



GT CAPITAL
HOLDINGS, INCORPORATED

August 14, 2014

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 17Q Report as of June 30, 2014**

Gentlemen / Mesdames:

In line with the reportorial requirements of the Securities Regulation Code and the Revised Disclosure Rules, we hereby submit the attached 2014 Second Quarter Report on SEC Form 17-Q.

Very truly yours,


Francisco H. Suarez, Jr.
Chief Finance Officer

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

Second Quarter Report

FORM/TYPE

**Second Monday of
May of each year**

Month Day
Annual Meeting

N A

Secondary License Type, if Applicable

SEC General Accountant &

C F D

Dept. Requiring this Doc.

N A

Amended Articles Number/Section

As of 6.30.14

73

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

SEC Number CS200711792

File Number _____

GT CAPITAL HOLDINGS, INC.

(Company's Full Name)

**43rd Floor, GT Tower International, Ayala Avenue corner 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)

June 30, 2014

(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: **June 30, 2014**
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	174,300,000 shares	None

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

Stock Exchange: THE PHILIPPINE STOCK EXCHANGE, INC.
Class of Securities: Common Shares

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 No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached Interim Condensed Consolidated Financial Statements and General Notes to Interim Condensed Consolidated Financial Statements (Please refer to Annex A) and Financial Soundness Indicators (Please refer to Annex B)

Item 2. Management's Discussion and Analysis of Statements of Income and Statement of Financial Position

Consolidated Statements of Income-For the Six Months Ended June 30, 2014 and For the Six Months ended June 30, 2013

(In Million Pesos, Except for Percentage)	Unaudited		Increase (Decrease)	
	Six Months Ended June 2014	2013	Amount	Percentage
REVENUE				
Automotive operations	49,722	32,050	17,672	55%
Net fees	9,198	8,656	542	6%
Real estate sales	2,809	2,253	556	25%
Interest income on real estate sales	505	295	210	71%
Equity in net income of associates	1,755	3,263	(1,508)	(46%)
Net premium earned	886	-	886	100%
Sale of goods and services	315	340	(25)	(7%)
Rent income	310	300	10	3%
Interest income on deposits and investments	179	238	(59)	(25%)
Commission income	93	91	2	2%
Gain from previously held interest	-	1,260	(1,260)	(100%)
Other income	400	304	96	32%
	66,172	49,050	17,122	35%
COSTS AND EXPENSES				
Cost of goods and services sold	31,423	20,457	10,966	54%
Cost of goods manufactured	11,881	7,498	4,383	58%
General and administrative expenses	5,900	4,137	1,763	43%
Power plant operation and maintenance expenses	5,136	4,405	731	17%
Cost of real estate sales	2,007	1,733	274	16%
Interest expense	1,601	1,692	(91)	(5%)
Net insurance benefits and claims	350	-	350	100%
	58,298	39,922	18,376	46%
INCOME BEFORE INCOME TAX	7,874	9,128	(1,254)	(14%)
PROVISION FOR INCOME TAX	1,371	1,002	369	37%
NET INCOME	6,503	8,126	(1,623)	(20%)
Attributable to:				
Equity holders of the Parent Company	3,965	6,052	(2,087)	(34%)
Non-controlling interest	2,538	2,074	464	22%
	6,503	8,126	(1,623)	(20%)

GT Capital Holdings, Inc. ("GT Capital" or the "Company") reported a consolidated net income attributable to the Parent Company of Php4.0 billion for the six months ended June 30, 2014, representing a 34% decline from the Php6.1 billion recorded in the same period last year. Consolidated revenues, however, increased by 35% from Php49.1 billion in the first half of 2013 to Php66.2 billion in the first half of 2014.

The revenue growth came from the following component companies: (1) automotive operations from Toyota Motor Philippines Corporation ("TMP") and Toyota Cubao, Inc. ("TCI") as combined sales increased from Php32.1 billion to Php49.7 billion accounting for 75% of total revenue; (2) net fees from Global Business Power Corporation ("GBPC") which increased from Php8.7 billion to Php9.2 billion accounting for 14% of total revenue; (3) higher real estate sales and interest income on real estate sales from Federal Land, Inc. ("Fed Land") which grew from Php2.5 billion to Php3.3 billion; and (4) net premium earned from Charter Ping An Insurance Corporation (CPAIC) which reached Php0.9 billion.

Core net income attributable to the Parent Company amounted to Php3.9 billion, representing a 17% decline from the same period of the previous year, after excluding the Php1.3 billion non-recurring income from the remeasurement of GT Capital's 36% previously-held interest in TMP following GT Capital's acquisition of control over TMP in 2013.

Fed Land, GBPC, TMP, CPAIC and TCI are consolidated in the financial statements of the Company. The other component companies Metropolitan Bank and Trust Company ("Metrobank" or "MBTC"), Philippine AXA Life Insurance Corporation ("AXA Philippines") and Toyota Manila Bay Corporation ("TMBC") are accounted for through equity accounting.

Of the eight (8) component companies, GBPC, CPAIC, Metrobank and AXA Philippines reported decreases in its net income for the period in review. On the other hand, the other component companies, namely Fed Land, TMP and TMBC posted double digit growth in net income, while TCI reported a triple digit growth in net income.

Automotive operations grew by 55% or Php17.7 billion from Php32.1 billion to Php49.7 billion due to the continued strong demand for the all new Vios, new models mix – Corolla Altis, Wigo, and Yaris and minor improvements in the Innova and Hi-Lux, sales volume increments across all other models, aggressive sales and promotions, and continued expansion in dealer outlets from 42 to 44.

Net fees increased by 6% from Php8.7 billion to Php9.2 billion primarily due to new interim power purchase contracts with Manila Electric Company ("Meralco") and additional Wholesale Electricity and Spot Market (WESM) compensation collected.

Real estate sales and interest income on real estate sales rose by 30% year-on-year from Php2.5 billion to Php3.3 billion driven by sales contributions from ongoing high-end and middle market development projects situated in Pasay City, Quezon City, Escolta, Manila, Cebu, Bonifacio Global City, and Marikina City.

Equity in net income of associates was 46% lower from Php3.3 billion to Php1.8 billion as the net income from Metrobank and AXA Philippines declined for the period. The decrease in Metrobank's net income was chiefly due to a decrease in trading, security and foreign exchange gains. Metrobank's net income contribution also excluded the one-time gain from sale of Metrobank's property to Fed Land and the one-time gain on the sale of First Metro Investment Corporation's direct equity stakes in CPAIC, TMBC, and TCI as the sale constituted an intercompany sale within the GT Capital Group which is eliminated in the consolidation. AXA Philippines' net income also declined from Php851 million in the first half of 2013 to Php561 million in the first half of 2014 primarily due to a decline in premium revenue, reduction in the investment income from non-linked investments, higher corporate support expenses, and higher business and income taxes.

Net premium earned from CPAIC comprising gross earned premiums on non-life insurance contracts, net of reinsurer's share, contributed Php886 million in revenues.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, at the Blue Wave malls situated in Pasay City and Marikina City decreased by 7% from Php340 million to Php315 million due to lower fuel sales arising from fuel price increases and rollbacks implemented during the period in review.

Interest income on deposits and investments declined by 25% from Php238 million to Php179 million largely due to a decline in placement rates earned in money market placements.

Other income grew by 32% from Php304 million to Php400 million with TMP contributing Php110 million consisting of foreign exchange gain, gain on sale of fixed assets and other income and Fed Land contributing Php244 million comprising forfeitures, management fees and other income. The remaining balance of Php46 million came from CPAIC (Php25 million) and GBPC (Php21 million).

Consolidated costs and expenses grew by 46% from Php39.9 billion in the first half of 2013 to Php58.3 billion in the first half of 2014. TMP contributed Php44.6 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. GBPC contributed Php7.7 billion comprising power plant operations and maintenance, general and administrative expenses and interest expenses. Fed Land contributed Php3.5 billion consisting of cost of real estate sales, cost of goods and services sold, general and administrative expenses and interest expenses. TCI contributed Php1.2 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses. CPAIC accounted for Php870 million, which consisted of general and administrative expenses and net insurance benefits and claims. The remaining balance of Php430 million pertained to GT Capital's interest expenses and general and administrative expenses.

Cost of goods and services sold increased by 54% from Php20.5 billion to Php31.4 billion with TMP's and TCI's completely built-up units and spare parts accounting for Php30.0 billion and Php1.1 billion, respectively and the balance from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 58% from Php7.5 billion in the first half of 2013 to Php11.9 billion in the first half of 2014.

General and administrative expenses rose by 43% from Php4.1 billion to Php5.9 billion. TMP accounted for Php2.6 billion comprising of advertising and sales promotion expenses, salaries, and taxes and licenses. GBPC contributed Php1.6 billion representing salaries, taxes and licenses, repairs and maintenance, administration and management expenses, outside services and insurance expenses. Fed Land contributed Php934 million comprising salaries, commissions, depreciation and taxes and licenses. CPAIC accounted for Php520 million consisting of commissions and salaries. GT Capital contributed Php143 million principally overhead expenses, filing, listing and maintenance fees. The remaining Php75 million balance pertained to TCI's salaries, advertising and promotions, commission and utilities expenses.

Power plant operations and maintenance expenses referring to purchased power and repairs and maintenance from the power generation companies of GBPC increased by 17% from Php4.4 billion to Php5.1 billion mainly due to an increase in energy sales and purchased power expenses.

Cost of real estate sales increased by 16% from Php1.7 billion to Php2.0 billion due to an increase in real estate sales.

Interest expenses decreased by 5% or Php91 million from Php1.7 billion to Php1.6 billion with GBPC, Fed Land, GT Capital, TMP and TCI accounting for Php976 million, Php289 million, Php287 million, Php43 million and Php4 million, respectively.

Net insurance benefits and claims amounted to Php350 million, representing benefits and claims paid to policyholders, including changes in the valuation of the insurance contract liabilities and internal and external claim handling costs directly related to the processing and settlement of claims.

Provision for income tax increased by 37% from Php1 billion to Php1.4 billion with TMP, Fed Land, CPAIC, GBPC and TCI contributing Php1.1 billion, Php0.2 billion, Php38 million, Php29 million and Php5 million, respectively.

Consolidated net income attributable to equity holders of the Parent Company declined by 34% from Php6.1 billion in the first half of 2013 to Php4 billion in the first half of 2014.

GT Capital Consolidated Statements of Income
Second Quarter Ended June 30, 2014 vs. Second Quarter Ended June 30, 2013

(In Million Pesos, Except for Percentage)	Unaudited		Increase (Decrease)	
	April to June 2014	2013	Amount	Percentage
REVENUE				
Automotive operations	26,096	18,881	7,215	38%
Net fees	5,194	4,795	399	8%
Real estate sales	1,371	1,298	73	6%
Interest income on real estate sales	251	164	87	53%
Equity in net income of associates	1,032	1,045	(13)	(1%)
Net premium earned	444	-	444	100%
Sale of goods and services	151	170	(19)	(11%)
Rent income	135	146	(11)	(8%)
Interest income on deposits and investments	94	121	(27)	(22%)
Commission income	46	30	16	53%
Other income	233	159	74	47%
	35,047	26,809	8,238	31%
COSTS AND EXPENSES				
Cost of goods and services sold	16,596	12,201	4,395	36%
Cost of goods manufactured	5,898	4,167	1,731	42%
General and administrative expenses	3,312	2,252	1,060	47%
Power plant operation and maintenance expenses	2,805	2,425	380	16%
Cost of real estate sales	1,009	990	19	2%
Interest expense	778	841	(63)	(7%)
Net insurance benefits and claims	170	-	170	100%
	30,568	22,876	7,692	34%
INCOME BEFORE INCOME TAX	4,479	3,933	546	14%
PROVISION FOR INCOME TAX	766	599	167	28%
NET INCOME	3,713	3,334	379	11%
Attributable to:				
Equity holders of the Parent Company	2,227	2,083	144	7%
Non-controlling interest	1,486	1,251	235	19%
	3,713	3,334	379	11%

Net income attributable to equity holders of GT Capital increased by 7% from Php2.1 billion in the second quarter ending June 30, 2013 to Php2.2 billion in the second quarter ending June 30, 2014. The improvement in net income primarily came from the 31% increase in revenues from Php26.8 billion to Php35.0 billion.

Automotive operations increased by 38% or Php7.2 billion from Php18.9 billion to Php26.1 billion owing to the strong demand for the all new Vios, new models mix – Corolla Altis, Wigo, and Yaris, minor improvements in the Innova and Hi-Lux, sales volume increments across all other models, aggressive sales and promotions, and continued expansion in dealer outlets from 42 to 44.

Net fees rose by 8% from Php4.8 billion to Php5.2 billion due to the interim power purchase contract with Meralco and the additional WESM compensation collected.

Real estate sales and interest income on real estate sales rose by 11% from Php1.5 billion to Php1.6 billion mainly from the ongoing high-end and middle- market developments of Fed Land situated in Pasay City, Bonifacio Global City, Quezon City, Escolta, Manila, Paco, Manila, Cebu and Marikina City.

CPAIC contributed Php444 million of revenues from net premium earned for the quarter.

Sales of goods and services consisting of the sale of petroleum products, on a wholesale and retail basis, dropped by 11% from Php170 million to Php151 million due to lower fuel sales arising from successive price increases and rollbacks implemented in the quarter.

Commission income increased from Php30 million to Php46 million, with CPAIC and Fed Land contributing Php33 million and Php13 million, respectively.

Rent income decreased by 8% or Php11 million from Php146 million to Php135 million with the GT Tower office complex as major contributor.

Interest income on deposits and investments declined by 22% or Php27 million from Php121 million to Php94 million owing to a decline in short term investments and placement rates.

Other income increased by 47% from Php159 million to Php233 million with Fed Land contributing Php134 million comprising real estate forfeitures, management fees and other income and TMP contributing Php71 million consisting of foreign exchange gain, gain on sale of fixed assets and other income. The remaining balance of Php28 million came from CPAIC, (Php17 million); and GBPC (Php11 million).

Consolidated costs and expenses grew by 34% from Php22.9 billion to Php30.6 billion. TMP contributed Php22.8 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. GBPC accounted for Php4.1 billion comprising power plant operations and maintenance expenses, general and administrative expenses and interest expenses. Fed Land contributed Php1.8 billion from cost of real estate sales, cost of goods and services sold, general and administrative expenses and interest expenses. TCI contributed Php1.2 billion composed of cost of goods and services sold, general and administrative expenses and interest expenses. CPAIC contributed Php0.4 billion while the remaining balance of Php0.3 billion came from GT Capital.

Cost of goods and services sold increased by 36% from Php12.2 billion to Php16.6 billion with TMP's and TCI's completely built-up units and spare parts accounting for Php15.3 billion and Php1.1 billion, respectively and the balance and Php0.2 billion from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP increased by 42% or Php1.7 billion from Php4.2 billion to Php5.9 billion.

General and administrative expenses grew by 47% from Php2.3 billion to Php3.3 billion with TMP, GBPC, Fed Land, CPAIC, GT Capital and TCI contributing Php1.5 billion, Php0.8 billion, Php0.5 billion, Php0.3 billion, Php0.1 billion and Php0.1 billion, respectively.

Power plant operation and maintenance expenses from GBPC increased by 16% from Php2.4 billion to Php2.8 billion principally from the increase in purchased power and higher repairs and maintenance expenses.

Interest expenses dropped by 7% from Php841 million to Php778 million with GBPC, GT Capital, Fed Land, TMP and TCI contributing Php484 million, Php147 million, Php116 million, Php27 million and Php4 million, respectively.

Net insurance benefits and claims amounted to Php170 million for the quarter.

Provision for income tax reached Php766 million subdivided among TMP, (Php600 million); Fed Land, (Php77 million); GBPC, (Php67 million); CPAIC, (Php17 million); and TCI, (Php5 million).

As a result, net income attributable to equity holders of the Parent Company increased by 7% to Php2.2 billion in the second quarter ending June 30, 2014 from Php2.1 billion in the second quarter ending June 30, 2013.

Consolidated Statements of Financial Position

(In Million Pesos, Except for Percentage)

	Unaudited	Audited	Increase (Decrease)	
	June 2014	December 2013	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	25,179	27,167	(1,988)	(7%)
Short-term investments	1,265	1,467	(202)	(14%)
Receivables	13,546	12,451	1,095	9%
Reinsurance assets	5,149	4,966	183	4%
Inventories	25,338	20,813	4,525	22%
Due from related parties	687	849	(162)	(19%)
Prepayments and other current assets	5,019	5,969	(950)	(16%)
Total Current Assets	76,183	73,682	2,501	3%
Noncurrent Assets				
Receivables	6,807	4,929	1,878	38%
Available-for-sale investments	3,243	3,111	132	4%
Investments in associates and joint ventures	41,241	40,559	682	2%
Investment properties	8,475	8,329	146	2%
Property and equipment	41,953	41,163	790	2%
Goodwill and intangible assets	18,189	18,275	(86)	0%
Deferred tax assets	1,262	1,109	153	14%
Other noncurrent assets	2,250	1,203	1,047	87%
Total Noncurrent Assets	123,420	118,678	4,742	4%
	199,603	192,360	7,243	4%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	21,983	20,837	1,146	5%
Insurance contract liabilities	6,922	6,684	238	4%
Short-term debt	4,300	1,744	2,556	147%
Current portion of long-term debt	2,319	3,364	(1,045)	(31%)
Current portion of liabilities on purchased properties	815	783	32	4%
Customers' deposits	2,178	1,844	334	18%
Income tax payable	611	876	(265)	(30%)
Due to related parties	183	188	(5)	(3%)
Dividends payable	-	1,966	(1,966)	(100%)
Other current liabilities	873	907	(34)	(4%)
Total Current Liabilities	40,184	39,193	991	3%
Noncurrent Liabilities				
Long-term debt – net of current portion	41,739	40,584	1,155	3%
Bonds payable	9,888	9,883	5	0%
Liabilities on purchased properties – net of current portion	3,222	3,537	(315)	(9%)
Pension liability	1,850	1,704	146	9%
Deferred tax liabilities	3,256	3,252	4	0%
Other noncurrent liabilities	1,509	1,643	(134)	(8%)
Total Noncurrent Liabilities	61,464	60,603	861	1%
	101,648	99,796	1,852	2%

	Unaudited	Audited	Increase (Decrease)	
	June 2014	December 2013	Amount	Percentage
Equity				
Equity attributable to equity holders of GT Capital				
Capital stock	1,743	1,743	-	0%
Additional paid-in capital	46,695	46,695	-	0%
Treasury shares	(6)	(6)	-	0%
Retained earnings				
Unappropriated	22,244	21,802	442	2%
Appropriated	3,000	-	3,000	100%
Other equity adjustments	583	729	(146)	(20%)
Other comprehensive income	(1,030)	(437)	(593)	(136%)
	73,229	70,526	2,703	4%
Non-controlling interest	24,726	22,038	2,688	12%
Total equity	97,955	92,564	5,391	6%
	199,603	192,360	7,243	4%

The major changes in the balance sheet items of the Company from December 31, 2013 to June 30, 2014 are as follows:

Total consolidated assets of the GT Capital Group increased by 4% or Php7.2 billion from Php192.4 billion as of December 31, 2013 to Php199.6 billion as of June 30, 2014. Total liabilities increased by 2% or Php1.8 billion from Php99.8 billion to Php101.6 billion while total equity rose by 6% or Php5.4 billion from Php92.6 billion to Php98.0 billion.

Cash and cash equivalents decreased by 7% or Php2.0 billion to Php25.2 billion with GBPC, TMP, GT Capital, Fed Land, CPAIC and TCI accounting for Php13.0 billion, Php9.4 billion, Php1.5 billion, Php834 million, Php458 million and Php63 million, respectively.

Short-term investments decreased by 14% or Php202 million from Php1.5 billion to Php1.3 billion with TMP and CPAIC contributing Php1.3 billion and Php2 million, respectively.

Receivables increased by 9% to Php13.5 billion with GBPC contributing Php3.9 billion representing outstanding billings for energy fees and passed-through fuel costs arising from the delivery of power, TMP contributing Php3.9 billion consisting of trade receivables with credit terms ranging from one (1) to thirty (30) days and Fed Land contributing Php2.7 billion, a majority of which were installment contract receivables, trade receivables and other receivables. CPAIC accounted for Php2.5 billion primarily insurance receivables and TCI accounted for Php0.5 billion representing trade receivables from the sale of automobiles and after-sales services.

Inventories increased by 22% or Php4.5 billion to Php25.3 billion with Fed Land comprising condominium units for sale and land for development and TMP mostly finished goods accounting for Php20.0 billion and Php4.3 billion, respectively. The balance of Php1.0 billion came from GBPC representing coal and spare parts and supplies (Php0.9 billion) and TCI representing automobiles and spare parts (Php0.1 billion).

Due from related parties decreased by 19% or Php162 million to Php687 million due to collections received from the various subsidiaries of Fed Land.

Prepayments and other current assets decreased by 16% or Php950 million to Php5.0 billion due to the application of creditable withholdings taxes against income tax due and the application of input tax against output tax.

Noncurrent receivables from Fed Land unit buyers who opted for long term payment arrangements (Php6.0 billion) and from various electric cooperatives of GBPC (Php764 million) rose by 38% or Php1.9 billion to Php6.8 billion.

Deferred tax assets reached Php1.3 billion, with TMP accounting for Php849 million comprising deferred tax assets on accrued retirement benefits, provision for claims and assessments and warranty payable; and GBPC contributing Php352 million representing deferred tax assets on provision for retirement benefits and unrealized foreign exchange losses. The remaining Php44 million originated from TCI, (Php24 million); Fed Land, (Php15 million); and CPAIC (Php5 million).

Other noncurrent assets rose by 87% or Php1.0 billion to Php2.3 billion representing advances to contractors and suppliers relating to the engineering, procurement and construction contract for the Panay Energy Development Corporation (PEDC) Unit 3 Plant Expansion Project.

Accounts and other payables increased by 5% to Php22.0 billion from Php20.8 billion with TMP, GBPC, Fed Land, CPAIC, TCI and GT Capital accounting for Php11.7 billion, Php4.7 billion, Php3.7 billion, Php1.6 billion, Php230 million and Php106 million, respectively.

Short-term debt increased by Php2.6 billion from Php1.7 billion to Php4.3 billion due to loan availments made by GT Capital, Fed Land and TMP's dealer subsidiaries to partially finance its working capital requirements and the consolidation of TCI's short-term debt as a result of the business combination effective March 31, 2014.

Current portion of long-term debt decreased by 31% or Php1.0 billion to Php2.3 billion due to principal payments made by GBPC's operating subsidiaries.

Customers' deposits increased by 18% to Php2.2 billion mainly due to collections received by Fed Land for projects launched in 2013 and 2012 which did not qualify for revenue recognition.

Income tax payable declined by 30% to Php611 million due to income tax payments paid in April by GT Capital's subsidiaries.

Dividends payable declined by Php2.0 billion as cash dividends due were fully paid effective April 16, 2014.

Liabilities on purchased properties, net of current portion, declined by 9% to Php3.2 billion due to a reclassification from non-current to current portion triggered by principal amortization.

Pension liability amounted to Php1.9 billion, of which TMP, GBPC, CPAIC, TCI, Fed Land and GT Capital accounted for Php1.1 billion, Php477 million, Php102 million, Php98 million, Php97 million and Php3 million, respectively.

Other noncurrent liabilities decreased by 8% or Php134 million to Php1.5 billion due to a reversal of provisions relating to TMP's Corporate Social Responsibility activities.

Appropriated retained earnings reached Php3.0 billion mainly earmarked for the equity call for GBPC to partially finance the PEDC Unit 3 Plant Expansion Project.

Other equity adjustments decreased by 20% or Php146 million to Php583 million from Php729 million as a result of GT Capital's acquisition of an additional 33.33% direct equity stake in CPAIC (negative Php375.67 million), the sale by GT Capital of a 40% equity stake of TCI to Mitsui (Php193.95 million), acquisition of an additional 0.26% of TCI by GT Capital (negative Php0.42 million), and change in direct ownership over GBPC after FMIC and GT Capital's waiver of pre-emptive rights on the subscription (Php 60.52 million) and change in direct ownership over TCI after subscription (negative Php24.80 million). Acquisitions or sales of non-controlling interest are changes in ownership in a subsidiary without loss of control which are treated as equity transactions. Any difference between the consideration for the purchase or sale and the value of the non-controlling interest acquired or sold is recognized as negative or positive other equity adjustments.

Other comprehensive income decreased by 136% or Php593 million to Php1.0 billion due to marked-to-market losses recognized on available-for-sale investments of subsidiaries and associates.

Equity before non-controlling interests grew by 4% or Php2.7 billion to Php73.2 billion arising from net income realized for the period, net of Php523 million cash dividends declared partially offset by the decrease in other equity adjustments (Php0.1 billion) and decrease in other comprehensive income (Php0.6 billion).

Non-controlling interests increased by Php2.7 billion to Php24.7 billion representing the net effect of: (1) Php2.5 billion net income attributable to non-controlling interest for the period; (2) Php2.2 billion increase in non-controlling interest in GBPC arising from the equity call contribution to the PEDC Unit 3 Plant Expansion Project; (3) Php532 million increase in non-controlling interest in Panay Power Holdings Corporation arising from the equity call contribution to the PEDC Unit 3 Plant Expansion Project; (4) Php105 million additional non-controlling interest relating to the sale of 40% of TCI to Mitsui; (5) Php2.3 billion representing reversal of non-controlling interest relating to the cash dividends declared by TMP; and (6) Php336 million representing reversal of non-controlling interest arising from GT Capital's acquisition of the remaining 33.33% of CPAIC.

Key Performance Indicators (In Million Pesos, except %)

Income Statement	June 30, 2014	June 30, 2013
Total Revenues	66,172	49,050
Net Income attributable to GT Capital Holdings	3,965	6,052
Balance Sheet	June 30, 2014	December 31, 2013
Total Assets	199,603	192,360
Total Liabilities	101,648	99,796
Equity attributable to GT Capital Holdings	73,229	70,526
Return on Equity (%) *	11.0%	13.9%

- 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 recorded a consolidated net income attributable to equity holders of the Parent Company of Php9.1 billion in the first half of 2014 from Php18.1 billion realized in the same period of the previous year wherein the Bank registered non-recurring trading, securities and foreign exchange gains.

Net interest income grew by 29% from Php17.3 billion in the first half of 2013 to Php22.4 billion in the first half of 2014 chiefly due to the 19% growth in loans and receivables reaching Php647.5 billion for the period driven by strong loan demand in the corporate, small and medium scale and middle market segments. Non-interest income, on the other hand, amounted to Php13.6 billion. The major components of non-interest income are miscellaneous income, (Php8.1 billion); services charges, fees and commissions, (Php4.4 billion); and trading securities and foreign exchange gains, (Php1.1 billion).

Miscellaneous income included gains realized from a property sale and continued disposal of non-core assets.

Total resources reached Php1.44 trillion representing a 5% increase from Php1.38 trillion as of December 31, 2013. The improvement in resources came from the 6% expansion in total deposits from Php1 trillion to Php1.1 trillion.

Federal Land

Fed Land total revenue rose by 21.1% from Php3.7 billion in the first half of 2013 to Php4.4 billion in the first half of 2014. The revenue improvement came from real estate sales, interest income on real estate sales, equity in net earnings of an associate and a joint venture, and rent income. Real estate sales including interest income on real estate sales grew by 30.1% from Php2.5 billion to Php3.3 billion mainly from ongoing high-end-and-middle-market development projects situated in Pasay City, Bonifacio Global City, Quezon City, Escolta, Manila, Paco, Manila, Cebu, and Marikina City. Equity in net earnings from an associate and a joint venture, likewise, grew by 31.8% from Php159.5 million to Php210.3 million as this included earnings from the Grand Hyatt project situated in Bonifacio Global City in addition to the Grand Midori project located in Legaspi Village, Makati City. Rent income increased by 3.6% from Php302.3 million to Php313.4 million with the GT Tower office building, and Philippine AXA Life Center as major contributors.

As a result of the strong revenue growth, net income attributable to equity holders of the Parent Company grew by 58% from Php453.3 million in 2013 to Php716.2 million in 2014.

Global Business Power

GBPC's net fees, comprising energy fees for electricity supplied by its operating companies to its customers, net of adjustments, slightly increased by 6.3% from Php8.8 billion in the first half of 2013 to Php9.3 billion in the first half of 2014 owing to the increase in net fees from Panay Power and Toledo Power mainly from new interim power purchase contracts with Manila Electric Company ("Meralco") amounting to Php240 million and additional Wholesale Electricity Spot Market compensation collected amounting to Php67.7 million. The increase in net fees, however, was not enough to offset a decrease in net fees from Cebu Energy Development Corporation due to low load dispatch in the first quarter following the imposition of an administrative price cap in the Visayas grid from November 8, 2013 up March 26, 2014 and technical issues affecting one of the units of the Toledo Power plant.

The 16.4% increase in power plant operations and maintenance expenses from Php4.9 billion to Php5.7 billion was not enough to offset decreases in general and administrative and interest expenses. Net income attributable to equity holders of the Parent Company declined by 19.7% from Php1.1 billion in the first half of 2013 to Php920 million in the first half of 2014.

The interim power agreements between Toledo Power and Panay Power to supply an aggregate 55 megawatts of its diesel reserves to Meralco has been further extended from July 1, 2014 to October 31, 2014. Negotiations are likewise ongoing to extend this contract to a multi-year agreement. Meanwhile, Toledo Power's 82 megawatt plant expansion is expected to be completed one quarter ahead of schedule and commence operations within the fourth quarter of 2014.

Toyota Motor Philippines

TMP's consolidated sales, including three (3) dealer outlets - Lexus Manila situated in Bonifacio Global City, Toyota Makati and Toyota San Fernando, Pampanga, registered 29.2% growth from Php37.8 billion in the first half of 2013 to Php48.9 billion in the first half of 2014 as sales from completely built-up units and completely knocked-down parts grew by 51% and 38%, respectively, driven by the continued strong demand for the all new Vios, new models mix - Corolla Altis (January), Wigo (February), and Yaris (March) and minor improvements in the Innova (February) and Hi Lux (March), sales volume increments across all other models, aggressive sales and promotions and continued expansion in dealer outlets from 42 to 44.

The sales improvement and favorable movements in the foreign exchange rate resulted in an improvement in gross and operating profit margins from 13.1% to 13.7% and 8.1% to 8.3%, respectively. As a result, net income attributable to equity holders of the Parent Company rose by 31% from Php2.3 billion to Php3 billion.

AXA Philippines

AXA Philippines total sales as expressed in Annual Premium Equivalent comprising regular, single, and group premium products reached Php1.8 billion or at par with the same period of the previous year as the 28% and 6% improvement in regular and group premium products was offset by a 38% decline in single premium products. This resulted in a 23% decline in premium income from Php10 billion in the first half of 2013 to Php7.5 billion in the first half of 2014 mainly due to a 39% decrease in single premium income from Php6.2 billion to Php3.8 billion as continued capital market volatility induced investors to remain liquid.

By product, single premium accounted for 62% or Php4.7 of premium income while traditional insurance products comprised the balance. By distribution channel, bancassurance contributed over 70% of premium income.

The improvement in premium margin by 20.8% from Php1.3 billion to Php1.5 billion and lower corporate support expenses by 25.2% from Php793 million to Php561 million was offset by a 56.4% decline in investment income from non-linked investments from Php640 million to Php279 million. As a result, net income declined by 34.1% from Php851 million in the first half of 2013 to Php561 million in the first half of 2014.

Charter Ping An

CPAIC registered a 13% growth in gross premium written from Php1.8 billion in the first half of 2013 to Php2 billion in the first half of 2014 with motor car, marine hull, and compulsory OFW comprising 77% of gross premium written.

However, CPAIC incurred higher than normal claims and losses arising from a typhoon that affected the Mindanao region in the first quarter and higher operating expenses which resulted in a 2% decline in net underwriting income from Php101 million to Php98.7 million. Likewise, lower one-time gains/losses from the sale of shares of stock resulted in a 9% reduction in net income from Php112.2 million in the first half of 2013 to Php101.7 million in the first half of 2014.

Toyota Manila Bay

TMBC consolidated sales, from Manila Bay, Dasmariñas Cavite and Jose Abad Santos, Manila branches, grew by 21.3% from Php4.5 billion in the first half of 2013 to Php5.4 billion in the first half of 2014 as vehicle sales grew by 21.6% from Php4.2 billion to Php5.1 billion chiefly from the 30% increase in vehicle sales volume from 4,150 units to 5,414 units. Sales of spare parts and maintenance services, likewise, increased from Php194.8 million to Php229.7 million and from Php124.7 million to Php147.9 million, respectively.

Gross profit margin for vehicle sales was maintained at 7% due to intensified competition. Net income rose by 22.1% from Php54.4 million in the first half of 2013 to Php66.4 million in the first half of 2014.

Toyota Cubao, Inc.

TCI consolidated sales, from Cubao and Marikina branches grew by 7% from Php2.2 billion to Php2.3 billion. Of total sales, vehicle sales comprised 92% while spare parts and maintenance services accounted for 4% each, respectively. Retail sales grew by 19% from 2,175 units to 2,589 units with commercial and passenger car vehicles accounting for 51% and 49%, respectively.

While overall gross profit margin was maintained at 7.5%, the increase in the gross profit margin for spare parts from 21.6% to 22.7% was offset by a decrease in gross profit margins for vehicle sales from 4.9% to 4.7% due to intensified competition. Net income grew more than tripled from Php4.7 million in the first half of 2013 to Php14.4 million in the first half of 2014 mainly due to lower borrowing costs.

Except for (i), (ii) 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;

On July 24, 2014, the Philippine SEC approved the issuance of bonds amounting to Php12 billion with tenors of 5-year, 7-year and 10-year with interest rates of 4.7106%, 5.1965% and 5.625% respectively.

On July 25, 2014, the Company executed a Subscription Agreement with Fed Land to acquire 80,000,000 preferred shares of stock with par value of Php100.00 per share from Fed Land for a total Subscription Price of Php8 billion subject to the approval of the Philippine Securities and Exchange Commission ("SEC") of Fed Land's increase in authorized capital stock from Php15 billion to Php23 billion. On the same day, the Company made the deposit amounting to Php500 million representing at least the minimum 25% subscribed and paid-up capital for the increase in authorized capital stock of Fed Land from Php15 billion to Php23 billion.

- (ii) Any events that would trigger direct or contingent financial obligation (including contingent obligation) that is material to the Company, including any default or acceleration of an obligation except those disclosed in the notes to the interim condensed unaudited financial statements;
- (iii) Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;
- (iv) Any material commitments for capital expenditures, their purpose, and sources of funds for such expenditures;
- (v) Any known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;
- (vi) Any significant elements of income or loss that did not arise from the Company's continuing operations;
- (vii) The causes of any material change from period to period including vertical and horizontal analysis of any material item, the causes of material changes are discussed in the 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

At a Special Board Meeting held on June 30, 2014, the following officers of GT Capital were elected:

- | | | |
|----|----------------------------|------------------|
| 1. | Mr. Francisco C. Sebastian | Chairman |
| 2. | Mr. Arthur V. Ty | Co-Vice Chairman |

At the Special Board Meeting aforementioned, the Board of Directors also appointed Ms. Mary Vy Ty as Adviser.

The following were also appointed to the various Board Committees of the Company:

Audit Committee

Mr. Wilfredo A. Paras	Chairman
Mr. Christopher P. Beshouri	Member
Mr. David T. Go	Member

Nominations Committee

Mr. Wilfredo A. Paras	Chairman
Mr. Carmelo Maria Luza Bautista	Member
Mr. Roderico V. Puno	Member

Executive Committee

Mr. Arthur Vy Ty	Chairman
Mr. Alfred VyTy	Vice Chairman
Mr. Francisco C. Sebastian	Member
Mr. Carmelo Maria Luza Bautista	Member
Mr. Solomon S. Cua	Member
Ms. Mary Vy Ty	Adviser

**GT CAPITAL HOLDINGS, INC.
AGING OF RECEIVABLES
IN MILLION PESOS
AS OF JUNE 30, 2014**

Number of Days	Amount
Less than 30 days	Php 2,327
30 days to 60 days	511
61 days to 90 days	393
91 days to 120 days	435
Over 120 days	2,009
Current (not yet due)	14,501
Noncurrent installment contract receivable	823
Total	Php 20,999

**GT CAPITAL HOLDINGS, INC.
LIST OF STOCKHOLDERS AND PERCENTAGE OF HOLDINGS
AS OF JUNE 30, 2014**

The following stockholders own more than 5% of the total issued and outstanding shares of the Company as of June 30, 2014:

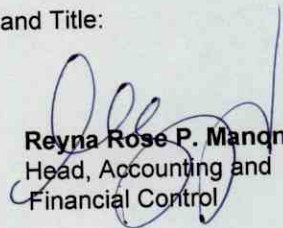
Name Of Stockholder	Total Number Of Shares Held	Percent To Total Number Of Shares Issued
Grand Titan Capital Holdings, Inc.	103,371,110	59.306%
PCD Nominee (Non-Filipino)	59,145,820	33.933%
PCD Nominee (Filipino)	11,168,369	6.408%
Others	614,701	0.353%
Total	174,300,000	100.00%

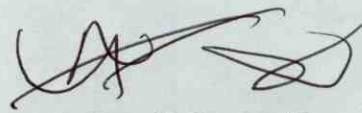
SIGNATURES

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
Head, Accounting and
Financial Control


Francisco H. Suarez, Jr.
Chief Finance Officer

Date: August 14, 2014

GT Capital Holdings, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements
As of June 30, 2014 (Unaudited) and December 31, 2013 (Audited)
and for the period ended June 30, 2014 and 2013 (Unaudited)

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

	Unaudited June 30, 2014	Audited December 31, 2013
ASSETS		
Current Assets	₱25,179	₱27,167
Cash and cash equivalents	1,265	1,467
Short-term investments	13,546	12,451
Receivables	5,149	4,966
Reinsurance assets	25,338	20,813
Inventories	687	849
Due from related parties	5,019	5,969
Prepayments and other current assets	76,183	73,682
Total Current Assets	₱199,603	₱192,360
Noncurrent Assets	6,807	4,929
Receivables	3,243	3,111
Available-for-sale investments	41,241	40,559
Investments in associates and joint ventures	8,475	8,329
Investment properties	41,953	41,163
Property and equipment	18,189	18,275
Goodwill and intangible assets	1,262	1,109
Deferred tax assets	2,250	1,203
Other noncurrent assets	123,420	118,678
Total Noncurrent Assets	₱199,603	₱192,360
LIABILITIES AND EQUITY		
Current Liabilities	₱21,983	₱20,837
Accounts and other payables	6,922	6,684
Insurance contract liabilities	4,300	1,744
Short-term debt	2,319	3,364
Current portion of long-term debt	815	783
Current portion of liabilities on purchased properties	2,178	1,844
Customers' deposits	611	876
Income tax payable	183	188
Due to related parties	-	1,966
Dividends payable	873	907
Other current liabilities	40,184	39,193
Total Current Liabilities	₱41,739	₱40,584
Noncurrent Liabilities	₱41,739	₱40,584
Long-term debt – net of current portion	9,888	9,883
Bonds payable	3,222	3,537
Liabilities on purchased properties – net of current portion	1,850	1,704
Pension liability	3,256	3,252
Deferred tax liabilities	1,509	1,643
Other noncurrent liabilities	61,464	60,603
Total Noncurrent Liabilities	101,648	99,796

(Forward)

	Unaudited	Audited
	June 30, 2014	December 31, 2013
Equity		
Equity attributable to equity holders of the Parent Company	1,743	1,743
Capital Stock	46,695	46,695
Additional paid-in capital	(6)	(6)
Treasury shares		
Retained earnings	22,244	21,802
Unappropriated	3,000	-
Appropriated	583	729
Other equity adjustments	(1,030)	(437)
Other comprehensive income	73,229	70,526
	24,726	22,038
Non-controlling interests	97,955	92,564
Total equity	₱199,603	₱192,360

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Millions, Except Earnings Per Share)

	Unaudited			
	Jan to June		April to June	
	2014	2013	2014	2013
REVENUE				
Automotive operations	P49,722	P32,050	P26,096	P18,881
Net fees	9,198	8,656	5,194	4,795
Real estate sales	2,809	2,253	1,371	1,298
Interest income on real estate sales	505	295	251	164
Equity in net income of associates	1,755	3,263	1,032	1,045
Net premium earned	886	-	444	-
Sale of goods and services	315	340	151	170
Rent income	310	300	135	146
Interest income on deposits and investments	179	238	94	121
Commission income	93	91	46	30
Gain from previously held interest	-	1,260	-	-
Other income	400	304	233	159
	66,172	49,050	35,047	26,809
COSTS AND EXPENSES				
Cost of goods and services sold	31,423	20,457	16,596	12,201
Cost of goods manufactured	11,881	7,498	5,898	4,167
General and administrative expenses	5,900	4,137	3,312	2,252
Power plant operation and maintenance expenses	5,136	4,405	2,805	2,425
Cost of real estate sales	2,007	1,733	1,009	990
Interest expense	1,601	1,692	778	841
Net insurance benefits and claims	350	-	170	-
	58,298	39,922	30,568	22,876
INCOME BEFORE INCOME TAX	7,874	9,128	4,479	3,933
PROVISION FOR INCOME TAX	1,371	1,002	766	599
NET INCOME	P6,503	P8,126	P3,713	P3,334
Attributable to:				
Equity holders of the Parent Company	P3,965	P6,052	P2,227	P2,083
Non-controlling interest	2,538	2,074	1,486	1,251
	P6,503	P8,126	P3,713	P3,334
Basic/Diluted Earnings Per Share				
Attributable to Equity Holders of the Parent Company	P22.7	P35.1		

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	Unaudited			
	Jan to June		April to June	
	2014	2013	2014	2013
NET INCOME	₱6,503	₱8,126	₱3,713	₱3,334
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Changes in fair value of available-for-sale investments	(29)	-	(88)	-
Equity in other comprehensive income of associates:				
Changes in fair value of available-for-sale investments of associates	(137)	(1,763)	1,032	(2,597)
Translation adjustment of associates	(451)	241	(425)	278
	(617)	(1,522)	519	(2,319)
<i>Items that may not be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement of defined benefit plans	2	-	-	-
Equity in remeasurement of defined benefit plans of associates	-	-	1	-
Income tax effect	-	-	-	-
	2	-	1	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	(₱615)	(₱1,522)	₱520	(₱2,319)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱5,888	₱6,604	₱4,233	₱1,015
Attributable to:				
Equity holders of the Parent Company	₱3,372	₱4,530	₱2,795	(₱236)
Non-controlling interest	2,516	2,074	1,438	1,251
	₱5,888	₱6,604	₱4,233	₱1,015

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

AS OF JUNE 30, 2014 AND 2013 (UNAUDITED)

(In Millions)

	Equity Attributable to Equity Holders of the Parent Company												
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Unappropriated Retained Earnings	Appropriated Retained Earnings	Net Unrealized Gain on Available-for-Sale Investments	Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plans	Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates	Equity in Translation Adjustment of Associates	Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates	Other Equity Adjustment	Non-controlling Interests	Total
At January 1, 2014	₱1,743	₱46,695	(₱6)	₱21,802	₱-	₱80	(₱216)	₱5	₱417	(₱723)	₱729	₱22,038	₱92,564
Total comprehensive income	-	-	-	3,965	-	(6)	1	(451)	(137)	-	-	2,516	5,888
Dividends declared	-	-	-	(523)	-	-	-	-	-	-	-	(2,262)	(2,785)
Movement in non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,677	2,677
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	(376)	(336)	(712)
Sale of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	194	105	299
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	24	24
Disposal of treasury shares	-	-	(4)	-	-	-	-	-	-	-	-	-	(4)
Acquisition of new treasury shares	-	-	4	-	-	-	-	-	-	-	-	-	4
Appropriation of retained earnings	-	-	-	(3,000)	3,000	-	-	-	-	-	-	-	-
Effect of change in direct ownership in existing subsidiaries	-	-	-	-	-	-	-	-	-	-	36	(36)	-
At June 30, 2014	₱1,743	₱46,695	(₱6)	₱22,244	₱3,000	₱74	(₱215)	(₱446)	₱280	(₱723)	₱583	₱24,726	₱97,955

(Forward)

Equity Attributable to Equity Holders of the Parent Company

	Capital Stock	Additional Paid-in Capital	Treasury Shares	Unappropriated Retained Earnings	Appropriated Retained Earnings	Net Unrealized Gain on Available-for-Sale Investments	Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plans	Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates	Equity in Translation Adjustment of Associates	Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates	Other Equity Adjustment	Non-controlling Interests	Total
At January 1, 2013	₱1,580	₱36,753	₱-	₱13,856	₱-	(₱7)	₱-	₱2,954	₱36	₱-	(₱681)	₱11,373	₱65,864
Issuance of capital stock	163	9,942	-	-	-	-	-	-	-	-	-	-	10,105
Total comprehensive income	-	-	-	6,052	-	-	-	(1,763)	241	-	-	2,074	6,604
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	6,062	6,062
Movement in non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	704	561	1,265
At June 30, 2013	₱1,743	₱46,695	₱-	₱19,908	₱-	(₱7)	₱-	₱1,191	₱277	₱-	₱23	₱20,070	₱89,900

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	Unaudited	
	Period Ended June 30	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P7,874	P9,128
Adjustments for:		
Equity in net income of associates and a joint venture	(1,755)	(3,263)
Interest expense	1,601	1,692
Depreciation and amortization	1,375	1,310
Interest income	(684)	(533)
Pension expense	68	48
Gain on sale of property and equipment	(25)	-
Gain on sale of available-for-sale investments	(6)	-
Dividend income	(2)	-
Gain from previously held interest	-	(1,260)
Operating income before changes in working capital	8,446	7,122
Decrease (increase) in:		
Short-term investments	202	-
Receivables	(2,268)	(1,690)
Reinsurance assets	(183)	-
Inventories	(4,408)	401
Due from related parties	162	354
Prepayments and other current assets	281	464
Increase (decrease) in:		
Accounts and other payables	888	1,839
Insurance contract liabilities	238	-
Customers' deposits	334	(27)
Other current liabilities	(34)	(377)
Cash provided by operations	3,658	8,086
Contribution to pension fund	(14)	-
Interest received	677	290
Interest paid	(1,833)	(1,946)
Dividends received	482	3,617
Dividends paid	(4,751)	(1,948)
Income taxes paid	(920)	(924)
Net cash provided by (used in) operating activities	(2,701)	7,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of:		
Available-for-sale investments	290	-
Property and equipment	249	66
Additions to:		
Available-for-sale investments	(439)	-
Investment in associates and joint ventures	(651)	-
Property and equipment	(2,071)	(1,515)
Intangible assets	(2)	(3)
Investment properties	-	(128)
Acquisition of subsidiary through business combination	(282)	811
Decrease (increase) in other noncurrent asset	(1,047)	738
Net cash used in investing activities	(3,953)	(31)
(Forward)		

	Unaudited	
	Period Ended June 30	
	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment	5,574	1,258
Proceeds from bond issuance	-	9,899
Payment of loans payable	(3,163)	(16,258)
Issuance of capital stock	-	10,105
Increase (decrease) in:		
Liabilities on purchased properties	(283)	869
Due to related parties	(5)	(1)
Other noncurrent liabilities	(134)	88
Noncontrolling interest	2,677	(518)
Net cash provided by financing activities	4,666	5,442
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,988)	12,586
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	27,167	11,553
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱25,179	₱24,139

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
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 common shares of the Parent Company were listed beginning April 20, 2012 and have since been traded in the Philippine Stock Exchange, Inc.

Group Activities

The Parent Company, Federal Land, Inc. (Fed Land) and Subsidiaries (Fed Land Group), Charter Ping An Insurance Corporation (Charter Ping An or Ping An), Toyota Motor Philippines Corporation (Toyota or TMPC) and Subsidiaries (Toyota Group), Global Business Power Corporation (GBPC) and Subsidiaries (GBPC Group) and Toyota Cubao, Inc. (TCI) and Subsidiary (TCI Group) are collectively referred herein as the "Group". The Parent Company, the holding company of the Fed Land Group (real estate business), Charter Ping An (non-life insurance business), Toyota Group (automotive business), GBPC Group (power generation business) and TCI Group (automotive business) is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations.

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

GBPC was registered with the Philippine SEC on March 13, 2002 primarily to invest in, hold, purchase, import, acquire (except land), lease, contract or otherwise, with the limits allowed for by law, any and all real and personal properties of every kind and description, whatsoever, and to do acts of being a holding company except to act as brokers dealers in securities.

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

Charter Ping An is engaged in the business of nonlife insurance which includes fire, motor car, marine hull, marine cargo, personal accident insurance and other products that are permitted to be sold by a nonlife insurance company in the Philippines.

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

The Parent Company also has significant shareholdings in Metropolitan Bank & Trust Co. (MBTC), Philippine AXA Life Insurance Corporation (AXA Philippines or Phil AXA) and Toyota Manila Bay Corporation (TMBC).

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 interim condensed consolidated financial statements of the Company were approved for issue by the Company's Audit Committee on August 12, 2014.

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, 2013.

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

Presentation of Financial Statements

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

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following wholly and majority-owned domestic subsidiaries:

	Country of Incorporation	Direct Percentages of Ownership		Effective Percentages of Ownership	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Fed Land and Subsidiaries	Philippines	100.00	100.00	100.00	100.00
Charter Ping An	-do-	100.00	66.67	100.00	74.97
GBPC and Subsidiaries	-do-	51.27	50.89	52.45	53.16
TCI and Subsidiary	-do-	52.01	-	52.01	-
Toyota and Subsidiaries	-do-	51.00	51.00	51.00	51.00

As of June 30, 2014 and December 31, 2013, the Parent Company has effective ownership over GBPC of 52.45% (51.27% direct interest and 1.18% indirect interest). The Parent Company's indirect interest comes from its 25.11% direct interest in MBTC, which has 99.23% direct interest in First Metro Investments Corporation (FMIC). FMIC, in turn, has 4.73% and 9.11% direct interest in GBPC as of June 30, 2014 and December 31, 2013. The Parent Company acquired effective control of GBPC on April 30, 2012. The acquisition of control over GBPC was accounted for as a business combination achieved in stages and the details of the said transaction are discussed extensively in 2013 Audited Financial Statements.

On January 17, 2013, the Parent Company and MBTC executed a Deed of Absolute Sale for the acquisition of 2,324,117 common shares of stock of Toyota from MBTC as provided in the memorandum of understanding (MOU) entered into by the Parent Company and MBTC, for a total consideration of ₱4.54 billion. This represented an additional 15.00% of Toyota's outstanding capital stock and increased the Parent Company's shareholdings in Toyota to 51.00%. The Parent Company assessed that it has control over Toyota because of its ability to direct the relevant activities of Toyota to generate returns for itself through its ability to appoint majority of the members of the Board of Directors (BOD) of Toyota and accounted for Toyota as a subsidiary (see Note 3).

As of June 30, 2014 and December 31, 2013, the Parent Company has effective ownership over Charter Ping An of 100.00% and 74.97% (66.67% direct interest and 8.30% indirect interest), respectively. The Parent Company's indirect interest comes from its direct investment in MBTC, which has direct interest in FMIC. FMIC, in turn, owns the remaining 33.33% ownership interest over Charter Ping An as of December 31, 2013. The Parent Company acquired the remaining 33.33% ownership interest of FMIC over Charter Ping An on January 27, 2014 (see Notes 3 and 8).

In March 2014, the Parent Company acquired a total of 69,620,000 common shares of TCI. This represents 89.05% of TCI. The Parent Company assessed that it has control over TCI through its 89.05% ownership and accounted for TCI as a subsidiary (see Note 3). On June 23, 2014, the Parent Company sold 45,000,000 shares of TCI to Mitsui for a total consideration of ₱298.7 million. This represents 40% of TCI's outstanding capital stock. As a result, the Parent Company's ownership over TCI is 52.01% of June 30, 2014.

Fed Land's Subsidiaries

	Percentage of Ownership
FLI - Management and Consultancy, Inc. (FMCI)	100.00
Baywatch Project Management Corporation (BPMC)	100.00
Horizon Land Property and Development Corp. (HLPDC)	100.00
Top Leader Property Management Corp. (TLPMC)	100.00
Central Realty and Development Corp. (CRDC)	75.80
Federal Brent Retail, Inc. (FBRI)	51.66

GBPC's Subsidiaries

	Percentage of Ownership
GBH Cebu Limited Duration Company (GCLDC)	100.00
ARB Power Venture, Inc. (APVI)	100.00
Toledo Holdings Corp. (THC)	100.00
Toledo Cebu Int'l Trading Resources Corp. (TCITRC)	100.00
Toledo Power Company (TPC)	100.00
GBH Power Resources, Inc. (GPRI)	100.00
Global Energy Supply Corp. (GESC)	100.00
Mindanao Energy Development Corporation (MEDC)	93.00
Global Formosa Power Holdings, Inc. (GFPHI)	89.30
Panay Power Holdings Corp (PPHC)	89.30
Panay Power Corp. (PPC)	89.30
Panay Energy Development Corp. (PEDC)	52.18
Cebu Energy Development Corp. (CEDC)	52.18

Toyota's Subsidiaries

	Percentage of Ownership
Toyota Makati Inc.	100.00
Toyota San Fernando Inc.	55.00
Lexus Manila Inc.	75.00

TCI has investments in Oxfordshire Holdings, Inc., a wholly owned subsidiary.

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies except for Charter Ping An which uses the revaluation method in accounting for its condominium units included as part of 'Property and equipment' account in the interim condensed consolidated statement of financial position. The carrying values of the condominium units are adjusted to eliminate the effect of revaluation and to recognize the related accumulated depreciation based on the original acquisition cost to align the measurement with the Group's accounting policy. All intragroup transactions, balances, income and expenses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

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

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

If the Group loses control over a subsidiary, it:

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

Business Combinations Involving Entities Under Common Control

A business combination involving entities under common control is accounted for using the uniting of interest method, except when the acquisition is deemed to have commercial substance for the Group, in which case the business combination is accounted for under the acquisition method. The combined entities accounted for by the uniting of interests method reports the results of operations for the period in which the combination occurs as though the entities had been combined as of the beginning of the period. Financial statements of the separate entities presented for prior years are also restated on a combined basis to provide comparative information. The effects of intercompany transactions on assets, liabilities, revenues, and expenses for the periods presented, and on retained earnings at the beginning of the periods presented are eliminated to the extent possible.

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

- the assets and liabilities of the acquiree are consolidated using the existing carrying values instead of fair values;
- intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable 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.

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

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

Business Combinations and Goodwill

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

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period,

or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that if known, would have affected the amounts recognized as at that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year.

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

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

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

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

Change in Ownership without Loss of Control

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling interest and NCI are adjusted by the Group to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

Changes in Accounting Policies

The accounting policies adopted in preparation of the 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, 2013 except for the following new and amended Philippine Financial Reporting Standards (PFRS), PAS and Philippine Interpretations which were adopted as of January 1, 2014.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance.
- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.
- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.
- Philippine Interpretation 21, *Levies* (Philippine Interpretation 21)
Philippine Interpretation 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Group does not expect that Philippine Interpretation 21 will have material financial impact in future financial statements.

Except as otherwise indicated, the impact of the revised standards adopted effective January 1, 2014 has been reflected in the interim condensed consolidated financial statements, as applicable.

Significant Accounting Policies

Fair Value Measurement

The Group measures financial instruments, such as AFS investments, at fair value at each consolidated statement of financial position date.

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

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

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

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

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

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

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

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

Financial Instruments – Initial Recognition and Subsequent Measurement

Date of recognition

The Group recognizes a financial asset or a financial liability in the 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: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of June 30, 2014 and December 31, 2013, the Group's financial assets are of the nature of loans and receivables and AFS investments while financial liabilities are of the nature of other financial liabilities. The Group made no reclassifications in its financial assets in 2014 and 2013.

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 asking price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

Loans and receivables

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

Loans and 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 method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in "Interest Income" in the interim condensed consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the interim condensed consolidated statement of income.

AFS investments

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

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

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

Other financial liabilities

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", "Bonds payable", "Liabilities on purchased properties", "Due to related parties" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

Standards Issued But Not Yet Effective

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

- **IFRS 14, *Regulatory Deferral Accounts***
This is an interim standard aimed at enhancing the comparability of financial reporting by entities that are engaged in rate-regulated activities. It allows first-time adopters to continue to recognize amounts related to rate regulation in accordance with the previous GAAP requirements when they adopt PFRS. The standard becomes effective on January 1, 2016 and the Group does not expect the adoption of this standard to have a significant impact on the Group's financial statements.
- **IFRS 15, *Revenue from Contracts with Customers***
The new standard replaces PAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. The core principle of the standard requires entities to recognize revenue when a performance obligation is satisfied (the transfer of promised goods or services to a customer in an amount that reflects consideration (payment) to which the entity expects to be entitled in exchange for those goods and services). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). The new revenue standard is effective for reporting periods beginning on or after January 1, 2017, with early application permitted. The Group will not early adopt but is currently assessing the impact of the adoption of this standard on the Group's financial statements. Adoption of this standard is expected to have an impact on Group's financial statements.
- **PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation***
The revised PAS 16 and PAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The amendments to PAS 16 explicitly prohibits revenue-based depreciation of property plant and equipment while the amendments to PAS 38 introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reason that there are multiple factors that influence revenue and that not all these factors are related to the way the asset is used or consumed. The revised standards are effective for periods beginning January 1, 2016, with earlier application permitted. The Group does not expect the adoption of this standard to have a significant impact on the Group's financial statements.
- **PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture – Change in Financial Reporting for Bearer Plants***
The amendments require entities to account for bearer plants in the same way as property, plant and equipment in PAS 16 because their operation is similar to that of a manufacturing, bringing them within the scope of PAS 16, instead of PAS 41. The produce growing on bearer plants will remain within the scope of PAS 41. The amended standards are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The amendments are not applicable to the Group.
- **PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)***
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- **PFRS 2, *Share-based Payment – Definition of Vesting Condition***
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.
- **PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination***
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.
- **PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets***
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.
- **PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables***
The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.
- **PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation***
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
 - a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
 - b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
 The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.
- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
 The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

 - The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
 - The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
 The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
 The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no impact to the Group as it has not applied PFRS 3 to any of its joint arrangements, which are investments in joint ventures.
- PFRS 13, *Fair Value Measurement - Portfolio Exception*
 The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods

beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- *PAS 40, Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.
- *PFRS 9, Financial Instruments*
PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model was completed by IASB in July 2014, replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 is expected to have an impact on Group's financial statements, in particular on the classification and measurement of the Group's financial assets.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

The IASB has removed the January 1, 2015 mandatory effective date of IFRS 9 to provide entities sufficient time to make the transition to the new requirements. On July 24, 2014, IASB completed the final element of the comprehensive reform of financial instruments accounting. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The new Standard is effective January 1, 2018 with early application permitted.

The Group conducted an evaluation of the financial impact of the adoption of PFRS 9 based on the audited financial statements as of December 31, 2013 and decided not to early adopt PFRS 9 in its 2014 financial reporting.

3. Investments in Subsidiaries, Associates and Joint Ventures

Investment in Toyota

On January 17, 2013, the Parent Company and MBTC executed a Sale and Purchase Agreement for the acquisition of 2,324,117 common shares of stock of Toyota from MBTC for a total consideration of ₱4.54 billion. This represented 15.00% of Toyota's outstanding capital stock and increased the Parent Company's shareholdings in Toyota to 51.00%.

As of June 30, 2013, the purchase price allocation relating to the Parent Company's acquisition of control over Toyota has been prepared on a preliminary basis. The provisional fair values of the assets acquired and liabilities assumed as of the date of acquisition is based on net book values of identifiable assets and liabilities plus certain adjustments since the Parent Company has limited information. The difference between the total consideration and the net assets amounting to ₱6.3 billion was initially allocated to goodwill as of June 30, 2013. In addition, based on the preliminary valuation of Toyota, the Parent Company recognized a gain on the revaluation of the previously held interest amounting to ₱1.26 billion.

As of December 31, 2013, the fair values of the identifiable assets and liabilities of Toyota were finalized. Details of the final purchase price allocation relating to the acquisition of control over Toyota are extensively discussed in the 2013 Audited Financial Statements.

Investment in Charter Ping An

On October 10, 2013, GT Capital acquired 2,334,434 common shares of Ping An from Ty family investment holding companies at a fixed price of Php614.3 per share for a total of ₱1.4 billion. The acquisition represented 66.7% of the non-life insurance firm's outstanding capital stock. The Parent Company has effective ownership over Ping An of 74.97% (66.67% direct holdings and 8.30% indirect ownership). The Parent Company's 8.30% indirect ownership came from its 25.11% direct interest in MBTC which has 99.23% direct interest in FMIC. FMIC, in turn, has 33.33% direct interest in Ping An.

On June 19, 2012 and April 23, 2013, the BOD and the stockholders of Ping An approved the amendment of the Articles of Incorporation for the purpose of increasing the authorized capital stock and the declaration of 1.62 million stock dividends equivalent to ₱162.50 million. On October 18, 2013, the Securities and Exchange Commission approved the application for the increase in Ping An's authorized capital stock from ₱350.00 million to ₱1.00 billion consisting of 10.00 million common shares with par value of ₱100.00 per share. The ₱162.50 million stock dividend equivalent to 1.62 million common shares represented the minimum 25.00% subscribed and paid-up capital for the above-mentioned increase in authorized capital stock.

As of June 30, 2014, and December 31, 2013, the purchase price allocation relating to the Parent Company's acquisition of control over Charter Pin An was prepared on a preliminary basis. Details of the preliminary purchase price allocation relating to the acquisition of control over Charter Ping An are extensively discussed in the 2013 Audited Financial Statements.

On January 27, 2014, the Parent Company completed the acquisition of 100.00% ownership interest in Charter Ping An. The Parent Company purchased an additional 1.7 million common shares of Charter Ping An from FMIC for a total consideration of ₱712.00 million. The acquisition represents the remaining 33.33% of the non-life insurance firm's outstanding capital stock.

As a result of the acquisition of the non-controlling interest in Charter Ping An, the Group recognized other equity adjustment amounting to ₱375.67 million, representing the excess of the consideration paid over the carrying amount of the non-controlling interests acquired (see Note 8).

Investment in TMBC

On December 18, 2013, the Parent Company acquired 101.87 million common shares of TMBC for a total consideration of ₱502.24 million, representing 40.75% of TMBC's outstanding capital stock.

On March 4, 2014 the Parent Company acquired 48.12 million common shares of TMBC owned by FMIC for a total purchase price of ₱237.26 million. The acquisition represents 19.25% of TMBC's outstanding capital stock and raised the Parent Company's ownership interest in TMBC to 60.00%. The Parent Company assessed that it has joint control over TMBC based on the existing contractual arrangement among TMBC's shareholders.

Investment in TCI

On March 24 and 31, 2014 the Parent Company acquired an aggregate of 69.62 million common shares of TCI for a total purchase price of ₱347.40 million. The acquisition represents 89.05% of the TCI's outstanding capital stock. The Parent Company assessed that it has control over TCI through its ability to direct the relevant activities of TCI and accounted for TCI as a subsidiary.

As of June 30, 2014, the purchase price allocation relating to the Parent Company's acquisition of control over TCI has been prepared on a preliminary basis. The provisional fair values of the assets acquired and liabilities assumed as of the date of acquisition is based on net book values of identifiable assets and liabilities plus certain adjustments since the Parent Company currently has limited information. The difference between the total consideration and the net assets of TCI amounting to ₱154.06 million was initially allocated to goodwill. The preliminary allocation is subject to revision to reflect the final determination of fair values. The preliminary accounting will be completed based on further valuations and studies carried out within twelve months from acquisition date.

As of June 30, 2014, the provisional fair values of the identifiable assets and liabilities of TCI are as follows (amounts in million pesos):

Assets	₱66
Cash and cash equivalents	489
Receivables	117
Inventories	101
Other current assets	1
Available-for-sale investments	58
Property and equipment	206
Investment properties	24
Deferred tax assets	1
Other noncurrent assets	1,063
Liabilities	254
Accounts and other payables	497
Loans payable	95
Pension liability	846
Net assets	₱217

The aggregate consideration transferred consists of:

Cash consideration	₱347
Fair value of non-controlling interests	24
	₱371

The business combination resulted in provisional goodwill computed as follows:

Total consideration transferred	₱371
Less: Provisional fair value of identifiable net assets	217
<u>Goodwill</u>	<u>₱154</u>

If the business combination with TCI has taken place at the beginning of the year, total revenues and net income attributable to equity holders of the Parent Company for the period ended June 30, 2014 would have been ₱67.25 billion and ₱3.97 billion, respectively.

Equity call from GBPC

On February 15, 2013 and March 15, 2013, the Parent Company disbursed ₱763.35 million and ₱230.77 million, respectively, as its pro rata share in response to equity calls from GBPC upon its stockholders to support the TPC 1A Expansion Project.

On January 7, 2014, February 26, 2014 and April 25, 2014, the Parent Company disbursed funds amounting to ₱681.67 million on each date, representing its pro rata share in response to capital calls from GBPC upon its stockholders to support the Panay Energy Development Corporation Unit 3 Expansion Project.

In May 2014, FMIC waived its portion of the capital calls from GBPC equivalent to 84,178,310 shares or 4.38% of GBPC. In the same month, GT Capital partially waived its subscription by 39,914,672 shares and subscribed to 7,217,470 shares or 0.38% of GBPC for a total of ₱34.67 million. With this transaction, the shareholder structure of GBPC is as follows, FMIC, (4.73%); Orix, (22%); MGen, (22%); and GT Capital, (51.27%).

On June 26, 2014 the Parent Company remitted funds amounting to ₱214.09 million in response to aforementioned capital calls from GBPC.

Cash dividends from MBTC

On March 26, 2014, the BOD of MBTC approved the declaration of a 5.00% cash dividend or ₱1.00 per share based on a par value of ₱20.00 to all stockholders of record as of May 7, 2014 payable on May 16, 2014. The BSP approved such dividend declaration on April 15, 2014.

Cash dividends from Toyota

On April 29, 2014, the BOD of Toyota approved the declaration of cash dividends amounting to ₱4.61 billion or ₱297.44 per share to all stockholders of record as of December 31, 2013 payable on May 5, 2014.

4. Cash and cash equivalents

This account consists of:

	June 30, 2014	June 30, 2013	December 31, 2013
Cash on hand	₱7	₱8	₱6
Cash in banks	5,451	7,327	4,651
Cash equivalents	19,721	16,804	22,510
	<u>₱25,179</u>	<u>₱24,139</u>	<u>₱27,167</u>

5. Inventories

Additional inventories in 2014 mainly pertain to acquisition of land for development amounting to ₱4.4 billion located in Macapagal, Pasay City and Bonifacio Global City, Taguig City.

6. Property and Equipment and Other Noncurrent Assets

The significant increase in the property and equipment account is primarily attributable to the ongoing construction of the Toledo Power Company (TPC) 1A Expansion Project of the GBPC Group amounting to ₱1.2 billion.

Incremental other noncurrent assets in 2014 mainly represent the noncurrent portion of the advances to contractors and suppliers in relation to the Panay Energy Development Corporation Unit 3 Plant Expansion amounting to ₱1.3 billion.

7. Loans Payable and Bonds Payable

The increase in the Group's loans payable in 2014 is primarily due to the following: (1) availment of short-term loans by the Parent Company, TMP's dealer subsidiaries and Fed Land's subsidiaries amounting to ₱3.00 billion, ₱0.41 billion and ₱0.15 billion, respectively, (2) consolidation of TCI's loans payable as a result of the business combination amounting to ₱0.50 billion, and (3) additional GBPC loan drawdowns in relation to the TPC1A Expansion Project amounting to ₱2.00 billion. During the period, the GT Capital and GBPC Group repaid certain loans amounting to ₱1.60 billion and ₱1.57 billion, respectively.

On February 13, 2013, the Parent Company issued a ₱10.00 billion worth of 7-year and 10-year worth of bonds due on February 27, 2020 and February 27, 2023, respectively with an interest rate of 4.84% and 5.09% respectively. Gross proceeds amounted to ₱10.00 billion and net proceeds amounted to ₱9.90 billion, net of deferred financing cost incurred amounting to ₱0.10 billion. Said bonds were listed on February 27, 2013.

8. Equity

Treasury shares

As of June 30, 2014 and December 31, 2013, treasury shares of the Group pertain to 9,200 shares and 10,000 shares of the Parent Company held by Ping An with original acquisition cost of ₱5.88 million and ₱6.13 million, respectively.

Retained earnings

Declaration of cash dividends of the Parent Company

On March 11, 2014, the BOD of the Parent Company approved the declaration of cash dividends of ₱3.00 per share to all stockholders of record as of April 8, 2014 which was subsequently paid on May 2, 2014.

Appropriation of retained earnings of the Parent Company

On March 11, 2014, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱3.00 billion. The appropriation is earmarked for the following:

Project Name	Timeline	Amount
Equity call from GBPC for plant expansions	2014	₱2.00 billion
Acquisition of investments	2014-2015	1.00 billion
		₱3.00 billion

Other equity adjustments

Charter Ping An

On January 27, 2014, the Parent Company completed the acquisition of 100.00% ownership interest in Charter Ping An. The Parent Company purchased the remaining 33.33% (represented by 1.71 million shares) of Charter Ping An's outstanding capital stock from FMIC for a total consideration of ₱712.00 million. Prior to the said acquisition, the Parent Company's ownership interest in Charter Ping An was at 66.67%. This acquisition was accounted for as an equity transaction in the interim condensed consolidated financial statements and resulted in the recognition of negative other equity adjustments amounting to ₱375.67 million.

TCI

On April 23, 2014, the Parent Company acquired 200,000 shares of TCI for a total consideration of ₱1.00 million, resulting to 89.31% ownership over TCI. This acquisition was accounted for as an equity transaction and resulted in the recognition of negative other equity adjustments amounting to ₱0.42 million.

On June 17, 2014, the Parent Company subscribed to 33,003,040 shares of TCI for a total consideration of ₱33.00 million, resulting to 92.48% ownership over TCI. The acquisition was accounted for as an equity transaction resulting in the recognition of negative other equity adjustment amounting to ₱24.79 million.

On June 23, 2014, the Parent Company sold 45,000,000 shares of TCI to Mitsui for a total consideration of ₱298.7 million. This represents 40% of TCI's outstanding capital stock. As a result, the Parent Company's ownership over TCI is 52.01% of June 30, 2014. This acquisition was accounted for as an equity transaction and resulted in the recognition of other equity adjustments amounting to ₱193.95 million.

GBPC

On May 28, 2014, the Parent Company subscribed to 7,217,470 shares of GBPC, representing an additional 0.38% of GBPC. With this transaction, the Parent Company's direct ownership over GBPC increased from 50.89% to 51.27%. This acquisition was accounted for an equity transaction and resulted in the recognition of other equity adjustments amounting to ₱60.52 million.

The above acquisitions and sale were accounted for as changes in ownership without loss of control and are accounted for as equity transactions, which are presented under equity attributable to the Parent Company in the interim condensed consolidated statement of financial position, representing the excess of the consideration paid over the carrying amount of the non-controlling interests acquired at the acquisition date. Total negative other equity adjustments recognized from these acquisitions and sale for the period amounted to ₱146.41 million.

There were no other transactions affecting other equity adjustments for the period.

9. Related Party Transactions

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

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

Decrease in the due from related parties is due to collections received from the various subsidiaries of Fed Land.

As of June 30, 2014 and December 31, 2013, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

10. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share amounts for the periods indicated were computed as follows:

	2014	June 2013	December 31, 2013
	Unaudited		Audited
Net income attributable to equity holders of the Parent Company	P3,965	P6,052	P8,640
Weighted average number of shares outstanding	174.3	172.5	173.9
	P22.7	P35.1	P49.7

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

11. Operating Segments

Segment Information

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

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

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

Seasonality of Operations

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

Segment Assets

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

Segment Liabilities

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

In 2014, the Group changed its presentation of operating segment assets, particularly for the Group's investments in subsidiaries, associates and joint ventures which are previously reported under others segment. Beginning January 1, 2014, the Group's investments in subsidiaries, associates and joint ventures are presented under the respective segment to which the investee entity belongs. The presentation of operating segment assets as of December 31, 2013 has been updated to reflect this change.

The following tables present the financial information of the operating segments of the Group as of and for the six month period ended June 30, 2014 and as of and for the year ended December 31, 2013:

	Period Ended June 30, 2014 (Unaudited)					
	Real Estate	Financial Institution	Automotive	Power	Others	Total
Revenue	₱3,124	₱886	₱49,722	₱9,198	₱-	₱62,930
Other income	586	86	110	21	-	803
Equity in net income of associates and joint ventures	210	1,509	36	-	-	1,755
	3,920	2,481	49,868	9,219	-	65,488
Cost of goods and services sold	293	-	31,130	-	-	31,423
Cost of goods manufactured	-	-	11,881	-	-	11,881
Cost of real estate sales	2,007	-	-	-	-	2,007
Power plant operation and maintenance	-	-	-	5,136	-	5,136
Net insurance benefits	-	350	-	-	-	350
General and administrative expense	934	524	2,708	1,595	139	5,900
	3,234	874	45,719	6,731	139	56,697
Earnings before interest and taxes	686	1,607	4,149	2,488	(139)	8,791
Depreciation and amortization	107	15	96	1,155	2	1,375
EBITDA	793	1,622	4,245	3,643	(137)	10,166
Interest income	510	38	89	45	2	684
Interest expense	(289)	-	(49)	(976)	(287)	(1,601)
Depreciation and amortization	(107)	(15)	(96)	(1,155)	(2)	(1,375)
Pretax income	907	1,645	4,189	1,557	(424)	7,874
Provision for income tax	182	38	1,123	28	-	1,371
Net Income (Loss)	₱725	₱1,607	₱3,066	₱1,529	(₱424)	₱6,503
Segment Assets	₱43,744	₱46,838	₱38,733	₱68,767	₱1,521	₱199,603
Segment Liabilities	₱24,437	₱8,774	₱19,121	₱37,087	₱12,229	₱101,648

December 31, 2013						
Results of Operations	Real Estate	Financial Institution	Automotive	Power	Others	Total
Revenue	P5,359	P504	P74,359	P16,944	P-	P97,166
Other income	1,043	43	109	100	2,069	3,364
Equity in net income of associates and joint ventures	410	3,059	119	-	-	3,588
	6,812	3,606	74,587	17,044	2,069	104,118
Cost of goods and services sold	619	-	44,850	-	-	45,469
Cost of goods manufactured	-	-	19,986	-	-	19,986
Cost of real estate sales	3,667	-	-	-	-	3,667
Power plant operation and maintenance	-	-	-	8,945	-	8,945
Net insurance benefits	-	290	-	-	-	290
General and administrative expense	1,733	236	4,282	2,842	301	9,394
	6,019	526	69,118	11,787	301	87,751
Earnings before interest and taxes	793	3,080	5,469	5,257	1,768	16,367
Depreciation and amortization	164	6	190	2,492	5	2,857
EBITDA	957	3,086	5,659	7,749	1,773	19,224
Interest income	1,043	16	177	134	59	1,429
Interest expense	(621)	-	(87)	(2,154)	(600)	(3,462)
Depreciation and amortization	(164)	(6)	(190)	(2,492)	(5)	(2,857)
Pretax income	1,215	3,096	5,559	3,237	1,227	14,334
Provision for income tax	204	4	1,506	77	12	1,803
Net Income (Loss)	P1,011	P3,092	P4,053	P3,160	P1,215	P12,531
Segment Assets	P43,227	P46,304	P38,478	P63,763	P588	P192,360
Segment Liabilities	P24,655	P7,897	P17,958	P38,519	P10,767	P99,796

Geographical Information

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

	June 30, 2014	June 30, 2013	December 31, 2013
Domestic	P60,287	P44,474	P95,441
Foreign	5,885	4,576	10,106
	P66,172	P49,050	P105,547

12. Financial Risk Management and Objectives

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

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

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

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

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

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

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

As of June 30, 2014 and December 31, 2013, the maximum exposure to credit risk of the Group's financial assets is equal to its carrying value except for installment contracts receivable with nil exposure to credit risk since the fair value of the related condominium units collateral is greater than the carrying value of the installment contracts receivable.

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 assets and liabilities based on contractual undiscounted payments:

(Amounts in millions)	June 30, 2014 (Unaudited)			Total
	< 1 year	> 1 to < 5 years	> 5 years	
Financial assets				
Cash and cash equivalents*	P25,172	P-	P-	P25,172
Short-term investments	1,265	-	-	1,265
Receivables	19,036	8,661	848	28,545
Due from related parties	687	-	-	687
AFS investments				
Equity securities				
Quoted	-	-	1,552	1,552
Unquoted	-	-	474	474
Debt securities	52	287	878	1,217
Total undiscounted financial assets	P46,212	P8,948	P3,752	P58,912
Financial liabilities				
Accounts and other payables	P27,677	P11,599	P2,261	P41,537
Dividends payable	-	-	-	-
Loans payable	8,616	26,299	14,633	49,548
Bonds payable	498	1,993	11,239	13,730
Due to related parties	183	-	-	183
Liabilities on purchased properties	598	2,047	1,905	4,550
Total undiscounted financial liabilities	P37,572	P41,938	P30,038	P109,548
Liquidity Gap	P8,640	(P32,990)	(P26,286)	(P50,636)

(Amounts in millions)	December 31, 2013			Total
	< 1 year	> 1 to < 5 years	> 5 years	
Financial assets				
Cash and cash equivalents	P28,416	P-	P-	P28,416
Short-term investments	2,016	-	-	2,016
Receivables	13,665	4,016	857	18,538
Due from related parties	849	-	-	849
AFS investments				
Equity securities				
Quoted	-	-	1,498	1,498
Unquoted	-	-	480	480
Debt securities	31	286	836	1,153
Total undiscounted financial assets	P44,977	P4,302	P3,671	P52,950
Other financial liabilities				
Accounts and other payables	P20,837	P-	P-	P20,837
Dividends payable	1,966	-	-	1,966
Loans payable	1,092	36,613	17,336	55,041
Bonds payable	498	1,993	11,488	13,979
Due to related parties	188	-	-	188
Liabilities on purchased properties	-	1,487	3,873	5,360
Total undiscounted financial liabilities	P24,581	P40,093	P32,697	P97,371
Liquidity Gap	P20,396	(P35,791)	(P29,026)	(P44,421)

Foreign currency risk

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

Interest rate risk

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

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

13. Fair Value Measurement

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

Cash and cash equivalents and Other current assets (short-term cash investments)

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

Receivables

The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 8.00% to 12.00% as of June 30, 2014 and December 31, 2013. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan and determined that the carrying amount of the loans receivable was not materially different from its calculated fair value.

Due from and to related parties

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

AFS investments - unquoted

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

AFS investments - quoted

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

Accounts and other payables

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

Loans payable

Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. The interest rates used ranged from 3.75% to 7.10% for the year ended June 30, 2014 and December 31, 2013.

Bonds payable

In 2014, the fair value of the bonds payable is based on its quoted market price in the Philippine Dealing and Exchange Corporation. In 2013, the fair value of the bonds payable has been determined based on the quoted market price of debt instruments with similar terms that are traded in an active market.

Liabilities on purchased properties

Estimated fair value was based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term payable was incurred in 2013 and 2012 with 3.00% interest per annum. The Group used discounted cash flow analyses to measure the fair value of the long-term payable and determined that the carrying value of the long-term payable was not materially different from its calculated fair value.

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

Carrying Value	June 30, 2014 (Unaudited)			Total	
	Level 1	Level 2	Level 3		
Financial Assets					
Loans and receivables					
Installment contracts receivable	₱7,124	₱-	₱-	₱7,120	₱7,120
AFS investments					
Government securities	802	-	802	-	802
Quoted debt securities	395	395	-	-	395
Quoted equity securities	1,552	1,552	-	-	1,552
Total Financial Assets	₱9,873	₱1,947	₱802	₱7,120	₱9,869
Non-Financial Assets					
Investment properties	₱8,475	₱-	₱-	₱11,141	₱11,141
Financial Liabilities					
Loans payable	₱48,358	₱-	₱49,879	₱-	₱49,879
Bonds payable	9,888	9,840	-	-	9,840
Total Financial Liabilities	₱58,246	₱9,840	₱49,879	₱-	₱59,719

Carrying Value	December 31, 2013			Total	
	Level 1	Level 2	Level 3		
Financial Assets					
Loans and receivables					
Installment contracts receivable	₱5,820	₱-	₱-	₱7,690	₱7,690
AFS investments					
Government securities	480	-	480	-	480
Quoted debt securities	1,153	1,153	-	-	1,153
Quoted equity securities	1,506	1,506	-	-	1,506
Total Financial Assets	₱8,959	₱2,659	₱480	₱7,690	₱10,829
Non-Financial Assets					
Investment properties	₱8,329	₱-	₱-	₱10,840	₱10,840
Financial Liabilities					
Loans payable	₱45,693	₱-	₱47,609	₱-	₱47,609
Bonds payable	9,883	-	9,994	-	9,994
Total Financial Liabilities	₱55,576	₱-	₱57,603	₱-	₱57,603

As of June 30, 2014 and December 31, 2013, other than the bonds payable, no transfers were made among the three levels in the fair value hierarchy.

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

The fair value of the Group's investment properties has been determined based on valuations performed by third party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison. Valuation of the Group's investment properties are done every three years with the latest valuation report issued in February 2012.

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

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

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

Valuation Techniques

Market Data Approach A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.

Cost Approach A process of determining the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation on physical wear and tear, and obsolescence.

Significant Unobservable Inputs

Reproduction Cost New The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

Size Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.

Shape Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.

Location Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.

Time Element "An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.

Discount Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Corner influence Bounded by two (2) roads.

14. Contingent Liabilities

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

In addition, in order to partially guarantee the completion of Fed Land's ongoing projects, the Parent Company issued Letters of Guarantee (LG) in favor of Housing and Land Use Regulatory Board for a total guarantee amount of ₱1.11 billion and ₱902.82 million as of June 30, 2014 and December 31, 2013, respectively.

15. Events after Financial Reporting Date

₱12 billion GT Capital bonds due 2019, 2021 and 2024

On July 24, 2014, the Philippine SEC approved the issuance of GT Capital bonds amounting to ₱12 billion with tenors of 5-year, 7-year and 10-year due August 7, 2019, August 7, 2021 and August 7, 2024, respectively with interest rates of 4.7106%, 5.1965% and 5.625% respectively.

The net proceeds will be utilized for general corporate requirements which may include, but shall not be limited to any or all of the following:

Partial Financing of Ongoing Projects	
Veritown Fort	₱6,222,000,000
Metropolitan Park	1,778,000,000
Refinancing of outstanding loans	3,610,000,000
Working Capital	390,000,000
	<hr/>
	₱12,000,000,000

Said bonds were listed on August 7, 2014.

Investment in Fed Land Preferred Shares

On July 25, 2014, the Company executed a Subscription Agreement with Fed Land to acquire 80,000,000 preferred shares of stock with par value of Php100.00 per share from Fed Land for a total Subscription Price of ₱8.00 billion subject to the approval of the Philippine Securities and Exchange Commission ("SEC") of Fed Land's increase in authorized capital stock from ₱15.00 billion to ₱23.00 billion. On the same day, the Company made the deposit amounting to ₱500.00 million representing at least the minimum 25% subscribed and paid-up capital for the increase in authorized capital stock of Fed Land from ₱15 billion to ₱23 billion.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIODS ENDED JUNE 30, 2014 AND JUNE 30, 2013 (UNAUDITED)

(Amounts in millions except ratio and %)	2014	2013
Liquidity Ratio		
Current ratio	1.90	2.26
Current assets	P76,183	P56,865
Current liabilities	40,184	25,200
Solvency Ratio		
Total liabilities to total equity ratio	1.04	0.87
Total liabilities	101,648	78,259
Total equity	97,955	89,900
Debit to equity ratio	0.64	0.64
Total debt	62,283	54,385
Total equity	97,955	89,900
Asset to Equity Ratio		
Asset equity ratio	2.85	2.41
Total assets	199,603	168,159
Equity attributable to Parent Company	73,229	69,830
Interest Rate Coverage Ratio*		
Interest rate coverage ratio	5.92	7.11
Earnings before interest and taxes (EBIT)	9,475	10,821
Interest expense	1,601	1,693
Profitability Ratio		
Return on average assets (Year-to-date)	2.02%	3.96%
Net income attributable to Parent Company	3,965	6,052
Total assets	199,603	168,159
Average assets	195,982	152,813
Return on Average Equity (Year-to-date)	5.52%	9.74%
Net income attributable to Parent Company	3,965	6,052
Equity attributable to Parent Company	73,229	69,830
Average equity attributable to Parent Company	71,877	62,161

*computed as EBIT/Interest Expense