Note 14).

11. Deposits

Deposit represents option money to a related party for the exclusive rights for three years either (a) to purchase the property, (b) to purchase shares of stock of the third party which own the property, (c) to develop the property as developer in joint venture with third party or (d) to undertake a combination of any of the foregoing, as may be agreed upon by the parties.

Interest income on deposit represents reimbursement of interest expense from option money granted to affiliates amounting to ₱337.71 million (see Note 23).

12. Other Noncurrent Assets

This account consists of:

		December 31	January 1,
	2011	2010	2010
Rental and other deposits	**₱88,146,272**	₱44,160,132	₱42,137,873
AFS financial assets (Note 25)	**9,921,760**	27,632,005	29,642,215
Software costs - net	**8,425,386**	8,386,285	13,840,392
Franchise - net	**72,697**	145,424	2,063,057
Others	**5,327,332**	14,185,396	8,031,068
	₱111,893,447	₱94,509,242	₱95,714,605

Rental and other deposits include deposits for the leased offices of the Group and deposits for the initial set-up of the services rendered by public utility companies. Rental deposits are to be applied on the last month's rent of the lease contract.

Others include deferred charges and guarantee deposits on obtaining security collateral for loan obtained from an affiliated bank.

The rollforward analysis of the Group's software cost and franchise fee is as follows:

Software Cost

		December 31	January 1,
	2011	2010	2010
Cost			
Balance at beginning of year	**₱30,408,860**	₱26,253,970	₱18,646,311
Additions	**6,911,842**	4,154,890	7,607,659
	37,320,702	30,408,860	26,253,970
Accumulated Amortization			
Balance at beginning of year	**22,022,575**	12,413,578	4,222,821
Amortization (Note 22)	**6,872,741**	9,608,997	8,190,757
	28,895,316	22,022,575	12,413,578
Net Book Value	**₱8,425,386**	₱8,386,285	₱13,840,392

Fed Land maintains a Systems, Applications and Products in Data Processing (SAP) system rights which was fully implemented on July 1, 2008. Additions in 2011, 2010 and 2009 pertain to acquisitions of software licenses, programs and upgrade of SAP. The said system has an estimated useful life of three (3) years.

Franchise

		December 31	January 1,
	2011	2010	2010
Cost			
Balance at beginning of year	**₱800,000**	₱4,671,713	₱4,671,713
Terminations	**-**	(3,871,713)	-
	800,000	800,000	4,671,713
Accumulated Amortization			
Balance at beginning of year	**654,576**	2,608,656	1,912,032
Amortization (Note 22)	**72,727**	497,760	696,624
Terminations	**-**	(2,451,840)	-
	727,303	654,576	2,608,656
Net Book Value	**₱72,697**	₱145,424	₱2,063,057

Franchise fee pertains to the Group's operating rights for its fast food stores with estimated useful lives of three (3) to five (5) years.

The amortization of the franchise fee amounting to ₱0.07 million, ₱0.50 million and ₱0.70 million in 2011, 2010 and 2009, respectively, is included in the "General and administrative expenses" account in the consolidated statements of income (see Note 22).

AFS financial assets are carried at cost due to the unpredictable nature of future cash flows and the lack of suitable valuation of arriving at a reliable fair value. The AFS financial assets are preferred shares of utility company issued to the Group as a consequence of its subscription to the electricity services of said utility company needed for the Group's real estate projects. The said preferred shares have no active market and the Group does not intend to dispose of these because these are directly related to the continuity of its business.

13. Accounts and Other Payables

This account consists of:

	December 31		January 1,
	2011	2010	2010
Trade	**₱3,794,271,504**	₱1,386,602,710	₱254,148,832
Deferred output tax	**269,881,627**	133,831,105	55,133,950
Retentions payable	**213,576,285**	176,605,322	80,572,092
Accrued expenses	**108,948,627**	137,862,666	64,828,714
Accrued interest	**64,866,452**	69,957,743	32,855,285
Accrued commission	**46,428,903**	30,824,294	12,087,650
Others	**75,446,442**	182,000	71,119,451
	₱4,573,419,840	₱1,935,865,840	₱570,745,974

Trade payables pertain to billings received from contractors for construction costs incurred on a per project basis and commissaries for food products ordered.

Retentions payable represent a portion of construction cost withheld by the Group and paid to the contractors upon completion of the project.

Accrued expenses are noninterest-bearing and are normally settled within a fifteen (15) to sixty (60) day term.

Deferred output tax mostly pertains to VAT on the uncollected portion of the contract price of sold units.

Accrued interest is normally settled within a fifteen (15) to sixty (60) day term.

Accrued commissions are settled within one year.

Other payables are noninterest-bearing and are normally settled within one year.

14. Loans Payable

This account consists of:

	December 31		January 1,
	2011	2010	2010
Long term loans			
Affiliated loans:			
Loans from local banks	**₱9,091,700,000**	₱7,335,000,000	₱1,263,700,000
Non-affiliated loans:			
Loans from local banks	**6,557,000,000**	3,847,191,076	4,632,191,076
Corporate Notes	**11,600,000,000**	5,000,000,000	-
	27,248,700,000	16,182,191,076	5,895,891,076
Short term loans from local banks			
Affiliated	**3,091,700,000**	3,335,000,000	1,263,700,000
Non-affiliated loans	**4,557,000,000**	3,847,191,076	2,993,300,000
	7,648,700,000	7,182,191,076	4,257,000,000
	₱19,600,000,000	₱9,000,000,000	₱1,638,891,076

The details of the obligation follow:

Loan from local banks has interest rates ranging from 3.09% to 9.50% lump sum with maturity within one year and interest payable quarterly in arrears.

Corporate Notes - Fed Land
On March 18, 2011, Fed Land entered into a Notes Facility Agreement with First Metro Corporation, Metropolitan Bank & Trust Company - Trust Banking Group and various Institutions whereby Fed Land will issue ₱6,600.00 million of fixed rate notes to finance projects, working capital and for general corporate purposes. The Notes is payable in five years with interest rate based on the latest PDST-F plus a spread of 85 basis points per annum. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations, ranking *pari passu* with all other present and future direct, unconditional, unsubordinated and unsecured obligations.

Corporate Notes - Parent Company
On October 12, 2010, the BOD authorized the Parent Company to issue, offer, and sell peso-denominated fixed rate notes at a principal amount up to ₱5.00 billion. In connection with this, a Notes Facility Agreement was entered by Parent Company with First Metro Investment Corporation (FMIC). Per indicative terms and conditions of the agreement, the notes were offered through a private placement and were issued at face value on November 10, 2010 with maturities of up to five (5) years with interest based on latest PDST-F rate plus a spread of 75 basis points per annum.

The agreements covering the above mentioned Corporate Notes provide for restrictions and requirements with respect to, among others, declaration or payment of cash dividends/retirement of shares (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares); making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; maintaining certain financial ratios; and entering into any partnership, merger, consolidation or reorganization. As of December 31, 2011, the Group is in compliance with the covenants as aforementioned.

Affiliated Bank Loan
This account consists of unsecured, partially secured and secured peso-denominated short-term borrowings (see Note 22) by the Group from a local bank with floating interest rates at 1.5% spread over benchmark 90-day PDST-R2 plus gross receipts tax. The interest rates ranges from 5.77% to 9.50% in 2010 and 5.77% to 7.00% in 2009.

In 2011, Fed Land also obtained both partially secured and fully secured peso-denominated loans with an aggregate amount of ₱2,000.00 million from an affiliated local bank with interest at prevailing market rate of 3.75%, payable in lump sum after 5 years (see Note 23).

As of December 31, 2011, the Parent Company has outstanding both partially secured and fully secured peso-denominated loans with an aggregate amount of ₱7.091 billion from an affiliated local bank with interest at prevailing market rate ranging from 3.53% to 5.40%. This included a ₱4.00 billion fully secured loan to fund equity infusion for power-related projects, specifically in support of the construction of the 246 MW coal-fired plant (see note 23).

These loans were obtained primarily to fund the Parent Company's investing activities.

In 2009, the Parent Company also obtained from an affiliated local bank unsecured peso-denominated loans with interest at prevailing market rate of 5.36% with maturities of three (3) months.

Interest expense recognized in 2011, 2010 and 2009 amounted to ₱989.75 million, ₱281.92 million and ₱ 169.85 million, respectively.

In 2011, 2010 and 2009, the Group has capitalized interest expense amounting to ₱171.54 million, ₱ 174.54 million and ₱155.86 million for loans specifically used to finance the Group's project construction. Said capitalized interest is added to "Condominium units held for sale" account and recognized as expense upon the sale of condominium units (see Note 6).

15. Customers' Deposits

The Group requires buyers of condominium units to pay a minimum percentage of the total selling price before the two parties enter into a sale transaction. In relation to this, the customers' deposits represent payment from buyers which have not reached the minimum required percentage. When the revenue recognition criteria are met, sales are recognized and these deposits and down payments will be applied against the related installment contracts receivable. In the event that the customer decides to terminate the purchase prior to recognition of sale, an amount equivalent to the repossessed value of deposit less charges and penalties incurred will be refunded to the buyer.

This account also includes excess of collections over the recognized receivables based on percentage of completion.

16. Liabilities on Purchased Land

Liabilities on purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate loans. As of December 31, 2010, the current and non-current portion of the liabilities on this purchased land amounted to ₱118.99 million and ₱397.86 million, respectively. In 2010, the Group has capitalized interest expense on liabilities on purchase land to "Inventories" account amounting to ₱32.70 million, respectively.

During the year, the Group paid in full the remaining balance to property sellers.

17. Other Current Liabilities

This account consists of:

	December 31		January 1,
	2011	2010	2010
Withholding taxes payable	**₱39,280,476**	₱11,189,434	₱26,945,685
Unearned rent income	**4,895,613**	1,959,842	-
VAT payable	**1,946,421**	-	886,585
Others	**11,761,883**	10,658,819	1,819,935
	₱57,884,393	₱23,808,095	₱29,652,205

Other payables pertain to payable on utilities, contracted maintenance and security agencies and regulatory premium or contribution payable of the Group. These are normally payable within one year.

18. Other Noncurrent Liabilities

This account consists of:

	December 31		January 1,
	2011	2010	2010
Refundable and other deposits	**₱35,748,452**	₱45,584,635	₱32,730,720
Unearned rental income	**15,275,028**	1,398,478	997,356
Finance Lease - obligation - net of discount on finance lease amounting to ₱127.70	**11,908,855**	-	-
Others	-	5,680,000	4,610,181
	₱62,932,335	₱52,663,113	₱38,338,257

Refundable and other deposits consist mainly of tenants' rental deposit from operating lease contracts with terms ranging from 5 to 10 years (see Note 26). Rental deposits are obtained to secure faithful compliance of tenants' obligation under the lease contract and to answer for unpaid bills of lessees affecting the leased premises, any damage to the leased premises, and other similar costs. Rental deposits may also be applied for the unpaid rentals upon termination of the lease contract.

19. Equity

As of December 31, 2011, 2010 and January 1, 2010, this account consists of:

Common stock - ₱10 par value	
Authorized - 500,000,000 shares	
Issued and outstanding - 125,000,000 shares	₱1,250,000,000
APIC	23,071,664,419
	₱24,321,664,419

Retained earnings

Retained earnings amounting to ₱7,169.82 million, ₱4,937.09 million and ₱2,518.65 million as of December 31, 2011, 2010 and 2009, respectively include the accumulated equity in undistributed net earnings of consolidated subsidiaries, associates and jointly controlled entities accounted for under equity method. The amounts are not available for dividends until declared by the subsidiaries, associates and the jointly controlled entities.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the common shares held in treasury.

Effect of uniting on HLRDC and CRDC
The net effect of uniting of interest on the acquisition of HLRDC and CRDC amounted to ₱104.26 million as of December 31. 2011. This represents the difference between the Fed Land's aggregate consideration transferred on the acquisition and the respective HLRDC and CRDC's equity as of December 31, 2010 attributable to parent and to non controlling interest as at the time of the combination (see Note 27):

Net asset (deficiency) of HLRDC and CRDC attributable to parent at the time of business combination:

	December 31	
	2010	2009
HLRDC	**₱442,944,672**	₱360,275,850
CRDC	**(2,682,896)**	(3,195,394)
	₱440,261,776	₱357,080,456

Net asset of HLRDC and CRDC attributable to non-controlling interest at the time of business combination:

	December 31	
	2010	2009
HLRDC	**₱110,736,168**	₱90,068,962
CRDC	**10,230,890**	9,898,241
	₱120,967,058	₱99,967,203

The aggregate cost of investment of ₱420.00 million is presented as a reduction to the net assets pooled to the Group's financial statements at the time of combination for year ended
December 31, 2011.

Consideration transferred on acquisition of subsidiary
The effect of uniting of interest on the acquisition of PCRDC, representing the difference between Fed Land's cost of investment amounted to ₱102.00 million.

Acquisition of Minority interest
In 2009, the Group's acquisition of an additional 4.47% interest in FBRI resulted to a difference between the acquisition cost and equivalent net asset acquired amounting to ₱4.83 million. This difference was treated as a transaction between equity owners.

Increase in Non-controlling interests of Subsidiary
Increase in non-controlling interest represents additional capital infusion to Fed Land from its non-controlling interests for the subscription of issued shares amounted to ₱600.00 million and 2010, respectively, and a deposit for future stocks subscription of ₱400.00 million in 2009.

Dividend declaration
On August 5, 2011, the BOD of the Parent Company approved the declaration of cash dividends of ₱4.00 per share on the outstanding 125,000,000 shares of stock or a total of ₱500.00 million out of the retained earnings of the Parent Company to all stockholders of record as of August 31, 2011.

On April 8, 2010, the BOD of the Parent Company approved the declaration of cash dividends of ₱2.00 per share on its 125,000,000 outstanding shares or a total of ₱250.00 million, from the unappropriated retained earnings of the Parent Company to all stockholders of record as of March 25, 2010, payable not later than April 15, 2010.

On October 12, 2010, the BOD of the Parent Company approved the declaration of cash dividends of ₱2.00 per share on its 125,000,000 outstanding shares or a total of ₱250.00 million, out of the retained earnings of the Parent Company to all stockholders of record as of October 31, 2010, payable not later than November 22, 2010.

On April 30, 2009, the BOD of the Parent Company approved the declaration of cash dividends amounting to ₱8.32 per share or a total of ₱1,040.00 million payable to all stockholders of record as of the same date. The cash dividends were paid on May 9, 2009.

On September 15, 2009, PCRDC paid cash dividends to its prior stockholders amounting ₱15.00 million or ₱15.00 cash dividends per its outstanding share.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong and healthy consolidated statement of financial position to support its current business operations and drive its expansion and growth in the future.

The Group maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding effect of uniting of interest.

The Group's sources of capital are capital stock and retained earnings. No changes were made in the objectives, policies or processes during 2011, 2010 and 2009.

20. Interest and Other Income

This account consists of:

	2011	2010	2009
Interest income:			
Interest on deposit	**₱337,707,830**	₱-	₱-
Interest income on real estate sales (Note 5)	**195,924,132**	174,567,600	180,643,623
Interest income from banks (Note 4)	**64,595,737**	9,807,371	3,283,102
	598,227,699	184,374,971	183,926,725
Other income:			
Real estate forfeitures, charges and penalties	**₱92,926,119**	72,115,558	65,801,313
Management fee	**36,834,278**	20,807,368	42,924,978
Gain on sale of shares	**2,304,422**	-	-
Dividend income	**25,200**	408,600	95,131
Others	**56,455,173**	29,790,217	37,883,637
	188,545,192	123,121,743	146,705,059
	₱786,772,891	₱307,496,714	₱330,679,234

Real estate forfeitures, charges and penalties are earned when a buyer is delinquent on his payment or cancels his purchase of condominium units, after deducting any cash surrender value.

Management fee pertains to services rendered by Fed Land in the administration of the different projects related to the joint venture.

Others consist of gain on sale of assets and miscellaneous income.

21. Cost of Goods and Services

This account consists of:

	2011	2010	2009
Beginning inventory			
Gasoline retail and petroleum products	**₱10,014,263**	₱5,620,580	₱5,117,142
Food, materials, supplies and others	**1,990,935**	3,074,605	2,778,165
	12,005,198	8,695,185	7,895,307
Add net purchases	**665,201,705**	545,247,436	450,936,768
Total inventories available for sale	**677,206,903**	553,942,621	458,832,075
Less ending inventory (Note 6)			
Gasoline retail and petroleum products	**8,367,927**	10,014,263	5,620,580
Food, materials, supplies and others	**2,160,335**	1,990,935	3,074,605
	666,678,641	541,937,423	450,136,890
Direct labor	**15,196150**	16,669,340	18,237,037
Overhead (Note 26)	**27,851,792**	25,959,734	29,210,072
	₱709,726,583	₱584,566,497	₱497,583,999

22. General and Administrative Expenses

This account consists of:

	2011	2010	2009
Salaries, wages and employee benefits (Note 23)	**₱231,469,966**	₱186,755,996	₱174,598,371
Commissions	**168,976,570**	114,758,144	83,624,516
Taxes and licenses	**137,666,355**	165,006,087	143,879,997
Advertising and promotions	**102,547,029**	69,679,634	48,152,427
Professional fees	**102,053,104**	64,648,305	20,288,275
Light, water and other utilities	**77,958,384**	49,303,905	46,969,505
Depreciation and amortization (Notes 9, 10 and 11)	**71,352,576**	72,251,958	72,346,926
Outside services	**54,291,761**	51,405,519	41,873,844
Administrative and management fees	**54,236,786**	4,847,937	21,573,268
Rent	**18,338,131**	10,556,281	22,587,694
Entertainment, amusement and recreation	**18,014,503**	11,525,022	10,076,555
Repairs and maintenance	**13,080,654**	18,476,567	12,906,098
Office supplies	**12,197,808**	13,504,274	12,582,465
Transportation and travel	**7,678,012**	5,239,710	5,033,678
Royalty and service fees	**5,600,385**	6,667,898	7,786,000
Foreign exchange loss	**193,784**	604,708	219,715
Others	**34,091,240**	48,062,541	30,846,859
	₱1,109,747,048	₱893,294,486	₱755,346,193

Other expenses include allowance for impairment losses on receivables (see Note 5), communication expenses, insurance, representation and directors' fees.

23. 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 December 31, 2011, 2010 and January 1, 2010, 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.

The consolidated financial statements include the following amounts resulting from the above transactions with related parties:

	December 31		January 1,
	2011	2010	2010
Cash and cash equivalents (Note 4)	**₱363,478,335**	₱2,733,341,599	₱120,638,215
Land for development (Note 6)	**7,165,853**	9,048,551	-
Due from related parties	**938,859,224**	558,144,260	872,062,998
Long-term cash investments	**2,440,084,378**	-	-
Deposits	**4,085,000,000**	-	-
Investment property	**-**	105,995,000	-
Property and equipment	**-**	101,640,000	-
Investment in and advances	**602,879,241**	4,000,000,000	-
Loans payable (Note 14)	**9,091,700,000**	7,335,000,000	1,263,700,000
Due to related parties	**403,598,150**	320,571,614	500,992,878
Interest income	**32,337,080**	9,807,371	3,283,102
Management fee (Note 20)	**36,834,278**	20,807,368	42,924,978

Details of the transactions with affiliates are as follows:

Land for development
Certain parcels of land were acquired on February 2011 and March 2010 from an affiliated company and an affiliated local bank, respectively. These parcels of land were acquired at their fair market value at time of acquisition.

Operating advances
Due from and to related parties consist mostly of operating advances which are noninterest-bearing and due and demandable.

Long term cash investment
On April 13, 2011, Fed Land invested long-term cash investments with a local bank to secure a loan obtained by an affiliate amounting to ₱2,440.08 million. Fed Land recognized interest income from the assigned long term cash investment amounting to ₱40.08 million.

Deposit
Deposit pertains to option money granted by Fed Land to a related party for the exclusive rights over three years to either (a) to purchase the property, (b) to purchase shares of stock of the third party which own the property, (c) to develop the property as developer in joint venture with the third party or (d) to undertake a combination of any of the foregoing, as may be agreed upon by the parties (see Note 11). Fed Land recognized interest income amounting to ₱337.71 million representing reimbursement of interest expense incurred.

Investment property and property and equipment
On December 2010, certain condominium units in GT Tower International were purchased from a related party for a consideration amounting to ₱101.64 million (See Note 10).

Investment and advances
The Parent Company advanced ₱4.0 billion to GBPC in August 2010 as deposit for future stock subscription with equivalent interest of 21.04% (see Note 30). Out of the total advances, GBPC returned ₱602.88 million to the Parent Company in 2011.

Affiliated bank loans
The Group's loans payable to an affiliated commercial bank bears interest rates ranging from 3.75% to 4.5% per annum in 2011 and 6.52% to 6.78% per annum in 2010 and 2009, respectively.

Management fee
Management fee amounting to ₱36.83 million, ₱20.81 million and ₱42.92 for 2011, 2010 and 2009, pertains to the income received from a joint venture of Fed Land with Fed Land Orix Corporation (FLOC) and MBTC (see Note 20).

Lease Agreements
In 2011, the Fed Land also leased its mall to some of its associates and affiliates. The lease term ranged from 5 to 10 years. The rental income on these leases amounted to ₱10.03 million and ₱8.57 million for 2011 and 2010, respectively.(See Note 27).

The details of the Group's due from related parties as of December 31, 2011 and 2010 and January 1, 2010 follow:

	December 31		January 1,
	2011	2010	2010
Due from:			
Affiliates	**₱907,105,814**	₱542,927,773	₱401,170,145
Jointly controlled entity	**31,753,410**	15,216,487	5,896,056
Associate	**-**	-	464,996,797
	938,859,224	₱558,144,260	₱872,062,998

The details of the Group's due to related parties as of 2011 and 2010 follow:

	December 31		January 1,
	2011	2010	2010
Due to:			
Affiliates	**₱403,306,150**	₱318,940,868	₱500,992,878
Jointly controlled entity	**292,000**	1,630,746	-
	₱403,598,150	₱320,571,614	₱500,992,878

Affiliates are entities that are owned and controlled under George Ty Family and neither a subsidiary or associate of the Group. These entities are in effect sister companies of the Parent Company by virtue of ownership and common control.

Compensation of key management benefits for the years ended December 31, 2011 and 2010 follow:

	December 31		January 1,
	2011	2010	2010
Short-term employee benefits	**₱58,406,499**	₱55,917,574	₱47,037,826
Post employment benefits	**3,469,682**	3,469,682	2,392,276
	₱61,876,181	₱59,387,256	₱49,430,102

24. **Pension Plan**

The Group provides defined benefit pension plans for substantially all of its employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation.

Actuarial valuations are made at least every one to three years.

The components of pension expense (included in "Salaries, wages and employee benefits" under "General and administrative expenses" in the consolidated statements of comprehensive income) follow:

	2011	2010	2009
Current service cost	**₱9,137,003**	₱6,027,767	₱3,367,280
Interest expense on obligations	**6,899,167**	5,333,901	4,241,596
Net actuarial gains (losses) recognized	**1,688,974**	56,030	(521,189)
Expected return on plan assets	**(1,103,146)**	(2,049,310)	(1,391,902)
Total pension expense	**₱16,621,998**	₱9,368,388	₱5,695,785

The following table reconciles the funded status of defined benefit plans to the amounts recognized in the consolidated statement of financial position as of December 31, 2011, 2010 and January 1, 2009:

		December 31	January 1,
	2011	2010	2009
Present value of funded defined benefit obligations	**₱94,019,346**	₱78,287,581	₱51,699,062
Fair value of plan assets	**22,958,040**	11,031,465	20,493,099
Unfunded obligations	**71,061,306**	67,256,116	31,205,963
Unrecognized actuarial losses	**(42,949,696)**	(42,807,415)	(6,311,230)
Liability recognized in the consolidated statement of financial position	**₱28,111,610**	₱24,448,701	₱24,894,733

Changes in the present value of the defined benefit obligation follow:

	2011	2010	2009
Balance at beginning of year	**₱78,287,581**	₱51,699,062	₱27,549,257
Current service cost	**9,137,003**	6,027,767	3,367,280
Interest cost on benefit obligation	**6,899,167**	5,333,901	4,241,596
Actuarial (gains) losses	**835,456**	22,730,279	16,540,929
Benefits paid	**(1,139,861)**	(7,503,428)	-
Balance at end of year	**₱94,019,346**	₱78,287,581	₱51,699,062

The Group does not expect to contribute into the pension fund in 2012.

Changes in the fair value of plan assets follow:

		December 31	January 1,
	2011	2010	2009
Balance at beginning of year	**₱11,031,465**	₱20,493,099	₱13,919,017
Expected return on plan assets	**1,103,146**	2,049,310	1,391,902
Actuarial gains (losses)	**(995,799)**	(13,821,936)	2,182,180
Contributions paid	**12,959,089**	9,814,420	3,000,000
Benefits paid	**(1,139,861)**	(7,503,428)	-
Balance at December 31	**₱22,958,040**	₱11,031,465	₱20,493,099

Actual return on plan assets is computed as follows:

	2011	2010	2009	2008	2007
Expected return on plan assets	**₱1,103,146**	₱2,049,310	₱1,391,902	₱614,090	₱2,293,275
Actuarial gains (losses)	**1,688,974**	(13,821,936)	2,182,180	9,223,153	(16,476,837)
	₱2,792,120	(₱11,772,626)	₱3,574,082	₱9,837,243	(₱14,183,562)

Experience adjustments on plan liabilities	₱22,730,279	₱16,540,929	(₱26,192,959)	(₱5,202,750)
Experience adjustments on plan assets	(13,821,936)	2,182,180	9,223,153	(16,476,837)

There are no reimbursement rights recognized as a separate asset as of December 31, 2011, 2010 and January 1, 2010. The Group's plan assets consist of investments in government bonds and time deposits.

Principal actuarial assumptions used to determine pension obligations follow:

	2011	2010	2009
Discount rate	**8.81%**	**8.81%**	15.40%
Expected return on plan assets	**10.00**	**10.00**	10.00
Salary increase rate	**10.00**	**10.00**	10.00

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

Amounts for the current and the previous periods follow:

	2011	2010	2009
Defined benefit obligation	**₱94,019,346**	₱78,287,581	₱51,699,062
Plan assets	**22,058,040**	11,031,465	20,493,099
Deficit	**₱71,961,306**	₱67,256,116	₱31,205,963

25. Income Taxes

Provision for income tax account consists of:

	2011	2010	2009
Current	**₱59,934,300**	₱102,609,138	₱58,973,949
Final	**12,571,044**	1,529,204	582,045
Deferred	**76,273,791**	(33,935,033)	(253,835)
	₱148,779,135	₱70,203,309	₱59,302,159

The components of the Group's deferred taxes as of December 31, 2011, 2010 and January 1, 2010 are as follows:

Net deferred tax assets:

	December 31		January 1
	2011	2010	2010
Deferred tax assets on:			
Excess of tax basis over book basis of deferred gross profit	**₱-**	₱33,080,050	₱-
Accrued expenses	**2,777,036**	10,897,944	112,737
Provision for impairment losses on receivables	**568,380**	799,722	428,926

Unearned income	2,462,937	369,510	217,592
Customers' deposits	-	(79,599)	-
	5,808,353	45,067,627	759,255
Deferred tax liabilities on:			
Excess of book basis over tax basis of deferred gross profit	426,669	1,271,917	-
Capitalized borrowing cost	-	28,736,626	-
Unamortized discount on receivables	-	6,017,855	-
Accrued income	1,590,009	2,048,397	-
Lease differential	-	246,170	-
	2,016,678	38,320,965	-
Net deferred tax assets	₱3,791,675	₱6,746,662	₱759,255

Net deferred liabilities:

	December 31		January 1
	2011	2010	2010
Deferred tax assets on:			
Accrued expenses	₱3,736,604	₱3,157,026	₱11,993,896
Accrued retirement	10,487,842	-	-
Earned interest income	7,849,950	-	-
NOLCO	-	725,096	725,096
Provision for impairment losses on receivables	495,254	-	79,446
Unearned income	1,014,184	-	
MCIT	432,073	432,073	432,073
	24,015,907	4,314,195	13,230,511
Deferred tax liabilities on:			
Accrued income	3,838,931	11,608,534	15,263,135
Excess of book basis over tax basis of deferred gross profit	31,234,526	-	10,622,619
Unrealized foreign exchange gain	-	-	-
Capitalized borrowing cost	53,386,194	-	15,463,536
Lease differential	₱3,427,862	₱-	₱-
Excess of book basis over tax basis of deferred gross profit	4,971,935	-	7,123,186
Others	7,769,603	-	-
	104,629,051	11,608,534	48,472,476
Net deferred tax liabilities	₱80,613,144	₱7,294,339	₱35,241,965

The Group has deductible temporary differences for which deferred tax assets have not been recognized since management believes that it is not probable that sufficient taxable income will be available against which the said deductible temporary differences can be utilized. As of December 31, 2011, 2010 and 2009, the Group's unrecognized deductible temporary differences pertain to its NOLCO and MCIT with details as follows:

NOLCO

Year Incurred	Amount	Expired	Balance	Expiry Date
2011	₱190,311,525	₱-	₱190,311,525	2014
2010	331,942,224	-	331,942,224	2013
2009	48,181,897	-	48,181,897	2012
2008	115,419,806	115,419,806	-	2011
	₱685,855,452	₱115,419,806	₱570,435,646	

MCIT

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2011	₱17,559	₱-	₱17,559	2014
2010	1,587,387	-	1,587,387	2013
2009	1,707,384	-	1,707,384	2012
2008	540,080	540,080	-	2011
	₱3,852,410	₱540,080	₱3,312,330	

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in the consolidated statements of income follows:

	2011	2010	2009
Provision for income tax computed at statutory rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Interest income subjected to final tax	**(0.17)**	(0.08)	(0.08)
Nondeductible interest and other expenses	**0.23**	(0.23)	1.99
Change in unrecognized deferred tax assets	**5.16**	8.50	0.29
Income subject to tax holiday	**(31.09)**	(36.36)	(30.81)
	4.13%	1.83%	1.39%

Board of Investments (BOI) Incentives of Fed Land

On various dates in 2009 and 2008, the BOI issued a Certificate of Registrations as a New Developer of Mass Housing Project for its 2 real estate projects in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the registered projects have been granted Income Tax Holiday (ITH) for a period of three to four years. The projects namely: Marquinton-Cordova Tower and The Oriental Place are entitled to ITH in years 2008 to 2012. The projects namely: The Capital Towers-Beijing, Marquinton Gardens Terraces-Toledo, Oriental Gardens-Lilac and Peninsula Garden Midtown Homes-Tower A are entitled to ITH in years 2009 to 2013. Oriental Garden Heights - A, B and C in 2010 to 2014 and Marquinton Garden Terraces - Valderrama Tower in 2010 to 2013.

26. Financial Instruments

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities in the Group's consolidated statements of financial position as of December 31, 2011, 2010 and 2009:

	December 31				January 1,	
	2011		2010		2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:						
Loans and Receivables						
Cash and cash equivalents	**₱451,514,915**	**₱451,514,915**	₱3,063,140,196	₱3,063,140,196	₱197,873,584	₱197,873,584
Receivables						
Installment contracts receivable	**1,924,210,550**	**3,815,196,771**	1,361,188,994	2,686,665,556	750,928,270	754,073,163
Dividend receivable	**157,156,316**	**157,156,316**	-	-	-	-
Trade receivables	**136,974,272**	**136,974,272**	91,391,066	91,391,066	70,439,186	70,439,186
Receivable from customers	**41,842,302**	**41,842,302**	1,895,036	1,895,036	4,712,614	4,712,614
Accrued commission income	**21,252,081**	**21,252,081**	26,256,933	26,256,933	4,519,931	4,519,931
Accrued rent income	**5,300,029**	**5,300,029**	14,703,308	14,703,308	8,378,764	8,378,764
Accrued interest receivable	**2,269,418**	**2,269,418**	34,559,913	34,559,913	24,984,384	24,984,384
Others*(net of allowance)	**156,852,416**	**156,852,416**	62,544,560	62,544,560	17,244,511	17,244,511
Long term cash investment	**2,440,084,378**	**2,440,084,378**	-	-	-	-
Due from related parties	**938,859,224**	**938,859,224**	558,144,260	558,144,260	872,062,998	872,062,998
	6,276,315,901	**8,167,302,122**	5,213,824,266	6,539,300,828	1,951,144,242	1,954,289,135
AFS financial assets - unquoted	**9,921,760**	**9,921,760**	27,632,005	27,632,005	29,642,215	29,642,215
	₱6,286,237,661	**₱8,177,223,882**	₱5,241,456,271	₱6,566,932,833	₱1,980,786,457	₱1,980,786,457
Financial Liabilities						
Other financial liabilities						
Accounts and other payables						
Trade payables	**₱3,794,271,504**	**₱3,794,271,504**	₱1,386,602,710	₱1,386,602,710	₱254,148,832	₱254,148,832
Retentions payable	**213,576,285**	**213,576,285**	176,605,322	176,605,322	80,572,092	80,572,092
Accrued expenses	**108,948,627**	**108,948,627**	137,862,666	137,862,666	64,828,714	64,828,714
Accrued interest	**64,866,452**	**64,866,452**	69,957,743	69,957,743	32,855,285	32,855,285
Others	**75,446,441**	**75,446,441**	182,000	182,000	71,119,451	71,119,451
Loans payable	**27,248,700,000**	**27,248,700,000**	16,182,191,076	16,182,191,076	5,895,891,076	5,895,891,076
Liabilities on purchased land	**-**	**-**	516,846,000	516,846,000	629,100,000	629,100,000
Due to related parties	**403,598,150**	**403,598,150**	320,571,614	320,571,614	500,992,878	500,992,878
	₱31,909,407,459	**₱31,909,407,459**	₱18,790,819,131	₱18,790,819,131	₱7,529,508,328	₱7,529,508,328

** Excluding VAT remitted in advance amounting to ₱21.80 million as of December 31, 2010*

The carrying amounts for cash and cash equivalents, due from related parties, accounts and other payables, loans payable and due to related parties approximate their fair values due to their short-term maturity.

Installment contracts receivable - 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%, 3.91% to 8.27% and 5.38% to 7.40% as of December 31, 2011, 2010 and January 1, 2010, respectively.

AFS unquoted financial assets - 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. The AFS financial assets at the cost are preferred shares of utility company issued to the Group as a consequence of its subscription to the electricity services of said utility company needed for the Group's real estate projects. The said preferred shares have no active market and the Group does not intend to dispose these because these are directly related to the continuity of its business.

Financial Risk Management and Objectives

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from related parties, AFS financial assets, accounts and other payable, due to/from related parties, and loans payable.

Exposure to credit, liquidity and foreign currency risks, interest rate 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 use of financial derivative instruments (if any) is solely for management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

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.

Credit risk

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 comprised cash and cash equivalents, receivables, due from related parties and AFS financial assets. 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 post dated 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.

The table below shows the maximum exposure to credit risk for the components of the Group's statement of financial position.

	December 31		January 1,
	2011	2010	2010
Cash and cash equivalents			
(excluding cash on hand)	**₱451,514,915**	₱3,063,140,196	₱197,873,584
Receivables (Note 5)			
Installment contracts			
receivable	**1,924,210,550**	1,361,188,994	750,928,270
Dividend receivable	**157,156,316**		
Trade receivable	**136,974,272**	93,391,066	70,439,186
Receivable from customer	**41,842,302**	1,895,036	4,712,614
Accrued commission income	**21,252,081**	26,256,933	4,519,931
Accrued rent income	**5,300,029**	14,703,308	8,378,764
Accrued interest receivable	**2,269,418**	34,559,913	24,984,384
Others	**160,620,804**	65,475,121	18,939,085
Due from related parties	**938,859,224**	558,144,260	872,062,998
Long term cash investment	**2,440,084,378**		
AFS financial assets	**9,921,760**	27,632,005	29,642,215
Total credit risk exposure	**₱6,290,006,049**	₱5,246,386,832	₱1,982,481,031

The table below shows the credit quality of the Group's financial assets:

December 31, 2011

	Neither past due nor impaired				Past Due but		
	High Grade	**Medium Grade**	**Low Grade**	**Total**	**not Impaired**	**Impaired**	**Total**
Receivables (Note 5)							
Installment contracts receivable	₱1,063,555,960	₱212,810,388	₱428,063,313	₱1,704,429,661	₱219,780,889	₱-	₱1,924,210,550
Dividend receivable	157,156,316	-	-	157,156,316	-	-	157,156,316
Trade receivables	99,251,603	333,121,	4,218,877	103,803,601	33,170,671	-	136,974,272
Receivables from customers	41,842,302	-	-	41,842,302	-	-	41,842,302
Accrued commission income	21,252,081	-	-	21,252,081	-	-	21,252,081
Accrued rent income	5,300,029	-	-	5,300,029	-	-	5,300,029
Accrued interest receivable	2,269,418	-	-	2,269,418	-	-	2,269,418
Others	156,852,416		-	156,852,416	-	3,768,389	160,620,805
Due from related parties (Note 22)	938,859,224	-	-	938,859,224	-	-	938,859,224
AFS financial assets (Note 11)	9,921,760	-	-	9,921,760	-	-	9,921,760
	₱2,496,261,109	₱213,143,509	₱432,282,190	₱3,141,686,808	₱252,951,560	₱3,768,389	₱3,398,406,757

December 31, 2010

	Neither past due nor impaired				Past Due but		
	High Grade	Medium Grade	Low Grade	Total	not Impaired	Impaired	Total
Receivables (Note 5)							
Installment contracts receivable	₱779,267,067	₱209,642,508	₱65,838,517	₱1,054,748,092	₱306,440,902	₱-	₱1,361,188,994
Trade	62,103,562	2,032,551	3,500,632	67,636,745	23,754,321	-	91,391,066
Receivables from customers	1,895,036	-	-	1,895,036	-	-	1,895,036
Accrued commission income	26,256,933	-	-	26,256,933	-	-	26,256,933
Accrued rent income	14,703,308	-	-	14,703,308	-	-	14,703,308
Accrued interest receivable	34,559,913	-	-	34,559,913	-	-	34,559,913
Others	62,544,560	-	-	62,544,560		2,930,561	65,475,121
Due from related parties (Note 22)	558,144,260	-	-	558,144,260	-	-	558,144,260
AFS financial assets (Note 11)	27,632,005	-	-	27,632,005	-	-	27,632,005
	₱12,261,803,632	₱216,041,849	₱69,339,149	₱11,261,092,194	₱330,195,223	₱2,930,561	₱14,105,659,837

January 1, 2010

	Neither past due nor impaired				Past Due but		
	High Grade	Medium Grade	Low Grade	Total	not Impaired	Impaired	Total
Receivables (Note 5)							
Installment contracts receivable	₱315,256,437	₱128,163,977	₱74,613,611	₱518,034,025	₱232,894,245	₱-	₱750,928,270
Trade	36,978,833	-	-	36,978,833	33,460,353	-	70,439,186
Receivable from customers	4,712,614	-	-	4,712,614	-	-	4,712,614
Accrued commission income	4,519,931	-	-	4,519,931	-	-	4,519,931
Accrued rent income	8,378,764	-	-	8,378,764	-	-	8,378,764
Accrued interest receivable	24,984,384	-	-	24,984,384	-	-	24,984,384
Others	17,244,511	-	-	17,244,511	-	1,694,574	18,939,085
Due from related parties (Note 22)	872,062,998	-	-	872,062,998	-	-	872,062,998
AFS financial assets (Note 11)	29,642,215		-	29,642,215	-	-	29,642,215
	₱1,313,780,687	₱128,163,977	₱74,613,611	₱1,516,558,275	₱266,354,598	₱1,694,574	₱1,784,607,447

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents and Long term cash investment- based on the nature of the counterparty and the Group's internal rating system.

Receivables - high grade pertains to receivables that had no default in payment; medium grade pertains to receivables with a history of being 30 to 90 days past due; and low grade pertains to receivables with a history of being over 120 days past due.

AFS financial assets - the unquoted financial assets are unrated.

As of December 31, 2011, 2010 and January 1, 2010, the aging analysis of past due but not impaired financial assets presented per class, is as follows:

December 31, 2011

	Neither Past Due nor Impaired	Past Due but not Impaired						Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
Receivables (Note 5)									
Installment contracts receivable	₱1,704,429,661	₱31,947,598	₱5,376,647	₱10,583,380	₱16,398,117	₱155,475,147	₱219,780,889	₱-	₱1,924,210,550
Dividend receivable	157,156,316	-	-	-	-	-	157,156,316	-	157,156,316
Trade	103,803,601	10,194,950	5,146,173	4,002,196	4,257,716	9,569,636	33,170,671	-	136,974,272
Receivable from customers	41,842,302	-	-	-	-	-	41,842,302	-	41,842,302
Accrued commission income	21,252,081	-	-	-	-	-	-	-	21,252,081
Accrued rent income	5,300,029	-	-	-	-	-	-	-	5,300,029
Accrued interest receivable	2,269,418	-	-	-	-	-	-	-	2,269,418
Others	156,852,416	-	-	-	-	-	-	3,768,389	160,620,805
Due from related parties (Note 22)	938,859,224	-	-	-	-	-	-	-	938,859,224
AFS Financial assets (Note 11)	9,921,760	-	-	-	-	-	-	-	9,921,760
	₱2,942,688,190	₱42,142,548	₱10,522,820	₱14,585,576	₱20,655,833	₱165,044,783	₱252,951,560	₱1,394,600	₱3,199,408,139

December 31, 2010

	Neither Past Due nor Impaired	Past Due but not Impaired						Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
Receivables (Note 5)									
Installment contracts receivable	₱1,054,748,092	₱68,654,115	₱20,913,921	₱17,666,086	₱13,051,124	₱186,155,656	₱306,440,902	₱-	₱1,361,188,994
Trade	69,531,781	1,217,150	3,344,084	2,428,464	3,737,285	13,027,338	23,754,321	-	93,286,102
Receivable from customers	1,895,036	-	-	-	-	-	1,895,036	-	1,895,036
Accrued commission income	26,256,933	-	-	-	-	-	-	-	26,256,933
Accrued rent income	14,703,308	-	-	-	-	-	-	-	14,703,308
Accrued interest receivable	34,559,913	-	-	-	-	-	-	-	34,559,913
Others	62,544,560	-	-	-	-	-	-	2,930,561	65,475,121
Due from related parties (Note 22)	558,144,260	-	-	-	-	-	-	-	558,144,260
AFS Financial assets (Note 11)	27,632,005	-	-	-	-	-	-	-	27,632,005
	₱1,850,015,888	₱69,871,265	₱24,258,005	₱20,094,550	₱16,788,409	₱199,182,994	₱330,195,223	₱2,930,561	₱2,183,141,672

January 1, 2010

	Neither Past Due nor Impaired	Past Due but not Impaired <30 days	30-60 days	61-90 days	91-120 days	>120 days	Total	Impaired	Total
Receivables (Note 5)									
Installment contracts receivable	₱285,139,780	₱41,726,684	₱16,168,769	₱10,706,887	₱9,147,169	₱155,144,736	₱232,894,245	₱-	₱750,928,270
Trade	3,518,480	10,227,100	10,706,887	3,854,949	8,671,417	-	33,460,353	-	70,439,186
Receivable from customers	4,712,614	-	-	-	-	-	4,712,614		4,712,614
Accrued commission income	4,519,931	-	-	-	-	-	-	-	4,519,931
Accrued rent income	8,378,764	-	-	-	-	-	-	-	8,378,764
Accrued interest receivable	24,984,384	-	-	-	-	-	-	-	24,984,384
Others	17,244,511	-	-	-	-	-	-	1,694,574	18,939,085
Due from related parties (Note 22)	872,062,998	-	-	-	-	-	-	-	872,062,998
AFS Financial assets	29,642,215	-	-	-	-	-	-	-	29,642,215
	₱1,278,951,414	₱51,953,784	₱26,875,656	₱14,561,836	₱17,818,586	₱155,144,736	₱266,354,598	₱1,694,574	₱1,742,916,000

Liquidity risk
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 liabilities based on contractual undiscounted payments:

December 31, 2011

	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents (Note 4)	₱451,514,915	₱-	₱-	₱451,514,915
Receivables (Note 5)				
Installment contracts receivable	819,631,787	1,104,578,763	-	1,924,210,550
Dividend receivable	157,156,316	-	-	157,156,316
Trade receivable	126,609,173	10,365,099	-	136,974,272
Receivable from customers	41,842,302	-	-	41,842,302
Accrued commission income	21,252,081	-	-	21,252,081
Accrued rent income	5,300,029	-	-	5,300,029
Accrued interest receivable	2,269,418	-	-	2,269,418
Others	156,852,416	-	3,768,388	160,620,804
Due from related parties (Note 22)	938,859,224	-	-	938,859,224
Long term cash investment	-	2,440,084,378	-	2,440,084,378
AFS financial assets - unquoted (Note 22)	-	9,921,760	-	9,921,760
Total undiscounted financial assets	₱2,721,287,661	₱3,564,950,000	₱3,768,388	₱6,290,006,049
Other financial liabilities				
Accounts and other payables (Note 12)				
Trade	3,794,271,504	-	-	3,794,271,504
Retentions payable	213,576,285	-	-	213,576,285
Accrued expenses	108,948,627	-	-	108,948,627
Accrued interest	64,866,452	-	-	64,866,452
Others	75,446,441	-	-	75,446,441
Loans payable (Note 13)	7,648,700,000	19,600,000,000	-	27,248,700,000
Due to related parties (Note 22)	403,598,150	-	-	403,598,150
Total undiscounted financial liabilities	₱12,234,205,018	₱20,003,598,150	₱-	₱31,833,961,018
Liquidity Gap	**(₱9,512,917,357)**	**(₱16,438,648,150)**	**₱3,768,388**	**(₱25,543,954,969)**

December 31, 2010

	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents (Note 4)	₱3,063,140,196	₱-	₱-	₱3,063,140,196
Receivables (Note 5)				
Installment contracts receivable	452,323,103	908,865,891	-	1,361,188,994
Trade	91,391,066	-	-	91,391,066
Receivable from customer	1,895,036	-	-	1,895,036
Accrued commission income	26,256,933	-	-	26,256,933
Accrued rent income	14,703,308	-	-	14,703,308
Accrued interest receivable	34,559,913	-	-	34,559,913
Others	62,544,560	-	2,930,561	65,475,121
Due from related parties (Note 23)	558,144,260	-	-	558,144,260
AFS financial assets - unquoted (Note 23)	-	27,632,005	-	27,632,005
Total undiscounted financial assets	₱4,304,958,375	₱936,497,896	₱2,930,561	₱5,244,386,832
Other financial liabilities				
Accounts and other payables (Note 13)				
Trade	1,386,602,710	-	-	1,386,602,710
Retentions payable	176,605,322	-	-	176,605,322
Accrued expenses	137,862,666	-	-	137,862,666
Accrued interest	69,957,743	-	-	69,957,743
Others	182,000	-	-	182,000
Loans payable (Note 14)	7,182,191,076	9,000,000,000	-	16,182,191,076
Liabilities on purchased land (Note 16)	118,989,240	397,856,760	-	516,846,000
Due to related parties (Note 23)	320,571,614	-	-	320,571,614
Total undiscounted financial liabilities	₱9,392,962,371	₱9,397,856,760	₱-	₱18,790,819,131
Liquidity Gap	(₱5,088,003,996)	(₱8,461,358,864)	₱-	(₱13,546,432,299)

January 1, 2010

	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents (Note 4)	₱197,873,584	₱-	₱-	₱197,873,584
Receivables (Note 5)				
Installment contracts receivable	469,538,046	219,056,900	62,333,324	750,928,270
Trade	70,439,186	-	-	70,439,186
Receivable from customers	4,712,614	-	-	4,712,614
Accrued commission income	4,519,931	-	-	4,519,931
Accrued rent income	8,378,764	-	-	8,378,764
Accrued interest receivable	24,984,384	-	-	24,984,384
Others	17,244,511	-	1,694,574	18,939,085
Due from related parties (Note 23)	872,062,998	-	-	872,062,998
AFS financial assets - unquoted (Note 23)	-	29,642,215	-	29,642,215
Total undiscounted financial assets	₱1,669,754,018	₱248,699,115	₱64,027,898	₱1,982,481,031
Other financial liabilities				
Accounts and other payables (Note 13)				
Trade	₱254,148,832	₱-	₱-	₱254,148,832
Retentions payable	80,572,092	-	-	80,572,092
Accrued expenses	64,828,714	-	-	64,828,714

Accrued interest	32,855,285	-	-	32,855,285
Others	71,119,451	-	-	71,119,451
Loans payable (Note 14)	2,479,300,000	3,416,591,076	-	5,895,891,076
Liabilities on purchased land (Note 16)	112,254,000	516,846,000	-	629,100,000
Due to related parties (Note 23)	500,992,878	-	-	240,158,903
Total undiscounted financial liabilities	₱1,794,784,386	₱3,933,437,076	₱-	₱7,166,656,383
Liquidity Gap	(₱125,030,368)	(₱3,684,737,961)	₱64,027,898	(₱5,184,175,352)

Foreign currency risk
Financial assets and financing facilities extended to the Group were mainly denominated in Philippine Pesos. As such, the Group's foreign currency risk is very minimal.

The Group's foreign currency-denominated financial instruments are included in cash and cash equivalents amounting to US$0.23 million, US$0.26 million and US$0.23 million in December 31, 2011, 2010 and January 1, 2010, respectively. The Philippine peso value of these instruments amounted to ₱ 10.08 million and ₱11.92 million as at December 31 2011 and 2010 and January 1, 2010, respectively.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱43.84 to US$1.00, ₱43.84 to US$1.00 and ₱46.20 to US$1.00, the Philippine peso-U.S. dollar exchange rates as at December 31, 2011, 2010 and January 1, 2010, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar exchange rate, with all variables held constant, of the Group's income before tax (due to changes in the fair value of monetary assets and liabilities) on December 31, 2010, and 2008. There is no other impact on the Group's equity other than those already affecting the consolidated statements of comprehensive income.

	Increase (decrease) in income before tax		
	December 31		January 1,
US$ appreciates (depreciates)	**2011**	2010	2010
1.00	**₱7,207**	₱232,662	₱258,051
(1.00)	**(7,207)**	(232,662)	(258,051)

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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Group's income before tax (through the impact on floating rate borrowings).

	Increase (decrease) in income before tax		
	December 31		January 1,
Change in basis points	2011	2010	2010
₱1.00	**(₱817,461,000)**	(₱485,465,732)	(₱176,876,732)
(1.00)	**817,461,000**	485,465,732	176,876,732

The Group follows a prudent policy in managing its assets and liabilities so as to ensure that exposure to fluctuation in interest rates are kept within acceptable limits.

27. Lease Commitment

The Group as a lessee
The Group started leasing land for its mall and gasoline station in 2005. The operating lease agreement is for a period of 10 years. The Group also leases its office space under an operating lease agreement for 2 years renewable under certain terms and conditions. The Group's rentals incurred on this lease, presented as "Overhead" and included in the cost of goods sold account, amounted to ₱27.85 million, ₱ 25.96 million and ₱29.21 million in December 31, 2011 and 2010 and January 1, 2010, respectively (see Note 21).

As of December 31, 2011 and 2010 and January 1, 2010, the future minimum rental payments are as follows:

	December 31		January 1,
	2011	2010	2010
Within one year	**₱13,967,515**	48,939,003	₱43,789,694
After one year but not more than five years	**29,677,138**	122,536,962	135,105,717
More than five years	**-**	137,382,645	153,522,667
	₱43,646,664	₱308,858,610	₱332,418,078

The Group as a lessor
The Group also leases its mall to different parties. The lease term ranges from 5 to 10 years. The Group's rental income on these leases amounted to ₱238.00 million, ₱173.61 million and ₱153.41 million in 2011, 2010 and 2009, respectively (see Note 9).

As of December 31, 2011, 2010 and 2009, the future minimum receipts from these lease commitments are as follows:

	December 31		January 1,
	2011	2010	2010
Within one year	**₱133,483,943**	₱114,298,064	₱89,321,336
After one year but not more than five years	**259,667,873**	343,987,463	240,689,477
More than five years	**42,734086**	26,320,697	203,346,080
	₱435,885,902	₱484,606,224	₱533,356,893

28. Business Combinations

2011
Common control business combination
On October 03, 2011, East West Investment Ltd. (EIL), Great Co. Limited (GCL) and Titan Resources Corporation (TRC) (collectively referred herein as "Seller") and Fed Land entered into a deed of sale agreement to transfer its respective shares of stock held over HLRDC for a total consideration of ₱420.00 million.

Equivalent number of shares transferred is detailed below:

	Number of Shares Transferred
East West (EIL)	200,000
Great Co. (GCL)	200,000
Titan Resources (TRC)	3,600,000

On June 23, 2011, Fed Land subscribed additional common shares issued by CRDC of 400,000 common shares obtaining an effective interest of 75.8% over CRDC after issuance. Before the acquisition, CRDC was majority owned by City Tower Realty Corporation (CTRC) which resulted to a dilution of its shares to Fed Land.

The two acquisitions were accounted for using the uniting of interest method and accordingly, the December 31, 2010 and December 31, 2009 comparatives were restated to reflect the following changes in consolidated balances as of December 31, 2010 and January 1, 2010:

	Increase due to uniting of:	
Total assets	2,362,397,880	530,083,728
Total liabilities	1,808,717,040	522,535,734
Total revenue	135,503,171	4,475,619
Total costs and expenses	25,539,444	2,981,516
Net income	103,336,030	974,367

The net assets of HLRC and CRDC as of December 31, 2010 and 2009 were pooled to the Group's financial statements as at January 1, 2011 and 2010 presented in the statement of changes in equity at the earliest period presented of January 1, 2010 as "Effect of uniting of interest" (see Note 19).

2009 Acquisitions

PCRDC

In September 2009, the Fed Land acquired 100% interest of PCRDC from an affiliated company for a consideration of ₱102.00 million. Said acquisition was accounted for using the interest method and accordingly, the 2008 comparatives were restated to reflect the following changes in consolidated balances as of December 31, 2008:

	Increase in:
Total assets	₱1,339,584,611
Total liabilities	1,223,653,727
Total revenue	34,547,359
Total costs and expenses	30,907,933
Net income	2,365,751

PCRDC's equity at the time of the combination, amounted to ₱115.93million as of December 31, 2008 and ₱113.56 million for the year ended January 1, 2008, are already pooled and effected in 2009.

FBRI

In 2009, the Fed Land acquired 4.47% equity interest of FBRI from Toyota Manila Bay for a total consideration of ₱5.16 million. Consequently, Fed Land's equity interest in FBRI has increased from 47.19% to 51.66%. The entire difference between the acquisition cost and non-controlling interest in net assets acquired amounting to ₱0.42 million is treated as an equity transaction and presented separately in the consolidated statement of changes in equity.

29. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share amounts for the years ended December 31, 2011, 2010 and January 1, 2010 were computed as follows:

	December 31		January 1,
	2011	2010	2010
Net income attributable to Parent Company	**₱3,324,399,379**	₱3,001,620,966	₱2,183,991,521
Weighted average number of shares	**125,000,000**	125,000,000	125,000,000
	₱26.60	₱24.01	₱17.47

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

30. 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 segment is engaged in real estate and leasing, development and selling of properties of every kind and description
- Financial institutions are engaged in the banking and insurance industry
- Motor segment is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments.
- Other segments have been aggregated to form a reportable segment are engaged in the following business:
  a) trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintains a petroleum service station and
  b) engaged in the food and restaurant service
  c) to act as a marketing agent for and in behalf of any real estate development company or companies.

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, operating profit and pretax income which are measured similarly in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to third parties.

Year ended December 31, 2011 (Amounts in Thousands)

	Real Estate	Financial Institution	Motor	Power	Others	Total
Revenue	₱ 3,175,103	₱-	₱-	₱-	₱860,636	₱4,035,739
Rentals	117,712	-	-	-	120,289	238,001
Equity in net income of associates	87,552	3,018,484	461,837	-	-	3,567,873
	3,380,368	3,018,484	461,837	-	980,925	7,841,613
Cost of sales and services	1,553,768	-	-	-	709,726	2,263,494
General and administrative expense (before depreciation and amortization)	545,152	-	-	-	493,243	1,038,395
	2,098,919	-	-	-	1,202,969	3,301,889
EBITDA	1,281,449	3,018,484	461,837	-	(162,774)	4,598,994
Other income (expenses)		-	-	-		
Finance income	57,682	-	-	-	6,914	64,596
Finance cost	(432,809)				(556,940)	(989,749)
Depreciation and amortization	(29,346)	-	-	-	(42,006)	(71,352)
Pretax income	876,976	3,018,484	461,837	-	(754,806)	3,602,489
Provision for income tax	138,339	-	-	-	10,440	148,779
Income before income from discontinued operations	738,637	3,018,484	461,837	-	(765,246)	3,453,710
Post-tax income from discontinued operations	-	-	-	-	-	-
	₱738,637	₱3,018,484	₱461,837	₱-	(₱765,246)	₱3,453,710
Net income attributable to non-controlling interest	₱117,663	₱-	₱-	₱-	₱11,648	₱129,311
Net income attributable to equity holders	₱620,994	₱3,018,484	₱461,837	₱-	(₱753,598)	₱3,324,399
Segment Assets						
Receivables	₱3,087,870	₱-	₱-	₱-	₱2,891,170	₱5,979,040
Inventories	11,327,839	-	-	-	10,528	11,338,367
Investment and advances	446,938	32,196,747	2,071,712	3,397,121	-	38,112,518
Property, plant and equipment	126,208	-	-	-	270,159	396,367
Deposits	4,085,000	-	-	-	-	4,085,000
Others	15,327,075	-	-	-	271,645	15,598,720
	₱34,400,930	₱32,196,747	₱2,071,712	₱3,397,121	₱3,443,502	₱75,510,012
Eliminating/Consolidating Entries	(5,447,249)	-	-	-	-	(5,447,249)
	28,953,681	32,196,747	2,071,712	3,397,121	3,443,502	70,062,763
Segment Liabilities						
Accounts and other payables	₱4,390,283	₱-	₱-	₱-	₱183,136	₱4,573,419
Customers' advances and deposits	457,626	-	-	-	-	457,626
Loans payable	13,032,000	-	-	-	14,216,700	27,248,700
Others	5,866,356	-	-	-	214,277	6,080,633
	₱23,746,265	₱-	₱-	₱-	₱14,614,113	₱38,360,378
Eliminating/Consolidating Entries	(5,447,249)	-	-	-	-	(5,447,249)
	18,299,016	₱-	₱-	₱-	₱14,614,113	₱32,913,129

Year ended December 31, 2010 (Amounts in Thousands)

	Real Estate	Financial Institution	Motor	Others	Total
Revenue	₱2,335,264	₱-	₱-	₱843,685	₱3,178,949
Equity in net income of associates and joint controlled entity	41,155	2,173,023	734,701	-	2,948,879
	2,376,419	2,173,023	734,701	843,685	6,127,828
Cost of sales and services	1,364,808	-	-	584,566	1,949,374
General and administrative expense (before depreciation and amortization)	421,434	-	-	399,609	821,043
	1,786,242	-	-	984,175	2,770,417
EBITDA	590,177	2,173,023	734,701	(140,490)	3,357,411
Other income (expenses)					
Finance cost - net	(13,384)	-	-	(84,161)	(97,545)
Depreciation and amortization	(28,244)	-	-	(44,008)	(72,252)
Pretax income	548,549	2,173,023	734,701	(268,659)	3,187,614
Provision for income tax	70,198	-	-	5,399	75,597
Income before income from discontinued operations	478,351	2,173,023	734,701	(274,058)	3,112,017
Post-tax income from discontinued operations	-	-	-	-	-
	₱478,351	₱2,173,023	₱734,701	(₱274,058)	₱3,112,017
Net income attributable to non-controlling interest	₱80,486	₱-	₱-	₱29,910	₱110,396
Net income attributable to equity holders	₱397,865	₱2,173,023	₱734,701	(₱303,968)	₱3,001,621
Segment Assets					
Receivables	₱1,976,469	₱-	₱-	₱ 109,780	₱2,086,249
Inventories	7,877,214	-	-	12,005	7,889,219
Investment and advances	359,385	24,472,093	2,291,583	4,000,000	31,123,061
Property, plant and equipment	127,329	-	-	303,559	430,888
Others	10,265,942	-	-	3,189,643	13,455,585
	₱20,606,339	₱24,472,093	₱2,291,583	₱7,614,987	₱54,985,002
Eliminating/Consolidating entries	(3,681,305)	-	-	-	(3,681,305)
	₱16,925,034	-	-	7,614,987	51,303,697
Segment Liabilities					
Accounts and other payables	₱1,775,390	₱-	₱-	₱160,476	₱1,935,866
Customers' advances and deposits	417,461	-	-	-	417,461
Loans payable	16,182,191	-	-	-	16,182,191
Others	4,311,680	-	-	317,485	4,629,165
	₱22,686,722	₱-	₱-	₱183,080	₱23,164,683
Eliminating/Consolidating entries	(3,681,305)	-	-	454,389	(3,226,916)
	₱9,798,515	₱-	₱-	₱637,469	₱19,937,767

Year ended December 31, 2009 (Amounts in thousands)

	Real Estate	Financial Institution	Motor	Others	Total
Revenue	₱1,355,289	₱-	₱-	₱700,514	₱2,055,804
Equity in net income of associates	(167)	1,719,948	370,064	-	2,089,845
	1,355,122	1,719,948	370,064	700,514	4,145,649
Cost of sales and services	636,732	-	-	497,584	1,134,316
General and administrative expense (before depreciation and amortization)	402,708	-	-	287,909	690,617
	1,039,440	-	-	785,493	1,824,933
EBITDA	315,682	1,719,948	370,064	(84,979)	2,320,716
Other income (expenses)					
Finance income (cost)	46,341	-	-	(32,264)	14,077
Depreciation and amortization	(20,975)	-	-	(43,754)	(64,729)
Pretax income	341,048	1,719,948	370,064	(160,997)	2,270,064
Provision for income tax	55,036	-	-	4,266	59,302
Income before income from discontinued operations	286,012	1,719,948	370,064	(165,263)	2,210,762
Post-tax income from discontinued operations	-	-	-	-	-
	₱(210,313)	₱1,719,948	₱370,064	₱(165,263)	₱2,210,762
Net income attributable to non-controlling interest	₱32,861	₱-	₱-	(₱6,090)	₱26,771
Net income attributable to equity holders	₱253,152	₱1,719,948	₱370,064	(₱159,173)	₱2,183,991
Segment Assets					
Receivables	₱964,522	₱-	₱-	₱74,981	₱1,039,503
Inventories	6,918,914	-	-	8,695	6,927,609
Investment and advances	460,898	20,407,199	1,893,150	-	22,761,247
Property, plant and equipment	30,385	-	-	342,662	373,047
Others	9,313,727	-	-	147,453	9,461,180
	₱17,688,446	₱20,407,199	₱1,893,150	₱573,791	₱40,562,586
Eliminating/Consolidating Entries	(3,824,263)	-	-	-	(3,824,263)
	₱13,864,183	₱20,407,199	₱1,893,150	₱573,791	₱36,738,323
Segment Liabilities					
Accounts and other payables	₱485,943	₱-	₱-	₱84,803	₱570,746
Customers' advances and deposits	615,366	-	-	-	615,366
Loans payable	4,449,191	-	-	1,446,700	5,895,891
Others	4,881,744	-	-	202,696	5,084,440
	₱10,432,244	₱-	₱-	₱1,554,493	₱12,166,443
Eliminating/Consolidating Entries	(3,824,263)	-	-	-	(3,824,263)
	₱6,607,981	₱-	₱-	₱573,791	₱8,342,180

31. Events after Financial Reporting Date

Acquisition of GBPC

On December 20, 2011, GBPC filed an application for the increase in its authorized capital stock and reduction in the par value of its common shares to ₱1 per share. Upon application of increase in authorized capital stock, the Parent Company intends to convert the deposit for future stocks subscription (DFS) through issuance of new common shares by GBPC. As a result, Parent Company's direct interest will be 21.04% with equivalent subscription of 117,067,800 new common shares (see Note 8). These advances are carried at cost and did not apply equity method of accounting due to pending regulatory approval as of December 31, 2011.

On January 16, 2012, the SEC approved the application of the increase in authorized capital stock of GBPC.

On February 15 and 16, 2012, the Parent Company entered into a Deed of Absolute Sale with GBHI for the sale and transfer of 35,504,900 and 38,863,000 common shares of GBPC, respectively, with GBHI as the seller and the Parent Company as the buyer for a consideration amounting to P1.24 billion and P1.36 billion, respectively. Such shares aggregating to 74,367,900 common shares represent 13.37 % direct interest of the Parent Company over GBPC.

With the result of foregoing transaction, the Parent Company has an effective interest of 46.41% which accounted from the direct interest obtained of 34.41% plus indirect interest through FMIC, majority owned subsidiary by MBTC of 12.00%. The Group will account the transaction under purchase accounting method.

On February 9, 2012, cash dividends from Phil AXA amounting to P157.56 million were received.

Fed Land and MHC Omnibus Agreement

Fed Land, together with ORIX, executed a memorandum of agreement (MOA) dated December 8, 2011 and an Omnibus Subscription Agreement (OSA) dated December 21, 2011.

Under the MOA, Fed Land shall make additional capital contributions in the form of cash and property and ORIX shall make capital contributions in the form of cash in exchange for shares of stock of MHC pursuant to the terms and conditions set forth in the Omnibus Subscription Agreement; Orix contributions shall be placed in an escrow account until increase in subscription has been finally made.

Fed Land and Orix intends to (i) develop a residential condominium and a hotel/retail/ office building on two (2) parcels of land located in Bonifacio Global City, Fort Bonifacio, Taguig City, Metro Manila, Philippines , with an aggregate area of 12,984 square meters, and (ii) engage in the operations of the hotel.

Fed Land intends to transfer a certain parcel of land as full payment for its subscription of 12,074,800 MHC's common shares. As of December 31, 2011, title to land was not yet been transferred to MHC, thus, the transaction was not yet consummated and therefore, there is no dilution of interest of the Group as of December 31, 2011.

On January 31, 2012, the Escrow has been released resulting to the increase in deposit for future subscription and APIC of MHC by ₱307.15 million and ₱44.76 million.

32. Notes to Cash Flows Statements

Below are the noncash operating, investing and financing transactions of the Company:

	December 31		
	2011	2010	2009
Transfers from investment property to inventories	**₱117,980,714**	₱9,474,472	₱2,411,551
Transfers from property and equipment to inventories	**-**	11,528,424	4,262,599
Borrowing cost capitalized to inventories	**141,978,879**	119,673,718	155,860,005

SGV & Co
ERNST & YOUNG

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone (632) 891 0307
Fax (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A)
February 4, 2010, valid until February 3, 2013

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International,
Ayala Avenue corner H.V. dela Costa St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GT Capital Holdings, Inc. as at and for the years ended December 31, 2011 and 2010, included in this Form 17-A, and have issued our report thereon dated February 17, 2012. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the Index to the Consolidated Financial Statements and Supplementary Schedules[A] are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68. As Amended (2011) are not part of the basic financial statements. These schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

[A]These schedules may include the following:

- Supplementary schedules required by Annex 68-E
- Schedule of all the effective standards and interpretations (Part 1, 4J)
- Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C; Annex 68-C)
- Map of the relationships of the companies within the group (for investments houses that are part of a conglomerate; Part 1, 4H)

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-2 (Group A),
February 11, 2010, valid until February 10, 2013
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174583, January 2, 2012, Makati City

February 17, 2012

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2011

Retained earnings available for dividend declaration as of December 31, 2010	₱183,826,665
Net income for the year	948,109,001
Dividend declaration during the period	(500,000,000)
Retained earnings available for dividend declaration as of December 31, 2011	₱631,935,666

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

[which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as of December 31, 2011

PFRSs	Adopted/Not adopted/Not applicable
PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*	Not applicable
PFRS 2, *Share-based Payment*	Not applicable
PFRS 3, *Business Combinations*	Adopted
PFRS 4, *Insurance Contracts*	Not applicable
PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*	Not applicable
PFRS 6, *Exploration for and Evaluation of Mineral Resources*	Not applicable
PFRS 7, *Financial Instruments: Disclosures*	Adopted
PFRS 8, *Operating Segments*	Adopted
PAS 1, *Presentation of Financial Statements*	Adopted
PAS 2, *Inventories*	Adopted
PAS 7, *Statement of Cash Flows*	Adopted
PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*	Adopted
PAS 10, *Events after the Reporting Period*	Adopted
PAS 11, *Construction Contracts*	Adopted
PAS 12, *Income Taxes*	Adopted
PAS 16, *Property, Plant and Equipment*	Adopted
PAS 17, *Leases*	Adopted
PAS 18, *Revenue*	Adopted
PAS 19, *Employee Benefits*	Adopted
PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*	Not applicable
PAS 21, *The Effects of Changes in Foreign Exchange Rates*	Not applicable
PAS 23, *Borrowing Costs*	Adopted
PAS 24, *Related Party Disclosures*	Adopted
PAS 26, *Accounting and Reporting by Retirement Benefit Plans*	Not applicable
PAS 27, *Consolidated and Separate Financial Statements*	Adopted
PAS 28, *Investments in Associates*	Adopted
PAS 29, *Financial Reporting in Hyperinflationary Economies*	Not applicable
PAS 31, *Interests in Joint Ventures*	Adopted
PAS 32, *Financial Instruments: Presentation*	Adopted
PAS 33, *Earnings per Share*	Adopted
PAS 34, *Interim Financial Reporting*	Not applicable
PAS 36, *Impairment of Assets*	Adopted
PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*	Adopted
PAS 38, *Intangible Assets*	Adopted
PAS 39, *Financial Instruments: Recognition and Measurement*	Adopted
PAS 40, *Investment Property*	Adopted
PAS 41, *Agriculture*	Not applicable
Philippine Interpretation IFRIC–1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	Not applicable
Philippine Interpretation IFRIC–2, *Members' Shares in Co-*	Not applicable

PFRSs	Adopted/Not adopted/Not applicable
operative Entities and Similar Instruments	
Philippine Interpretation IFRIC–4, *Determining whether an Arrangement contains a Lease*	Adopted
Philippine Interpretation IFRIC–5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	Not applicable
Philippine Interpretation IFRIC–6, *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	Not applicable
Philippine Interpretation IFRIC–7, *Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*	Not applicable
Philippine Interpretation IFRIC–9, *Reassessment of Embedded Derivatives*	Not applicable
Philippine Interpretation IFRIC–10, *Interim Financial Reporting and Impairment*	Not applicable
Philippine Interpretation IFRIC–12, *Service Concession Arrangements*	Not applicable
Philippine Interpretation IFRIC–13, *Customer Loyalty Programmes*	Not applicable
Philippine Interpretation IFRIC–14, *PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Not applicable
Philippine Interpretation IFRIC–16, *Hedges of a Net Investment in a Foreign Operation*	Not applicable
Philippine Interpretation IFRIC–17, *Distributions of Non-cash Assets to Owners*	Not applicable
Philippine Interpretation IFRIC–18, *Transfers of Assets from Customers*	Not applicable
Philippine Interpretation IFRIC–19, *Extinguishing Financial Liabilities with Equity Instruments*	Not applicable
Philippine Interpretation SIC–7, *Introduction of the Euro*	Not applicable
Philippine Interpretation SIC–10, *Government Assistance - No Specific Relation to Operating Activities*	Not applicable
Philippine Interpretation SIC–12, *Consolidation - Special Purpose Entities*	Not applicable
Philippine Interpretation SIC–13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	Not applicable
Philippine Interpretation SIC–15, *Operating Leases Incentives*	Not applicable
Philippine Interpretation SIC–21, *Income Taxes - Recovery of Revalued Non-Depreciable Assets*	Not applicable
Philippine Interpretation SIC–25, *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	Not applicable
Philippine Interpretation SIC–27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	Not applicable
Philippine Interpretation SIC–29, *Service Concession Arrangements: Disclosures*	Not applicable
Philippine Interpretation SIC–31, *Revenue - Barter Transactions Involving Advertising Services*	Not applicable
Philippine Interpretation SIC–32, *Intangible Assets - Web Site Costs*	Not applicable
PIC Q&A No. 2011-01: PAS 1 – Requirements for a Third Statement of Financial Position	Adopted
PIC Q&A No. 2011-02: PFRS 3.2 – Common Control Business Combinations	Adopted
PIC Q&A No. 2011-03: Accounting for Inter-company Loans	Adopted

PFRSs	Adopted/Not adopted/Not applicable
PIC Q&A No. 2011-04: PAS 32.37-38 - Costs of Public Offering of Shares	Not applicable
PIC Q&A No. 2011-05: PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost	Not applicable

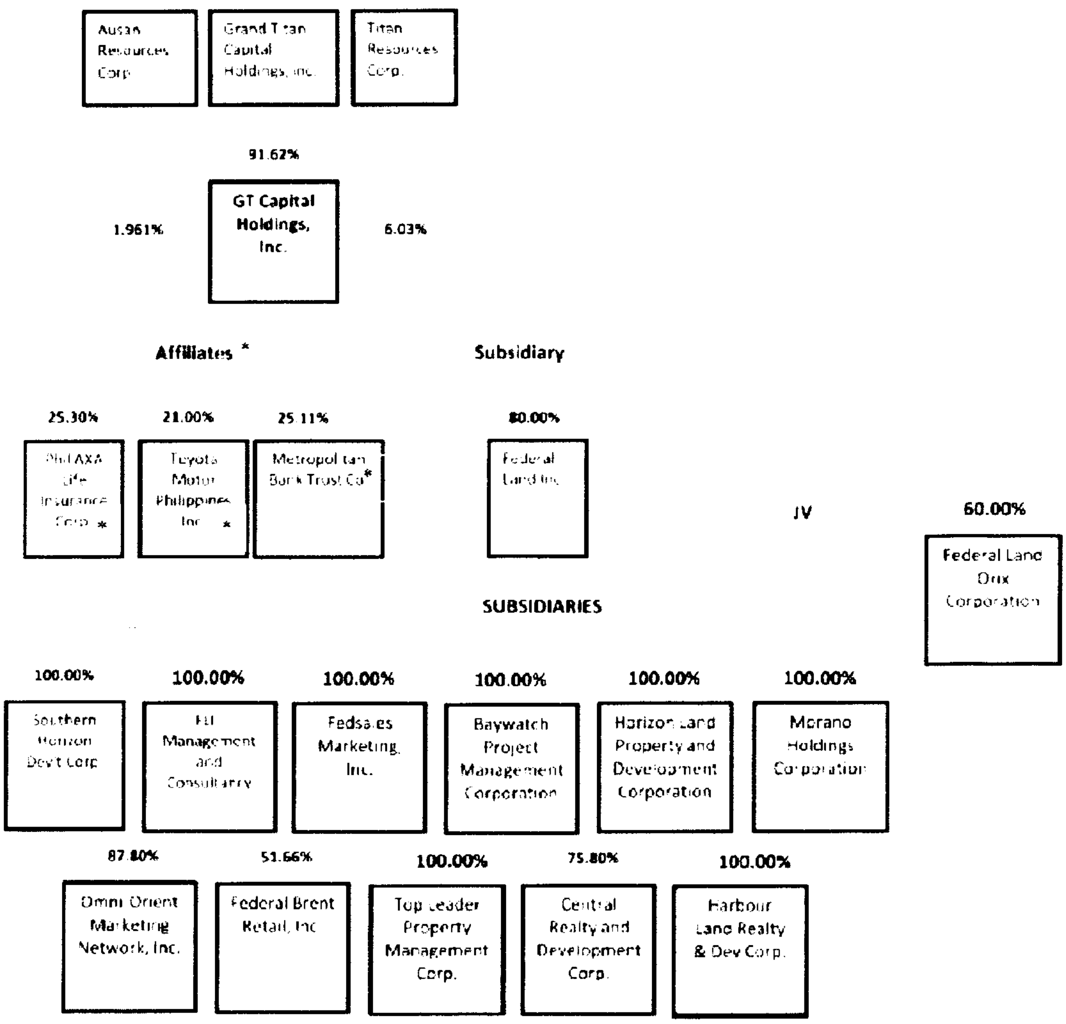
We have not adopted the following accounting standards in 2011 which were allowed for early adoption:

Standard(s)/Interpretation(s)/Amendment(s) issued but not yet effective	Applicable to annual period beginning on or after
Amendments to PFRS 7: *Disclosures- Transfers of Financial Assets*	July 1, 2011
Amendments to PFRS 7: *Disclosures - Offsetting Financial Assets and Financial Liabilities*	January 1, 2013
PFRS 9, *Financial Instruments*	January 1, 2015
PFRS 11, *Joint Arrangements*	January 1, 2013
PFRS 12, *Disclosure of Interests in Other Entities*	January 1, 2013
PFRS 13, *Fair Value Measurement*	January 1, 2013
Amendments to PAS 1: *Presentation of Items of Other Comprehensive Income*	July 1, 2012
Amendments to PAS 12-*Deferred Tax: Recovery of Underlying Assets*	January 1, 2012
PAS 19, *Employee Benefits* (Revised)	January 1, 2013
PAS 27, *Separate Financial Statements*	January 1, 2013
PAS 28, *Investments in Associates and Joint Ventures*	January 1, 2013
Amendments to PAS 32, *Offsetting Financial Assets and Financial Liabilities*	January 1, 2014
Philippine Interpretation IFRIC-15, *Agreements for the Construction of Real Estate*	Deferred by SEC and FRSC
Philippine Interpretation IFRIC-20, *Stripping Costs in the Production Phase of a Surface Mine*	January 1, 2013

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

FOR THE YEAR ENDED DECEMBER 31, 2011



* The specific relationship with these entities is that of an associate as defined under PAS 28

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
1. Liquidity Ratio		
Current Ratio	1.41	1.34
2. Solvency Ratio		
Debt to Equity Ratio	0.94	0.66
3. Asset-to-Equity Ratio		
Assets to Equity Ratio	2.01	1.73
4. Interest Rate Coverage Ratio*		
Interest Rate Coverage Ratio	4.51	11.90
5. Profitability Ratios		
Return on Assets	5.5%	6.8%
Return on Equity	10.3%	10.6%

*computed as EBITDA/Interest Expense

ANNEX "A"

RULES AND PROCEDURE ON NOMINATION AND ELECTION OF INDEPENDENT DIRECTORS

1. As provided in Section 38 of the Securities Regulation Code (Republic Act No. 8799, as amended), or the "SRC", as well as Rule 38 of the SEC Rules and Regulations Implementing the SRC, independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:

    A. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

    B, Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;

    C. Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

    D. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

    E. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

    F. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or

    G. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

2. No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of this Code, committed within five (5) years prior to the date of his election, shall qualify as an independent director. This is without prejudice to other disqualifications which the covered company's Manual on Corporate Governance provides.

3. Any controversy or issue arising from the selection, nomination or election of independent directors shall be resolved by the Commission by appointing independent directors from the list of nominees submitted by the stockholders.

4. When used in relation to a company subject to the requirements of this Rule and Section 38 of the Code:

    A. Related company means another company which is: (a) its holding company; (b) its subsidiary; or (c) a subsidiary of its holding company; and

    B. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

5. Qualifications and Disqualifications for Independent Director:

A. An independent director shall have the following qualifications:

(i) He shall have at least one (1) share of stock of the corporation;

(ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;

(iii) He shall possess integrity/probity; and

(iv) He shall be assiduous.

B. No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

(i) He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under Section II (5) of the Code on Corporate Governance;

(ii) His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the company where he is such director;

(iii) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.

(iv) Such other disqualifications which the covered company's Manual on Corporate Governance provides.

6. Nominations Procedure

A. A stockholder may recommend the nomination of a director to the Nominations Committee (the "Committee").

B. The nominating stockholder shall submit his proposed nomination, in writing, to the Committee, together with the acceptance and conformity of the would-be nominee.

C. The Committee shall screen the nominations of directors prior to the stockholders' meeting and come up with a Final List of Candidates.

The Committee is chaired by Roderico V. Puno with Carmelo Maria Luza Bautista and Jaime Miguel G. Belmonte (an independent director) as members.

D. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.

106142012000360

SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills,Mandaluyong City, Metro Manila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	CS200711792
Company Name	GT CAPITAL HOLDINGS, INC.
Industry Classification	Financial Holding Company Activities
Company Type	Stock Corporation

Document Information

Document ID	106142012000360
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code	17-Q
Period Covered	March 31, 2012
No. of Days Late	0
Department	CFD
Remarks	AMENDED, WITH LETTER

COVER SHEET

C S 2 0 0 7 1 1 7 9 2

S.E.C. Registration Number

G T C A P I T A L H O L D I N G S , I N C .

(Company's Full Name)

G T T O W E R I N T E R N A T I O N A L , A Y A L A

A V E N U E C O R N E R H . V . D E L A C O S T A

S T R E E T , M A K A T I C I T Y

(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

Amended
1 7 - Q

FORM TYPE

2nd Monday in June 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 March 31, 2012
13

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

GT CAPITAL
HOLDINGS, INCORPORATED

June 13, 2012

Securities and Exchange Commission
SEC Building, EDSA,
Greenhills, Mandaluyong City

Attention: **Atty. Justina F. Callangan**
Acting Director – Corporation and Finance Department

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

Attention: **Ms. Janet A. Encarnacion**
Head – Disclosure Department

Mr. Norberto T. Moreno
Assistant Head – Disclosure Department

Subject: **Submission of Amended 17Q Report as of March 31, 2012**

Gentlemen / Mesdames:

In line with the reportorial requirements of the Securities Regulation Code and the Revised Disclosure Rules, we hereby submit the attached Amended 2012 First Quarter Report on SEC Form 17-Q.

Very truly yours,

Francisco H. Suarez, Jr.
Chief Finance Officer

SEC Number CS200711792
File Number ________

GT CAPITAL HOLDINGS, INC.
(Company's Full Name)

43rd Floor, GT Tower International, Ayala Avenue cor H.V. Dela Costa St, Makati City
(Company's Address)

836-4500
(Telephone Number)

December 31
(Fiscal year ending)

17-Q
(Form Type)

(Amendment Designation, if applicable)

March 31, 2012
(Period Ended Date)

None
(Secondary License Type and File Number)

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: **March 31, 2012**
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

Title of Each Class	Number of Shares of Outstanding Common Stock	Amount of Debt (Unpaid Subscriptions)
Common Stock -Php10.00 par value	**125,000,000 shares**	**None**

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

Note: The Company was listed on the Philippine Stock Exchange on April 20, 2012.

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 [ ] No [X]

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).

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

Consolidated Results of Operations- For the Three Months Ended March 31, 2012 and For the Three Months ended March 31, 2011

GT CAPITAL CONSOLIDATED INCOME STATEMENT (In millions, except for percentage)	Unaudited Quarter Ended March 31 2012	 2011	Increase (Decrease) Amount	 Percentage
REVENUE				
Equity in net income of associates - net	1,452	960	492	51.3%
Real estate sales	559	442	117	26.6%
Sale of goods and services	195	180	15	8.8%
Commission income	51	44	7	16.5%
Interest income on real estate sales	61	34	27	78.5%
Rent income	49	59	-10	-17.6%
Interest and other income	139	40	99	244.1%
	2,506	**1,759**	**747**	**42.5%**
COSTS AND EXPENSES				
Cost of real estate sales	367	304	63	20.7%
Cost of goods and services	182	166	16	9.7%
General and administrative expenses	349	242	107	44.1%
Interest expense	281	162	119	73.7%
	1,179	**874**	**305**	**34.9%**
INCOME BEFORE INCOME TAX	**1,327**	**885**	**442**	**50.0%**
PROVISION FOR INCOME TAX	**25**	**20**	**5**	**27.4%**
NET INCOME	**1,302**	**865**	**437**	**50.5%**
Attributable to:				
Equity holders of the GT Capital Holdings, Inc.	1,277	852	425	49.8%
Non-controlling interest	25	13	12	95.8%
	1,302	**865**	**437**	**50.5%**

GT Capital Holdings, Inc. ("GT Capital" or the "Company") reported a net income attributable to shareholders of Php1.3 billion for the three months ended March 31, 2012, representing a 51% growth over the Php865 million recorded in the same period last year. The increase was principally due to the 43% improvement in consolidated revenues to Php2.5 billion from Php1.8 billion a year ago.

Of the five (5) component companies, four (4) component companies namely Metropolitan Bank and Trust Company ("Metrobank"), Federal Land, Inc. ("FLI"), Global Business Power Corporation ("GBPC"), and Philippine AXA Life Insurance ("AXA Life") exhibited strong double digit growth in its net income performance in the first quarter of this year. Despite a 7% increase in wholesales , Toyota

Motor Philippines Corporation ("TMP") registered a slight decline (-2%) in its net income chiefly due to the continued yen appreciation versus the US dollar.

Equity in net income of associates from GT Capital's other component companies amounted to Php1.5 billion in the first quarter, 51% higher than the Php960 million recorded in the first quarter of 2011.

Real estate sales rose by 27% year-on-year to Php559 million from Php442 million driven by sales contributions from ongoing high end and middle market development projects situated in Pasay City, Escolta, Binondo, Makati and Marikina.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, increased by 9% to Php195 million from Php180 million due to the increase in the sale of petroleum products arising from increased vehicle traffic in the Blue Wave malls situated in Pasay City and Marikina City, respectively.

Commission income reached Php51 million up 17% year-on-year from Php44 million chiefly due to commissions earned from the selling of units of Federal Land Orix Corporation in the Grand Midori project in Makati City.

Interest income on real estate sales rose by 79% to Php61 million from Php34 million due to higher accumulation of interest income from unit buyers availing of long term payment schemes.

Rent income from the Blue Wave malls and other FLI projects decreased by 18% to Php49 million from Php59 million as the increase in occupancy and rental rates in the Blue Wave malls was offset by the decline in occupancy in other FLI projects.

Interest and other income grew by 244% to Php138 million from Php40 million due to the reimbursement of interest expenses from option money granted to affiliates arising from land purchases of Php118 million and interest income from money market placements of Php20 million.

Consolidated costs and expenses grew by 35% to Php1.2 billion as of the first quarter of 2012 from Php874 million in the same period of the previous year.

Cost of real estate sales increased by 21% to Php367 million from Php304 million due to the increase in real estate sales.

Cost of goods and services increased by 10% to Php182 million from Php166 million due to increased volume of petroleum sold and higher purchase costs of petroleum products.

General and administrative expenses rose by 44% to Php349 million from Php242 million due to one-time IPO expenses and other overhead expenses incurred by GT Capital and higher commissions, advertising and promotions and professional expenses incurred by FLI.

Interest expenses grew by 74% to Php281 million from Php162 million due to the increase in long term loans availed by GT Capital to finance its equity investments in GBPC and to fund the land bank acquisitions of FLI to consolidate the contiguous properties within the Group.

Consolidated net income attributable to shareholders rose by 50% to Php1.3 billion for the first quarter of 2012 as compared to Php852 million in the same period last year.

Balance Sheet (March 31, 2012 versus December 31, 2011)

(In Millions, except for Percentage)	Unaudited	Audited	Increase (Decrease)	
	March 2012	December 2011	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**1,591**	454	1,137	250.2%
Receivables	**2,117**	4,864	-2,747	-56.5%
Inventories	**10,395**	11,338	-943	-8.3%
Due from related parties	**817**	939	-122	-13.0%
Prepayments and other current assets	**1,054**	975	79	8.1%
Total Current Assets	**15,974**	**18,570**	**-2,596**	-14.0%
Noncurrent Assets				
Noncurrent installment contracts receivable	**1,348**	1,115	233	20.9%
Long term investment	**2,459**	2,440	19	0.8%
Option deposit	**4,085**	4,085	-	0.0%
Investments and advances	**41,204**	38,113	3,091	8.1%
Investment properties	**5,293**	5,227	66	1.3%
Property and equipment	**380**	396	-16	-4.2%
Deferred tax assets	**4**	4	-	1.7%
Other noncurrent assets	**115**	112	2	3.6%
Total Noncurrent Assets	**54,888**	**51,493**	**3,395**	6.6%
	70,862	**70,063**	**799**	1.1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**4,729**	4,573	156	3.4%
Short term loans payable	**7,486**	7,649	-163	-2.1%
Customers' deposits	**517**	458	59	13.0%
Due to related parties	**285**	403	-118	-29.3%
Income tax payable	**5**	-	5	100.0%
Other current liabilities	**50**	58	-8	-14.6%
Total Current Liabilities	**13,072**	13,141	-69	-0.5%
Noncurrent Liabilities				
Pension liabilities	**28**	28	-	0.0%
Loans payable - non-current portion	**19,600**	19,600	-	0.0%
Deferred tax liabilities	**82**	81	1	1.2%
Other noncurrent liabilities	**62**	63	-1	-1.6%
Total Noncurrent Liabilities	**19,772**	19,772	-	0.0%
	32,844	32,913	-69	-0.2%
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital Stock	**1,250**	1,250	-	-
Additional paid-in capital	**23,072**	23,072	-	-
Retained earnings	**9,079**	7,802	1,277	16.4%
Other Comprehensive income	**2,371**	2,805	-434	-15.5%
	35,772	34,929	843	2.4%
Non-controlling interest	**2,246**	2,221	25	1.1%
Total equity	**38,018**	37,150	868	2.3%
	70,862	70,063	799	1.1%

The major changes in the balance sheet items from December 31, 2011 to March 31, 2012 are as follows:

Total assets of the Group slightly increased by 1.1% or Php800 million from Php70.1 billion as of December 31, 2011 to Php70.9 billion as of March 31, 2012. Total liabilities decreased by 0.2% or Php69 million from Php32.9 billion to Php32.8 billion while total equity rose by 2.3% or Php868 million from Php37.2 billion to Php38 billion.

Cash and cash equivalents increased by 250% or Php1.1 billion arising from a payment received by FLI from its joint venture partner in the Fort Bonifacio project.

Receivables decreased by 57% or Php2.7 billion due to major collections received by GT Capital.

Inventories declined by 8% or Php943 million due to an increase in real estate sales.

Due from related parties decreased by 13% or Php122 million due to collections received from various subsidiaries of FLI.

Prepayments and other current assets increased by 8% or Php79 million due to an increase in creditable withholding tax coming from real estate sales.

Noncurrent installment contract receivables rose by 21% or Php233 million as most unit buyers availed of the long term payment packages for equity build up offered by FLI.

Investments and advances grew by 8% or Php3.1 billion chiefly due to the subscription of an additional 13.37% in GBPC thereby raising GT Capital's direct equity stake to 34.41%.

Short term loans payable decreased by 2% or Php163 million as the Php313 million loan availments by FLI was offset by the Php476 million partial loan prepayments by GT Capital.

Customer deposits increased by 13% or Php59 million due to an increase in cash payments arising from reservation sales generated by FLI.

Due to related parties dropped by 29% or Php118 million due to payments made by various FLI subsidiaries.

Other current liabilities, comprising tenants' rental deposit from operating lease contracts of FLI, grew by 15% or Php8 million.

Retained earnings increased by 16% or Php1.3 billion principally due to the net income registered by the Company in the first quarter of the year.

Other comprehensive income declined by 16% or Php434 million due to a mark-to-market loss incurred on available-for-sale financial assets.

Key Performance Indicators (In Million Pesos, except %)

Income Statement	**March 31, 2012**	**March 31, 2011**
Total Revenues	2,506	1,759
Net Income attributable to GT Capital Holdings	1,277	868
Balance Sheet	**March 31, 2012**	**December 31, 2011**
Total Assets	70,862	70,063
Total Liabilities	32,844	32,913
Equity attributable to GT Capital Holdings	35,772	34,929
Return on Equity *	14.4	10.3

- Annualized 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.

Component Companies Financial Performance

Metrobank

Metrobank's net income attributable to shareholders rose by 40% from Php3.1 billion as of March 31, 2011 to Php4.3 billion as of March 31, 2012 due to significant improvements in net interest income and other operating income. A major contributor to the growth in other operating income was the increase in net gain from trading and foreign exchange transactions. The other contributors to the growth in other operating income were increases in service charges, fees, and commissions and miscellaneous income.

FLI

FLI registered total revenue of Php1.1 billion in the first quarter of this year, up by 33% from Php800 million in the first quarter of last year. The revenue improvement came from real estate sales, sales of goods and services, interest income on real estate sales, and commissions. Cost and expenses, consisting of cost of real estate sales, cost of goods and services, general and administrative expenses and interest expenses rose by 28% from Php727.5 million to Php928.6 million. As a result of the increase in total revenue, net income attributable to equity holders more than doubled and grew by 123% from Php50 million to Php110 million.

GBPC

GBP's net income more than doubled from Php220 million and grew by 126% in the first quarter of 2011 to Php498 million in the first quarter of 2012 as revenues grew by 48% from Php3.2 billion to Php4.7 billion as two (2) new coal fired plants situated in Cebu and Panay and with a combined capacity of 410 megawatts started commercial operations in late February and late March of the same period of the previous year, respectively.

TMP

TMP registered a decrease in its net income from Php690 million as of the first quarter of 2011 to Php673 million as of the first quarter of 2012 as gross profit margin dropped from 11% to 9.5% as the continued appreciation of the yen versus the US dollar from 83.75:US1.00 as of the first quarter ending March 2011 to 76.39:US$ as of the first quarter ending March 2012 offset the improvements in sales volume, selling price, introduction of new models and other cost reduction initiatives. For the period in review, TMP"s net sales grew by 5% from Php14.1 billion to Php15.1 billion as wholesale sales volume rose by 7%.

AXA Life

AXA Life's net income grew by 25% from Php131 million for the first quarter of 2011 to Php164 million, supported by a 7% growth in premium income and a 32% growth in sales as compared to the first quarter of 2011.

Except for (i), (iv) and (vii) as discussed below, 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;
(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;

The GT Capital Group's 2012 capital expenditures ("capex") budget is presented as follows:

Component Company	2012 Capex (In Billion Pesos)	Nature	Source of Funding
Metrobank	3.0	IT systems, ATM installation/ renovation, investment in new branches / renovation and relocation of existing branches	Internally generated funds
Federal Land	8.335	High end, middle segment, low middle segment and retail projects and land banking	Pre sales, internally generated funds, borrowings. About Php3.7 billion will come from GT Capital's IPO proceeds
Global Business Power	1.6	Equity component of the Toledo expansion (US$31.5 million) and regular capex of existing plants	Php0.7 billion from GT Capital's IPO proceeds will fund Toledo expansion and Php0.2 billion from internally generated funds
Toyota Motor	0.7	Building expansion improvements,(Php0.3 billion); acquisition of new machinery/tools, (Php0.3 billion); and product model change, (Php0.1 billion)	Internally generated funds
AXA Life	.0323	Replacement capex for PCs, EDP equipment	Internally generated funds
GT Capital	.0015	Consolidated Reporting System, Car Plan, Computers, Financial reporting server, fit out expenses	Internally generated funds
Total	**13.6688**		

(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 discussion in the MD & A; 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.
AGING OF ACCOUNTS RECEIVABLE
IN PESOS
AS OF MARCH 31, 2012

Number of Days	Amount
Less than 30 days	Php 35,142,358
30 days to 60 days	5,914,312
61 days to 90 days	11,641,718
91 days to 120 days	18,037,929
Over 120 days	171,022,662
Current (not yet due)	1,084,592,364
Noncurrent installment contract receivable	1,347,697,890
Total	Php 2,674,049,233

GT CAPITAL HOLDINGS, INC.
LIST OF STOCKHOLDERS AND PERCENTAGE OF HOLDINGS
AS OF MARCH 31, 2012

The following stockholders own more than 5% of the total issued and outstanding shares of the Company as of March 31, 2012:

Name Of Stockholder	Total Number Of Shares Held	Percent To Total Number Of Shares Issued
Grand Titan Capital Holdings, Inc.	114,517,452	91.61%
Titan Resources Corporation	7,530,333	6.02%
Others	2,952,215	2.37%
Total	125,000,000	100.00%

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 Comptroller	**Francisco H. Suarez, Jr.** Chief Finance Officer

Date: June 13, 2012

GT Capital Holdings, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements

As of March 31, 2012 (Unaudited) and December 31, 2011 (Audited)
and for the quarters ended March 31, 2012 and 2011 (Unaudited)

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

	Unaudited	Audited
	March 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	₱1,591	₱454
Receivables	2,117	4,864
Inventories	10,395	11,338
Due from related parties	817	939
Prepayments and other current assets	1,054	975
Total Current Assets	15,974	18,570
Noncurrent Assets		
Noncurrent receivables	1,348	1,115
Long - term cash investments	2,459	2,440
Deposits	4,085	4,085
Investments and advances	41,204	38,113
Investment properties	5,293	5,227
Property and equipment	380	396
Deferred tax assets	4	4
Other noncurrent assets	115	113
Total Noncurrent Assets	54,888	51,493
	₱70,862	₱70,063
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	₱4,729	₱4,573
Short term loans payable	7,486	7,649
Customers' deposits	517	458
Due to related parties	285	403
Income tax payable	5	–
Other current liabilities	50	58
Total Current Liabilities	13,072	13,141
Noncurrent Liabilities		
Pension liabilities	₱28	₱28
Long- term loans payable	19,600	19,600
Deferred tax liabilities	82	81
Other noncurrent liabilities	62	63
Total Noncurrent Liabilities	19,772	19,772
	32,844	32,913
Equity		
Equity attributable to equity holders of GT Capital Holdings, Inc.		
Capital Stock	1,250	1,250
Additional paid-in capital	23,072	23,072
Retained earnings	9,079	7,802
Other comprehensive income	2,371	2,805
	35,772	34,929
Non-controlling interests	2,246	2,221
Total equity	38,018	37,150
	₱70,862	₱70,063

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

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

	Unaudited	
	Quarter Ended March 31	
	2012	2011
REVENUE		
Equity in net income of associates	**₱1,452**	₱960
Real estate sales	**559**	442
Sale of goods and services	**195**	180
Commission income	**51**	44
Rent income	**49**	59
Interest and other income	**200**	74
	2,506	1,759
COSTS AND EXPENSES		
Cost of real estate sales	**367**	304
Cost of goods and services	**182**	166
General and administrative expenses	**349**	242
Interest expense	**281**	162
	1,179	874
INCOME BEFORE INCOME TAX	**1,327**	885
PROVISION FOR INCOME TAX	**25**	20
NET INCOME	**₱1,302**	₱865
Attributable to:		
Equity holders of the GT Capital Holdings, Inc.	**₱1,277**	₱852
Non-controlling interest	**25**	13
	₱1,302	₱865
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**₱10.22**	₱6.82

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Millions)

	Unaudited	
	Quarter Ended March 31	
	2012	2011
NET INCOME	**₱1,302**	₱865
Equity in other comprehensive income of associates:		
Net unrealized loss on available for sale financial assets of associates	**(359)**	(207)
Translation adjustment of associates	**(75)**	16
TOTAL OTHER COMPREHENSIVEINCOME	**(434)**	(191)
TOTAL COMPREHENSIVE INCOME	**₱868**	₱674
Attributable to:		
Equity holders of the GT Capital Holdings, Inc.	**₱843**	₱661
Non-controlling interest	**25**	13
	₱868	₱674

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
QUARTER ENDED MARCH 31, 2012 AND 2011 (UNAUDITED)
(In Millions)

	Attributable to Equity Holders of GT Capital Holdings, Inc								
	Capital stock	Additional paid-in capital	Retained earnings	Equity in net unrealized gain (loss) on available-for-sale financial assets of associates	Equity in revaluation reserve on investment property of associates	Equity in revaluation increment on property and equipment of associates	Equity in translation adjustment of associates	Attributable to non-controlling interest of subsidiary	Total
At January 1, 2012	**₱1,250**	**₱23,072**	**₱7,802**	**₱2,546**	**(₱1)**	**(₱1)**	**₱261**	**₱2,221**	**₱37,150**
Total comprehensive income	–	–	1,277	(359)	–	–	(75)	25	868
At March 31, 2012	**₱1,250**	**₱23,072**	**₱9,079**	**₱2,187**	**(₱1)**	**(₱1)**	**₱186**	**₱2,246**	**₱38,018**
At January 1, 2011	₱1,250	₱23,072	₱5,377	(₱216)	(₱1)	(₱1)	₱128	₱2,211	₱31,820
Total comprehensive income	–	–	852	(207)	–	–	16	13	674
At March 31, 2011	₱1,250	₱23,072	₱6,229	(₱423)	(₱1)	(₱1)	₱144	₱2,224	₱32,494

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	Unaudited	
	Quarter Ended March 31	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,327**	₱885
Adjustments for:		
Interest expense	**281**	162
Depreciation and amortization	**6**	9
Equity in net income of associates and a joint venture	**(1,452)**	(960)
Interest income	**(80)**	(40)
Operating income before changes in working capital	**82**	56
Decrease (increase) in:		
Receivables	**2,521**	200
Due from related parties	**122**	(824)
Inventories	**943**	1,327
Prepayments and other current assets	**(91)**	(112)
Increase (decrease) in:		
Accounts and other payables	**156**	1,028
Customers' deposits	**59**	(141)
Other current liabilities	**(15)**	19
Cash provided by operations	**3,777**	1,553
Interest received	**74**	40
Interest paid	**(281)**	(162)
Dividends received	**530**	–
Income taxes paid	**–**	(2)
Net cash provided by operating activities	**4,100**	1,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of:		
Investment properties	**–**	67
Property and equipment	**13**	–
Additions to:		
Investment properties	**(67)**	–
Property and equipment	**–**	(16)
Investment and advances	**(2,603)**	(2,641)
Long term investment	**(18)**	(2,200)
Deposit	**–**	(2,500)
Increase in other noncurrent asset	**(6)**	(37)
Net cash used in investing activities	**(2,681)**	(7,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment	**313**	4,575
Payment of loans payable	**(476)**	(768)
Increase (decrease) in:		
Liabilities on purchased land	**–**	(517)
Due to related parties	**(118)**	(56)
Other noncurrent liabilities	**(1)**	1
Net cash provided by financing activities	**(282)**	3,235
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,137**	(2,663)
CASH AND CASH EQUIVALENTS ATBEGINNING OF PERIOD	**454**	3,065
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱1,591**	₱402

GENERAL NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 ultimate parent is Grand Titan Capital Holdings, Inc.

The Parent Company owns 80% of Federal Land, Inc. (Fed Land) and has significant shareholdings in Metropolitan Bank & Trust Co. (MBTC), Toyota Motor Philippines, Inc. (Toyota) and Philippine AXA Life Insurance Corp. (Phil AXA) and Global Business Power Corporation (GBPC).

Group Activities

The Parent Company and Fed Land Group are collectively referred herein as the "Group". The Parent Company, holding company of Fed Land Group, is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations. The principal business interests of Fed Land Group are real estate development and leasing and sell properties and act as a marketing agent for and in behalf of any real estate development company or companies.

The Fed Land Group is also engaged in:

a) the business of trading of goods such as petroleum, non-fuel products on wholesale or retail basis;
b) maintaining a petroleum service station and;
c) food and restaurant service.

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

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, 2011.

The interim condensed financial statements of the Group have been prepared using the historical cost basis and are presented in Philippine Peso (₱), the Group's functional currency. Values are rounded to the nearest million pesos (₱000,000) unless otherwise indicated.

Statement of Compliance
The interim consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is 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 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
Basis of consolidation
The interim condensed consolidated financial statements include the financial statements of the Parent Company, consolidated financial statements of Fed Land Group and the Group's share in the net assets of the associates plus cost of investment.

The interim condensed consolidated financial statements include the financial statements of the Parent Company and the following domestic subsidiaries of Fed Land:

	Effective Percentages of Ownership
Federal Land Inc. (Fed Land)[1]	**80.00%**
Subsidiaries of Fed Land:	
Southern Horizon Development Corp. (SHDC)	**80.00**
Federal Land - Management and Consultancy, Inc. (FMCI)	**80.00**
Fedsales Marketing, Inc. (FMI)	**80.00**
Baywatch Project Management Corporation (BPMC)	**80.00**
Horizon Land Property and Development Corporation previously known as Heritage Consolidated Assets, Inc.(HCAI)	**80.00**
Bonifacio Landmark Realty and Development Corporation (BLRDC) previously known as Morano Holdings Corporation (MHC)	**80.00**
Omni-Orient Marketing Network, Inc. (OOMNI)	**70.24**
Federal Brent Retail, Inc. (FBRI)[2]	**41.33**
Top Leader Property Management Corp. (TLPMC)	**80.00**
Central Realty and Development Corp. (CRDC)	**60.64**
Harbour Land Realty Corporation (HLRC)	**80.00**

1 Subsidiary

2 Engaged in trading of petroleum and non-fuel products and food and restaurant services

FBRI
FBRI is 51.66% owned by Fed Land and was consolidated to Fed Land Group. Effective ownership of the Parent Company over FBRI through Fed Land is 41.33%.

BLRDC
In 2011, Fed Land and MHC entered into a Deed of Assignment and Subscription Agreement under a joint venture arrangement with ORIX Risingsun Properties II, Inc. (Orix) (see Note 3).

On January 25, 2012, the SEC approved the change in corporate name of MHC from Morano Holdings Corporation to Bonifacio Landmark Realty and Development Corporation (BLRDC).

Combinations of Entities Under Common Control
Business combination of entities under common control is accounted for using the uniting of interest method. The combined entities accounted for by the uniting of interests method reports 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 current assets, current liabilities, revenues, and cost of sales 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 acquire 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 acquire in accordance with applicable PRFS;
- 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 consolidated statement of changes in equity. Cash consideration transferred on acquisition of a subsidiary under common control is deducted in the "Retained earnings" at the time of business combination.
The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests (NCI) represent the portion of profit or loss and net assets in a subsidiary not wholly owned and are presented separately in the interim condensed consolidated statement of income, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and within equity in the interim condensed consolidated statements of financial position, separately from the Parent Company's equity. Any losses attributable to the NCI are allocated even if it results in a deficit balance. Acquisitions of non-controlling interests are accounted for as equity transactions.

Changes in Accounting Policies
The accounting policies adopted in preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited annual consolidated financial statements as of and for the year ended December 31, 2011 except for the adoption of the following amended PAS and PFRS effective as of January 1, 2012. Adoption of these changes did not have any significant impact on the Group's interim condensed consolidated financial statements.

- PAS 12, *Income Taxes - Recovery of Underlying Assets*
  The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset.

- PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
  The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

Future Changes in Accounting Policies
The Group will adopt the following standards and interpretations and assess their impact when these become effective.

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

- PAS 19, *Employee Benefits* (Amendment)
  Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group is currently assessing the impact of the amendment to PAS 19. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the new PFRS 10, *Consolidated Financial Statement* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates* and *Joint Ventures* (as revised in 2011)
  As a consequence of the new PFRS 11, Joint Arrangements and PFRS 12, PAS 28 has been renamed PAS 28, Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities -* Non-monetary Contributions by Venturers. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not have significant impact to the financial position of the Group since the Group accounts its jointly controlled under equity method of accounting. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosure of Involvement with Other Entities*
  PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 9, *Financial Instruments: Classification and Measurement*
  PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities*
  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group is currently assessing impact of the amendments to PAS 32.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  The interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue Standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements and guidance of the final Revenue Standard in relation to the practices of the Philippine real estate industry is completed

The adoption of this Philippine Interpretation may significantly affect the determination of the revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this Interpretation.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the interim condensed 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: securities at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss 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 March 31, 2012 and December 31, 2011, the Group's financial assets are of the nature of loans and receivables and AFS financial assets while financial liabilities are of the nature of other financial liabilities. The Group made no reclassifications in its financial assets in 2012 and 2011.

Determination of fair value

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

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 or financial assets at FVPL. This accounting policy relates to the interim condensed consolidated statement of financial position captions "Cash and cash equivalents", "Receivables"(except for advances to contractors and suppliers), "Due from related parties" and "Long term cash investment".

Receivables are recognized initially at fair value which normally pertains to the billable amount. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate 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 the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

AFS financial assets
AFS financial assets are non-derivative financial assets those which are designated as such or do not qualify to be classified as designated as securities of 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 financial assets pertain to unquoted equity securities included under the interim condensed consolidated statement of financial position caption "Other noncurrent assets".

These are carried at cost less impairment and approximate fair value 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
Other financial liabilities 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 rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the Group's accounts and other payables, loans payable, liabilities for purchased land, 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).

3. Investments and Advances

Acquisition of GBPC
On December 20, 2011, GBPC filed an application for the increase in its authorized capital stock and reduction in the par value of its common shares to ₱1 per share. Upon application of increase in authorized capital stock, the Parent Company intends to convert the deposit for future stocks subscription (DFS) through issuance of new common shares by GBPC. As a result, Parent Company's direct interest will be 21.04% with equivalent subscription of 117,067,800 new common shares (see Note 8). These advances are carried at cost and did not apply equity method of accounting due to pending regulatory approval as of December 31, 2011.

On January 16, 2012, the SEC approved the application of the increase in authorized capital stock of GBPC.

On February 15 and 16, 2012, the Parent Company entered into a Deed of Absolute Sale with GBHI for the sale and transfer of 35,504,900 and 38,863,000 common shares of GBPC, respectively, with GBHI as the seller and the Parent Company as the buyer for a consideration amounting to ₱1.24 billion and ₱1.36 billion, respectively. Such shares aggregating to 74,367,900 common shares represent 13.37 % direct interest of the Parent Company over GBPC.

With the result of foregoing transaction, the Parent Company has an effective interest of 46.41% which accounted from the direct interest obtained of 34.41% plus indirect interest through FMIC, majority owned subsidiary by MBTC of 12.00%.

Fed Land and MHC Omnibus Agreement
Fed Land , together with ORIX, executed a memorandum of agreement (MOA) dated December 8, 2011 and an Omnibus Subscription Agreement (OSA) dated December 21, 2011.

Under the MOA, Fed Land shall make additional capital contributions in the form of cash and property and ORIX shall make capital contributions in the form of cash in exchange for shares of stock of MHC pursuant to the terms and conditions set forth in the Omnibus Subscription Agreement; Orix contributions shall be placed in an escrow account until increase in subscription has been finally made.

On January 31, 2012, the Escrow has been released resulting to the increase in deposit for future subscription and APIC of MHC by ₱307.15 million and ₱44.76 million.

Fed Land and Orix intends to (i) develop a residential condominium and a hotel/retail/ office building on two (2) parcels of land located in Bonifacio Global City, Fort Bonifacio, Taguig City, Metro Manila, Philippines , with an aggregate area of 12,984 square meters, and (ii) engage in the operations of the hotel.

Fed Land intends to transfer a certain parcel of land as full payment for its subscription of 12,074,800 in MHC common shares. As of March 31, 2012, the title to the property has not yet been transferred to MHC. As a result, the transaction has not been consummated and therefore, there is no dilution of interest to the Group.

Common control business combination
On October 03, 2011, East West Investment Ltd. (EIL), Great Co. Limited (GCL) and Titan Resources Corporation (TRC) (collectively referred herein as "Seller") and Fed Land entered into a deed of sale agreement to transfer its respective shares of stock held over HLRDC for a total consideration of ₱420.00 million.

On June 23, 2011, Fed Land subscribed additional common shares issued by CRDC of 400,000 common shares obtaining an effective interest of 75.8% over CRDC after issuance. Before the acquisition, CRDC was majority owned by City Tower Realty Corporation (CTRC) which resulted to a dilution of its shares to Fed Land.

The two acquisitions were accounted for using the uniting of interest method.

4. Equity

As of March 31, 2012 and December 31, 2011, this account consists of (amounts in millions except for par value and number of shares:

Common stock - ₱10 par value	
Authorized - 500,000,000 shares	
Issued and outstanding - 125,000,000 shares	₱1,250
APIC	23,072
	₱24,322

The Parent Company has applied with the Philippine Stock Exchange (PSE) for the listing of 158,000,000 of its common shares. The PSE Board of Directors approved such application for listing on March 14, 2012 as contained in the PSE letter dated March 20, 2012, subject to the fulfillment of certain listing conditions.

5. 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 March 31, 2012 and December 31, 2011, 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.

6. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share amounts for the periods indicated were computed as follows:

	March 31		December 31,
	2012	2011	2011
	Unaudited		Audited
Net income attributable to Parent Company	**₱1,277**	₱852	₱3,324
Weighted average number of shares	**125**	125	125
	₱10.22	₱6.82	₱26.60

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

The Parent Company has applied with the Philippine Stock Exchange (PSE) for the listing of 158,000,000 of its common shares. The PSE Board of Directors approved such application for listing on March 14, 2012 as contained in the PSE letter dated March 20, 2012, subject to the fulfillment of certain listing conditions. On April 20, 2012, the Parent Company's common shares were listed on the Philippine Stock Exchange, Inc. (see Note 9).

7. Operating Segments

<u>Segment Information</u>
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 segment is engaged in real estate and leasing, development and selling of properties of every kind and description
- Financial institutions are engaged in the banking and insurance industry
- Motor segment is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments.
- Other segments have been aggregated to form a reportable segment are engaged in the following business:
  a) trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintains a petroleum service station and
  b) engaged in the food and restaurant service
  c) to act as a marketing agent for and in behalf of any real estate development company or companies.

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, operating profit and pretax income which are measured similarly in the financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to third parties.

The following tables present revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities as of and for the period ended March 31, 2012 and as of and for the year ended December 31, 2011.

	Real Estate	Financial Institution	Motor	Power	Others	Total
Quarter Ended March 31, 2012 (Unaudited)						
Results of Operations						
Revenue	**₱620**	**₱–**	**₱–**	**₱–**	**₱246**	**₱866**
Rentals	**18**	**–**	**–**	**–**	**31**	**49**
Equity in net income of associates	**13**	**1,127**	**141**	**171**	**–**	**1,452**
	651	**1,127**	**141**	**171**	**277**	**2,367**
Cost of sales and services	**367**	**–**	**–**	**–**	**182**	**549**
General and administrative expense (before depreciation nd amortization)	**181**	**–**	**–**	**–**	**162**	**343**
	548	**–**	**–**	**–**	**344**	**892**
EBITDA	**103**	**1,127**	**141**	**171**	**(67)**	**1,475**
Other income (expenses)						
Finance income	**139**	**–**	**–**	**–**	**–**	**139**
Finance cost	**(104)**				**(177)**	**(281)**
Depreciation and amortization	**(5)**	**–**	**–**	**–**	**(1)**	**(6)**
Pretax income	**133**	**1,127**	**141**	**171**	**(245)**	**1,327**
Provision for income tax	**19**	**–**	**–**	**–**	**6**	**25**
Net Income (Loss)	**₱114**	**₱1,127**	**₱141**	**₱171**	**(₱251)**	**₱1,302**
Statement of Financial Position						
Total Assets	₱29,521	₱32,276	₱2,213	₱6,255	₱597	₱70,862
Total Liabilities	₱18,765	₱–	₱–	₱–	₱14,079	₱32,844

	Real Estate	Financial Institution	Motor	Power	Others	Total
Year Ended December 31, 2011 (Audited)						
Results of Operations						
Revenue	₱3,176	₱–	₱–	₱–	₱920	₱4,096
Rentals	118	–	–	–	120	238
Equity in net income of associates	87	3,018	462	–	–	3,567
	3,381	3,018	462	–	1040	7,901
Cost of sales and services	1,554	–	–	–	710	2,264
General and administrative expense (before depreciation and amortization)	545	–	–	–	493	1,038
	2,099	–	–	–	1,203	3,302
EBITDA	1,282	3,018	462	–	(163)	4,599
Other income (expenses)		–	–	–		
Finance income	58	–	–	–	7	65
Finance cost	(433)				(557)	(990)
Depreciation and amortization	(29)	–	–	–	(42)	(71)
Pretax income	878	3,018	462	–	(755)	3,603
Provision for income tax	138	–	–	–	11	149
Net Income (Loss)	₱740	₱3,018	₱462	₱–	(₱766)	₱3,454
Statement of Financial Position						
Total Assets	₱28,954	₱32,197	₱2,071	₱3,397	₱3,444	₱70,063
Total Liabilities	₱18,299	₱–	₱–	₱–	₱14,614	₱32,913

8. 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 financial assets, 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.

Credit risk
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 financial assets. 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 post-dated 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.

The table below shows the maximum exposure to credit risk for the components of the Group's statement of financial position.

	Unaudited March 31, 2012	Audited December 31 2011
	(in millions)	
Cash and cash equivalents		
(excluding cash on hand)	**₱1,589**	₱452
Receivables (Note 5)		
Installment contracts receivable	**1,348**	1,924
Dividend receivable	**–**	157
Trade receivable	**1,330**	179
Accrued commission income	**–**	21
Accrued rent income	**5**	5
Accrued interest receivable	**9**	2
Others	**157**	161
Due from related parties	**817**	939
Long term cash investment	**2,459**	2,440
AFS financial assets	**4**	10
Total credit risk exposure	**₱7,718**	₱6,290

Liquidity risk

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

Unaudited March 31, 2012

(Amounts in millions)

	< 1 year	**> 1 to < 5 years**	**> 5 years**	**Total**
Financial assets				
Cash and cash equivalents	₱1,589	₱–	₱–	₱1,589
Receivables				
Installment contracts receivable	–	1,348	–	1,348
Dividend receivable	–	–	–	–
Trade receivable	1,330	–	–	1,330
Receivable from customers	–	–	–	–
Accrued commission income	–	–	–	–
Accrued rent income	5	–	–	5
Accrued interest receivable	9	–	–	9
Others	157	–	–	157
Due from related parties	817	–	–	817
Long term cash investment	–	2,459	–	2,459
AFS financial assets - unquoted	–	4	–	4
Total undiscounted financial assets	₱3,907	₱3,811	₱–	₱7,718

(Forward)

	< 1 year	> 1 to < 5 years	> 5 years	Total
Other financial liabilities				
Accounts and other payables				
Trade	**₱4,020**	**₱–**	**₱–**	**₱358**
Retentions payable	**201**	**–**	**–**	**201**
Accrued expenses	**73**	**–**	**–**	**73**
Accrued interest	**93**	**–**	**–**	**93**
Others	**50**	**–**	**–**	**50**
Loans payable	**7,486**	**19,600**	**–**	**27,086**
Due to related parties	**285**	**–**	**–**	**285**
Total undiscounted financial liabilities	**₱12,208**	**₱19,600**	**₱–**	**₱31,808**
Liquidity Gap	**(₱8,301)**	**(₱15,789)**	**₱–**	**(₱24,090)**

Audited
December 31, 2011

(Amounts in millions)	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents	₱452	₱–	₱–	₱452
Receivables				
Installment contracts receivable	820	1,105	–	1,925
Dividend receivable	157	–	–	157
Trade receivable	168	10	–	178
Accrued commission income	21	–	–	21
Accrued rent income	5	–	–	5
Accrued interest receivable	2	–	–	2
Others	157	–	4	161
Due from related parties	939	–	–	939
Long term cash investment	–	2,440	–	2,440
AFS financial assets - unquoted	–	10	–	10
Total undiscounted financial assets	₱2,721	₱3,565	₱4	₱6,290
Other financial liabilities				
Accounts and other payables				
Trade	3,794	–	–	3,794
Retentions payable	214	–	–	214
Accrued expenses	109	–	–	109
Accrued interest	65	–	–	65
Others	75	–	–	75
Loans payable	7,649	19,600	–	27,249
Due to related parties	404	–	–	404
Total undiscounted financial liabilities	₱12,310	₱19,600	₱–	₱31,910
Liquidity Gap	(₱9,589)	(₱16,035)	₱4	(₱25,620)

Foreign currency risk
Financial assets and financing facilities extended to the Group were mainly denominated in Philippine Pesos. As such, the Group's foreign currency risk is very minimal.

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.

9. Events after Financial Reporting Date

On April 20, 2012, the Parent Company's common shares were listed on the Philippine Stock Exchange, Inc. raising ₱18.8 billion based on the offer and sale of 41,217,300 common shares at an offer price of ₱455.00 per share. The offer shares consisted of 33,000,000 new common shares through a primary offering and 8,217,300 existing common shares offered by Ausan Resources Corporation and Titan Resources Corporation. The net proceeds raised by the Parent Company was ₱14.2 billion. The estimated net proceeds were intended to be used for the funding of key growth projects, acquisition of additional stakes in GT Capital companies, plant expansion and repayment of existing indebtedness. The net proceeds raised by the selling shareholders amounted was ₱6.2 billion. Grand Titan Capital Holdings and Titan Resources Corporation have granted UBS AG, as stabilizing agent, an option excercisable in whole or in part from and including the date of listing and ending 30 days from listing to purchase an additional 6,182,590 common shares (the "Optional Shares") from Grand Titan Capital Holdings and Titan Resources Corporation at ₱455.00 per share. The Parent Company did not receive any proceeds from the sale of the secondary offer shares and the optional shares.

On April 25, 2012, UBS AG acting as stabilizing agent for the Company fully exercised its overallotment option totalling 6,182,590 common shares at Php455.00 per share equivalent to ₱2.8 billion.

On May 2, 2012, the Company exercised its option to acquire 25,520,700 common shares of GBPC representing 4.6% of GBPC's outstanding capital stock at a fixed price of ₱35.00 per share. The exercise of the option fulfills an item in the Use of Proceeds portion of the Parent Company's Prospectus.

On May 3, 2012, the Company executed a Deed of Absolute Sale with various selling shareholders of Fed Land to acquire 20,000,000 common stock of Fed Land for an aggregate consideration of ₱2.7 billion. The consideration was based on a premium above book value as of December 31, 2011. The acquisition increases the direct holdings of the Parent Company in Fed Land from 80% to 100% and fulfills an item in the Use of Proceeds portion of the Parent Company's Prospectus.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RENATO C. VALENCIA**, Filipino, of legal age and a resident of 331 Maria Cristina Road, Ayala Alabang Village Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of GT Capital Holdings, Inc.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
(see attached Annex A)		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of GT Capital Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 14th day of June 2012, at Makati City.

Renato C. Valencia
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

SUBSCRIBED AND SWORN to before me this JUN 14 2012, affiant exhibiting to his Tax Identification No. 118-457-420.

Doc. No. 285;
Page No. 58;
Book No. 2;
Series Of 2012;

ANNEX A: COMPANY/ ORGANIZATION AFFILIATIONS

Nr.	Company/ Organization	Position/ Relationship	Period of Service/ Status
1	Anglo Phil. Inc	D	2006 to date
2	Aquaworld Corp.	I.D.	Inactive
3	Asia pacific Network Holdings	I,S,D, Vice Chair	June 30, 1998 to date
4	Bases Conversion Development Authority	D	Oct. 19, 2004 to April 2011
5	CNP Worldwide Inc	I,S,D, Chair	2005 to 2011 / dissolved
6	Far East Savings Bank, Inc.	I,D	1997-98 ; Acquired by BPI
7	Fort Bonifacio Development Corp.	D	2005 to April 2011
8	Golden Paradise Ents. Inc.	D	Not Operational
9	Grepalife Dollar bond Fund Corp.	I,D	2006 to 2011
10	Grepalife Fixed Income Fund Corp.	D	2006 to 2011
11	House of Investments	D	March 17, 2005 to date
12	Hypercash Payment Systems, Inc.	I, S, D Chair	2005 to date
13	Icash Inc.	D	Not operational
14	Independent insight Inc.	I, S, D, Vice Chair	June 27, 2001 to Nov. 2011
15	Intervest Consulting Group	I, S, D	Inactive
16	I-People Inc.	D, Chair	June 26, 2006 to date
17	Malayan Insurance Co. Inc.	D	2006 to date
18	Metropolitan Bank and Trust Company	D	Nov. 1998 to date
19	May PaySwitch Inc.	I, S, D, Pres	Inactive
20	NG. Com, Inc.	I, S, D	Inactive
21	Point Lobo Int'l. Corp.	D, Pres	2005 to 2010 / inactive
22	Reliant Ventures Holdings, Inc.	I, S, D, Chair	Inactive
23	Roxas & Co.	D	2006; 2010 to date
24	Roxas Holdings, Inc.	D	2006;2010 to date
25	Triple Top AIM, Inc.	I, S, D	September 2006/ Inactive

N.B.I. (Incorporator); S (Stockholder) ; D (Director)