GT CAPITAL
HOLDINGS, INCORPORATED

Notice of Annual Stockholders' Meeting
May 10, 2017 at 3:00 p.m.
Metrobank Auditorium, Second Floor, Metrobank Plaza
Sen. Gil Puyat Avenue, Makati City

To all Stockholders:

Please take notice that the 2017 annual stockholders' meeting of GT Capital Holdings, Inc. will be held on May 10, 2017 at 3:00 p.m. at the Metrobank Auditorium, Second Floor, Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City. Registration shall begin at 2:30 p.m. The agenda of the meeting is set forth below:

A G E N D A

1. Call to order
2. Certification of notice and quorum
3. Approval of minutes of the annual meeting of stockholders held on May 11, 2016
4. Annual Report for the Year 2016
5. General ratification of the acts of the Board of Directors, Executive Committee, and Management from the date of the last annual stockholders' meeting up to the date of this meeting
6. Election of directors for 2017 - 2018
7. Appointment of external auditor
8. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange (PSE) on April 4, 2017 as the record date for the determination of stockholders entitled to notice of and to vote at such meeting and any adjournment thereof.

In case you cannot personally attend the meeting, you are requested to accomplish the attached proxy form and return the same to the office of the Secretary at the 43/F, GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City 1227 on or before 5:00 p.m. on April 28, 2017.

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

Makati City, March 30, 2017.

BY THE ORDER OF THE BOARD OF DIRECTORS

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

PROXY

The undersigned stockholder of GT Capital Holdings, Inc. (the "Company") hereby appoints ______________________________ or in his absence, the Chairman of the meeting, as *attorney and proxy*, with the power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on **May 10, 2017** and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous Annual Stockholders' Meeting held on May 11, 2016

   ___ Yes ___ No ____ Abstain

2. Approval of Annual Report for the year 2016

   ___ Yes ___ No ____ Abstain

3. Ratification of all acts and resolutions of the Board of Directors, Executive Committee and Management from the date of the last annual stockholders' meeting up to date of this meeting

   ___ Yes ___ No ____ Abstain

4. Election of external auditor

   ___ Yes ___ No ____ Abstain

5. Election of Directors

___ Vote for all nominees listed below

Dr. George S.K. Ty
Mr. Arthur Vy Ty
Mr. Francisco C. Sebastian
Mr. Alfred Vy Ty
Mr. Carmelo Maria Luza Bautista
Dr. David T. Go
Atty. Roderico V. Puno
Mr. Jaime Miguel G. Belmonte, Jr.
Mr. Wilfredo A. Paras
Mr. Peter B. Favila
Mr. Renato C. Valencia

___ Withhold authority for all nominees listed above

___ Withhold authority to vote for the nominees listed below

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____________________	____________________	____________________
PRINTED NAME OF STOCKHOLDER	SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY	DATE

THIS PROXY SHOULD BE REQUIRED BY THE CORPORATE SECRETARY ON OR BEFORE **APRIL 28, 2017,** THE DEADLINE FOR SUBMISSION OF PROXIES.

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

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

EXPLANATION / RATIONALE OF AGENDA ITEMS

1. **Call to order**
   The Chairman of the Board will call to order the Annual Meeting of the Stockholders of the Corporation.

2. **Certification of notice and quorum**
   The Corporate Secretary will certify that copies of the notice of the meeting were delivered to holders of the Corporation's shares of stock as of April 4, 2017 Record Date and that a quorum exists for the valid transaction of the business in the agenda.

3. **Approval of minutes of the May 11, 2016 Annual Stockholders' Meeting**
   The Chairman of the Board will entertain a motion to approve the minutes of the May 11, 2016 Annual Stockholders' Meeting. Draft minutes were posted on the GT Capital website on the next working day after the meeting.

4. **Annual Report for the Year 2016**
   The Chairman of the Board will call on the President, Mr. Carmelo Maria Luza Bautista, to render his report for the year 2016. After the President's report, the Chairman of the Board will entertain comments or questions from the stockholders present.

5. **General ratification of the acts of the Board of Directors, Executive Committee, and Management from the date of the last annual stockholders' meeting up to the date of this meeting**
   The Chairman of the Board will entertain a motion to ratify all acts, transactions, and resolutions of the Board of Directors, the Executive Committee, and Management from the date of the 2016 annual stockholders' meeting up to May 10, 2017.

6. **Election of directors for 2017 – 2018**
   The Nominations Committee Chairman will explain the nomination procedure under the current SEC rules. Thereafter, a nomination for election to the Board of Directors of the eleven (11) candidates who have been pre-qualified by the Nominations Committee will be entertained. After the nomination is closed and seconded, the Chairman will announce the names of the directors who were elected to serve on the Board.

7. **Appointment of external auditor**
   The Audit Committee Chairman will explain the procedure for the appointment of the external auditor. Thereafter, the Chairman of the Board will entertain a motion for the appointment of the Corporation's external auditor.

8. **Adjournment**
   The Chairman of the Board will inquire whether there are other matters to be discussed and will entertain a motion for adjournment if no other matters are raised.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [X] Preliminary Information Statement

   [ ] Definitive Information Statement

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

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

4. SEC Identification Number: **CS200711792**

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

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

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

8. Date, time and place of the meeting of security holders: **May 10, 2017 at 3:00 p.m., to be held at the Metrobank Auditorium, Second Floor, Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 18, 2017**

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

    a) Shares of Stock

Title of Each Class	Number of Shares/ Amount of Debt Outstanding
Common Shares	**174,300,000**
Series A Perpetual Preferred Shares (GTPPA)	**4,839,240**
Series B Perpetual Preferred Shares (GTPPB)	**7,160,760**
Amount of Debt Outstanding	**21,848,345,649**

    b) Debt securities: Php22 Billion Bonds

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

    Yes ___X___ No __________

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

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

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

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

(a) The Annual Stockholders' Meeting of GT Capital Holdings, Inc. ("GT Capital" or the "Corporation") is scheduled to be held on May 10, 2017 at 3:00 p.m. at the Metrobank Auditorium, Second Floor, Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City. The complete mailing address of the principal office of the registrant is 43/F, GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa Street, Makati City, Metro Manila, Philippines 1227.

(b) The approximate date on which the Information Statement will be sent or given to the stockholders is on April 18, 2017.

Statement that proxies are not solicited

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

Voting Securities

The record date for purposes of determining the stockholders entitled to vote is April 4, 2017. The total number of shares outstanding and entitled to vote in the stockholders' meeting is 348,600,000 shares composed of 174,300,000 Common Shares and 174,300,000 Voting Preferred Shares. Stockholders are entitled to cumulative voting in the election of the board of directors, as provided by the Corporation Code.

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

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

(a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any shares of any class, or of extending or shortening the term of corporate existence;

(b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

(c) In case of merger or consolidation.

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

(a) The dissenting stockholder shall make a written demand on the corporation within 30 days after the date on which the vote was taken for payment for the fair value of his shares. The failure of the stockholder to make the demand within 30 day period shall be deemed a waiver on his appraisal right;

(b) If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of corresponding certificate(s) of stock within 10 days after demanding payment for his shares (Sec. 86), the fair value thereof; and

(c) Upon payment of the agreed or awarded price, the stockholder shall transfer his share to the corporation.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

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

(a) As of March 5, 2017, the total number of shares outstanding and entitled to vote in the stockholders' meeting and the percentage holdings are as follows:

i. 174,300,000 Common Shares; and
ii. 174,300,000 Voting Preferred Shares.

Each class of shares is entitled to one vote per share.

(b) The record date for determining the stockholders entitled to notice and to vote is April 4, 2017.

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

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

(d) Security Ownership of Certain Record and Beneficial Owners as of December 31, 2016:

As of December 31, 2016, the following are the owners of more than 5% of the Company's voting stocks:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (%)
Common	Grand Titan Capital Holdings, Inc. 4th Floor Metrobank Plaza, Sen. Gil Puyat Ave., Makati City	Same as the Record Owner **Arthur Vy Ty** is authorized to vote the shares held by Grand Titan Capital Holdings, Inc.	Filipino	89,427,110	51.31%
Common	PCD Nominee Corp. (Non-Filipino)	Various Clients[1]	Foreign	59,881,402	34.36%
Common	PCD Nominee Corp. (Filipino)	Various Clients[1]	Filipino	24,387,086	13.99%
Voting Preferred	Grand Titan Capital Holdings, Inc. 4th Floor Metrobank Plaza, Sen. Gil Puyat Ave., Makati City	Same as the Record Owner	Filipino	170,490,640	97.81%

(1) PCD Nominee Corporation ("PCNC") is a wholly owned subsidiary of the Philippine Central Depository ("PCD") and acts as trustee-nominee for all shares lodged in the PCD system where trades effected on the Philippine Stock Exchange are finally settled and lodged. Persons who opt to trade through the PCD do not receive stock certificates as an evidence of ownership, as trading using the PCD is completely paperless. Beneficial ownership of shares lodged with the PCNC (Filipino/Non-Filipino) remains with the lodging stockholder.

Security Ownership of Management as of December 31, 2016:

Title of Securities	Name of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
Common	Dr. George S. K. Ty	200,000 (D)	Filipino	0.1147%
Common	Arthur V. Ty	100,000 (D) 2,100 (I)	Filipino	0.0574% 0.0012%
Common	Alfred V. Ty	100,000 (D) 2,100 (I)	Filipino	0.0574% 0.0012%
Common	Anjanette T. Dy Buncio	46,547 (I)	Filipino	0.0267%
Common	Francisco C. Sebastian	100 (D) 20,000 (I)	Filipino	0.0000% 0.0115%
Common	Carmelo Maria Luza Bautista	1,000 (D) 12,000 (I)	Filipino	0.0006% 0.0069%
Common	Francisco H. Suarez, Jr.	5,000 (I)	Filipino	0.0029%
Common	Alesandra T. Ty	1,700 (I)	Filipino	0.0010%
Common	Roderico V. Puno	1,000 (D)	Filipino	0.0006%
Common	Jaime Miguel G. Belmonte	1,000 (D)	Filipino	0.0006%
Common	Wilfredo A. Paras	1,000 (D)	Filipino	0.0006%
Common	Christopher P. Beshouri	1,000(D) 700 (I)	American	0.0006% 0.0004%
Common	Jeanne Frances T. Chua *(Resigned effective March 22, 2017)*	200 (D) 500 (I)	Filipino	0.0001% 0.0003%
Common	Winston Andrew L. Peckson	271 (I)	Filipino	0.0002%
Common	Peter B. Favila	200 (I)	Filipino	0.0001%
Common	David T. Go	100 (D)	Filipino	0.0000%
Common	Renee Lynn Miciano-Atienza	25(I)	Filipino	0.0000%
Common	Antonio V. Viray	0	Filipino	0.0000%
Common	Jocelyn Y. Kho	0	Filipino	0.0000%
Common	Susan E. Cornelio	0	Filipino	0.0000%
Common	Jose B. Crisol	0	Filipino	0.0000%
Common	Richel D. Mendoza	0	Filipino	0.0000%
Common	Reyna Rose P. Manon-Og	0	Filipino	0.0000%
Common	Elsie D. Paras	0	Filipino	0.0000%
Total		**405,400 (D)** **91,143(I)** **496,543 (D) and (I)**		**0.2850%**

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of December 31, 2016.

(e) Change in Control

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

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

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

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

(i) <u>Board of Directors</u>

<u>Board of Directors</u>

Office	**Name**	**Age**	**Citizenship**
Group Chairman	Dr. George S.K. Ty	84	Filipino
Chairman	Arthur Vy Ty	50	Filipino
Co-Vice Chairman	Francisco C. Sebastian	62	Filipino
Co-Vice Chairman	Alfred Vy Ty	49	Filipino
Director/President	Carmelo Maria Luza Bautista	59	Filipino
Director	Roderico V. Puno	53	Filipino
Director	David T. Go	63	Filipino
Independent Director	Jaime Miguel G. Belmonte	53	Filipino
Independent Director	Christopher P. Beshouri	54	American
Independent Director	Wilfredo A. Paras	70	Filipino
Independent Director	Peter B. Favila	68	Filipino
Adviser	Pascual M. Garcia III	63	Filipino
Adviser	Mary Vy Ty	76	Filipino
Adviser	Guillermo Co Choa	57	Filipino

<u>Period of Directorship</u>

Name	**Date First Elected**
Dr. George S.K. Ty	June 3, 2011
Arthur V. Ty	June 3, 2011
Francisco C. Sebastian	May 12, 2014
Alfred V. Ty	February 14, 2012
Carmelo Maria Luza Bautista	August 5, 2011
Roderico V. Puno	August 5, 2011
David T. Go	May 12, 2014
Jaime Miguel G. Belmonte	December 2, 2011
Christopher P. Beshouri	May 14, 2013
Wilfredo A. Paras	May 14, 2013
Peter B. Favila	May 11, 2015

<u>Board Committees:</u>

The members of the Executive Committee are:

Arthur Vy Ty	- Chairman
Alfred Vy Ty	- Vice-Chairman
Carmelo Maria Luza Bautista	- Member
Francisco C. Sebastian	- Member
Mary Vy Ty	- Adviser

The members of the Audit Committee are:

Wilfredo A. Paras	- Chairman
Christopher C. Beshouri	- Member
David T. Go	- Member
Peter B. Favila	- Member
Pascual M. Garcia III	- Adviser

The members of the Risk Oversight Committee are:

Peter B. Favila	- Chairman
Wilfredo A. Paras	- Member
Christopher P. Beshouri	- Member

Roderico V. Puno	- Member

The members of the Compensation Committee are:

Jaime Miguel G. Belmonte	- Chairman
Christopher P. Beshouri	- Member
Alfred V. Ty	- Member

The members of the Nominations Committee are:

Wilfredo A. Paras	- Chairman
Carmelo Maria Luza Bautista	- Member
Peter B. Favila	- Member

The members of the Corporate Governance Committee are:

Christopher P. Beshouri	- Chairman
Wilfredo A. Paras	- Member
Jaime Miguel G. Belmonte	- Member

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last stockholders' meeting.

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

Dr. George S.K. Ty, 84 years old, Filipino, served as GT Capital's Chairman of the Board since its inception in July 2007 until July 11, 2012. He is the current Group Chairman of GT Capital. Dr. Ty is also the founder of Metropolitan Bank & Trust Company ("MBT"), a listed company, and served as its Chairman from 1975 until 2006 when he became Group Chairman of the Metrobank Group of Companies. Dr. Ty graduated from the University of Santo Tomas and received his Doctorate in Humanities, Honoris Causa from the same university. He is concurrently the Chairman of the Board of Trustees of the Metrobank Foundation, Inc. ("MBFI") and of the Board of Directors of Toyota Motor Philippines Corporation ("TMP").

Arthur Vy Ty, 50 years old, Filipino, was elected as the Corporation's Chairman in May 2016. Prior to this, he was the Corporation's Vice Chairman since its inception in 2007 before assuming the Chairmanship in 2012 up to June 2014. He was the President of MBT, a listed company, from 2006 to 2012 and was appointed as its Chairman in April 2012. He also serves as the Chairman of Metropolitan Bank (China) Ltd., Inc.; Vice Chairman and Director of Philippine Savings Bank ("PSBank"), a listed company; Vice Chairman of First Metro Investment Corporation ("FMIC"), and MBFI and Director of Philippine AXA Life Insurance Corporation ("AXA Philippines") and Federal Land, Inc. ("Fed Land"). He earned his Bachelor of Science degree in Economics from the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York in 1991.

Francisco C. Sebastian, 62 years old, Filipino, was elected as one of the Corporation's Vice Chairman in May 2016. Prior to assuming this post, he was Chairman of GT Capital since June 2014. He has been a member of the Board of Directors of GT Capital since 2014. He joined the Metrobank Group in 1997 when he was appointed as President of FMIC, a post he held for 14 years until he became its Chairman in 2011. He also currently serves as a director of listed companies, Metro Pacific Investments Corporation ("MPIC") and MBT, as well as Fed Land and Property Company of Friends, Inc. ("PCFI"), subsidiaries of the Corporation. He worked in Hong Kong for 20 years from 1977, initially as an investment banker in Ayala International Finance Limited and Filinvest Finance (HK) Ltd. From 1984, until he joined the Metrobank Group, he owned and managed his own business services and financial advisory firm in Hong Kong. He earned his Bachelor of Arts in Economics (Honors) from the Ateneo de Manila University and graduated Magna Cum Laude in 1975.

Alfred Vy Ty, 49 years old, Filipino, has been a Vice Chairman of the Corporation since February 14, 2012 and has served as a Director of the Corporation since 2007. He is also a Director of MBT and Vice Chairman of TMP. He graduated from the University of Southern California in 1989 with a degree in Business Administration. Some of his other current roles and positions include: Chairman, Lexus Manila; Chairman, Fed Land; Chairman, Bonifacio Landmark Realty and Development Corporation; Chairman, PCFI); Chairman, Cathay International Resources Corp.; Vice-Chairman, Toyota Motor School of Technology, Inc.; Vice Chairman, Federal Land Orix Corp.; Member of the Board of Trustees, MBFI; and Independent Director of MPIC, a listed company.

Carmelo Maria Luza Bautista, 59 years old, Filipino, assumed the role of Director and President of GT Capital in 2011. Prior to his election, Mr. Bautista joined FMIC in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 39 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore branch; Vice President-Structured Finance, Citibank N.A.-Singapore Regional Office; Country Manager, ABN AMRO Bank-Philippines; and President and CEO, Philippine Bank of Communications. Mr. Bautista has a Masters Degree in Business Management from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista has no directorships in other listed companies aside from GT Capital, however, he is currently serving as Director of Fed Land, TMP, PCFI, GT Capital Auto Dealership Holdings, Inc. ("GTCAD") and Toyota Subic, Inc. ("TSI"). He is also an Adviser to the Board of Trustees of GT Foundation, Inc.

Dr. David T. Go, 63 years old, Filipino, has been a Director of GT Capital since May 2014. He acquired his Doctor of Philosophy Degree (International Relations) from New York University in 1982. He currently serves as Director, Senior Executive Vice President, and Treasurer of TMP. He is also the Vice Chairman of Toyota Autoparts Phils., Inc.; Board Adviser and Treasurer of Toyota Financial Services Philippines Corporation ("TFSPH"); President of Toyota Motor Philippines Foundation, Inc.; Trustee of Toyota Savings and Loan Association; Chairman of Toyota San Fernando, Inc., Toyota Makati, Inc., Toyota Manila Bay Corporation ("TMBC"), Toyota Sta. Rosa Inc., Toyota Logistics, Inc., GTCAD and TSI; Director of Lexus Manila; and President of Toyota Motor Phils. School of Technology, Inc. Dr. Go has no directorships in other listed companies aside from GT Capital.

Roderico V. Puno, 53 years old, Filipino, has been a director of the Corporation since August 5, 2011 and is the Managing Partner of Puno & Puno Law Offices. He earned his Bachelor of Arts, Major in Political Science, from the Ateneo de Manila University in 1985, his Bachelor of Laws degree from the same University in 1989, and his Masters of Law from Northwestern University in Chicago. He is a widely recognized expert in energy law and also specializes in general corporate law, banking and project finance, real estate, utilities regulation, securities, and infrastructure. He is currently the Corporate Secretary of Atlas Consolidated and Mining and Development Corporation, a listed company, First Philippine Industrial Park, and Rustan Supercenters, Inc. and a member of the Board of Trustees of the Knowledge Channel Inc. He concurrently served as Vice-President- Head of Legal, General Counsel, and Corporate Secretary for First Generation Corporation, a listed company, and Vice President-Legal for First Philippine Holdings Corporation, a listed company. Atty. Puno has no directorships in other listed companies aside from GT Capital.

Jaime Miguel G. Belmonte*, 53 years old, Filipino, was elected as Independent Director of GT Capital on July 11, 2012. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); President and Chief Executive Officer of Business World (since 2015); President and Publisher of Pilipino Star Ngayon (since 1994) and PM-Pang Masa (since 2003); President of Pilipino Star Printing Company (since 1994); President of Nation Broadcasting Corp. of the Philippines (since 2016); and President of Hastings Holdings Inc. Mr. Belmonte is also the President of Cebu-based The Freeman and Banat News (since 2004); Vice Chairman of Stargate Media Corporation (Director since 2000); Publisher of People Asia Magazine; and a member of the Board of Advisers of Manila Tytana College (since 2008). Aside from GT Capital, Mr. Belmonte also sits on the board of Cignal TV, Nation Broadcasting Corp. of the Philippines, and Hastings Holdings Inc. He earned his undergraduate degree from the University of the Philippines-Diliman. Mr. Belmonte has no directorships in other listed companies aside from GT Capital.

Peter B. Favila*, 70 years old, Filipino, was elected as Independent Director on May 11, 2015. Prior to this, he served as GT Capital's Board Adviser since October 23, 2014. He is presently a Consultant to the Bangko Sentral ng Pilipinas ("BSP") after completing his fixed term as Member of the Monetary Board. Likewise, Mr. Favila is the Chairman of the Supervisory Committee of the (ABF) Philippines Index Bond Fund and member of the Advisory Council of the Asian Bankers Association. He is a member of the Board of Trustees of the Ramos for Peace and Development Foundation, Inc. (RPDev) and Trustee of the Alay sa Kawal Foundation, Inc. With more than 40 years of experience in the field of banking and finance, he held various executive positions in both the public and private sector. In 2005, he was appointed Secretary of the Department of Trade and Industry ("DTI") where, in his concurrent capacity as such, he chaired several attached agencies to DTI until the end of his term in 2010. Mr. Favila, in the private sector, has served as Senior Vice President of MBT; President/CEO of Security Banking Corporation; Vice-Chairman/President/CEO of Philippine National Bank; and President/CEO of Allied Banking Corporation. Prior to his stint in government service, he was elected as Chairman of the Philippine Stock Exchange. Mr. Favila has no directorships in other listed companies aside from GT Capital. Mr. Favila is a recipient of various recognitions and awards prominent of which are the Republic of the Philippine's Order of Lakandula with the rank of Bayani conferred by President Gloria

Macapagal-Arroyo; the Gran Cruz Orden de Isabel la Catolica conferred by King Juan Carlos I of Spain; the Order of the Rising Sun, Gold and Silver Star conferred by His Majesty Emperor Akihito of Japan. Mr. Favila earned his Bachelor of Science degree in Commerce from the Santo Tomas University and completed his Advance Management Program at the Wharton School, University of Pennsylvania. He is an adopted member of Class 1982 of the Philippine Military Academy.

Christopher P. Beshouri*, 54 years old, American, was elected as Independent Director of GT Capital on May 14, 2013. He is Group President and COO of VICSAL Development Corporation, a diversified conglomerate owned and led by the Gaisano Family, with holdings in retail (Metro Retail stores), property (Taft, HT Land), and financial services (banking, investment banking, brokerage, and trust). Mr. Beshouri has no directorships in other listed companies aside from GT Capital. Prior to joining VICSAL, Mr. Beshouri was with McKinsey and Company for more than 15 years, where he held 3 distinct roles: President / CEO of Philippines (2005-2013), Chief of Staff of Asia (2004-2005), and Associate Principal (1997-2004). Mr. Beshouri also worked as a Senior Financial Economist and Director at the United States Treasury from 1989 to 1997, where he focused on financial markets and banking regulation. In addition, Mr. Beshouri was an Adjunct Professor of Georgetown University, College of Business from 1996-1997, a Consultant for the West Africa Country Operations of the World Bank in 1988, a Financial Auditor of the Catholic Relief Services from 1987 to 1988, and an Analyst and Research Assistant for the Federal Reserve Bank of Atlanta from 1984 to 1986. Mr. Beshouri holds a Bachelor of Arts Degree (Dual Major in Economics and Public Policy) from the Michigan State University, and a degree in Master of Public Affairs from Princeton University.

Wilfredo A. Paras*, 70 years old, Filipino, was elected as Independent Director of GT Capital on May 14, 2013. He currently holds various positions in Philippine corporations, such as: Independent Director of Philex Mining Corporation, a listed company, (2011-present); Member of the Board of Trustees of Dualtech Training Center (2012-present); and President of WAP Holdings, Inc. (2007-present). He also served as the Executive Vice President/Chief Operating Officer and Director of JG Summit Petrochemical Corporation; President of Union Carbide Philippines; President/Director of Union Carbide-Indonesia; Managing Director of Union Carbide Singapore; and Business Director for Union Carbide Asia-Pacific. Mr. Paras holds a Bachelor of Science (BS) Industrial Pharmacy degree from the University of the Philippines and a Masters Degree in Business Administration (MBA) from the De la Salle University Graduate School of Business. He finished a Management Program from the University of Michigan, Ann Arbor, Michigan, USA. He is also a Fellow of the Institute of Corporate Directors.

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

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

Pascual M. Garcia III, 63 years old, Filipino, was appointed as Board Adviser in May 2013. He is currently the President of Fed Land. He also holds several other positions in other companies among which are: Vice Chairman, PCFI; Vice Chairman, Cathay International Resources Corp.; Chairman, Omni Orient Management Corp.; Chairman, Metpark Commercial Estate Association, Inc.; President, Horizon Land Resources Development Corp.; Chairman, Central Realty & Development Corp.; Chairman, Crown Central Properties; Director, TFSPH; Director, Bonifacio Landmark Realty & Development Corp.; Chairman, Alveo-Federal Land Communities, Inc.; Vice Chairman, Cathay International Resources Corporation; and Chairman, Branchton Development Corp., Camarillo Development Corp., Firm Builders Realty Development Corp., Marcan Development Corp., Micara Land, Inc., and Williamton Holdings, Inc. Prior to joining Fed Land, he served as the President and Director of PSBank from 2001 to 2013. Mr. Garcia earned his Bachelor's degree in Commerce, Major in Management, from the Ateneo de Zamboanga University.

Mary Vy Ty, 76 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2014. Prior to this, she served as the Corporation's Treasurer since its incorporation in 2007. Mrs. Ty has more than 50 years of experience in banking and general business. She currently holds the following positions: Assistant to the Group Chairman, MBT; Adviser, MBFI and Fed Land; Vice Chairman, Manila Medical Services, Inc.; Adviser, Horizon Land Development Corporation; Director, Grand Titan Capital Holdings, Inc.; and Chairman, Philippine Securities Corporation, Tytana Corporation and Federal Homes, Inc.. Previously, Mrs. Ty held the position of Director for FMIC. She earned her collegiate degree from the University of Santo Tomas.

Guillermo Co Choa, 57 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2016. He is currently the Vice-Chairman and President of PCFI. Mr. Choa earned his Bachelor's Degree in Commerce, Major in Marketing, from the De La Salle University and his Master's Degree in Business Economics from the University of Asia and Pacific.

Nominee Directors

As of the date of this report, the nominees for independent directors are Messrs., Peter B. Favila, Wilfredo A. Paras and Renato C. Valencia, who were nominated by Mr. Carmelo Maria Luza Bautista, as well as Mr. Jaime Miguel G. Belmonte, nominated by Mr. Francisco H. Suarez Jr., The four (4) nominees for independent directors are not related either by consanguinity or affinity to the person who nominated them.

Based on Section 2.1.4 of GT Capital's Manual on Corporate Governance, the stockholders must elect at least two (2) independent directors as defined by existing laws and regulations.

Aside from the above nominees for independent directors, the other nominees for director are Messrs. George S.K. Ty, Arthur Vy Ty, Alfred Vy Ty, Carmelo Maria Luza Bautista, David T. Go, Roderico V. Puno and Francisco C. Sebastian.

All the nominees, except Mr. Renato C. Valencia, are incumbent directors of GT Capital. The experience and qualifications of the nominated incumbent directors are found above. The experience and qualifications of Mr. Renato C. Valencia are as follows:

> **Renato C. Valencia,** 75 years old, currently holds the following positions: Chairman and Independent Director of iPeople Inc., a listed company; and Independent Director of MBT, EEI Corporation, Anglo Philippine Holdings, Inc. and Vulcan Industrial and Mining, Inc., all listed companies. He previously served as Independent Director of GT Capital from July 2012 until May 2013. His other past positions include: Director, House of Investments, Inc., a listed company; President and CEO, Roxas Holdings, Inc., a listed company; Director, Roxas and Company, Inc., a listed company; Director and Board Adviser, Philippine Veterans Bank; President and CEO of the Social Security System; Vice Chairman and Director, San Miguel Corporation, a listed company; Director, Philippine Long Distance Telephone Company, a listed company; Chairman, Philippine Savings Bank, a listed company; Advisory Board Member, Philippines Coca-Cola System Council; Director, Manila Electric Company, a listed company; Director, Bases Conversion Development Academy; Director, Fort Bonifacio Development Corporation; Board Member, Civil Aeronautics Board; Director, Philex Mining Corporation, a listed company; Director, Far East Bank & Trust Company; Director, Makati Stock Exchange; Executive Vice President and Consultant, The International Corporate Bank; Senior Vice President, Family Bank & Trust Company; Senior Vice President and Vice President, Ayala Investment & Development Corporation; Assistant Vice President, Makati Leasing & Finance Corporation; Personnel and General Services Manager, Solid Mills Incorporated; Chairman, CEO, President and COO of Union Bank of the Philippines, a listed company; and other various positions in the Armed Forces of the Philippines. He is a graduate of Philippine Military Academy with a degree in B.S. Gen. Engineering, and also holds an MBA from the Asian Institute Management.

Review of qualifications of candidates nominated as Directors, including Independent Directors, is conducted by the Nominations Committee prior to the stockholders' meeting. The Nominations Committee prepares a Final List of Candidates of those who have passed the Guidelines, Screening Policies and Parameters for nomination as Director of the Corporation, and which list contains information about the nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Directors of the Corporation. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The Directors of the Corporation are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC (Securities Regulation Code) and its Implementing Rules and Regulations, as well as the Corporation's By-laws.

In case of resignation, disqualification or cessation of any directorship, and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, may the vacancy be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nominations Committee; otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

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

Dr. George S. K. Ty	Jaime Miguel G. Belmonte
Arthur Vy Ty	Atty. Roderico V. Puno
Francisco C. Sebastian	Wilfredo A. Paras
Alfred Vy Ty	Peter B. Favila
Carmelo Maria Luza Bautista	Renato C. Valencia
Dr. David T. Go	

The Corporation has complied with the Guidelines set forth by SRC Rule 38 regarding the Nomination and Election of Independent Directors. The same provision has been incorporated in the Amended By-Laws of the Corporation.

(ii) **Executive Officers**

Name	Office	Age	Citizenship
Carmelo Maria Luza Bautista	President	59	Filipino
Francisco H. Suarez, Jr.	Executive Vice President/Chief Financial Officer	56	Filipino
Anjanette T. Dy Buncio	Treasurer	48	Filipino
Alesandra T. Ty	Assistant Treasurer	37	Filipino
Antonio V. Viray	Corporate Secretary	77	Filipino
Jeanne Frances T. Chua*	Assistant Corporate Secretary	51	Filipino
Jocelyn Y. Kho	Assistant Corporate Secretary	61	Filipino
Winston Andrew L. Peckson	First Vice President/Chief Risk Officer	65	Filipino
Jose B. Crisol, Jr.	First Vice President/Head, Investor Relations and Corporate Communication	50	Filipino
Susan E. Cornelio	Vice President/Head, Human Resources and Administration	44	Filipino
Richel D. Mendoza	Vice President/Chief Audit Executive	44	Filipino
Reyna Rose P. Manon-Og	Vice President/Controller and Head, Accounting and Financial Control	34	Filipino
Elsie D. Paras	Vice President/Deputy Chief Financial Officer	44	Filipino
Renee Lynn Miciano-Atienza	Assistant Vice President /Head, Legal and Compliance	34	Filipino

**Resigned effective March 22, 2017*

Period of Officership

Name	Office	Period Held
Carmelo Maria Luza Bautista	President	2011-Present
Francisco H. Suarez, Jr.	Executive Vice President/Chief Financial Officer	2012-Present
Anjanette T. Dy Buncio	Treasurer	2007-Present
Alesandra T. Ty	Assistant Treasurer	2012-Present
Antonio V. Viray	Corporate Secretary	2009-Present
Jeanne Frances T. Chua	Assistant Corporate Secretary	2015-March 22, 2017
Jocelyn Y. Kho	Assistant Corporate Secretary	2011-Present
Winston Andrew L. Peckson	First Vice President/Chief Risk Officer	2016-Present
Jose B. Crisol, Jr.	First Vice President/Head, Investor Relations and Corporate Communication	2012-Present
Susan E. Cornelio	Vice President/Head, Human Resources and Administration	2012-Present
Richel D. Mendoza	Vice President/Chief Audit Executive	2013-Present
Reyna Rose P. Manon-Og	Vice President/Controller and Head, Accounting and Financial Control	2011-Present

Elsie D. Paras	Vice President/Deputy Chief Financial Officer	2015-Present
Renee Lynn Miciano-Atienza	Assistant Vice President /Head, Legal and Compliance	May 2016-Present

Francisco H. Suarez Jr., 57 years old, Filipino, serves as GT Capital's Executive Vice President and Chief Financial Officer (CFO). He was appointed to the position on February 16, 2012. He is also a Director and the Treasurer of GTCAD and the Corporate Secretary of TFSPH and TMBC. Over his tenure, he has successfully supervised over the launch of the Corporation's initial public offering, a top-up private placement, two retail bond issuances and two series of perpetual preferred shares. Mr. Suarez brings to the Company over 35 years of solid and extensive experience in investment banking and financial management. Prior to joining GT Capital, he was the CFO of three subsidiaries of the ATR KimEng Group. For a time, he also served as Executive Director of ATR KimEng Capital Partners, Inc. Before this, he was appointed as the CFO of PSI Technologies, Inc., and, prior to that, of SPi Technologies, Inc. Previously, he was a Director for Corporate Finance at Asian Alliance Investment Corp. He has also assumed various positions in MBT, International Corporate Bank, Far East Bank and Trust Company, and the National Economic Development Authority. Mr. Suarez graduated from De La Salle University with a Bachelor of Science degree in Applied Economics and is a candidate for the Master in Business Administration degree at the Ateneo de Manila University.

Antonio V. Viray, 77 years old, Filipino, joined the Corporation as Assistant Corporate Secretary and became Corporate Secretary in 2009. Concurrently, he is the Corporate Secretary of MBT and PCFI. He was formerly Senior Vice-President, General Counsel, Assistant Corporate Secretary and Director of MBT. He was also Senior Vice-President & General Counsel of PSBank and Director of Solidbank. At present, he is also the Corporate Secretary of Global Treasure Holdings, Inc. and Grand Titan Capital Holdings, Inc. He is also Of Counsel of Feria Tantoco Daos Law Office. He obtained his Bachelor of Laws from the University of Sto. Tomas and Master of Laws from Northwestern University in Chicago, U.S.A.

Jeanne Frances T. Chua*, 51 years old, Filipino, was appointed as Assistant Corporate Secretary on May 12, 2015. She concurrently serves as: Vice President of Legaspi Import & Export Corporation; and Director and Senior Vice President of Century Savings Bank Corporation. She holds a Bachelor of Science degree in Finance from Santa Clara University. **Resigned effective March 22, 2017*

Jocelyn Y. Kho, 62 years old, Filipino, has served as the Corporation's Assistant Corporate Secretary since June 2011 and formerly the Corporation's Controller until 2010. She served as Vice President under the Office of the Assistant to the Group Chairman of MBT from 1978 to 2009. She concurrently holds the following positions: Assistant Corporate Secretary, Grand Titan Capital Holdings, Inc.; Controller and Assistant Corporate Secretary, Global Treasure Holdings, Inc.; Director and Treasurer, Global Business Holdings, Inc.; Director, Senior Vice President and Corporate Secretary, Federal Homes, Inc.; Director and Corporate Secretary of Crown Central Realty Corporation; Director of Cathay International Resources, Inc.; Ex-Com Member and Corporate Secretary, of Fed Land; Chairman and President of MBTC Management Consultancy, Inc.; Director and Treasurer, Nove Ferum Holdings, Inc.; Director and Vice President, Horizon Royale Holdings, Inc.; Director and Treasurer, Grand Estate Property Corporation; Director and Vice President, Ausan Resources Corporation; Chairman and President, Glam Holdings Corporation; Vice Chairman and President, Glam Realty Corporation; Treasurer, First Metro Insurance Brokers Corporation; Corporate Secretary, First Metro Insurance Agency, Inc.; Director and President, Harmony Property Holdings, Inc.; Director and President, Splendor Fortune Holdings, Inc.; Director and President, Splendor Realty Corporation; and Director and Vice President, Circa 2000 Homes, Inc. She earned her Bachelor of Science degree in Commerce with a major in Accounting from the University of Santo Tomas in 1975, and is a candidate for the Master of Science Degree in Taxation from MLQ University.

Anjanette Ty Dy Buncio, 48 years old, Filipino, was appointed as GT Capital's Treasurer in May 2015. Prior to this, she served as the Corporation's Assistant Treasurer since 2007. She holds several other positions in other companies among which are: Vice Chairman and Director of Metrobank Card Corporation; Director, Treasurer and Senior Vice President of Fed Land; Adviser and Treasurer of PCFI; Senior Vice President of MBFI; Vice President of GT Metro Foundation; and Corporate Secretary of Pro Oil Corporation. She graduated from the International Christian University in Tokyo, Japan with a Bachelor of Science degree in Economics.

Alesandra T. Ty, 37 years old, Filipino, was appointed Assistant Treasurer of GT Capital on February 14, 2012. She graduated from the Ateneo de Manila University with a Bachelor of Science degree in Legal Management. She then earned her Masters in Business Administration from the China Europe International Business School in Shanghai, China. She is currently Director and Corporate Treasurer of AXA Philippines; Director of ORIX Metro Leasing and Finance Corporation and Sumisho Motorcycle Finance Corp.; Corporate Secretary and Corporate Treasurer of FMIC; Corporate Secretary of MBFI and GT Foundation, Inc.; Director and Assistant Treasurer of Federal Homes, Inc.; and Executive Vice President of Grand Titan Capital Holdings, Inc.

Winston Andrew L. Peckson, 65 years old, Filipino, serves as First Vice President and Chief Risk Officer of GT Capital. He was appointed to the position in February 2016. Mr. Peckson brings to the Corporation over 40 years of experience in banking. Concurrent to his position, he is a Director of the First Metro Philippine Equity Exchange Traded Fund, Inc. and a Fellow of the Institute of Corporate Directors. Before joining GT Capital, he served as a Consultant for the Treasury and Investment Banking Group of FMIC. Prior to his stint with FMIC, he was the Head of Treasury Marketing of Philippine National Bank. Before this, he was also Vice President and General Manager of ABN AMRO Bank NV's Manila Offshore Branch, a position he held for 10 years. Other previous positions held were: Vice President and Corporate Treasury Advisor of Bank of America – Manila Branch; CEO and Director of Danamon Finance Company (HK) Ltd. (DFCL); Manager for Corporate Banking of Lloyds Bank PLC – Hong Kong Branch; Vice President for Commercial Banking of Lloyds Bank PLC – Manila Offshore Branch; and Branch Banking Head of Far East Bank & Trust Company. He obtained his Bachelor of Arts Degree, Major in Psychology and Minor in Business Administration, from the Ateneo De Manila University and earned his Masters Degree in Business Management from the Asian Institute of Management.

Jose B. Crisol, Jr., 50 years old, Filipino, serves as First Vice President and Head of the Investor Relations and Corporate Communication Division of GT Capital. He was appointed to the position on July 26, 2012. Before joining the Corporation, he was the Assistant Vice President for Investor Relations of SM Investments Corporation ("SM"). Prior to working with SM, he was a Director at the DTI, heading its Trade and Industry Information Center. He also served for a time, on a concurrent basis, as Head of DTI's Office of Operational Planning. His other past employment includes occupying various positions at The Philippine American Life Insurance Company and Merrill Lynch Philippines, Inc., among others. He holds a Bachelor of Science degree in Economics from the University of the Philippines in Diliman, and completed the Strategic Business Economics Program of the University of Asia and the Pacific. He finished his primary and secondary education at the Ateneo De Manila University.

Susan E. Cornelio, 44 years old, Filipino, joined the Corporation on July 4, 2012 as the Head of the Human Resources Division. Prior to this, she served as Vice President and Head of the Compensation and Benefits Department of Sterling Bank of Asia. Before this, she was Assistant Vice President and Head of the Compensation and Benefits Department of United Coconut Planters Bank. Her other past employments include: MBT, ABN AMRO, Solidbank, and Citytrust, among others. She holds a degree of Bachelor of Science major in Accounting from the Sta. Isabel College and a Master Certificate in Human Resources from Cornell University's School of Industrial and Labor Relations.

Richel D. Mendoza, 45 years old, Filipino, joined the Corporation on October 1, 2013 as its Chief Audit Executive. She served as Board Director of the Institute of Internal Auditors (IIA) Philippines from 2004-2012 prior to her appointment as its Chief Operating Officer in 2012. Richel is a seasoned internal audit practitioner with 17 years of experience from listed company Roxas Holdings, Inc., serving as Senior Auditor in one of its subsidiaries, Central Azucarera Don Pedro, until she became the Group Internal Audit Head. She gained her audit background from SGV & Co. Richel has a Masters in Business Administration degree from De La Salle University Graduate School of Business and a Bachelor of Science degree in Business Administration Major in Accounting from University of the East, Magna Cum Laude. Richel is a Certified Public Accountant, a Certified Internal Auditor (CIA), and an IIA Quality Assurance Validator, Trainer and CIA Reviewer. She completed the Diploma Program in Corporate Finance at the Ateneo Graduate School of Business – Center for Continuing Education.

Reyna Rose P. Manon-og, 34 years old, Filipino, was appointed the Corporation's controller in October 2011. She is a Certified Public Accountant and a cum laude graduate of Bicol University. Before joining the Corporation, she was the Assistant Vice President and Head of the Financial Accounting Department of United Coconut Planters Bank. Prior to this, she was a Director in SGV & Co. where she gained seven years of experience in external audit.

Elsie D. Paras, 44 years old, Filipino, serves as GT Capital's Vice President for Corporate Planning and Business Development and Deputy Chief Finance Officer. She was appointed to the position on January 5, 2015. Prior to joining the Corporation, she served as Finance Manager and Deputy CFO of SIA Engineering Philippines, a joint venture of Cebu Air and SIA Engineering of Singapore. Before this, she was a Manager for Strategic Consulting for Jones Lang La Salle MENA in Dubai. Her other employments include: Business Development Manager for Commercial Centers of Robinsons Land Corporation and Project Development Manager at Ayala Land, Inc. for middle income housing among others. She attained her Masters in Business Management, Major in Finance from the Asian Institute of Management in 2001. She was also a participant in the International Exchange Student Program of HEC School of Management of France. Prior to her MBM, she worked for six years in equity research and investment banking. She graduated with honors from the University of the Philippines with a Bachelor of Science degree in Business Economics.

Renee Lynn Miciano-Atienza, 34 years old, Filipino, is Assistant Vice President and Head of the Legal & Compliance Department of the Corporation. She was appointed to her position on May 11, 2016 and has been with GT Capital since August 2012. She concurrently holds the following positions: Director, GTCAD and TSI; Assistant Corporate Secretary, PCFI; Corporate Secretary, Micara Land, Inc., Marcan Development Corporation, Camarillo Development Corporation, Williamton Financing Corporation, Branchton Development Corporation, and Firm Builders Realty Development Corporation. Prior to joining the Corporation, she was the Head of the Investigation and Enforcement Department of the Capital Markets Integrity Corporation ("CMIC"). Before joining CMIC, she was the Officer-in-Charge of the Prosecution and Enforcement Department of the PSE. She was also the Legal Counsel of the Office of Senator Miguel Zubiri, and prior to entering law school, a trader for United Coconut Planters Bank. She earned her Bachelor of Science degree in Management from the Ateneo De Manila University and finished her Juris Doctor degree in the same university.

Directorships in Other Reporting Companies and Subsidiaries

The following are directorships held by Directors and Executive Officers in other reporting (listed) companies and subsidiaries of the Corporation during the last five years:

Name of Corporation	**Position**
George S.K. Ty	
Toyota Motor Philippines Corporation	Chairman/Director
Francisco C. Sebastian	
Metropolitan Bank & Trust Company	Vice Chairman/Director
Federal Land, Inc.	Director
Metro Pacific Investment Corporation	Director
Property Company of Friends, Inc.	Director
Arthur Vy Ty	
Metropolitan Bank & Trust Company	Chairman/Director
Philippine Savings Bank	Vice Chairman/Director
Philippine AXA Life Insurance Corporation	Director
Federal Land, Inc.	Director
Alfred Vy Ty	
Toyota Motor Philippines Corporation	Vice-Chairman/Director
Federal Land, Inc.	Chairman/Director
Metropolitan Bank & Trust Company	Director
Property Company of Friends, Inc.	Chairman
Metro Pacific Investment Corporation	Independent Director
Philippine Long Distance Telephone Company	Director
Carmelo Maria Luza Bautista	
Toyota Motor Philippines Corporation	Director
Federal Land, Inc.	Director
Property Company of Friends, Inc.	Director
GT Capital Auto Dealership Holdings, Inc.	Director
David T. Go	
Toyota Manila Bay Corporation	Chairman/Director
Toyota Motor Philippines Corporation	Director/Senior Executive Vice President and Treasurer
GT Capital Auto Dealership Holdings, Inc.	Chairman/Director
Wilfredo A. Paras	
Philex Mining Corporation	Independent Director
Anjanette Ty Dy Buncio	
Federal Land, Inc.	Director/Senior Vice President
Alesandra T. Ty	
Philippine AXA Life Insurance Corporation	Director/Treasurer

Francisco H. Suarez, Jr.	
GT Capital Auto Dealership Holdings, Inc.	Director/Treasurer
Winston Andrew L. Peckson	
First Metro Philippine Equity Exchange Traded Fund, Inc.	Director
Renee Lynn Miciano-Atienza	
GT Capital Auto Dealership Holdings, Inc.	Director
Toyota Subic, Inc.	Director

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

Office	Name
Group Chairman	Dr. George S. K. Ty
Chairman	Arthur V. Ty
Co-Vice Chairman	Alfred V. Ty
Co-Vice Chairman	Francisco C. Sebastian
President	Carmelo Maria Luza Bautista
Treasurer	Anjanette T. Dy Buncio
Assistant Treasurer	Alesandra T. Ty
Corporate Secretary	Antonio V. Viray
Assistant Corporate Secretary	Jocelyn Y. Kho
Chief Financial Officer	Francisco H. Suarez, Jr.
Head, Investor Relations & Corporate Communications	Jose B. Crisol, Jr.
Chief Risk Officer	Winston Andrew L. Peckson
Head, Human Resources & Administration	Susan E. Cornelio
Chief Audit Executive	Richel D. Mendoza
Controller and Head, Accounting and Financial Control	Reyna Rose P. Manon-Og
Deputy Chief Financial Officer	Elsie D. Paras
Head, Legal and Compliance	Renee Lynn Miciano-Atienza

The following will be nominated as advisers to the Board at the Organizational meeting:

Adviser	Pascual M. Garcia III
Adviser	Guillermo Co Choa
Adviser	Mary Vy Ty

(b) Significant Employees

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

(c) Family Relationships

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

(d) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 27 (Related Party Transactions) of the Notes to the Consolidated Financial Statements. Related Party Transactions are made on an arm's length basis.

(e) Involvement in Legal Proceedings

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

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

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

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

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

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

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

Summary compensation table of Directors

Remuneration Item	**Executive Directors**	**Non-Executive Directors** (other than independent directors)	**Independent Directors**
Per diem Allowance	Php 0.99 million	Php 6.32 million	Php 4.42 million
Bonuses	PhP 0.60 million	PhP14.20 million	PhP 3.25 million
Transportation Allowance			PhP 0.33 million

Summary compensation table of Executive Officers

The following table identifies the Corporation's President and four most highly-compensated executive officers (the "Named Executive Officers") and summarizes their aggregate compensation in 2015, 2016, and 2017. The amounts (in P millions) set forth in the table below have been prepared based on what the Corporation paid its executive officers in 2015 and 2016, and what the Corporation expects to pay in 2017.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Named Executive Officers*..................................	2015	27.565	13.803	-
	2016	35.032	17.932	-
	2017**	38.534	19.725	-
All other Officers as a Group	2015	17.559	3.106	-
	2016	18.787	3.324	-
	2017**	20.666	3.656	-

** Named executive officers include: Carmelo Maria Luza Bautista (President), Francisco H. Suarez, Jr. (Chief Financial Officer), Winston Andrew L. Peckson (Chief Risk Officer), Jose B. Crisol (Head, Investor Relations and Corporate Communications), and Elsie D. Paras (Deputy Chief Financial Officer)*

*** Figures for the year 2017 are estimates*

Employment contracts between the Corporation and named executive officers

The Corporation has no special employment contracts with its executive officers.

Warrants and options outstanding

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

Stock option plan

The Corporation has no employee stock option plan.

Item 7. **Independent Public Accountants**

Sycip, Gorres, Velayo & Company is the external auditor for the calendar year 2016. The same external auditor will be recommended for re-appointment at the scheduled stockholders' meeting. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Corporation engaged Ms. Vicky Lee Salas of SGV & Co. for the examination of the Corporation's financial statements for 2016. Pursuant to SRC Rule 68, Paragraph 3 (b) (ix) (Rotation of External Auditors), the independent auditors or in the case of an audit firm, the signing partner, shall be rotated after every five (5) years of engagement, with a two-year cooling off period to be observed in the re-engagement of the same signing partner or individual auditor.

The aggregate fees for each of the last two fiscal years for audit and audit-related professional services rendered by the external auditor were P1.8 Million and P11.3 Million for 2015 and 2016, respectively. The audit fees for 2015 and 2016 amounted to P1.8 Million and P2.0 Million, respectively. Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, and review of annual income tax returns. SGV also rendered other audit-related professional services in 2016 relating to the Corporation's Perpetual Preferred Shares offering. Tax consultancy services were secured from other entities other than the external auditor.

The Audit Committee has the primary responsibility of recommending to the Board of Directors the appointment, re-appointment or removal of the external auditor and the fixing of the audit fees. The Board of Directors and stockholders approve the Audit Committee's recommendation.

Item 8. **Compensation Plans**

Not applicable.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

Not applicable.

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

Not applicable.

Item 11. **Financial and Other Information**

Not applicable.

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

Not applicable.

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

Not applicable.

Item 14. **Restatement of Accounts**

Not applicable.

D. OTHER MATTERS

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

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

(a) Minutes of the annual meeting of stockholders held on May 11, 2016

The following was the agenda of the said meeting:

- Call to order
- Certification of notice and quorum
- Approval of minutes of annual meeting of stockholders held on May 11, 2015
- Annual Report for the Year 2015
- General ratification of the acts of the Board of Directors, Executive Committee, and Management from the date of the last annual stockholders' meeting up to the date of this meeting
- Election of directors for 2016 – 2017
- Appointment of external auditor
- Amendment to the By-laws of the Corporation
- Adjournment

(b) Annual Report for the Year 2016

(c) General ratification of the acts of the Board of Directors and the management from the date of the last annual stockholders' meeting (May 11, 2016) up to the date of this meeting (May 10 2017).

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

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

Not applicable.

Item 17. **Amendment of Charter, By-laws or Other Documents**

Not applicable.

Item 18. **Other Proposed Action**

The following are to be presented for approval during the stockholders' meeting:
(a) Appointment of external auditor; and
(b) Election of directors for 2017-2018.

Item 19. **Voting Procedures**

(a) Election of Directors

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

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

(b) Appointment of External Auditor

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

Methods by which votes will be counted

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

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

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

N.B. UPON WRITTEN REQUEST OF A STOCKHOLDER, GT CAPITAL HOLDINGS, INC. SHALL PROVIDE, FREE OF CHARGE, A COPY OF ITS 2016 ANNUAL REPORT (SEC FORM 17-A). THE REQUEST SHOULD BE ADDRESSED TO THE ATTENTION OF FRANCISCO H. SUAREZ, JR., CHIEF FINANCIAL OFFICER, 43RD FLOOR, GT TOWER INTERNATIONAL, AYALA AVENUE CORNER H. V. DELA COSTA ST., MAKATI CITY 1227

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on March 30, 2017.

By:

A. V. Viray

ANTONIO V. VIRAY
Corporate Secretary

MANAGEMENT REPORT

A.i Consolidated Audited Financial Statements

The Company's consolidated financial statements for the year ended December 31, 2016 are incorporated herein by reference.

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

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

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

CALENDAR YEAR ENDED DECEMBER 31, 2016 VERSUS YEAR ENDED DECEMBER 31, 2015

GT Capital Consolidated Statement of Income	**Audited Year Ended December 31**		**Increase (Decrease)**	
(In Million Pesos, Except for Percentage)	**2016**	2015 (As restated)	**Amount**	**Percentage**
REVENUE				
Automotive operations	**177,709**	120,802	56,907	47%
Real estate sales	**12,438**	9,000	3,438	38%
Interest income on real estate sales	**1,721**	1,462	259	18%
Equity in net income of associates and joint venture	**6,366**	5,616	750	13%
Sale of goods and services	**620**	547	73	13%
Rent income	**826**	840	(14)	(2%)
Interest income on deposits and investments	**541**	328	213	65%
Commission income	**192**	194	(2)	(1%)
Gain on revaluation of previously held interest	**125**	-	125	100%
Other income	**1,586**	1,160	426	37%
	202,124	139,949	62,175	44%
COSTS AND EXPENSES				
Cost of goods and services sold	**122,060**	74,941	47,119	63%
Cost of goods manufactured and sold	**33,792**	27,838	5,954	21%
General and administrative expenses	**12,837**	7,482	5,355	72%
Cost of real estate sales	**7,586**	6,512	1,074	16%
Interest expense	**3,326**	2,164	1,162	54%
Cost of rental	**326**	272	54	20%
	179,927	119,209	60,718	51%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**22,197**	20,740	1,457	7%
PROVISION FOR INCOME TAX	**4,586**	4,299	287	7%
INCOME FROM CONTINUING OPERATIONS, NET OF TAX	**17,611**	16,441	1,170	7%
NET INCOME FROM DISCONTINUED OPERATIONS	**4,916**	4,500	416	9%
NET INCOME	**22,527**	20,941	1,586	8%
ATTRIBUTABLE TO:				
Equity holders of the parent company				
Profit for the year from continuing operations	**10,631**	10,396	235	2%
Profit for the year from discontinued operations	**4,003**	1,719	2,284	133%
	14,634	12,115	2,519	21%

Non-controlling interest				
Profit for the year from continuing operations	**6,980**	6,045	935	15%
Profit for the year from discontinued operations	**913**	2,781	(1,868)	(67%)
	7,893	8,826	(933)	(11%)
	22,527	20,941	1,586	8%

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company grew by 21% from Php12.11 billion in 2015 to Php14.63 billion in 2016. The increase was principally due to the 44% increase in consolidated revenues from Php139.95 billion in 2015 to Php202.12 billion in 2016.

The revenue growth came from the following component companies:

(1) auto sales from Toyota Motor Philippines Corporation ("TMP") and Toyota Manila Bay Corporation ("TMBC") as combined sales increased from Php120.80 billion to Php177.71 billion accounting for 88% of total revenue;
(2) higher real estate sales and interest income on real estate sales from Federal Land Inc. (Fed Land) and Property Company of Friends, Inc. ("PCFI") which grew by 35% from Php10.46 billion to Php14.16 billion; and
(3) higher equity in net income of associates and joint venture which grew by 13% from Php5.62 billion to Php6.37 billion.

Core net income attributable to equity holders of the Parent Company recorded 2% growth from Php11.44 billion to Php11.67 billion after excluding the Php3.20 billion one-time gains from the sale of investments in shares of stock of GBPC and Charter Ping An Insurance Corporation ("CPAIC"), among others, net of related taxes and expenses; and adding back the following:

(1) Php0.20 billion non-recurring reinsurance cost of CPAIC; and
(2) Php0.04 billion amortization of fair value adjustments arising from various business combinations.

On April 4, 2016, the Parent Company completed the sale of CPAIC for a final consideration of Php2.10 billion. This transaction resulted in a Php0.17 billion gain representing the excess of the cash consideration received over the carrying value of the non-current asset held for sale. Following the sale, the assets, liabilities and reserve of disposal group were derecognized .

In May 2016, GT Capital increased its direct equity stake in GBPC from 51.27% to 56% and subsequently sold the entire 56% equity stake to Beacon Powergen Holdings, Inc., a wholly-owned subsidiary of Beacon Electric Asset Holdings, Inc., a joint venture between Metro Pacific Investment Corporation ("MPIC") and PLDT Communications and Energy Ventures, Inc. As a result, GT Capital relinquished control over GBPC and it ceased to be a subsidiary of GT Capital effective May 31, 2016. Accordingly, GT Capital reflected the results of operations of GBPC up to May 31, 2016 and did not consolidate its financial statements starting June 1, 2016. Philippine Financial Reporting Standards (PFRS) 5 prescribe the presentation of GBPC's results of operations separate from the "Income from Continuing Operations", wherein all income, expenses and income taxes of GBPC in 2016 are presented under "Income from Discontinued Operations". For comparability, 2015 and 2014 Consolidated Statements of Income were also restated to show GBPC's 2015 and 2014 results of operations separate from the "Income from Continuing Operations". The details of the deconsolidation are discussed in the Notes to the Financial Statements.

Also, in May 2016, GT Capital acquired a 15.55% direct equity stake in MPIC.

GT Capital Auto Dealership Holdings, Inc. ("GTCAD") was incorporated on June 13, 2016 and has not commenced commercial business operations. GTCAD has 55% ownership in Toyota Subic, Inc. ("TSI"). TSI was incorporated on July 14, 2016 and has not started business operations.

On June 30, 2016, GT Capital accelerated its subscription in PCFI by subscribing to an additional 28.32% direct equity stake in PCFI for a total consideration of Php8.76 billion. This subscription increased the Parent Company's direct ownership stake in PCFI from 22.68% to 51.00%.

Fed Land, PCFI, TMP, TMBC and GTCAD are consolidated in the financial statements of the Company. The other component companies MPIC, Metropolitan Bank & Trust Company ("Metrobank" or "MBT'), AXA Philippines, and Toyota Financial Services Philippines Corporation ("TFSPH") are accounted for through equity accounting.

Of the nine (9) component companies, TMP, MPIC, TFSPH, Fed Land, and TMBC posted growths in their respective net income. Metrobank, AXA Philippines, and PCFI, reported declines in their respective net income for the year. GTCAD has not commenced commercial operations.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts grew by 47% from Php120.80 billion to Php177.71 billion principally driven by the 32% increase in wholesales volume from 122,817 units to 162,085 units and continued expansion in the dealer outlets from 49 to 52.

Real estate sales and interest income on real estate sales rose by 35% from Php10.46 billion to Php14.16 billion. Fed Land contributed approximately 50% of the sales, mostly from its middle-market development projects. PCFI's low cost and economic housing projects contributed the remaining balance.

Equity in net income of associates and joint venture, increased by 13% from Php5.62 billion to Php6.37 billion as MPIC contributed for the first time effective June and the improved net income contribution of TFSPC offset the respective declines in the net income contributions of MBT and AXA Philippines.

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, increased by 13% from Php0.55 billion to Php0.62 billion due to increase in fuel sales.

Interest income on deposits and investments increased by 65% from Php0.33 billion to Php0.54 billion due to an increase in cash available for short-term placements by GT Capital and subsidiaries.

Gain on revaluation of previously-held interest amounted to Php0.12 billion, representing one-time gains on the re-measurement of GT Capital's investment in TMBC (Php0.07 billion) and Fed Land's investment in Federal Land Orix Corporation (FLOC) (Php0.05 billion), which were previously accounted for as investment in jointly-controlled entities. TMBC, thus, became a subsidiary of GT Capital upon SEC's approval of the merger of TMBC and Toyota Cubao, Inc. ("TCI") with TMBC as the surviving entity in March 2016. FLOC became a subsidiary of Fed Land when the latter acquired the remaining 40% of the former in December 2016.

Other income increased by 37% from Php1.16 billion to Php1.59 billion mainly due to increase in ancillary income realized from the TMPC-owned dealerships.

Consolidated costs and expenses increased by 51% from Php119.21 billion to Php179.93 billion with the following breakdown:

(1) Php140.62 billion from TMP comprising cost of goods manufactured, cost of goods and services sold, general and administrative expenses and interest expenses;
(2) Php22.03 billion from TMBC/TCI consisting of cost of goods and services sold, general and administrative expenses and interest expenses;
(3) Php7.30 billion from Fed Land consisting of cost of real estate sales, cost of goods sold, cost of rental, general and administrative expenses and interest expenses;
(4) Php6.05 billion from PCFI comprising cost of real estate sales, general and administrative expenses and interest expenses; and
(5) Php3.92 billion from GT Capital representing interest expenses and general and administrative expenses.

Cost of goods and services sold increased by 63% from Php74.94 billion to Ph122.06 billion with TMP's and TMBC's completely built-up units and spare parts accounting for Php121.56 billion and the balance of Php0.50 billion from Fed Land's petroleum service station business.

Cost of goods manufactured and sold comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 21% from Php27.84 billion in 2015 to Php33.79 billion in 2016.

General and administrative expenses rose by 72% from Php7.48 billion to Php12.84 billion. TMP accounted for Php5.92 billion comprising advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling. PCFI contributed P2.36 billion comprising of salaries, commissions, advertising and promotions, outside services, and taxes and licenses. Fed Land contributed Php2.16 billion comprising salaries, commissions, taxes and licenses, advertising expenses and repairs and maintenance expenses. TMBC/TCI accounted for Php1.22 billion consisting of salaries, commissions, taxes and licenses, advertising and promotions, and other general and administrative expenses. The remaining Php1.17 billion came from GT Capital's salaries, professional fees and taxes and licenses.

Cost of real estate sales increased by 16% from Php6.51 billion to Php7.59 billion arising from the increase in real estate sales. Fed Land contributed 56% of the cost while PCFI accounted for the remaining 44%.

Interest expense increased by 54% from Php2.16 billion to Php3.33 billion with GT Capital, PCFI, Fed Land, TMP, and TMBC/TCI accounting for Php2.73 billion, Php0.31 billion, Php0.12 billion, Php0.12 billion and Php0.04 billion, respectively.

Income from discontinued operations amounted to Php4.92 billion consisting of non-recurring gains from sale of the Parent Company's investment in GBPC and CPAIC amounting to Php1.60 billion and Php0.17 billion, respectively, and net income contribution of GBPC amounted to Php1.39 billion offset by Php0.16 billion losses incurred by CPAIC.

Net income attributable to non-controlling interest decreased by 11% from Php8.83 billion to Php7.89 billion due to a decline in the net income of subsidiaries which are not wholly-owned.

Consolidated net income attributable to equity holders of the Parent Company increased by 21% from Php12.11 billion in 2015 to Php14.63 billion in 2016.

GT Capital Consolidated Statement of Financial Position	**Audited December 31**		**Increase (Decrease)**	
(In Million Pesos, Except for Percentage)	**2016**	2015 (As restated)	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**20,954**	37,861	(16,907)	(45%)
Short-term investments	**1,598**	1,861	(263)	(14%)
Available-for-sale investments	**1,284**	-	1,284	100%
Receivables	**22,798**	27,056	(4,258)	(16%)
Inventories	**52,060**	51,490	570	1%
Due from related parties	**80**	370	(290)	(78%)
Prepayments and other current assets	**6,992**	7,673	(681)	(9%)
Assets of disposal group classified as held for sale	**-**	8,434	(8,434)	(100%)
Total Current Assets	**105,766**	134,745	(28,979)	(22%)
Noncurrent Assets				
Available-for-sale investments	**1,443**	3,195	(1,752)	(55%)
Receivables – net of current portion	**7,141**	6,682	459	7%
Land held for future development	**18,464**	15,357	3,107	20%
Investment properties	**14,314**	10,797	3,517	33%
Investments in associates and joint venture	**94,828**	60,265	34,563	57%
Property and equipment	**9,367**	51,972	(42,605)	(82%)
Goodwill and intangible assets	**12,802**	19,727	(6,925)	(35%)
Deferred tax asset	**540**	748	(208)	(28%)
Other noncurrent assets	**781**	878	(97)	(11%)

Total Noncurrent Assets	**159,680**	169,621	(9,941)	(6%)
TOTAL ASSETS	**265,446**	304,366	(38,920)	(13%)

	Audited December 31		Increase (Decrease)	
	2016	2015 (As restated)	Amount	Percentage
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**21,177**	22,129	(952)	(4%)
Short term debt	**6,697**	7,318	(621)	(8%)
Current portion of long term debt	**1,581**	6,924	(5,343)	(77%)
Current portion of liabilities on purchased properties	**166**	637	(471)	(74%)
Customers' deposits	**3,839**	3,691	148	4%
Dividends payable	**589**	2,861	(2,272)	(79%)
Due to related parties	**195**	174	21	12%
Income tax payable	**202**	1,013	(811)	(80%)
Other current liabilities	**638**	520	118	23%
Liabilities of disposal group classified as held for sale	**-**	6,444	(6,444)	(100%)
Total Current Liabilities	**35,084**	51,711	(16,627)	(32%)
Noncurrent Liabilities				
Long term debt – net of current portion	**56,475**	81,847	(25,372)	(31%)
Bonds payable	**21,848**	21,801	47	0%
Liabilities on purchased properties – net of current portion	**1,993**	2,146	(153)	(7%)
Pension liabilities	**1,671**	2,219	(548)	(25%)
Deferred tax liabilities	**5,052**	5,501	(449)	(8%)
Other noncurrent liabilities	**2,085**	2,609	(524)	(20%)
Total Noncurrent Liabilities	**89,124**	116,123	(26,999)	(23%)
TOTAL LIABILITIES	**124,208**	167,834	(43,626)	(26%)
EQUITY				
Equity attributable to equity holders of Parent Company				
Capital stock	**2,960**	1,760	1,200	68%
Additional paid-in capital	**57,437**	46,695	10,742	23%
Treasury shares	**-**	(6)	6	(100%)
Retained earnings				
Unappropriated	**39,961**	33,264	6,697	20%
Appropriated	**14,900**	8,760	6,140	70%
Other comprehensive loss	**(2,775)**	(918)	(1,857)	202%
Other equity adjustments	**2,322**	576	1,746	303%
	114,805	90,131	24,674	27%
Non-controlling interests	**26,433**	46,401	(19,968)	(43%)
TOTAL EQUITY	**141,238**	136,532	4,706	3%
TOTAL LIABILITIES AND EQUITY	**265,446**	304,366	(38,920)	(13%)

The major changes in the balance sheet items of the Company from December 31, 2015 to December 31, 2016 are as follows:

Total assets of the Group decreased by 13% or Php38.92 billion from Php304.37 billion as of December 31, 2015 to Php265.45 billion as of December 31, 2016. Total liabilities decreased by 26% or Php43.63 billion from Php167.83 billion to Php124.21 billion while total equity slightly increased by 3% or Php4.71 billion from Php136.53 billion to Php141.24 billion.

The decline in consolidated assets and liabilities is mainly attributable to the sale of GBPC on May 27, 2016. As a result, GBPC ceased to be a subsidiary of GT Capital. Accordingly, GT Capital deconsolidated all the assets, liabilities, and non-controlling interest of GBPC effective May 31, 2016.

Cash and cash equivalents declined by Php16.91 billion reaching Php20.95 billion with TMP, GT Capital Parent, PCFI, Fed Land, GTCAD and TMBC accounting for Php13.22 billion, Php2.47 billion, Php3.02 billion, Php1.69 billion, Php0.32 billion and Php0.23 billion, respectively.

Short-term investments declined by Php0.26 billion from Php1.86 billion to Php1.60 billion, with PCFI and TMP accounting for Php1.58 billion and Php0.02 billion, respectively.

Available-for-sale (AFS) investments classified as current pertain to the Parent Company's investment in UITF.

Receivables declined by 16% from Php27.06 billion to Php22.80 billion with PCFI contributing Php8.56 billion comprising of installment contract receivables and other receivables; Fed Land contributing Php5.77 billion, a majority of which were installment contract receivables, rent receivable and other receivables; TMP contributing Php6.10 billion consisting of trade and non-trade receivables; and TMBC accounting for Php2.37 billion representing trade receivables from the sale of automobiles and after-sales maintenance services.

Due from related parties declined by Php0.29 billion from Php0.37 billion to Php0.08 billion mainly FLI's related parties.

Prepayments and other current assets dropped by 9% from Php7.67 billion to Php6.99 billion primarily due to the deconsolidation of GBPC's input tax, partially offset by increase in advances to contractors, ad valorem tax and creditable withholding tax.

Assets of disposal group classified as held-for-sale comprising CPAIC's current and non-current assets including reinsurance assets, receivables and available for sale was derecognized in Apri 2016 upon consummation of the sale of the Parent Company's investment in CPAIC to AXA Philippines.

Available-for-sale investments classified as non-current declined by 55% from Php3.20 billion to Php1.44 billion primarily due to the deconsolidation of GBPC's AFS investments.

Noncurrent receivables from Fed Land (Php4.03 billion) and PCFI (Php3.11 billion) unit buyers who opted for long-term payment arrangements rose by 7% from Php6.68 billion to Php7.14 billion.

Land held for future development consisting of PCFI's undeveloped land increased by 20% from Php15.36 billion to Php18.46 billion due to additional landbank acquired by PCFI.

Investments in associates and joint venture increased by 57% from Php60.26 billion to Php94.83 billion due to: 1) acquisition of 15.55% ownership over MPIC amounting to Php30.17 billion; 2) equity in net income amounting to Php6.37 billion; 3) Php3.04 billion additional investment in Metrobank; 4); Php1.92 billion realized gain on sale of subsidiaries; 5) Php0.25 billion initial investment in ST 6747 Resources Corporation; and 6)Php0.02 billion additional investment in Alveo Federal Land Communities, Inc. offset by 1) disposal of indirect investment in GBPC amounting to Php3.56 billion; 2) equity in other comprehensive loss amounting to Php1.39 billion; 3) Php1.22 billion effect of business combination of TMBC and FLOC from a jointly-controlled corporation to a fully consolidated subsidiary; 4) Php0.81 billion cash dividends received from Metrobank; 5) Php0.16 billion cash dividends received from MPIC; and 6) Php0.06 billion elimination of gain on sale of CPAIC to AXA Philippines.

Investment properties increased by 33% or Php3.52 billion from Php10.80 billion to Php14.31 billion due to the completion of Fed Land's projects intended for commercial purposes.

Property and equipment declined by 82% or Php42.61 billion from Php51.97 billion to Php9.37 billion mainly due to the deconsolidation of GBPC's power plant assets.

Goodwill and intangible assets declined by 35% from Php19.73 billion to Php12.80 billion due to the deconsolidation of GBPC's intangible assets comprising power purchase agreements.

Deferred tax assets decreased by 28% from Php0.75 billion to Php0.54 billion due to the deconsolidation of GBPC's deferred tax assets.

Other noncurrent assets declined by 11% from Php0.88 billion to Php0.78 billion due to the deconsolidation of GBPC's non-current input tax.

Short-term debt dropped by Php0.62 billion from Php7.32 billion to Php6.70 billion as TMBC partially prepaid its short term loans.

Current portion of long-term debt dropped by 77% from Php6.92 billion to Php1.58 billion primarily due to the deconsolidation of GBPC's current portion of long-term debt.

Current portion of liabilities on purchased properties declined by 74% from Php0.64 billion to Php0.17 billion due to Fed Land's scheduled annual principal amortization.

Customers' deposits increased by 4% from Php3.69 billion to Php3.84 billion mainly due to increased reservation sales in Fed Land and PCFI's horizontal development projects.

Dividends payable decreased by 79% from Php2.86 billion to Php0.59 billion as cash dividends declared by GBPC were fully paid in April 2016 and GT Capital declared dividends of Php0.59 billion to its holders of perpetual preferred shares.

Due to related parties increased by 12% from Php174 million to Php195 million mainly Fed Land's related parties.

Income tax payable declined by 80% from Php1.01 billion to Php0.20 billion due to the payment of previous year's income tax payable in April 2016.

Other current liabilities increased by 23% from Php0.52 billion to Php0.64 million mainly due to the increase in output tax.

Liabilities of disposal group classified as held for sale dropped by Php6.44 billion due to the completion of the sale of CPAIC to AXA Philippines.

Long-term debt-net of current portion declined by Php25.37 billion from Php81.85 billion to Php56.48 billion due to the deconsolidation of GBPC's long-term debt.

Liabilities on purchased properties, net of current portion, declined by 7% from Php2.15 billion to Php1.99 billion due to Fed Land's scheduled principal payments.

Pension liabilities declined by 25% from Php2.22 billion to Php1.67 billion due to the deconsolidation of GBPC's pension liability.

Deferred tax liabilities decreased by 8% from Php5.50 billion to Php5.05 billion due to the deconsolidation of GBPC's deferred tax liabilities.

Other noncurrent liabilities declined by 20% from Php2.61 billion to Php2.09 billion due to the deconsolidation of GBPC's decommissioning liabilities and reversal of TMP's provisions.

Capital stock increased by Php1.20 billion due to GT Capital's issuance of perpetual preferred shares in October 2016.

Treasury shares representing investment in shares of stock in GT Capital, held by CPAIC, were derecognized due to GT Capital's sale of its investment in CPAIC in April 2016.

Unappropriated retained earnings increased by 20% from Php33.26 billion to Php39.96 billion due to: 1) the Php14.63 billion consolidated net income earned in 2016; and 2) Php9.36 billion reversal of appropriation of retained earnings, offset by 1) Php1.64 billion cash dividends declared in March and December 2016; 2) Php15.50 billion appropriation of retained earnings; and 3) Php0.16 billion effect of closing to retained earnings the cumulative other comprehensive income arising from the remeasurement of the retirement liabilities of GBPC, CPAIC and TMBC.

Appropriated retained earnings increased by Php6.14 billion from Php8.76 billion to Php14.90 billion due to the Php15.50 billion appropriation of retained earnings in 2016 composed of: investment in financial services (Php13.90 billion), capital call from TFSPC (Php0.50 billion), dividends on common (Php0.50 billion) and preferred shares (Php0.60 billion); offset by Php9.36 billion reversal of appropriation composed of: 2015 appropriation for additional investments in PCFI (Php8.76 billion) and appropriation for dividends on preferred shares (Php0.60 billion).

Other comprehensive loss increased by Php1.86 billion from Php0.92 billion to Php2.78 billion primarily due to mark-to-market losses incurred on available-for-sale investments of GT Capital's associates.

Other equity adjustments grew by Php1.75 billion due to GT Capital's acquisition of an additional 28.32% direct equity interest in PCFI.

Non-controlling interest (NCI) declined by Php19.97 billion from Php46.40 billion to Php26.43 billion primarily due to: 1) Php19.39 billion NCI of GBPC deconsolidated; 2) Php3.75 billion acquisition of 28.32% NCI in PCFI and PCFI's redemption of Series B of Non-Voting Preferred Shares; and 3) Php5.91 billion NCI share in dividends declared by subsidiaries; offset by 1) Php7.89 billion NCI share in the net income earned in 2016 ; 2) Php0.50 billion NCI share in the other comprehensive income of subsdiaries earned in 2016; and 3) Php0.69 billion set-up of NCI in TMBC (Php0.53 billion) and GTCAD (Php0.16 billion).

Key Performance Indicators

The following are the key performance indicators of the Company for the years ended December 31, 2014, 2015 and 2016.

	In Million Pesos, except for percentages		
Income Statement	**2014**	**2015 (As Restated)**	**2016**
Total Revenues	121,887	139,949	202,124
Net Income attributable to Equity Holders of GT Capital Holdings	9,153	12,115	14,634
Balance Sheet			
Total Assets	218,263	304,366	265,446
Total Liabilities	112,321	167,834	124,208
Equity attributable to GT Capital Holdings, Inc.	79,347	90,131	114,805
Return on Equity *	12.2%	14.3%	14.3%

**Net income attributable to GT Capital divided by the average equity where average equity is the sum of equity attributable to GT Capital at the beginning and end of the year divided by 2.*

Banking

Metrobank

In Billion Pesos, except for percentages and ratios			
	2014	2015	2016
Net income attributable to equity holders	20.1	18.6	18.1
Net interest margin on average earning assets	3.7%	3.5%	3.5%
Operating efficiency ratio	56.1%	59.2%	56.5%
Return on average assets	1.4%	1.1%	1.0%
Return on average equity	14.1%	10.8%	9.3%

	2014	2015	2016
Total assets	1,604.5	1,760.7	1,876.0
Total liabilities	1,445.8	1,557.4	1,670.5
Equity attributable to equity holders of the parent company	150.1	203.3	196.0
Tier 1 capital adequacy ratio	12.1%	14.3%	12.5%
Total capital adequacy ratio	16.0%	17.8%	15.5%
Non-performing loans ratio	1.0%	1.0%	0.9%
Non-performing loans coverage ratio	165.2%	110.7%	113.0%

Notes:

(1) Operating efficiency ratio is the ratio of total operating expenses (excluding provisions for credit and impairment loss and income tax) to total operating income (excluding share in net income of associates and joint venture).
(2) Capital adequacy ratios as of December 31, 2015 and 2016 were computed based on Basel III standards.
(3) Net non-performing loans ratio is the ratio of net non-performing loans divided by total loans - excluding interbank loans.

Metrobank consolidated net income dropped from Php18.6 billion in 2015 to Php18.1 billion in 2016. This was primarily due to a 10.7% increase in operating expenses from Php39.9 billion to Php44.2 billion and a 256.6% increase in provision for credit and impairment losses from Php2.1 billion to Php7.3 billion.

Net interest income grew by 8.1% from Php49.0 billion in 2015 to Php52.9 billion in 2016 mainly due to the growth in loans and receivables reaching Php1.1 trillion driven by strong demand from the commercial and consumer segments and lower interest expenses on deposit liabilities with CASA ratio at 60.9%. Net interest margin remained at 3.5%.

Non-interest income amounted to Php25.2 billion, 36.9% higher as compared to previous year. The major components include trading and securities and foreign exchange gains, (Php8.1 billion); service charges, fees and commissions (Php10.3 billion); and miscellaneous income (Php6.8 billion).

Total assets increased by 6.5% from Php1.8 trillion in 2015 to Php1.9 in 2016 primarily due to growth in loans and receivables, interbank loans receivables, and securities purchased under resale agreements offset by a decrease in investment securities. Investments to total assets ratio dropped from 28.0% to 18.9%.

Likewise, total liabilities increased by 7.3% from Php1.6 trillion to Php1.7 trillion primarily due to increase in CASA deposits. Metrobank issued Long-term Negotiable Certificate of Deposits (LTNCD) amounting to Php8.7 billion on September 19, 2016.

Property Development

Federal Land and Property Company of Friends

	In Million Pesos, except for percentages and ratios		
	2014**	2015***	2016
Real Estate Sales *	6,997.9	10,461.9	14,646.0
Revenues	9,375.2	13,258.9	17,285.1
Net income attributable to equity holders of the parent	1,486.4	2,824.3	2,995.0

	2014**	2015***	2016
Total assets	53,325.6	100,425.4	107,936.9
Total liabilities	25,379.1	48,483.0	48,214.0
Total equity attributable to equity holders of the parent	27,856.4	51,838.1	59,618.3
Current ratio	4.7x	3.6x	5.0x
Debt to equity ratio	0.5x	0.7x	0.5x

** Includes interest income on real estate sales*
*** Fed Land only*
**** GT Capital invested 22.68% in PCFI in August 2015*

In 2016, Fed Land launched four (4) projects namely: (i) Axis Residences Tower 2, a joint venture vertical residential condominium project with Robinsons Land Corporation, situated in Pioneer St., Mandaluyong City, Metro Manila; (ii) AVEIA, a 45-hectare joint venture horizontal project with Alveo Land Corp, situated in Brgy. Malamig, Biñan City, Laguna; (iii) Peninsula Garden Midtown Homes (PGMH) Tower 7 (Mango), a vertical residential condominium project located in Paco, Manila; and (iv) Six Senses Residences (SSR) Tower 6 (i-Imagine), a vertical residential condominium project located in Metropolitan Park (MetroPark), Pasay City.

For the year, Fed Land completed five (5) vertical residential condominium projects namely: (i) Park West Tower situated in Grand Central, Bonifacio Global City, Taguig City; (ii) Marco Polo Residences Tower 2 located in Cebu City; Peninsula Garden Midtown Homes [PGMH] (iii) Tower 4 (Mandarin) and (iv) Tower 5 (Narra), both located in Paco, Manila; and (v) Four Seasons Riviera (FSR) Tower 2 (Lotus), located in Binondo, Manila. Average overall percentage-of-completion of ongoing development projects improved from 45.0% in 2015 to 49.0% in 2016.

The initial subscription by GT Capital of its 22.7% stake in PCFI, pursuant to the aforementioned agreement, also included ceding by the Maplecrest Group, Inc. (formerly Pro Friends Group, Inc.), then PCFI's principal shareholder, of control in favor of GT Capital. Consequently, the financial statements of PCFI have been fully consolidated into GT Capital since August 1, 2015.

On June 30, 2016, GT Capital subscribed to an additional 28.3% equity stake in PCFI for Php8.76 billion, pursuant to an agreement entered into by GT Capital and PCFI on August 6, 2015. This increased GT Capital's direct equity stake in PCFI from 22.7% to 51%.

GT Capital's property investments recorded Php17.3 billion in consolidated revenues, of which real estate sales accounted for Php14.6 billion. Together, the two property developers reported a net income amounting to Php3.0 billion in 2016.

Combined assets of the property group grew by 7.6% from Php100.4 billion in 2015 to Php107.9 billion in 2016. For Fed Land, the increase was primarily due to consolidation of Federal Land Orix Corp. (100%), which was previously classified as an investment in joint venture, upon acquiring the 40% ownership from Orix Risingsun Properties Incorporated (ORPI) in December 23, 2016. For PCFI, the increase was a result of GT Capital's additional subscription of Php8.76 billion. The equity infusion was used to increase its land bank and partially prepay its outstanding loans.

Life and Non-Life Insurance

Charter Ping An Insurance Corporation (CPAIC)

The following are the financial highlights of CPAIC for the first quarter of 2015 and 2016 ending March 31.

In Million Pesos	1Q 2015	1Q 2016	Inc/(Dec)	%
Gross Premiums	828.9	1,032.1	203.2	24.5%
Gross Underwriting Contribution	138.2	(64.1)	(202.3)	(146.4%)
Net Income	44.3	(173.1)	(217.4)	(491.1%)
	2015	**1Q 2016**	**Inc/(Dec)**	**%**
Total Assets	7,872.9	8,111.5	238.6	3.0%
Total Liabilities	6,411.3	6,804.2	392.9	6.1%

Total Equity	1,461.6	1,307.3	(154.3)	(10.6%)

CPAIC generated a 24.5% increase in gross premium written (GPW) from Php828.9 million in the first quarter of 2015 to Php1.0 billion in the first quarter of 2016 due to a reallocation of GPW from property to motor car insurance lines with a combined 73% share of GPW as of March 31, 2016.

CPAIC, however, incurred additional reinsurance costs from property insurance of Php198 million arising from catastrophic property losses experienced in 2015 and prior years thereby resulting to higher premium ceded expenses which more than doubled from Php108.0 million to Php366.1 million. CPAIC thereby incurred a net loss of Php173.1 million for the period in review.

On April 4, 2016, GT Capital sold its 100% direct equity stake in CPAIC to AXA Philippines. GT Capital, however, continues to have an indirect interest in CPAIC through its 25.3% interest in AXA Philippines, while First Metro Investment Corporation (FMIC) has a 28.2% interest in AXA Philippines. FMIC is a subsidiary of Metrobank.

Philippine AXA Life Insurance Corporation and Subsidiary (AXA Philippines)

The following are the major performance measures used by AXA Philippines for the period ended 2014, 2015 and 2016.

In Million Pesos, except ratios				
	Stand-alone			Consolidated* 2016
	2014	2015	2016	
Gross Premiums	18,404.5	22,923.3	21,624.9	25,227.7
Net income after tax	1,223.9	1,383.5	1,666.0	1,129.7
Premium Margin	17.7%	17.3%	20.5%	
Net Profit Margin	6.3%	5.7%	7.2%	
Total Assets	68,007.2	79,978.1	90,316.7	97,299.9
Total Liabilities	63,915.0	74,810.4	83,853.2	91,440.0
Total Equity	4,092.1	5,167.7	6,463.5	5,859.9
Solvency ratio	350%	477%	220%	164%

**Includes Charter Ping An for nine months, effective April 1, 2016*

New business from the life insurance sector of AXA Philippines grew by 4.9% expressed in Annualized Premium Equivalent (APE) from Php4.7 billion in 2015 to Php5.0 billion in 2016. The increase in APE was driven by the growth in Regular Premium of 17.1% partially offset by a decline in Single Premium of 21.2% arising from the volatility in capital markets. The reported sales mix of life insurance, thus, was changed to 55%/45% in 2016 from the previous 66%/34% in 2015 (Single Premium vs. Regular Premium). By distribution platform, bancassurance and sales agency accounted for 71% and 29% of premium revenues, respectively.

Likewise, CPAIC gross earned premiums rose by 18.7% from Php3.0 billion to Php3.6 billion for the last nine months of 2016 (April to December) mainly due to the growth in the motor car insurance line.

Consolidated gross premiums of AXA Philippines increased by 10.1% from Php22.9 billion in 2015 to Php25.2 billion in 2016 as CPAIC gross premiums were included for the first time.

Consolidated net income of AXA Philippines reached Php1.1 billion in 2016. This includes CPAIC's net loss of Php0.5 billion incurred for the last nine months of 2016 (April to December). The net loss is mainly driven by the typhoons Lawin and Nina and a fire loss in the fourth quarter of 2016. Excluding CPAIC, AXA Philippines grew its net income by 20% from Php1.4 billion in 2015 to Php1.7 billion in 2016.

On April 4, 2016, AXA Philippines completed the acquisition of CPAIC from GT Capital.

Power and Infrastructure

Global Business Power Corporation (GBPC)

The following are the major performance measures used by GBPC for the first five months of 2015 and 2016.

	In Million Pesos, except ratios			
	5M 2015	**5M 2016**	**Inc (Dec)**	*%*
Net Fees*	7,058.3	6,839.7	(218.6)	*(3.1%)*
Net income attributable to equity holders	839.1	859.3	20.2	*2.4%*
Kilowatt-hour sales (in million)	1,402.0	1,458.5	56.5	*4.0%*
	2015	**5M 2016**	**Inc (Dec)**	*%*
Total assets	74,360.8	73,771.3	(589.5)	*(0.8%)*
Total liabilities	43,945.7	42,020.5	(1,925.1)	*(4.4%)*
Total equity	30,415.2	31,750.8	1,335.6	*4.4%*

***comprising energy fees realized by the operating companies as stipulated in their respective Power Purchase Agreements with their respective customers, net of adjustments*

For the first five months ending May 31, 2016, GBPC's net fees, comprising energy fees and fuel pass-through costs, declined from Php7.1 billion in 2015 to Php6.8 billion in 2016. Despite the 4.0% growth in kilowatt-hour sales from 1.4 billion kilowatt-hours in 2015 to 1.5 billion kilowatt-hours in 2016, net fees declined mainly due to lower fuel prices.

Power plant operation and maintenance decreased by 14.7% from Php3.9 billion to Php3.4 billion due to lower fuel costs including lower purchased power expenses. Net income attributable to equity holders slightly improved from Php839.1 million in the first five months ended May 31, 2015 to Php859.3 million in the first five months ended May 31, 2016.

On May 26, 2016, GT Capital acquired 4.73% of FMIC's direct equity stake in GBPC for a total consideration of Php3.26 billion thereby bringing GT Capital's direct equity stake in GBPC to 56%.

On May 27, 2016, GT Capital sold its 56% equity stake in GBPC to Beacon PowerGen Holdings, Inc., a wholly owned subsidiary of Beacon Electric, an associate of MPIC, for a total consideration of Php22.06 billion. With this transaction, from June 1, 2016, GT Capital has no power to govern the financial and operating policies of GBPC due to loss of power to cast the majority votes at board meetings. Accordingly, GT Capital derecognized related assets, liabilities and non-controlling interest of GBPC effective June 1, 2016.

On June 30, 2016, GT Capital acquired the 22% stake in GBPC from Orix P&E Philippines Corporation (Orix). On the same day, GT Capital sold the same shares to JG Summit Holdings, Inc. Both transactions are in line with the Tag-Along Right of Orix and GT Capital's decision to continue its indirect participation in the power industry.

Metro Pacific Investments Corporation (MPIC)

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

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

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

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

For the year 2016, MPIC's share in the consolidated operating core income increased by 20% from Php12.6 billion in 2015 to Php15.1 billion in 2016, primarily reflecting the following:

- Increase in the effective shareholding in Meralco from 32.48% to 41.22% beginning May 30, 2016, higher preferred dividend income from Beacon Electric Asset Holdings, Inc. (Beacon Electric), acquisition of 42% effective share in GBPC beginning June 2016 (core net income contribution to MPIC from June to December is Php489 million, net of acquisition financing costs) and lower interest expense in Beacon Electric,
- Higher share in the Tollway business arising from robust traffic growth on all roads held by MPTC including its investments in Don Muang Tollway Public Company Ltd. (DMT) of Thailand and CII B&R of Vietnam and the first full-year contribution from SCTEX,
- Growth in the Healthcare sector mainly due to increasing patient revenues across existing hospitals and contributions from new hospital acquisitions, namely, Manila Doctors Hospital (MDH), Sacred Heart Hospital of Malolos, Inc. and Marikina Valley Medical Center (MVMC),
- First full-year contribution from Light Rail Manila Corporation (LRMC).

The consolidated operating core income represents MPIC's share in the stand-alone core income of the operating companies, net of consolidation adjustments. Including the head office operating, interest expenses and non-recurring items, reported net income grew by 20% from Php9.5 billion in 2015 to Php11.5 billion in 2016.

The group estimated its capital expenditures for 2017 to reach Php79 billion composed of: (i) Meralco (Php22 billion); Toll roads (Php24 billion); Maynilad (Php13 billion); and Hospitals, Rails and the Parent Company (Php20 billion).

Automobile Assembly and Importation, Dealership and Financing

Toyota Motor Philippines (TMP)

	In Million Pesos, except for ratios		
	2014	**2015**	**2016**
Sales	104,886.9	114,289.4	155,832.5
Gross Profit	14,628.9	18,298.5	21,072.3
Operating Profit	9,859.3	13,909.0	15,669.0
Net income attributable to Parent	7,208.8	10,194.6	11,929.0
	2014	**2015**	**2016**
Total Assets	26,681.4	32,278.3	36,003.4
Total Liabilities	14,757.1	17,049.9	18,511.1
Total Equity	11,923.3	15,228.4	17,492.3
Total Liabilities to Equity ratio	1.2x	1.1x	1.1x

TMP's consolidated sales registered a 36.3% growth from Php114.3 billion in 2015 to Php155.8 billion in 2016 as wholesale volume grew by 32.0% from 122,817 units to 162,085 units. In 2016, TMP exhibited record retail sales of 158,728 units, a 27.0% increase from 125,027 of previous year. The improvement was attributed to the continued strong sales for the Vios, Wigo, Fortuner, Hiace, Innova, Avanza and Hilux models. With this feat, TMP earned its 15^{th} Triple Crown award which means Number 1 in passenger car sales, Number 1 in commercial vehicle sales and Number 1 in overall sales, across all 14 regions. Vios and Fortuner also earned the Number 1 spot in passenger car and commercial vehicles sales, respectively.

Overall market share improved from 38.9% in 2015 to 39.4% in 2016 due to higher sales volume arising from the launching of the Full Model Change (FMC) Fortuner in March and Innova in April, respectively. These two (2) models were the second and fifth best sellers of TMP in 2016 accounting for 29% of total sales.

The higher sales volume, lower CKD parts costs, sales price increase, Vios improvement, higher spare parts profit and cost reductions were offset by unfavorable foreign exchange, increase in operating and overhead expenses and increased sales of lower margin models. This resulted in a slight decline in gross profit and operating margins from 15.9% and 12.0% to 13.5% and 10.1%, respectively. Net profit margin, on the other hand, slightly decreased from 9.0% to 7.8%. Consolidated net income attributable to equity holders, however, grew by 17.0% from Php10.3 billion to Php12.2 billion mainly due to the aforementioned profit increasing factors.

In 2016, TMP inaugurated one (1) new dealer outlet - Toyota Tarlac in Tarlac City thereby bringing TMP's majority-owned dealerships to six (6) outlets. TMP also owns Toyota Makati with one (1) branch Toyota Bicutan, Toyota San Fernando in Pampanga with one (1) branch in Plaridel Bulacan, both located in Luzon and Lexus Manila, situated in Bonifacio Global City, Taguig City.

Toyota Financial Services Philippines Corporation (TFSPC)

	In Million Pesos, except for ratios		
	2014	**2015**	**2016**
Gross Interest Income	2,433.7	3,026.7	3,641.7
Net Interest Income	1,423.2	1,767.7	2,148.8
Net Income	398.0	515.5	555.1
Finance Receivable	28,357.0	33,304.4	43,789.93
Total Assets	39,424.8	44,278.4	55,581.4
Total Equity	3,842.7	4,369.4	4,941.5

TFSPC recorded a 20.3% growth in gross interest income from Php3.0 billion in 2015 to Php3.6 billion in 2016, as gross loans and receivables increased by 31.5% from Php33.3 billion to Php43.8 billion on a year-on-year basis.

Booking volume grew by 41.7% from 20,560 units to 29,138 units in 2016 attributed to the strong sales bookings.

Net income, likewise, increased by 7.7% from Php515.5 million to Php555.1 million due to: 1) a 19.5% increase in operating expenses, mainly rental and collection fees; and 2) 18.6% increase in interest expenses from new loan availments.

Toyota Manila Bay Corporation (TMBC)

	In Million Pesos, except for ratios*		
	2014	**2015**	**2016**
Net Sales	16,572.8	18,593.8	23,995.6
Gross Profit	1,100.8	1,288.5	1,421.8
Net Income	147.4	168.0	297.4
	2014	**2015**	**2016**
Total Assets	3,658.5	3,863.8	4,896.7
Total Liabilities	2,751.6	2,797.2	3,551.6
Total Equity	906.8	1,066.6	1,345.1

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

On March 7, 2016, the SEC approved the merger of TMBC and TCI. TMBC is the surviving corporation and absorbed the entire assets and liabilities of TCI. As of March 1, 2016, TMBC consolidated the financials of TCI on a line-by-line basis.

Consolidated sales, comprising of vehicle sales, spare parts and maintenance services, grew by 29.0% from Php18.6 billion in 2015 to Php24.0 billion in 2016. Vehicle sales, accounting for 93.6% of TMBC's revenues, increased by 29.7% from Php17.5 billion to Php22.7 billion. Retail sales volume grew by 16.9% from 18,641 units to 21,797 units due to strong demand of FMC Fortuner and Innova, thereby resulting to a 30.6% increase in gross profit per unit from Php30,103 to Php39,328. In 2016, FMC Fortuner contributed Php253.0 million out of the Php857.2 million in vehicle gross profit generated.

Sales from spare parts and maintenance services, accounting for a combined 6.4% of revenues, increased by 18.9% and 16.5%, respectively.

Consolidated net income in 2016 significantly increased by 77.0% from Php168.0 million to Php297.4 million due to higher vehicle sales from FMC models and increased ancillary income from financing and insurance commissions.

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

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

(i) Any known trends or any known demands, commitments, events, uncertainties that will result or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;
(ii) Any events that would trigger direct or contingent financial obligation (including contingent obligation) that is material to the Company, including any default or acceleration of an obligation except those disclosed in the notes to the financial statements;
(iii) Any material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;
(iv) Any material commitments for capital expenditures, their purpose and sources of funds for such expenditures;

The GT Capital Group's 2017 capital expenditures ("capex") budget is presented as follows:

Component Company	In Php billions	Nature	Funding source
Metrobank	5.0	Branch expansion/renovation, systems enhancement	Internal
Fedland*	3.0	Capital calls in JVs and office buildings	Internal and Debt
PCFI*	8.0	Land bank and land development	Internal and Debt
TMP	3.8	Model upgrades and logistics expansion	Internal
TMBC	1.7	Dealership expansion and renovation	Internal
TFS	0.2	Provincial expansion and leasehold improvements	Internal
AXA Philippines**	0.6	Branch and marketing expansion and IT upgrade	Internal
GTCap-Parent	25.0	Acquisitions: financial services and infrastructure	Internal and Debt
Total	**47.3**		

**excludes construction of vertical residential buildings and house construction*
***includes CPAIC*

(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 except those disclosed in the audited financial statements;
(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.

CALENDAR YEAR ENDED DECEMBER 31, 2015 VERSUS YEAR ENDED DECEMBER 31, 2014

GT Capital Consolidated Statement of Income	**Audited Year Ended December 31**		**Increase (Decrease)**	
(In Million Pesos, Except for Percentage)	**2015 (As restated)**	2014 (As restated)	**Amount**	**Percentage**
REVENUE				
Automotive operations	**120,802**	108,816	11,986	11%
Real estate sales	**9,000**	5,841	3,159	54%
Interest income on real estate sales	**1,462**	1,157	305	26%
Equity in net income of associates and joint venture	**5,616**	3,421	2,195	64%
Sale of goods and services	**547**	583	(36)	(6%)
Rent income	**840**	764	76	10%
Interest income on deposits and investments	**328**	223	105	47%
Commission income	**194**	80	114	143%
Other income	**1,160**	1,002	158	16%
	139,949	121,887	18,062	15%
COSTS AND EXPENSES				
Cost of goods and services sold	**74,941**	70,597	4,344	6%
Cost of goods manufactured and sold	**27,838**	24,213	3,625	15%
General and administrative expenses	**7,482**	7,133	349	5%
Cost of real estate sales	**6,512**	4,334	2,178	50%
Interest expense	**2,164**	1,392	772	55%
Cost of rental	**272**	270	2	1%
	119,209	107,939	11,270	10%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**20,740**	13,948	6,792	49%
PROVISION FOR INCOME TAX	**4,299**	2,569	1,730	67%
INCOME FROM CONTINUING OPERATIONS, NET OF TAX	**16,441**	11,379	5,062	44%
NET INCOME FROM DISCONTINUED OPERATIONS	**4,500**	3,772	728	19%
NET INCOME	**20,941**	15,151	5,790	38%
ATTRIBUTABLE TO:				
Equity holders of the parent company				
Profit for the year from continuing operations	**10,396**	7,776	2,620	34%
Profit for the year from discontinued operations	**1,719**	1,377	342	25%
	12,115	9,153	2,962	32%
Non-controlling interest				
Profit for the year from continuing operations	**6,045**	3,603	2,442	68%
Profit for the year from discontinued operations	**2,781**	2,395	386	16%
	8,826	5,998	2,828	47%
	20,941	15,151	5,790	38%

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company grew by 32% from Php9.15 billion in 2014 to Php12.12 billion in 2015. The increase was principally due to the 15% increase in consolidated revenues from Php121.89 billion in 2014 to Php139.95 billion in 2015.

The revenue growth came from the following component companies:

(1) auto sales from Toyota Motor Philippines Corporation ("TMP") and Toyota Cubao, Inc. ("TCI') as combined sales increased from Php108.82 billion to Php120.81 billion accounting for 86% of total revenue;
(2) higher real estate sales and interest income on real estate sales from Federal Land Inc. (Fed Land) and Property Company of Friends, Inc. ("PCFI") which grew by 49% from Php7.00 billion to Php10.46 billion;
(3) higher equity in net income of associates and joint venture which grew by 64% from Php3.42 billion to Php5.62 billion; and
(4) Increase in other income from Php1.00 billion to Php1.16 billion.

Core net income attributable to equity holders of the Parent Company recorded 26% growth from Php9.1 billion to Php11.4 billion after excluding the following:

(1) Php0.4 billion non-recurring income of Global Business Power Corporation ("GBPC") comprising collection of insurance proceeds;
(2) Php0.2 billion gain recognized by Fed Land from its land asset swap, net of tax; and
(3) Php0.1 billion amortization of fair value adjustments arising from business combination.

GT Capital finalized on August 20, 2015 the acquisition of an initial 22.68% of PCFI for Php7.24 billion, upon fulfillment of all closing conditions, including execution of an irrevocable proxy covering 51% of the total issued and outstanding capital stock of PCFI (the "Irrevocable Proxy") by Pro Friends Group, Inc. (the selling shareholder) in favor of GT Capital. By virtue of its payment for the 22.68% interest and the Irrevocable Proxy, GT Capital consolidated PCFI's financial statements beginning September 1, 2015.

On November 5, 2015, GT Capital signed a Sale and Purchase Agreement to sell 100% of its direct equity stake in Charter Ping An Insurance Corporation ("CPAIC") to Philippine AXA Life Insurance Corporation ("AXA Philippines"). The completion of the transaction is subject to closing conditions including receipt of regulatory approvals and is expected to be completed within the first half of 2016. With the impending sale, Philippine Financial Reporting Standards (PFRS) 5 prescribe the presentation of CPAIC's results of operations separate from the "Income from Continuing Operations", wherein all income, expenses and income taxes of CPAIC in 2015 are presented under "Income from Disposal Group". For comparability, 2014 and 2013 Consolidated Statements of Income were also restated to show CPAIC's 2014 and 2013 results of operations separate from the "Income from Continuing Operations".

Fed Land, PCFI, GBPC, TMP and TCI are consolidated in the financial statements of the Company. The other component companies Metropolitan Bank & Trust Company ("Metrobank" or "MBT'), AXA Philippines, Toyota Manila Bay Corporation ("TMBC"), and Toyota Financial Services Philippines Corporation ("TFSPH") are accounted for through equity accounting. As previously discussed, the operations of CPAIC is presented separately in the income statement under "Income from Disposal Group".

Of the ten (10) component companies, TMP, GBPC, AXA Philippines TFSPH, Fed Land, TMBC and TCI posted growths in their respective net income. Metrobank, PCFI, and CPAIC reported declines in their respective net income for the year.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts grew by 11% from Php108.8 billion to Php120.8 billion principally driven by the 13% increase in wholesales volume from 108,658 units to 122,817 units and continued expansion in the dealer outlets from 45 to 49.

Real estate sales and interest income on real estate sales rose by 49% from Php7.0 billion to Php10.5 billion. Fed Land's sales contributed 71%, mostly from its middle-market development projects. PCFI's low cost and economic housing projects contributed the remaining balance representing sales from September to December 2015.

Equity in net income of associates and joint venture, increased by 64% from Php3.4 billion to Php5.6 billion due to the following:

(1) Improved core net income of Metrobank from Php10.5 billion to Php18.0 billion;
(2) Growth in net income of AXA Philippines from Php1.2 billion to Php1.4 billion; and
(3) Higher net income of TFSPC from Php397.9 million to Php515.5 million.

Sale of goods and services decreased by 6% from Php583.1 million to Php547.0 million due to the decline in Fed Land's sale of petroleum products, on a wholesale and retail basis, in the Blue Wave malls.

Rent income from the lease of GT Tower International office building, the Blue Wave malls, Blue Bay Walk and Philippine AXA Life Center Condominium grew by 10% from Php764.5 million to Php840.5 million.

Interest income on deposits and investments increased by 47% from Php223.5 million to Php327.4 million due to an increase in cash available for short-term placements by GT Capital and subsidiaries.

Commission income more than doubled from Php79.5 million to Php194.2 million due to increases in the unit sales of Grand Hyatt Residences and Marco Polo Residences Tower 3.

Other income grew by 16% from Php1.0 billion to Php1.2 billion due to the following:

(1) Php787.3 million from Fed Land comprising real estate forfeitures, gain on asset swap, management fees and other income; and
(2) Php279.6 million from TMP's ancillary income from its majority-owned dealers, gain on sale of fixed assets, dividend income and other income.

Consolidated costs and expenses increased by 10% from Php107.9 billion to Php119.2 billion with the following breakdown:

(1) Php101.0 billion from TMP comprising cost of goods manufactured, cost of goods and services sold, general and administrative expenses and interest expenses;
(2) Php8.1 billion from Fed Land consisting of cost of real estate sales, cost of goods sold, cost of rental, general and administrative expenses and interest expenses;
(3) Php6.4 billion from TCI consisting of cost of goods and services sold, general and administrative expenses and interest expenses;
(4) Php2.0 billion from GT Capital representing interest expenses and general and administrative expenses; and
(5) Php1.7 billion from PCFI comprising cost of real estate sales, general and administrative expenses and interest expenses.

Cost of goods and services sold increased by 6% from Php70.6 billion to Php74.9 billion with TMP's and TCI's completely built-up units and spare parts accounting for Php74.4 billion and the balance of Php0.5 billion from Fed Land's petroleum service station business.

Cost of goods manufactured and sold comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 15% from Php24.2 billion in 2014 to Php27.8 billion in 2015.

General and administrative expenses rose by 5% from Php7.1 billion to Php7.5 billion. TMP accounted for Php4.6 billion comprising advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling. Fed Land contributed Php2.0 billion comprising salaries, commissions, taxes and licenses, advertising expenses and other general and administrative expenses. TCI accounted for Php0.4 billion consisting of salaries, advertising and promotions, commission and utilities expenses. PCFI contributed P0.3 billion comprising of salaries, commissions, professional fees, advertising and taxes and licenses. The remaining P0.2 billion came from GT Capital's salaries, professional fees and taxes and licenses.

Cost of real estate sales increased by 50% from Php4.3 billion to Php6.5 billion arising from the increase in real estate sales. Fed Land contributed 82% while PCFI accounted for the remaining balance.

Interest expense increased by 55% from Php1.4 billion to Php2.2 billion with GT Capital, Fed Land, TMP, PCFI and TCI accounting for Php1.8 billion, Php142.0 million, Php100.4 million, Php99.6 million and Php13.4 million, respectively.

Provision for income tax increased by 67% from Php2.6 billion to Php4.3 billion mainly increases in taxable income from TMP, Fed Land and GBPC.

Income from discontinued operations amounting to Php4.5 billion represent the after tax-operating income of CPAIC and GBPC.

Net income attributable to non-controlling interest grew by 47% from Php6.0 billion to Php8.8 billion due to an increase in the net income of subsidiaries which are not wholly-owned.

Consolidated net income attributable to equity holders of the Parent Company increased by 32% from Php9.2 billion in 2014 to Php12.1 billion in 2015.

GT Capital Consolidated Statement of Financial Position	**Audited December 31**		**Increase (Decrease)**	
(In Million Pesos, Except for Percentage)	**2015 (As restated)**	2014	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**37,861**	29,702	8,159	27%
Short-term investments	**1,861**	1,309	552	42%
Reinsurance assets	**-**	3,879	(3,879)	(100%)
Receivables	**27,056**	16,223	10,833	67%
Inventories	**51,490**	31,426	20,064	64%
Due from related parties	**370**	171	199	116%
Prepayments and other current assets	**7,673**	5,468	2,205	40%
Assets of disposal group classified as held for sale	**8,434**	-	8,434	100%
Total Current Assets	**134,745**	88,178	46,567	53%
Noncurrent Assets				
Available-for-sale investments	**3,195**	4,127	(932)	(23%)
Receivables – net of current portion	**6,682**	4,897	1,785	36%
Land held for future development	**15,357**	-	15,357	100%
Investment properties	**10,797**	8,643	2,154	25%
Investments in associates and joint venture	**60,265**	47,451	12,814	27%
Property and equipment	**51,972**	44,801	7,171	16%
Goodwill and intangible assets	**19,727**	17,806	1,921	11%
Deferred tax asset	**748**	1,726	(978)	(57%)
Other noncurrent assets	**878**	634	244	38%
Total Noncurrent Assets	**169,621**	130,085	39,536	30%
TOTAL ASSETS	**304,366**	218,263	86,103	39%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**22,129**	19,280	2,849	15%
Insurance contract liabilities	**-**	5,665	(5,665)	(100%)
Short term debt	**7,318**	2,347	4,971	212%
Current portion of long term debt	**6,924**	3,061	3,863	126%
Current portion of liabilities on purchased properties	**637**	783	(146)	(19%)
Customers' deposits	**3,691**	2,549	1,142	45%
Dividends payable	**2,861**	2,034	827	41%
Due to related parties	**174**	176	(2)	(1%)
Income tax payable	**1,013**	476	537	113%
Other current liabilities	**520**	882	(362)	(41%)

Liabilities of disposal group classified as held for sale	**6,444**	-	6,444	100%
Total Current Liabilities	**51,711**	37,253	14,458	39%

	Audited December 31		Increase (Decrease)	
	2015 (As restated)	2014	Amount	Percentage
Noncurrent Liabilities				
Long term debt – net of current portion	**81,847**	42,118	39,729	94%
Bonds payable	**21,801**	21,775	26	0%
Liabilities on purchased properties – net of current portion	**2,146**	2,729	(583)	(21%)
Pension liabilities	**2,219**	2,261	(42)	(2%)
Deferred tax liabilities	**5,501**	3,532	1,969	56%
Other noncurrent liabilities	**2,609**	2,653	(44)	(2%)
Total Noncurrent Liabilities	**116,123**	75,068	41,055	55%
TOTAL LIABILITIES	**167,834**	112,321	55,513	49%
EQUITY				
Equity attributable to equity holders of Parent Company				
Capital stock	**1,760**	1,743	17	1%
Additional paid-in capital	**46,695**	46,695	-	-
Treasury shares	**(6)**	(2)	(4)	200%
Retained earnings				
Unappropriated	**33,264**	24,431	8,833	36%
Appropriated	**8,760**	6,000	2,760	46%
Other comprehensive loss	**(918)**	(103)	(815)	791%
Other equity adjustments	**576**	583	(7)	(1%)
	90,131	79,347	10,784	14%
Non-controlling interests	**46,401**	26,595	19,806	74%
TOTAL EQUITY	**136,532**	105,942	30,590	29%
TOTAL LIABILITIES AND EQUITY	**304,366**	218,263	86,103	39%

The major changes in the balance sheet items of the Company from December 31, 2014 to December 31, 2015 are as follows:

Total assets of the Group increased by 39% or Php86.1 billion from Php218.3 billion as of December 31, 2014 to Php304.4 billion as of December 31, 2015. Total liabilities increased by 49% or Php55.5 billion from Php112.3 billion to Php167.8 billion while total equity rose by 29% or Php30.6 billion from Php105.9 billion to Php136.5 billion.

In August 2015, GT Capital acquired control over PCFI by virtue of the Irrevocable Proxy and the Php7.24 billion payment representing a 22.68% direct equity interest. As a result, GT Capital consolidated PCFI's balance sheet on a line-by-line basis.

In November 2015, GT Capital signed a Sale and Purchase Agreement with AXA Philippines to sell 100% of its direct equity stake in CPA. As a result, Philippine Financial Reporting Standards (PFRS) 5 prescribe a separate presentation of CPA's assets and liabilities under "Assets of disposal group classified as held for sale", and "Liabilities of disposal group classified as held for sale", respectively.

Cash and cash equivalents increased by Php8.2 billion reaching Php37.9 billion with GBPC, TMP, GT Capital, PCFI, Fed Land and TCI accounting for Php14.9 billion, Php13.5 billion, Php6.9 billion, Php1.4 billion, Php1.1 billion and Php69.8 million, respectively.

Short-term investments increased by 42% from Php1.3 billion to Php1.9 billion, with TMP and GBPC contributing Php1.8 billion and Php67.0 million, respectively.

Receivables increased by 67% from Php16.2 billion to Php27.1 billion with PCFI contributing Php11.0 billion comprising of installment contract receivables and other receivables; Fed Land contributing Php6.9 billion, a majority of which were installment contract receivables, rent receivable and other receivables: TMP contributing Php5.1 billion consisting of trade and non-trade receivables; GBPC contributing Php3.4 billion representing outstanding billings for energy fees and passed-through fuel costs arising from the delivery of power and other receivables; and TCI accounting for Php706.5 million representing trade receivables from the sale of automobiles and after-sales maintenance services.

Inventories increased by Php20.1 billion from Php31.4 billion to Php51.5 billion with Fed Land contributing Php34.2 billion comprising land and improvements, condominium units for sale and inventory with construction-in-progress; PCFI contributing Php9.6 billion comprising of landbank, land improvements, materials inventory, ongoing construction of house inventory and condominium units for sale; and TMP contributing Php6.0 billion mostly finished goods. The balance of Php1.8 billion came from GBPC representing coal and spare parts and supplies (Php1.5 billion) and TCI representing automobiles and spare parts (Php182 million).

Due from related parties increased by Php199 million from Php171 million to Php370 million primarily due to consolidation of PCFI's due from related parties amounting to Php218 million, which was offset by collections of Php19 million from Fed Land's related parties.

Prepayments and other current assets grew by 40% from Php5.5 billion to Php7.7 billion with Fed Land contributing Php4.0 billion consisting of advances to contractors and suppliers, prepaid expenses, current input tax, deferred input tax and creditable withholding taxes; GBPC contributing Php2.0 billion consisting advances to contractors and suppliers, current input tax, deferred input tax and prepaid expenses; PCFI contributing Php946.0 million comprising of advances to contractors and suppliers, cash advances to agents, and input tax; and TMP contributing Php711.7 million comprising of ad valorem tax deposit and prepaid expenses. The balance of Php82 million came from TCI (Php52 million) and GT Capital (Php30 million).

Assets of disposal group classified as held for sale comprising CPAIC's current and non-current assets including reinsurance assets, receivables, and Available-for-sale (AFS) investments amounted to Php8.4 billion.

Noncurrent receivables from Fed Land (Php4.1 billion) and PCFI (Php4.7 billion) unit buyers who opted for long-term payment arrangements and various GBPC electric cooperatives (Php0.4 billion) rose by 36% from Php4.9 billion to Php6.7 billion.

Land held for future development consisting of PCFI's undeveloped land amounted to Php15.4 billion.

Available-for-sale investments declined by 23% from Php4.1 billion to Php3.2 billion primarily due to a change in the presentation of CPAIC's available-for-sale investments to "Assets of Disposal Group Classified as Held-For-Sale", and offset by mark-to-market gain on GBP's AFS investments.

Investments in associates and joint venture increased by 27% from Php47.5 billion to Php60.3 billion due to: 1) Php8.3 billion additional investment in Metrobank via stock rights offering; 2) Php0.5 billion investment of Fed Land in a joint venture with Alveo Land Corporation, a wholly-owned subsidiary of Ayala Land, Inc., through Alveo Federal Land Communities, Inc.; 3) Php5.6 billion share in net income of associates and JCE; 4) Php1.1 billion share in other comprehensive loss; and 5) Php0.2 billion effect of intra-group elimination on sale of inventories and land within the group; offset by Php0.7 billion cash dividends received from associates and JCE.

Investment properties increased by 25% or Php2.2 billion from Php8.6 billion to Php10.8 billion due to the consolidation of PCFI's investment properties into GT Capital.

Property and equipment increased by 16% or Php7.2 billion from Php44.8 billion to Php52.0 billion mainly due to 1) Php5.7 billion of GBPC's ongoing construction in Panay Energy Unit 3 Plant Expansion, net of depreciation; 2) Php0.9 billion of TMP's ongoing capital expenditure projects, net of depreciation; and 3) Php0.6 billion from PCFI's fixed assets.

Other noncurrent assets reached Php878.1 million, consisting of: 1) Php462.6 million in non-current deposits of PCFI, Fed Land and TMPI; 2) Php342.3 million in non-current input tax of Fed Land, TMP and GBPC; and 3) Php73.2 million noncurrent prepaid expenses, retirement assets other assets.

Accounts and other payables increased by 15% from Php19.3 billion to Php22.1 billion with TMP, GBPC, Fed Land, PCFI, TCI and GT Capital accounting for Php11.4 billion, Php5.0 billion, Php3.7 billion, Php1.8 billion, Php355.4 million and Php186.2 million, respectively.

Short-term debt increased by Php5.0 billion from Php2.3 billion to Php7.3 billion due to the consolidation of PCFI's loans (Php4.5 billion), additional loan availments by Fed Land (Php480.0 million), TMP's dealer subsidiaries (Php1.1 billion) and TCI (Php1.8 billion) offset by loan payments made by TMP's dealer subsidiaries (Php1.0 billion) and TCI (Php1.9 billion).

Current portion of long-term debt more than doubled from Php3.1 billion to Php6.9 billion due the net effect of 1) consolidation of PCFI's current portion of long-term debt (Php1.3 billion), 2) reclassification of Fed Land's debt (Php2.0 billion) and GBPC's debt (Php2.9 billion) from non-current to current offset by payment of GBPC's debt (Php2.5 billion).

Current portion of liabilities on purchased properties declined by 19% from Php783.0 million to Php636.5 million due to principal payment made by Fed Land.

Customers' deposits increased by 45% from Php2.5 billion to Php3.7 billion mainly due to the consolidation of PCFI's customer deposits of Php1.2 billion.

Dividends payable increased by Php0.8 billion due to the net effect of GBPC's set-up of 2015 cash dividends payable in 2016 offset by the payment of 2014 cash dividends in April 2015.

Income tax payable increased by Php537.7 million from Php475.8 million to Php1.0 billion due to an increase in the subsidiaries' taxable income.

Other current liabilities declined by 41% from Php881.7 million to Php520.3 million mainly due to the Php298.8 million settlement of advances to GBPC's stockholders and Php125.1 million reclassification of CPAIC's other current liabilities to "Liabilities of disposal group classified as held for sale".

Liabilities of disposal group classified as held for sale amounted to Php6.4 billion comprising CPAIC's current and non-current liabilities such as Insurance Contract Liabilities.

Pension liabilities declined by 2% from Php2.3 billion to Php2.2 billion with TMP, GBPC, PCFI, Fed Land and TCI contributing Php1.3 billion, Php629.1 million, Php118.6 million, Php116.8 million and Php74.9 million, respectively.

Long-term debt-net of current portion increased by Php39.7 billion from Php42.1 billion to Php81.8 billion due to: 1) Php24.9 billion loan availment of GT Capital, net of Php0.1 billion deferred financing cost, to finance its investment in the Metrobank stock rights offering, investment in the Series B preferred shares of Fed Land and investment in PCFI; 2) Php6.8 billion loan availment of GBPC, net of Php0.2 billion transaction cost to partially finance the construction of GBPC's power plants; 3) Php3.8 billion availment of Fed Land to finance the acquisition of additional land bank and working capital requirements; 4) consolidation of Php9.8 billion long-term loans of PCFI to finance acquisition of land bank and working capital requirements, these were offset by 1) the reclassification of GBPC and Fed Land's debt amounting to Php2.9 billion and Php2.0 billion, respectively from non-current to current and 2) Php0.5 billion amortization of fair valued adjustments in GBPC's long-term debt.

Liabilities on purchased properties, net of current portion, declined by 21% from Php2.7 billion to Php2.1 billion due to Fed Land's scheduled principal payments.

Deferred tax liabilities increased by Php2.0 billion from Php3.5 billion to Php5.5 billion due to the set-up of deferred tax liability arising from the fair value increase in the net assets of PCFI as a result of the purchase price allocation and consolidation of PCFI.

Other noncurrent liabilities reached Php2.6 billion, composed of long-term accrued expenses of TMP, (Php1.4 billion); non-current retention payable and deferred output tax of Fed Land (Php1.0 billion); asset retirement obligation and decommissioning liability of GBPC (Php0.2 billion).

Capital stock increased by Php17 million due to GT Capital's issuance of voting preferred shares in April 2015.

Treasury shares amounted to Php6 million representing investment in shares of stock by CPAIC in GT Capital common shares of stock.

Unappropriated retained earnings increased by 36% from Php24.4 billion to Php33.3 billion due to: 1) the Php12.1 billion consolidated net income earned in 2015; and 2) Php6.0 billion reversal of 2014 appropriation of retained earnings, offset by Php0.5 billion cash dividends declared in March 2015 and Php8.8 billion appropriation of retained earnings.

Appropriated retained earnings increased by Php2.8 billion due to the Php8.8 billion 2015 appropriation for additional investments in PCFI offset by a Php6.0 billion reversal of 2014 appropriation of investment in Series "B" Fed Land's preferred shares.

Other comprehensive loss increased by Php815.4 million from Php102.5 million to Php917.9 million due to mark-to-market losses recorded on available-for-sale investments of GT Capital's subsidiaries and associates.

Non-controlling interest (NCI) increased by Php19.8 billion from Php26.6 billion to Php46.4 billion primarily due to: 1) Php17.0 billion set-up of non-controlling interest from the preliminary purchase price allocation of PCFI; 2) Php8.8 billion NCI share in the net income of TMP and GBP; and 3) Php0.3 billion NCI share in other comprehensive income offset by Php6.3 billion NCI share in dividends declared by TMP and GBPC.

CALENDAR YEAR ENDED DECEMBER 31, 2014 VERSUS YEAR ENDED DECEMBER 31, 2013

GT Capital Consolidated Statement of Income	**Audited Year Ended December 31**		**Increase (Decrease)**	
(In Million Pesos, Except for Percentage)	**2014**	2013	**Amount**	**Percentage**
REVENUE				
Automotive operations	**108,816**	74,359	34,457	46%
Net fees	**18,973**	16,944	2,029	12%
Real estate sales	**5,841**	4,702	1,139	24%
Interest income on real estate sales	**1,157**	749	408	54%
Equity in net income of associates and joint venture	**3,420**	3,588	(168)	(5%)
Net premium earned	**1,751**	505	1,246	247%
Sale of goods and services	**603**	657	(54)	(8%)
Rent income	**764**	592	172	29%
Interest income on deposits and investments	**439**	680	(241)	(35%)
Commission income	**213**	188	25	13%
Gain from previously held interest	**-**	2,046	(2,046)	(100%)
Other income	**1,146**	537	609	113%
	143,123	**105,547**	**37,576**	**36%**
COSTS AND EXPENSES				
Cost of goods and services sold	**70,597**	45,469	25,128	55%
Cost of goods manufactured and sold	**24,213**	19,986	4,227	21%
General and administrative expenses	**11,495**	9,281	2,214	24%
Power plant operation and maintenance expenses	**10,328**	8,945	1,383	15%

Cost of real estate sales	**4,334**	3,667	667	18%
Interest expense	**3,241**	3,462	(221)	(6%)
Net insurance benefits and claims	**784**	290	494	170%
Cost of rental	**270**	113	157	139%
	125,262	**91,213**	**34,049**	**37%**
INCOME BEFORE INCOME TAX	**17,861**	**14,334**	**3,527**	**25%**
PROVISION FOR INCOME TAX	**2,710**	1,803	907	50%
NET INCOME	**15,151**	**12,531**	**2,620**	**21%**
Attributable to:				
Equity holders of the Parent Company	**9,153**	8,640	**513**	**6%**
Non-controlling interest	**5,998**	3,891	2,107	54%
	15,151	**12,531**	**2,620**	**21%**

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company grew by 6% from Php8.6 billion in 2013 to Php9.2 billion in 2014. The increase was principally due to the 36% improvement in consolidated revenues from Php105.5 billion in 2013 to Php143.1 billion in 2014.

The revenue growth came from the following component companies: 1) auto sales from TMP and TCI as combined sales increased from Php74.4 billion to Php108.8 billion accounting for 76% of total revenue; 2) net fees from GBPC which increased from Php16.9 billion to Php19.0 billion accounting for 13% of total revenue; 3) higher real estate sales and interest income on real estate sales from Fed Land which grew by 28% from Php5.5 billion to Php7.0 billion; and 4) net premium earned from CPAIC which more than tripled from Php505 million to Php1.8 billion.

Core net income attributable to equity holders of the Parent Company grew by 38% from Php6.6 billion to Php9.1 billion after excluding the Php2.0 billion non-recurring income realized from the re-measurement of GT Capital's 36% previously-held interest in TMP following GT Capital's acquisition of control of TMP in 2013.

Fed Land, GBPC, TMP, CPA and TCI are consolidated in the financial statements of the Company. The other component companies MBT, AXA Philippines, TMBC, and TFSPH are accounted for through equity accounting.

Of the nine (9) component companies, TMP, GBPC, Fed Land and TMBC posted double-digit growths in their respective net income, while AXA Philippines reported a single digit growth in net income for the year. Metrobank, CPA, TCI and TFSPH reported declines in their respective net income for the year.

Auto sales rose by 46% from Php74.4 billion to Php108.8 billion due to continued strong demand for the all new Vios, new models mix – Corolla Altis, Wigo, and Yaris, sales volume increments across all other models, aggressive sales and promotions, and continued expansion in the dealer outlets from 42 to 45.

Net fees increased by 12% from Php16.9 billion to Php19.0 billion primarily due to new power purchase contracts with bilateral customers, additional Wholesale Electricity and Spot Market (WESM) compensation collected, and testing / commissioning of Toledo Power's Unit 1A.

Real estate sales and interest income on real estate sales rose by 28% from Php5.5 billion to Php7.0 billion driven by sales contributions from ongoing high-end and middle-market development projects situated in Pasay City, Escolta, Manila, Cebu, Bonifacio Global City, and Marikina City.

Equity in net income of associates and joint ventures, was 5% lower from Php3.6 billion in 2013 to Php3.4 billion in 2014 as the increase in AXA Philippines net income and Metrobank's core net income, excluding gains from the sale of a foreclosed asset to Fed Land and sale of non-financial assets to GT Capital, was offset by a decline in Fed Land's investment in venture as the turnover for the Grand Midori residential condominium project located in Legaspi Village, Makati City was completed in 2014.

Net premium earned from CPA comprising gross premiums on non-life insurance contracts, net of reinsurer's share, more than tripled from Php0.5 billion to Php1.8 billion due to the full-year consolidation of CPA in 2014.

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 8% from Php657 million to Php603 million due to lower fuel sales arising from a series of fuel price increases and decreases during the year.

Rent income from Fed Land grew by 29% from Php592 million to Php764 million due to annual price escalations and the full year impact of Blue Bay Walk retail and commercial operations.

Interest income on deposits and investments declined by 35% from Php680 million to Php439 million due to a decline in placement rates earned on money market investments and termination of Fed Land's option agreement in 2013 which previously allowed Fed Land to earn interest income.

Commission income increased by 13% from Php188 million to Php213 million due to commissions contributed by CPA from its reinsurance business.

Gain from previously-held interest represents non-recurring income earned following GT Capital's acquisition of majority control of TMP in 2013.

Other income grew by 113% from Php537 million to Php1.1 billion with Fed Land contributing Php575 million comprising real estate forfeitures, management fees and other income, TMP contributing Php331 million from ancillary income, gain on sale of fixed assets, dividend income and other income. The remaining balance of Php240 million came from TCI (Php98 million), GBPC (Php85 million) and CPA (Php57 million).

Consolidated costs and expenses increased by 37% from Php91.2 billion to Php125.3 billion. TMP contributed Php95.1 billion comprising cost of goods sold for manufacturing and trading activities, general and administrative expenses and interest expenses. GBPC contributed Php15.6 billion comprising power plant operations and maintenance, general and administrative expenses and interest expenses. Fed Land contributed Php7.4 billion consisting of cost of real estate sales, cost of goods sold, general and administrative expenses and interest expenses. TCI contributed Php4.3 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses. CPAIC accounted for Php1.9 billion, which consisted of general and administrative expenses and net insurance benefits and claims. GT Capital Parent Company accounted for Php1.0 billion representing interest expenses and general and administrative expenses.

Cost of goods and services sold increased by 55% from Php45.5 billion to Php70.6 billion with TMP's and TCI's completely built-up units and spare parts accounting for Php70.1 billion and the balance of Php0.5 billion from Fed Land's petroleum service station business.

Cost of goods manufactured and sold comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 21% from Php20.0 billion in the previous year to Php24 billion.

General and administrative expenses rose by 24% from Php9.3 billion to Php11.5 billion. TMP accounted for Php4.8 billion comprising advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling. GBPC contributed Php3.3 billion representing salaries, taxes and licenses, other general and administrative expenses, amortization of intangible assets-power purchase agreements, outside services and provision for impairment losses. Fed Land contributed Php1.8 billion comprising salaries, commissions, taxes and licenses, advertising expenses and other general and administrative expenses. CPA accounted for Php1.1 billion consisting of commissions and salaries. GT Capital contributed Php234 million principally salaries, taxes and licenses. The remaining balance of Php210 million came from TCI's salaries, advertising and promotions, commission and utilities expenses.

Power plant operations and maintenance expenses consisting of purchased power and repairs and maintenance from the power generation companies of GBPC increased by 15% from Php8.9 billion to Php10.3 billion mainly due to the increase in energy sales and purchased power expenses.

Cost of real estate sales increased by 18% from Php3.7 billion to Php4.3 billion arising from the increase in real estate sales.

Interest expense declined by 6% from Php3.5 billion to Php3.2 billion with GBPC, GT Capital, Fed Land, TMP and TCI accounting for Php1.8 billion, Php0.8 billion, Php0.5 billion, Php99 million and Php17 million, respectively.

Net insurance benefits and claims more than doubled from Php290 million to Php784 million, representing benefits and claims paid to policyholders.

Cost of rental more than doubled from Php113 million to Php270 million representing direct costs incurred by Fed Land in its leasing business.

Provision for income tax increased by 50% from Php1.8 billion to Php2.7 billion mainly increases in taxable income from TMP and Fed Land.

Consolidated net income attributable to equity holders of the Parent Company increased by 6% from Php8.6 billion in 2013 to Php9.2 billion in 2014.

GT Capital Consolidated Statement of Financial Position	Audited December 31		Increase (Decrease)	
(In Million Php, except for percentages)	2014	2013	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**29,702**	27,167	2,535	9%
Short-term investments	**1,309**	1,467	(158)	(11%)
Receivables	**16,223**	12,450	3,773	30%
Reinsurance assets	**3,879**	4,966	(1,087)	(22%)
Inventories	**31,426**	20,813	10,613	51%
Due from related parties	**171**	850	(679)	(80%)
Prepayments and other current assets	**5,468**	5,969	(501)	(8%)
Total Current Assets	**88,178**	**73,682**	14,496	20%
Noncurrent Assets				
Noncurrent receivables	**4,897**	4,929	(32)	(1%)
Available-for-sale investments	**4,127**	3,111	1,016	33%
Investments in associates and joint venture	**47,451**	40,559	6,892	17%
Investment properties	**8,643**	8,329	314	4%
Property and equipment	**44,801**	41,163	3,638	9%
Goodwill and intangible assets	**17,806**	18,275	(469)	(3%)
Deferred tax asset	**1,726**	1,109	617	56%
Other noncurrent assets	**634**	1,203	(569)	(47%)
Total Noncurrent Assets	**130,085**	**118,678**	11,407	10%
TOTAL ASSETS	**218,263**	**192,360**	25,903	13%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**19,280**	20,837	(1,557)	(7%)
Insurance contract liabilities	**5,665**	6,684	(1,019)	(15%)
Short term debt	**2,267**	1,744	523	30%
Current portion of long term debt	**3,141**	3,364	(223)	(7%)
Current portion of liabilities on purchased properties	**783**	783	-	-
Customers' deposits	**2,549**	1,844	705	38%
Dividends payable	**2,034**	1,966	68	3%
Due to related parties	**176**	188	(12)	(6%)

Income tax payable	**476**	876	(400)	(46%)
Other current liabilities	**882**	907	(25)	(3%)
Total Current Liabilities	**37,253**	**39,193**	(1,940)	(5%)

	Audited December 31		Increase (Decrease)	
	2014	2013	Amount	Percentage
Noncurrent Liabilities				
Long term debt	**42,118**	40,584	1,534	4%
Bonds payable	**21,775**	9,883	11,892	120%
Liabilities on purchased properties	**2,729**	3,537	(808)	(23%)
Pension liability	**2,261**	1,704	557	33%
Deferred tax liability	**3,532**	3,252	280	9%
Other noncurrent liabilities	**2,653**	1,643	1,010	61%
Total Noncurrent Liabilities	**75,068**	60,603	14,465	24%
	112,321	99,796	12,525	13%
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital stock	**1,743**	1,743	-	-
Additional paid-in capital	**46,695**	46,695	-	-
Treasury shares	**(2)**	(6)	4	(67%)
Retained earnings	**30,431**	21,802	8,629	40%
Other comprehensive income	**(103)**	(437)	334	76%
Other equity adjustment	**583**	729	(146)	(20%)
	79,347	70,526	8,821	13%
Non-controlling interests	**26,595**	22,038	4,557	21%
Total Equity	**105,942**	92,564	13,378	14%
TOTAL LIABILITIES AND EQUITY	**218,263**	192,360	25,903	13%

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

Total assets of the Group increased by 13% or Php25.9 billion from Php192.4 billion as of December 31, 2013 to Php218.3 billion as of December 31, 2014. Total liabilities increased by 13% or Php12.5 billion from Php99.8 billion to Php112.3 billion while total equity rose by 14% or Php13.4 billion from Php92.6 billion to Php105.9 billion.

Cash and cash equivalents increased by Php2.5 billion reaching Php29.7 billion with GBPC, TMP, Fed Land, CPAIC and GT Capital accounting for Php15.6 billion, Php11.3 billion , Php1.7 billion, Php0.6 billion and Php0.5 billion, respectively.

Short-term investments amounted to Php1.3 billion mainly short-term placements of TMP.

Receivables increased by 30% from Php12.5 billion to Php16.2 billion with Fed Land, TMP and GBPC contributing Php5.4 billion, Php4.5 billion and Php3.6 billion, respectively, representing installment contract receivables, trade receivables with maximum 30 days credit terms, and outstanding billings for energy fees and pass-through fuel costs arising from the delivery of power. CPAIC and TCI contributed Php2.1 billion and Php681 million, respectively, representing premiums receivable and trade receivables.

Reinsurance assets representing balances due from reinsurance companies declined by 22% from Php5.0 billion to Php3.9 billion due to settlement of claims reinsured to reinsurers.

Inventories increased by 51% from Php20.8 billion to Php31.4 billion with Fed Land and GBPC contributing Php25.4 billion and Php1.0 billion, respectively, comprising Fed Land's condominium units for sale and land for development and GBPC's coal and spare parts and supplies. TMP and TCI also contributed Php4.8 billion and P0.2 billion consisting of completely-built-up units, completely-knocked down units and spare parts.

Due from related parties decreased by 80% from Php850 million to Php171 million due to collections received from the various subsidiaries of Fed Land.

Prepayments and other current assets decreased by 8% from Php6.0 billion to Php5.5 billion primarily the application of creditable withholding tax against income tax due and the application of input tax against output tax.

Available-for-sale investments increased by 33% from Php3.1 billion to Php4.1 billion comprising mark-to-market gains recognized by GBPC, CPAIC, and TMP.

Investments in associates and joint ventures increased by 17% from Php40.6 billion to Php47.5 billion due to acquisition of a 40% direct equity in TFSPH amounting to Php2.4 billion, acquisition of additional 19.25% of TMBC for a total purchase price of Php237 million, and share in net income of Php5.5 billion, net of cash dividends received from associates and joint ventures of Php1.2 billion, and share in other comprehensive loss of Php0.5 million.

Property and equipment grew by 9% from Php41.2 billion to Php44.8 billion mainly due to the completion of GBPC's Toledo Power plant expansion.

Deferred tax assets increased by 56% from Php1.1 billion to Php1.7 billion composed of TMP, (Php663 million), representing accrued retirement benefits, provision for claims and assessments and warranty payable; GT Capital, (Php627 million), comprising unrealized gain on sale of properties by Metrobank to Fed Land, and GBPC, (Php383 million), representing provision for retirement benefits and unrealized foreign exchange losses.

Other noncurrent assets decreased by 47% from Php1.2 billion to Php634 million mainly due to application of GBPC's advances to contractors against billings of contractors for Toledo Power's plant expansion.

Accounts and other payables decreased by 7% from Php20.8 billion to Php19.3 billion mainly the settlement of the Group's outstanding payables from previous year.

Insurance contract liabilities representing provisions for claims reported and loss adjustments incurred but not yet reported losses and unearned premiums decreased by 15% from Php6.7 billion to Php5.7 billion due to settlement of claims relating to 2013 catastrophes.

Short-term debt increased by Php523 million from Php1.7 billion to Php2.3 billion due to the inclusion of TCI's short term loans (Php635M), additional loan availments from TMP dealer subsidiaries for working capital requirements (Php577M) and additional loan availments of Fed Land subsidiaries (Php180M) offset by loan payments made by GT Capital and GBPC amounting to Php800 million and Php69 million respectively.

Current portion of long-term debt decreased by 7% from Php3.4 billion to Php3.1 billion due to loan principal payments made by GBPC.

Customers' deposits increased by 38% from Php1.8 billion to Php2.5 billion due to increase in reservation sales from new Fed Land projects.

Due to related parties current declined by 6% from Php188 million to Php176 million due to payments made by Fed Land to Metrobank.

Income tax payable declined by 46% from Php876 million to Php476 million due to income tax payments by GT Capital's subsidiaries.

Pension liability rose by 33% from Php1.7 billion to Php2.3 billion, of which TMP, GBPC, CPAIC, TCI, and Fed Land accounted for Php1.2 billion, Php771 million, Php111 million, Php98 million and Php77 million, respectively.

Bonds payable more than doubled from Php9.9 billion to Php21.8 billion due to issuance by GT Capital of Php12.0 billion in retail bonds, net of financing expenses.

Liabilities on purchased properties, net of current portion, declined by 23% from Php3.5 billion to Php2.7 billion due to payment by Fed Land.

Deferred tax liability increased by 9% from Php3.3 billion to Php3.5 billion mainly recognition of deferred tax effect of excess of realized gross profit on real estate sales.

Other noncurrent liabilities increased by 61% from Php1.6 billion to Php2.7 billion primarily due to the increase in Fed Land's retention payable to contractors for ongoing projects and the recognition of provisions relating to TMP's claims and assessments, product warranties and corporate social responsibility activities.

Treasury shares declined from Php6 million to Php2 million representing CPAIC's investment in shares of stock of GT Capital.

Retained earnings increased by 40% from Php21.8 billion to Php30.4 billion due to the Php9.2 billion net income earned for the period, net of Php0.5 billion cash dividends declared.

Other comprehensive income improved by 76% from a deficit of Php437 million to a deficit Php103 million due to mark-to-market gains recognized on AFS investments of subsidiaries and associates.

Other equity adjustments decreased by 20% from Php729 million to Php583 million arising from the following transactions: 1) GT Capital's acquisition of an additional 33.33% direct equity stake in CPAIC, (negative Php375.67 million); 2) GT Capital's sale of a 40% direct equity stake of TCI to Mitsui, (Php194.0 million); 3) GT Capital's acquisition of an additional 0.26% of TCI by GT Capital, (negative Php0.42 million); 4) GT Capital change in direct ownership in GBPC after FMIC waiver and partial waiver of its pre-emptive rights on its subscription to Panay Energy's equity call, (Php60.52 million); and 5) increase in GT Capital's direct equity stake in TCI after subscription to new primary common shares, (negative Php24.80 million).

Non-controlling interests increased from Php22 billion to Php26.6 billion representing the net effect of: 1) Php6.0 billion net income attributable to non-controlling interest for the year; 2) Php2.2 billion increase in non-controlling interest in GBPC arising from the equity call contribution to the Panay Energy Plant Expansion Project; 3) Php532 million increase in non-controlling interest in Panay Power Holdings arising from the equity call contribution to the Panay Energy Plant Expansion Project; 4) Php427 million other comprehensive income attributable to non-controlling interest; 5) Php105 million additional non-controlling interest relating to the sale of a 40% direct equity stake of TCI to Mitsui; 6) Php4.3 billion representing reversal of non-controlling interest relating to the cash dividends declared by TMP; and 7) Php336 million representing reversal of non-controlling interest arising from GT Capital's acquisition of the remaining 33.33% direct equity stake in CPAIC.

LIQUIDITY AND CAPITAL RESOURCES

In 2014, 2015 and 2016, GT Capital's principal source of liquidity came from cash dividends received from the investee companies, availment of loans, issuance of bonds and issuance of preferred shares of stock. As of December 31, 2016, GT Capital's cash and cash equivalents reached Php20.95 billion.

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

	In Million Pesos		
	2014	2015	2016
Net cash provided by (used in) operating activities	(3,386.0)	(468.8)	2,900.0
Net cash provided by (used in) investing activities	(10,687.0)	(25,508.0)	(33,933.0)
Net cash provided by (used in) financing activities	16,609.0	35,120.0	14,645.0
Effects of exchange rate changes on cash and cash equivalents	(1.1)	(89.2)	(468.0)
Net increase (decrease) in cash and cash equivalents	2,535.5	9,053.1	(16,907.0)
Cash and cash equivalents at the beginning of the period	27,166.9	29,702.4	37,861.0
Cash and cash equivalents of disposal group at end of the period	-	(894.5)	-

Cash and cash equivalents of continuing operations at end of the period	29,702.4	37,861.0	20,954.0

Cash flows from operating activities

Cash flow provided by (used in) operating activities amounted to (Php3.39 billion) in 2014, (Php0.47 billion) in 2015 and Php2.90 billion in 2016. In 2014, operating cash amounting to Php19.93 billion was used to increase receivables by Php1.79 billion and inventories by Php12.55 billion and partially settle accounts payable by Php1.13 billion, insurance contract liabilities by Php1.02 billion and other current liabilities by Php1.73 billion. In 2015, operating cash amounting to Php25.94 billion was used to increase receivables by Php1.52 billion, inventories by Php11.62 billion, land held for future development by Php0.83 billion and prepayments and other current assets by Php1.51 billion and partially settle accounts payable by Php0.6 billion and other current liabilities by Php2.16 billion. In 2016, operating cash amounting to Php22.76 billion was used to increase inventories by Php4.24 billion land held for future development by Php2.84 billion and prepayments and other current assets by Php1.80 billion.

Cash flows used in investing activities

Cash flows used in investing activities amounted to Php10.69 billion in 2014 and Php25.51 billion in 2015 and Php33.93 billion in 2016. In 2014, cash flows used in investing activities went to increase investment in associates and a joint venture by Php4.22 billion, property and equipment by Php6.66 billion, available-for-sale (AFS) investments by Php0.59 billion and acquisition of subsidiary- net of cash acquired amounting to Php0.28 billion. In 2015, cash flows used in investing activities went to increase investment in associates and a joint venture by Php8.83 billion, investment properties by Php0.48 billion, property and equipment by Php9.95 billion, AFS investments by Php0.53 billion and acquisition of subsidiary-net of cash acquired by Php6.90 billion. In 2016, cash flows used in investing activities went to increase investment in associates and a joint venture by Php33.77 billion, investment properties by Php0.65 billion, property and equipment by Php6.40 billion, and AFS investments by Php1.28 billion.

Cash flows from financing activities

Cash flows from financing activities amounted to Php16.61 billion in 2014, Php35.12 billion in 2015 and Php14.64 billion in 2016. In 2014, cash flows from financing activities came from issuance of bonds payable of Php11.88 billion and loan availments of Php7.66 billion, share of holders of non-controlling interest in the equity calls of Php2.68 billion which were used to pay for Php5.80 billion in loans and Php0.81 billion in liabilities on purchased properties of. In 2015, cash flows from financing activities came from loan availments of Php57.83 billion and issuance of voting preferred shares of Php0.02 billion which were used to partially settle Php21.91 billion in outstanding loans and Php0.73 billion in liabilities in purchased properties. In 2016, cash flows from financing activities came from Php46.65 billion in new loans and issuance of perpetual preferred shares of Php11.94 billion which were used to partially settle Php41.38 billion in outstanding loans, Php0.62 billion in liabilities on purchased properties and Php2.00 billion in redemption of non-controlling interest.

A.iv Brief Description of the General Nature and Scope of the Corporation’s Business and Its Subsidiaries

GT Capital was incorporated in the Republic of the Philippines on July 26, 2007. The Corporation’s registered office address and principal place of business is at the 43/F GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa St., Makati City, Metro Manila, Philippines. GT Capital is a listed company, of which 51.6% is owned by Grand Titan, directors and senior officers of GT Capital, while the balance of 48.4% is publicly owned as of December 31, 2016.

GT Capital is a major Philippine conglomerate with interests in market-leading businesses across banking, property development, automotive assembly, importation and distribution, life and non-life insurance, and infrastructure and utilities. GT Capital is the primary vehicle for the holding and management of the diversified business interests of the Ty family in the Philippines. GT Capital’s business management, investment decisions and future business development are and will be firmly rooted in its corporate values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation.

GT Capital’s portfolio of businesses is well-positioned to benefit from broad-based growth in the Philippine economy, and domestic consumption in particular. The portfolio as of December 31, 2016 comprises directly-held interests in the following GT Capital component companies:

- **Banking** – GT Capital conducts banking services through its 26.47% interest in MBT. MBT is a universal bank that provides, through itself and other members of the MBT Group, a full range of banking and other financial products and services including corporate, commercial and consumer banking products and services as well as credit card, investment banking and trust services. MBT has been listed on the Philippine Stock Exchange since 1981. As of December 31, 2016, the MBT Group had a total of 959 branches in the Philippines, of which 699 were operated by MBT and 255 were operated by PSBank; and a total of 2,305 automated teller machines.

- **Property development** – GT Capital engages in the property development business through its wholly-owned subsidiary Fed Land and its 51.00% stake in affordable housing subsidiary, PCFI. Fed Land primarily focuses on the development of high-rise, vertical residential condominium projects, as well as on master-planned communities that offer residential, retail, office, and commercial space. It caters mainly to the upper mid-end market segment with projects in key strategic urban communities. PCFI, on the other hand, focuses on housing developments in key strategic and urbanizing areas. PCFI primarily targets the so-called property development "sweet spot" that mainly serves the economic and low-cost segment of the residential market.

- **Automotive assembly, importation, distribution, dealership and financing** – GT Capital primarily conducts its automotive business through its 51.00% interest in TMP. TMP is engaged in the assembly, importation, and wholesale distribution of Toyota motor vehicles in the Philippines, and is also engaged in the sale of motor vehicle parts and accessories both within the Philippines and abroad through exports. TMP is also engaged in the distribution of Lexus brand motor vehicles in the Philippines. In addition, TMP owns Toyota Makati with one (1) branch – Toyota Bicutan; Toyota San Fernando in Pampanga with two (2) branches – in Plaridel, Bulacan and Hacienda Luisita, Tarlac City, both located in Luzon; and Lexus Manila, situated in Bonifacio Global City, Taguig.

  GT Capital conducts its automotive dealership business through its 58.05% interest in TMBC. TMBC exclusively distributes Toyota motor vehicles in the Luzon island, primarily servicing the market in in Metro Manila. They also offer original Toyota brand motor vehicle parts and accessories, and provide after-sales services to Toyota motor vehicles.

  GT Capital provides financing for the acquisition of Toyota motor vehicles through its 40.00% interest in TFSPH. TFSPH offers retail loans and finance lease to its individual and corporate clients for the acquisition of brand-new and/or certified pre-owned Toyota vehicles.

  On June 13, 2016, SEC approved the incorporation of GTCAD. GTCAD will be a holding entity for future auto dealerships of the Company. On July 14, 2016, SEC approved the incorporation of TSI, a joint venture between GTCAD and JBT Global Holdings Inc., with GTCAD owning 55% and JBT Global owning 45% of TSI's issued and outstanding capital stock. GTCAD will operate future Toyota dealerships of the joint venture.

- **Life and Non-Life Insurance** – GT Capital conducts its life and non-life insurance business through its 25.33% interest in AXA Philippines, which offers personal and group insurance products in the country, including investment-linked insurance products. AXA Philippines also fully-owns Charter Ping An Insurance Corporation which offers non-life insurance products in the Philippines that includes fire/property, marine, motor car, personal accident, other casualty, and engineering insurance, among others.

- **Infrastructure and Utilities –** GT Capital, through its 15.55% stake in MPIC, the Philippines' largest infrastructure conglomerate, has exposure in high-growth infrastructure businesses such as toll roads, water, power, railways, healthcare, and logistics. Among MPIC's portfolio is Manila Electric Company, the country's largest power distribution utility; Global Business Power Corporation, one of the largest power generation companies in the Visayas Region; Maynilad Water Services, Inc., which manages Metro Manila's widest water distribution network; and Metro Pacific Tollways Corporation, operator of the country's largest toll road network.

A.v Corporation's Directors and Executive Officers

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

A.vi Market Price, Shareholder and Dividend Information

Market Information

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

As of December 31, 2016, the closing price of the Company's shares of stock is Php1270.00 per share.

The high and low sales prices for each period since the listing of the common shares are as follows:

	2012	
(In Php)	High	Low
2nd Quarter (April 20 to June 30)	520.00	455.40
3rd Quarter (July 1 to Sept 30)	565.00	499.00
4th Quarter (Oct 1 to Dec 31)	690.00	521.00
	2013	
1st Quarter (Jan 1 to March 31)	805.00	631.00
2nd Quarter (April 1 to June 30)	880.00	718.00
3rd Quarter (July 1 to Sept 30)	870.50	690.00
4th Quarter (Oct 1 to Dec 31)	884.50	734.00
	2014	
1st Quarter (Jan 1 to Mar 31)	850.00	718.00
2nd Quarter (April 1 to June 30)	890.00	785.00
3rd Quarter (July 1 to Sept 30)	1,060.00	853.00
4th Quarter (Oct 1 to Dec 31)	1,148.00	1,004.00
	2015	
1st Quarter (Jan 1 to Mar 31)	1,364.00	1,040.00
2nd Quarter (Apr 1 to June 30)	1,455.00	1,218.00
3rd Quarter (July 1 to Sept 30)	1,449.00	1,120.00
4th Quarter (Oct 1 to Dec 31)	1,377.00	1,215.00
	2016	
1st Quarter (Jan 1 to Mar 31)	1,456	1,215
2nd Quarter (Apr 1 to June 30)	1,520	1,340
3rd Quarter (July 1 to Sept 30)	1,620	1,401
4th Quarter (Oct 1 to Dec 31)	1,428	1,120

Source: Bloomberg

Shareholder and Dividend Information:

The top 20 stockholders of the Corporation's Common Shares as of December 31, 2016 are as follows:

NAME OF STOCKHOLDER	NO. OF SHARES *	RATIO (%) TO TOTAL AMOUNT SUBSCRIBED
1. GRAND TITAN CAPITAL HOLDINGS, INC.	89,427,110	51.3064%
2. PCD NOMINEE (NON-FILIPINO)	59,881,402	34.3554%
3. PCD NOMINEE (FILIPINO)	24,387,086	13.9914%
4. TY, GEORGE SIAO KIAN	200,000	0.1147%
5. TY, ARTHUR VY	100,000	0.0574%
TY, ALFRED VY	100,000	0.0574%
6. TY, MARY VY	99,000	0.0568%
7. BLOOMINGDALE ENTERPRISES, INC.	30,650	0.0176%
8. DE CASTRO, SALUD D.	20,000	0.0115%
9. CHAN, ASUNCION C.	6,000	0.0034%
10. CHOI, ANITA C.	4,000	0.0023%
11. MAR, PETER OR ANNABELLE C. MAR	3,000	0.0017%
12. BAGUYO, DENNIS G.	2,250	0.0013%
13. CHOI, DAVIS C.	2,000	0.0011%
CHOI, DENNIS C.	2,000	0.0011%
CHOI, DIANA C.	2,000	0.0011%
CROSLO HOLDINGS, CORP.	2,000	0.0011%
14. SYCIP, WASHINGTON Z.	1,800	0.0010%

15. CHUA, JOSEPHINE TY	1,500	0.0009%
16. CHUA, ROBERT S.	1,200	0.0007%
17. ANG, GERRY	1,000	0.0006%
BAUTISTA, CARMELO MARIA LUZA	1,000	0.0006%
BELMONTE, MIGUEL	1,000	0.0006%
BESHOURI, CHRISTOPHER P.	1,000	0.0006%
CUA, SOLOMON	1,000	0.0006%
PARAS, WILFREDO A.	1,000	0.0006%
PUNO, RODERICO	1,000	0.0006%
VALENCIA, RENATO C.	1,000	0.0006%
18. CHAM, MARGARET T. ITF INIGO	700	0.0004%
CHAM, MARGARET T. ITF MARGARIT	700	0.0004%
CHAM, MARGARET T. ITF PAOLO	700	0.0004%
CHUA, ALEXANDER GABRIEL TY ITF	700	0.0004%
CHUA, ALEXANDER GABRIEL TY ITF	700	0.0004%
CHUA, KENNETH GABRIEL TY ITF	700	0.0004%
CHUA, KENNETH GABRIEL TY ITF	700	0.0004%
DY BUNCIO, ANJANETTE TY ITF	700	0.0004%
DY BUNCIO, ANJANETTE TY ITF	700	0.0004%
DY BUNCIO, ANJANETTE TY ITF	700	0.0004%
TY, ALESANDRA T. ITF ALEXA	700	0.0004%
TY, ALESANDRA T. ITF	700	0.0004%
TY, ALFRED VY ITF ANDREI	700	0.0004%
TY, ALFRED VY ITF ARYANE	700	0.0004%
TY, ALFRED VY ITF AUGUSTO	700	0.0004%
TY, ARTHUR VY ITF ALISA	700	0.0004%
TY, ARTHUR VY ITF ANDREW RYAN	700	0.0004%
TY, ARTHUR VY ITF ARIC JUSTIN	700	0.0004%
19. MEDIACOM EQUITIES, INC.	640	0.0004%
20. CHUA, JEANNE FRANCES T. ITF	500	0.0003%
ESTEBAN, LINDA S.	500	0.0003%
KAWPENG, CHRISTOPHER C.	500	0.0003%
KAWPENG, DANIEL C.	500	0.0003%
KAWPENG, DAVID C.	500	0.0003%
KAWPENG, EDWIN C.	500	0.0003%
KAWPENG, TOMAS C.	500	0.0003%

* Fully subscribed and paid up

As a policy, the Corporation has a target annual dividend payout of Php3.00 per share, payable out of its unrestricted retained earnings. Pursuant to the said policy, the Corporation paid cash dividends to its common shareholders in 2013, 2014, and 2015 in the amount of Php522.9 million for each of the said years. On March 21, 2017, the Board of Directors of the Corporation approved the declaration of (a) a regular cash dividend in the amount of Php522.9 million payable to its Common stockholders; (b) a special cash dividend in the amount of Php 348.6 million payable to its Common stockholders; and (c) a regular cash dividend in favor of its Voting Preferred stockholders at a dividend rate of 3.77%, the 3-year PDST-R2 rate on issue date (April 13, 2015). The record date is as of April 4, 2017 and payable on or before April 20, 2017.

A.vii Recent Sale of Unregistered or Exempt Securities

On March 13, 2015, the BOD of the GT Capital approved the issuance of 174,300,000 voting preferred shares with a par value of ten centavos (Php0.10) per share through a 1:1 Stock Rights Offering to all stockholders of record as of March 25, 2015, offered to eligible shareholders from April 1 to 8, 2015 and issued on April 13, 2015. This transaction is exempt under SRC Rule 10.1(e), sale to existing shareholders.

A.viii Legal Proceedings

There are no material pending legal proceedings to which the Corporation or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

A.ix. Corporate Governance

The Corporation adopted its Manual on Corporate Governance (the "Governance Manual") on December 2, 2011. It was last amended on July 22, 2016. The policy of corporate governance is based on the Governance Manual. The Governance Manual lays down the principles of good corporate governance in the entire organization. The Governance Manual provides that it is the Board's responsibility to initiate compliance with the principles of good corporate governance, to foster long-term success and to secure the Corporation's sustained competitiveness in a manner consistent with its fiduciary responsibility.

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

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

The Board has constituted six committees to effectively oversee the Corporation's operations: (i) the Executive Committee (ii) the Audit Committee; (iii) the Nominations Committee; (iv) the Compensation Committee; (v) the Corporate Governance Committee; and (vi) the Risk Oversight Committee.

There were no deviations from the Corporation's Corporate Governance Manual as of this date.

A.x Undertaking to provide without charge a copy of the Corporation's Annual Report

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

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JAIME MIGUEL G. BELMONTE,** Filipino, of legal age and a resident of 38 Banaba Road, South Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **GT CAPITAL HOLDINGS, INC.** and have been independent director since July 11, 2012.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
The Philippine Star	President and CEO	July 1998-present
Business World Publishing Corp.	President and CEO	June 2015-present
Pilipino Star Ngayon	President	February 1994-present
Pang Masa	President	January 2003-present
Pilipino Star Printing Co., Inc.	President	February 1994-present
The Freeman	President	August 2004-present
Banat News	President	August 2004-present
Stargate Media Corp. / People Asia Magazine	Vice-Chairman	October 2014-present
	Director	2000-present
Manila Tytana College	Member, Board of Advisers	2008-present
Nation Broadcasting Corp.	President	2016-present
Cignal TV Inc.	Director	2016-present
Hastings Holdings Inc.	President	2016-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **GT CAPITAL HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am **not** related to the following director/officer/substantial shareholder of **GT CAPITAL HOLDINGS, INC.** and its subsidiaries and affiliates other than the relation provided under Rule 38.2.3 of the Securities and Regulation Code.

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within (5) days from its occurrence.

Done, this 24th day of March 2017, at Makati City.

JAIME MIGUEL G. BELMONTE
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

SUBSCRIBED AND SWORN to before me this MAR 27 2017, affiant exhibiting to me his Passport No. EB8680963 issued on July 16, 2013 at DFA MANILA.

Doc No. 96;
Page No. 16;
Book No. 9;
Series of 2017.

ATTY. MELISSA B. REYES
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2018
ROLL NO. 41369 / APPOINTMENT NO. M-173
IBP NO. 0983825 / PTR. NO. 5909887
45/F GT TOWER INTERNATIONAL, AYALA AVENUE
CORNER H.V. DE LA COSTA, MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **WILFREDO A. PARAS,** Filipino, of legal age and a resident of 600 Palico St., Ayala Alabang Village, Muntinlupa City, 1780, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **GT CAPITAL HOLDINGS, INC.** and have been independent director since May 14, 2013.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	**Position/Relationship**	**Period of Service**
WAP Holdings	President	2007-present
Philex Mining Corporation	Independent Director	2011-present
Dualtech Training Center Foundation, Inc.	Trustee	2012-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **GT CAPITAL HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am **not** related to the following director/officer/substantial shareholder of **GT CAPITAL HOLDINGS, INC.** and its subsidiaries and affiliates other than the relation provided under Rule 38.2.3 of the Securities and Regulation Code.

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within (5) days from its occurrence.

Done, this 21 th day of March 2017, at Makati City.

WILFREDO A. PARAS
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

SUBSCRIBED AND SWORN to before me this MAR 27 2017, affiant exhibiting to me his Passport **No.** P0966042A issued on November 19, 2016 at DFA NCR SOUTH.

Doc No. 95;
Page No. 15;
Book No. 9;
Series of 2017.

ATTY. MELISSA B. REYES
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2018
ROLL NO. 41369 / APPOINTMENT NO. M-173
IBP NO. 0983825 / PTR. NO. 5909887
45/F GT TOWER INTERNATIONAL, AYALA AVENUE
CORNER H.V. DE LA COSTA, MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **PETER B. FAVILA,** Filipino, of legal age and a resident of No. 40 Narra Street, Valle Verde III, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **GT CAPITAL HOLDINGS, INC.** and have been independent director since October 23, 2014.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Bangko Sentral ng Pilipinas	Consultant	July 2014 - present
(ABF) Philippine Index Bond Fund	Chairman, Supervisory Committee	Present
Asian Bankers Association	Member, Advisory Council	1997 - present
Ramos Peace and Development Foundation, Inc.	Trustee	1999 - present
Alay sa Kawal Foundation, Inc.	Trustee	1995 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **GT CAPITAL HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **GT CAPITAL HOLDINGS, INC.** and its subsidiaries and affiliates other than the relation provided under Rule 38.2.3 of the Securities and Regulation Code.

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within (5) days from its occurrence.

Done, this 28th day of March 2017, at Makati City.

PETER B. FAVILA
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

SUBSCRIBED AND SWORN to before me this MAR 31 2017, affiant exhibiting to me his Passport No. EC2447195 issued on Oct. 17, 2014 at DFA NCR SOUTH.

Doc No. 103;
Page No. 21;
Book No. 9;
Series of 2017.

ATTY. MELISSA B. REYES
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2018
ROLL NO. 41369 / APPOINTMENT NO. M-173
IBP NO. 0983825 / PTR. NO. 5909887
45/F GT TOWER INTERNATIONAL, AYALA AVENUE
CORNER H.V. DE LA COSTA, MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RENATO C. VALENCIA,** Filipino, of legal age and a resident of 331 Ma. Cristina Road, Ayala Alabang Village, Muntinlupa City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **GT CAPITAL HOLDINGS, INC.**

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Metropolitan Bank and Trust Company	Director	1998-present
i-People, Inc.	Chairman Director	2005-present 2003-present
Anglo Philippine Holdings Corporation	Director	2007-present
Malayan Insurance Company, Inc.	Director	2005-present
Vulcan Industrial & Mining Corporation	Director	2009-present
EEI Corporation	Director	2015-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **GT CAPITAL HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am **not** related to any director/officer/substantial shareholder of **GT CAPITAL HOLDINGS, INC.** and its subsidiaries and affiliates other than the relation provided under Rule 38.2.3 of the Securities and Regulation Code.

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within (5) days from its occurrence.

Done, this 28th day of March 2017, at Makati City.

RENATO C. VALENCIA
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

SUBSCRIBED AND SWORN to before me this MAR 29 2017, affiant exhibiting to me his Passport No. EB9878248 issued on Dec. 26, 2013 at DFA NCR SOUTH.

Doc No. 93;
Page No. 19;
Book No. 9;
Series of 2017.

ATTY. MELISSA E. REYES
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2018
ROLL ... APPOINTMENT NO. M-173
PTR NO. 5909887
45/F ... ACIONAL, AYALA AVENUE
CORNER H.V. DE LA COSTA, MAKATI CITY

GT CAPITAL
HOLDINGS, INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of GT Capital Holdings, Inc. (the Company) is responsible for the preparation and fair presentation of the parent company and consolidated financial statements including the schedules attached therein, as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

Signature: ______________________
Arthur V. Ty, Chairman of the Board

Signature: ______________________
Carmelo Maria L. Bautista, President

Signature: ______________________
Francisco H. Suarez, Jr., Chief Financial Officer

March 21, 2017

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

SUBSCRIBED AND SWORN to before me on MAR 2 2 2017, affiants exhibiting to me their respective Tax Identification Numbers, as follows:

Arthur V. Ty	TIN No. 121-526-580
Carmelo Maria L. Bautista	TIN No. 106-903-668
Francisco H. Suarez, Jr.	TIN No. 126-817-465

ATTY. MELISSA B. REYES
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2018
ROLL NO. 41369 / APPOINTMENT NO. M-173
IBP NO. 0983825 / PTR. NO. 5909887
45/F GT TOWER INTERNATIONAL, AYALA AVENUE
CORNER H.V. DE LA COSTA, MAKATI CITY

Doc. No. 62
Page No. 13
Book No. 9
Series of 2017

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	1	1	7	9	2

COMPANY NAME

G T   C A P I T A L   H O L D I N G S ,   I N C .   A N D
S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

4 3 r d   F l o o r ,   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 . ,   M a k a t i   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
gtcap@gtcapital.com.ph	836-45000	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
73	2nd Wednesday of May	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Francisco H. Suarez, Jr.	francis.suarez@gtcapital.com.ph	836-45000	

CONTACT PERSON's ADDRESS

43rd Floor GT Tower International, Ayala Avenue corner H.V. Dela Costa St. Makati City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of GT Capital Holdings, Inc. and its subsidiaries ('the Group'), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Acquisition of Metro Pacific Investments Corporation (MPIC)

In 2016, the Group acquired 15.55% of the common shares of MPIC, an entity listed in the Philippine Stock Exchange, for a total consideration of ₱29.89 billion.

The acquisition of MPIC is significant to our audit as it is a major acquisition during the year and the amounts involved are material to the consolidated financial statements. PFRS requires that when an entity acquires an associate, fair values are attributed to the investee's identifiable assets and liabilities. Significant assumptions and judgments about the future results of business such as revenue growth, gross margins and discount rates were applied to cash flow forecasts for the valuation as disclosed in Note 3 to the consolidated financial statements. The disclosures in relation to the acquisition of MPIC are included in Note 8 to the consolidated financial statements.

Audit Response

We have discussed with management and its external valuation specialist the valuation methodologies and inputs used in the provisional purchase price allocation, and reviewed the share purchase agreement covering the acquisition. We have considered the qualifications and objectivity of the external valuation specialist involved in the preparation of the provisional purchase price allocation. We also involved our internal specialists in the review of the valuation methodologies and key assumptions. These assumptions include the expected traffic volume or billed water volume, toll or tariff rates, gross margins and discount rates. We compared the gross margins, traffic volume and water volume against historical data and industry forecasts, and we compared the toll or tariff rates used with the concession agreements. We reviewed the discount rates by assessing whether the underlying parameters used represent current market assumptions of risks specific to the assets being valued. We have also assessed and validated the adequacy and appropriateness of the related disclosures in the consolidated financial statements.

Finalization of the Purchase Price Allocation of Property Company of Friends, Inc. (PCFI)

In 2015, the Group acquired controlling interest in PCFI. PFRS requires the Group to recognize the acquisition at the fair value of the consideration. Any difference between the cost of the investment and the fair values of the assets acquired and liabilities assumed is recognized as goodwill. In 2015, the purchase price allocation was determined on a provisional basis. PFRS provides for a measurement period of one year from the date of acquisition wherein the acquirer may adjust provisional amounts.

The finalization of the purchase price allocation in 2016 is significant to our audit because it requires significant management estimation, particularly, on the use of comparable properties for the valuation of land, and the use of discount rates and cost projections for the valuation of inventories. Goodwill recognized amounted to ₱2.84 billion. The significant estimates used and disclosures in relation to the finalization of the purchase price allocation of PCFI are included in Notes 3 and 31 to the consolidated financial statements.

Audit Response

We reviewed the purchase price allocation, focusing on the valuation of land and inventories. We evaluated whether a consistent and generally accepted method for the valuation of land and inventories was applied. We involved our internal specialists in the review of management's methodologies and assumptions used in arriving at the fair values of land and inventories. We compared the discount rates to published reference rates, and compared cost projections with industry and historical data. We reviewed the comparable properties used by management's external appraisers and assessed whether the adjustments made to arrive at the concluded value properly considered differences in characteristics such as location, size and shape. We considered the qualifications and objectivity of management's external appraisers.

Revenue Recognition

The Group applies the percentage of completion (POC) method in determining real estate revenue and costs. The POC is based on the proportion of cost incurred to date over total estimated cost of the real estate project. The cost of sales is determined on the basis of the total estimated costs applied with the POC of the project. The Group's real estate revenue and costs accounts for 6.15% of total consolidated revenue and 4.22% of the total consolidated costs and expenses, respectively. The estimation of the total cost of the real estate project requires technical inputs by management's specialists (project development engineers). In addition, one of the criteria required to initiate revenue recognition is the collection of a certain percentage of buyer's payments of total selling price (buyer's equity). It is the reaching of this level of collection that management has assessed that it is probable that economic benefits will flow to the Group because of the buyers' continuing commitment with the sales agreement. The assessment of the stage of completion and level of buyer's equity involves significant management judgment as disclosed in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's processes for determining the POC, including the cost accumulation process, and for determining and updating of total estimated costs, and performed tests of the relevant controls on these processes. We have discussed with the project development engineers to understand their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated to the supporting documents. We visited selected project sites and made relevant inquiries with project engineers. We performed test computation of the percentage of completion calculation of management. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details. We likewise performed inquiries with the project development engineers for the revisions. We evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents.

Assessment of Goodwill and Intangible Assets

In prior years, the Group has expanded its activities through acquisitions of businesses. As a result, the Group's net assets include goodwill and customer relationships, an intangible asset with an indefinite life. As of December 31, 2016, the Group has goodwill and customer relationships intangible asset amounting to ₱8.68 billion and ₱3.88 billion, respectively. Under PFRS, the Group is required to test goodwill and intangible assets with indefinite useful life for impairment at least on an annual basis.

The recoverable amount for each cash-generating unit (CGU) has been calculated based on value-in-use. These recoverable amounts use discounted future cash flows forecasts in which management makes estimates over certain key inputs, such as expected gross margins, discount rates and long-term growth rates. Due to the high level of estimation involved, and the significance of the carrying amounts, this is a key area that our audit focused on. The disclosures in relation to the significant assumptions and carrying value of goodwill and intangible assets are included in Note 13 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's impairment assessment process and related controls. We involved our internal specialists to evaluate the assumptions and methodologies that were used, in particular those relating to discount rates and long-term growth rates. We assessed the reasonableness of cash flow projections and expected gross margins, and compared key inputs, such as discount rates and growth rates to externally available industry, economic and financial data and the Group's own historical data and performance. We also assessed the reliability of management's forecast through a review of actual performance against previous forecasts.

We considered the adequacy of the Group's disclosures in respect of impairment testing, and whether the disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the valuations.

Provision for Credit Losses on Loans and Receivables of Metropolitan Bank and Trust Company (MBTC)

The Group's 26.47% interest in MBTC is accounted for under the equity method. The Group's share in the profit of MBTC, after tax, for the year ended December 31, 2016 was ₱6.41 billion and the Group's share in MBTC's net assets as of December 31, 2016 was ₱50.83 billion. In the context of the audit of the consolidated financial statements, the key matter relating to the Group's share in the profits and net assets of MBTC is on the adequacy of allowance for credit losses on loans and receivables.

MBTC's loans and receivables consist of corporate and consumer loans including credit card receivables. The appropriateness of the allowance for credit losses on these loans and receivables is a key area of judgment for the management. MBTC determines the allowance for credit losses on an individual basis for individually significant loans and receivables, and collectively for loans and receivables that are not individually significant. The identification of impairment and the determination of the recoverable amount involve various assumptions and factors such as the financial condition of the counterparty, estimated future cash flows from the loans and receivables and estimated net selling prices of the collateral.

Audit Response

We obtained an understanding of MBTC's impairment calculation process and performed tests of relevant controls. For allowance for credit losses calculated on an individual basis, we selected samples of impaired loans and obtained an understanding of the borrower's business and financial capacity. We also tested the assumptions underlying the impairment identification and quantification of the allowance for credit losses. This was done by assessing whether the forecasted cash flows are based on the borrower's current financial condition, checking the payment history of the borrower including payments made subsequent to yearend, agreeing the value of the collateral to the appraisal reports, checking whether the discount rate represents the original effective interest rate (EIR) or the current EIR of the loan, and re-performing the impairment calculation. For allowance for credit losses calculated on a collective basis, we tested the underlying models and the inputs to those models, such as historical loss rates and net flow rates. This was done by agreeing the details of the loan information used in the calculation of loss rates and net flow rates to the Group's records and subsidiary ledgers, testing the delinquency age buckets of the loans and loan groupings and re-performing the calculation of the allowance for credit losses.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and the Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and the Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Vicky Lee Salas.

SYCIP GORRES VELAYO & CO.

Vicky Lee Salas

Vicky Lee Salas
Partner
CPA Certificate No. 86838
SEC Accreditation No. 0115-AR-4 (Group A),
May 1, 2016, valid until May 1, 2019
Tax Identification No. 129-434-735
BIR Accreditation No. 08-001998-53-2015,
March 17, 2015, valid until March 16, 2018
PTR No. 5908709, January 3, 2017, Makati City

March 21, 2017

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

	December 31	
	2016	2015 (As restated – Note 31)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱20,954**	₱37,861
Short-term investments (Note 4)	**1,598**	1,861
Available-for-sale investments (Note 10)	**1,284**	–
Receivables (Note 5)	**22,798**	27,056
Inventories (Note 6)	**52,060**	51,490
Due from related parties (Note 27)	**80**	370
Prepayments and other current assets (Note 7)	**6,992**	7,673
	105,766	126,311
Assets of disposal group classified as held-for-sale (Note 12)	**–**	8,434
Total Current Assets	**105,766**	134,745
Noncurrent Assets		
Available-for-sale investments (Note 10)	**1,443**	3,195
Receivables - net of current portion (Note 5)	**7,141**	6,682
Land held for future development (Note 6)	**18,464**	15,357
Investment properties (Note 9)	**14,314**	10,797
Investments in associates and joint venture (Note 8)	**94,828**	60,265
Property and equipment (Note 11)	**9,367**	51,972
Goodwill and intangible assets (Note 13)	**12,802**	19,727
Deferred tax assets (Note 29)	**540**	748
Other noncurrent assets (Note 14)	**781**	878
Total Noncurrent Assets	**159,680**	169,621
	₱265,446	₱304,366

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 15)	**₱21,177**	₱22,129
Short-term debt (Note 17)	**6,697**	7,318
Current portion of long-term debt (Note 17)	**1,581**	6,924
Current portion of liabilities on purchased properties (Notes 20 and 27)	**166**	637
Customers' deposits (Note 18)	**3,839**	3,691
Dividends payable (Note 27)	**589**	2,861
Due to related parties (Note 27)	**195**	174
Income tax payable	**202**	1,013
Other current liabilities (Note 19)	**638**	520
	35,084	45,267
Liabilities of disposal group classified as held-for-sale (Note 12)	**–**	6,444
Total Current Liabilities	**35,084**	51,711

(Forward)

	December 31	
	2016	2015 (As restated – Note 31)
Noncurrent Liabilities		
Long-term debt – net of current portion (Note 17)	**₱56,475**	₱81,847
Bonds payable (Note 17)	**21,848**	21,801
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	**1,993**	2,146
Pension liability (Note 28)	**1,671**	2,219
Deferred tax liabilities (Note 29)	**5,052**	5,501
Other noncurrent liabilities (Note 21)	**2,085**	2,609
Total Noncurrent Liabilities	**89,124**	116,123
	124,208	167,834
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 22)	**2,960**	1,760
Additional paid-in capital (Note 22)	**57,437**	46,695
Treasury shares (Note 22)	**–**	(6)
Retained earnings – unappropriated (Note 22)	**39,961**	33,264
Retained earnings – appropriated (Note 22)	**14,900**	8,760
Reserve of disposal group classified as held-for-sale (Note 12)	**–**	(75)
Net unrealized gain on available-for-sale investments (Note 10)	**186**	823
Net unrealized loss on remeasurements of defined benefit plans (Note 28)	**(221)**	(305)
Equity in net unrealized loss on available-for-sale investments of associates (Note 8)	**(2,547)**	(969)
Equity in translation adjustments of associates (Note 8)	**677**	502
Equity in net unrealized loss on remeasurements of defined benefit plans of associates and joint venture (Note 8)	**(869)**	(898)
Equity in cash flow hedge reserve of a joint venture (Note 8)	**12**	4
Equity in other equity adjustments of associates (Note 8)	**(13)**	–
Other equity adjustments (Note 22)	**2,322**	576
	114,805	90,131
Non-controlling interests (Note 22)	**26,433**	46,401
Total Equity	**141,238**	136,532
	₱265,446	₱304,366

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Millions, Except Earnings Per Share)

	Years Ended December 31		
	2016	2015 (As restated – Notes 12 and 31)	2014 (As restated – Note 12)
CONTINUING OPERATIONS			
REVENUE			
Automotive operations (Note 35)	**₱177,709**	₱120,802	₱108,816
Real estate sales (Note 35)	**12,438**	9,000	5,841
Equity in net income of associates and joint venture (Note 8)	**6,366**	5,616	3,421
Interest income (Note 23)	**2,262**	1,790	1,380
Rent income (Notes 9 and 30)	**826**	840	764
Sale of goods and services	**620**	547	583
Commission income	**192**	194	80
Gain on revaluation of previously held interest (Note 31)	**125**	–	–
Other income (Note 23)	**1,586**	1,160	1,002
	202,124	139,949	121,887
COSTS AND EXPENSES			
Cost of goods and services sold (Note 25)	**122,060**	74,941	70,597
Cost of goods manufactured and sold (Note 25)	**33,792**	27,838	24,213
General and administrative expenses (Note 26)	**12,837**	7,482	7,133
Cost of real estate sales (Note 6)	**7,586**	6,512	4,334
Interest expense (Note 17)	**3,326**	2,164	1,392
Cost of rental (Note 30)	**326**	272	270
	179,927	119,209	107,939
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**22,197**	20,740	13,948
PROVISION FOR INCOME TAX (Note 29)	**4,586**	4,299	2,569
NET INCOME FROM CONTINUING OPERATIONS	**17,611**	16,441	11,379
NET INCOME FROM DISCONTINUED OPERATIONS (Note 12)	**4,916**	4,500	3,772
NET INCOME	**₱22,527**	₱20,941	₱15,151
ATTRIBUTABLE TO:			
Equity holders of the Parent Company			
Profit for the year from continuing operations	**₱10,631**	₱10,396	₱7,776
Profit for the year from discontinued operations	**4,003**	1,719	1,377
	14,634	12,115	9,153
Non-controlling interests			
Profit for the year from continuing operations	**6,980**	6,045	3,603
Profit for the year from discontinued operations	**913**	2,781	2,395
	7,893	8,826	5,998
	₱22,527	₱20,941	₱15,151
Basic/Diluted Earnings Per Share from Continuing Operations Attributable to Equity Holders of the Parent Company (Note 34)	**₱60.99**	₱59.64	₱44.61
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 34)	**₱83.96**	₱69.51	₱52.51

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Millions)

	Years Ended December 31		
	2016	2015 (As restated – Notes 12 and 31)	2014 (As restated – Note 12)
NET INCOME FROM CONTINUING OPERATIONS	**₱17,611**	₱16,441	₱11,379
NET INCOME FROM DISCONTINUED OPERATIONS (Note 12)	**4,916**	4,500	3,772
NET INCOME	**22,527**	20,941	15,151
OTHER COMPREHENSIVE INCOME			
CONTINUING OPERATIONS			
Items that may be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments (Note 10)	**1,065**	414	938
Equity in other comprehensive income of associates and joint venture (Note 8):			
Changes in fair value of available-for-sale investments	**(1,578)**	(891)	(83)
Cash flow hedge reserve	**8**	4	–
Translation adjustments	**175**	111	(26)
Other equity adjustments	**(13)**	–	–
	(343)	(362)	829
Items that may not be reclassified to profit or loss in subsequent periods:			
Remeasurements of defined benefit plans (Note 28)	**(20)**	260	(302)
Equity in remeasurement of defined benefit plans of associates (Note 8)	**26**	(404)	154
Income tax effect	**(2)**	43	44
	4	(101)	(104)
OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS	**(339)**	(463)	725
OTHER COMPREHENSIVE INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**19**	(39)	36
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**(320)**	(502)	761
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱22,207**	₱20,439	₱15,912
ATTRIBUTABLE TO:			
Equity holders of the Parent Company			
Total comprehensive income for the year from continuing operations	**₱9,812**	₱9,571	₱7,975
Total comprehensive income for the year from discontinued operations	**4,004**	1,729	1,512
	13,816	11,300	9,487
Non-controlling interests			
Total comprehensive income for the year from continuing operations	**7,478**	6,358	4,024
Total comprehensive income for the year from discontinued operations	**913**	2,781	2,401
	8,391	9,139	6,425
	₱22,207	₱20,439	₱15,912

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company																
(In Millions)	**Capital Stock (Note 22)**	**Additional Paid-in Capital** (Note 22)	**Treasury Shares** (Note 22)	**Retained Earnings - Appropriated** (Note 22)	**Retained Earnings - Unappropriated** (Note 22)	**Net Unrealized Gain (Loss) on Available-for-Sale Investments** (Note 10)	**Net Unrealized Gain (Loss) on Remeasurements of Defined Benefit Plans** (Note 28)	**Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates** (Note 8)	**Equity in Translation Adjustments of Associates** (Note 8)	**Equity in Net Unrealized Loss on Remeasurements of Defined Benefit Plans of Associates and Joint Venture** (Note 8)	**Equity in Cash flow Hedge Reserve of Joint Venture**	**Equity in Other Equity Adjustments of associates**	**Reserve of Disposal Group Classified as Held for Sale**	**Other Equity Adjustments (Note 22)**	**Total**	**Attributable to Non-controlling Interests (Note 22)**	**Total Equity**
Balance at January 1, 2016	**₱1,760**	**₱46,695**	**(₱6)**	**₱8,760**	**₱33,268**	**₱823**	**(₱305)**	**(₱969)**	**₱502**	**(₱898)**	**₱4**	**₱–**	**(₱75)**	**₱576**	**₱90,135**	**₱53,708**	**143,843**
Adjustments to reflect final purchase price allocation (Note 31)	–	–	–	–	**(4)**	–	–	–	–	–	–	–	–	–	**(4)**	**(7,307)**	**(7,311)**
At January 1, 2016 (As restated)	**1,760**	**46,695**	**(6)**	**8,760**	**33,264**	**823**	**(305)**	**(969)**	**502**	**(898)**	**4**	**–**	**(75)**	**576**	**90,131**	**46,401**	**136,532**
Issuance of capital stock	**1,200**	**10,742**	–	–	–	–	–	–	–	–	–	–	–	–	**11,942**	–	**11,942**
Effect of business combination (Notes 10 and 31)	–	–	–	–	**(11)**	–	–	–	–	**11**	–	–	–	–	–	**687**	**687**
Dividends declared (Note 22)	–	–	–	–	**(1,636)**	–	–	–	–	–	–	–	–	–	**(1,636)**	**(5,910)**	**(7,546)**
Acquisition of 28.32% of PCFI shares (Note 31)	–	–	–	–	–	–	–	–	–	–	–	–	–	**1,746**	**1,746**	**(1,746)**	–
Acquisition of 4.73% of GBPC shares (Note 12)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**(1,322)**	**(1,322)**
Appropriation during the period	–	–	–	**15,500**	**(15,500)**	–	–	–	–	–	–	–	–	–	–	–	–
Reversal of appropriation upon completion of expansion and acquisition	–	–	–	**(9,360)**	**9,360**	–	–	–	–	–	–	–	–	–	–	–	–
Effect of asset disposal (CPAIC) (Note 12)	–	–	**6**	–	**(57)**	–	–	–	–	–	–	–	**56**	–	**5**	–	**5**
Effect of asset disposal (GBPC) (Note 12)	–	–	–	–	**(93)**	**(1,198)**	**92**	–	–	–	–	–	–	–	**(1,199)**	**(18,068)**	**(19,267)**
Total comprehensive income	–	–	–	–	**14,634**	**561**	**(8)**	**(1,578)**	**175**	**18**	**8**	**(13)**	**19**	–	**13,816**	**8,391**	**22,207**
Effect of PCFI's redemption of Pref B shares (Note 22)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**(2,000)**	**(2,000)**
Balance at December 31, 2016	**₱2,960**	**₱57,437**	**₱–**	**₱14,900**	**₱39,961**	**₱186**	**(₱221)**	**(₱2,547)**	**₱677**	**(₱869)**	**₱12**	**(₱13)**	**₱–**	**₱2,322**	**₱114,805**	**₱26,433**	**₱141,238**
Balance at January 1, 2015	₱1,743	₱46,695	(₱2)	₱6,000	₱24,432	₱618	(₱419)	(₱78)	₱391	(₱615)	₱–	₱–	₱–	₱582	₱79,347	₱26,595	₱105,942
Issuance of capital stock	17	–	–	–	–	–	–	–	–	–	–	–	–	–	17	–	17
Effect of business combination (Notes 10 and 31)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	16,996	16,996
Dividends declared (Note 22)	–	–	–	–	(523)	–	–	–	–	–	–	–	–	–	(523)	(6,309)	(6,832)
Appropriation during the period	–	–	–	8,760	(8,760)	–	–	–	–	–	–	–	–	–	–	–	–
Reversal of appropriation upon completion of expansion and acquisition	–	–	–	(6,000)	6,000	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	(4)	–	–	–	–	–	–	–	–	–	–	–	(4)	–	(4)
Return of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(15)	(15)
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	–	(6)	(6)	(5)	(11)
Total comprehensive income	–	–	–	–	12,115	217	66	(891)	111	(283)	4	–	(39)	–	11,300	9,139	20,439
Reclassification to reserves of disposal group	–	–	–	–	–	(12)	48	–	–	–	–	–	(36)	–	–	–	–
Balance at December 31, 2015	₱1,760	₱46,695	(₱6)	₱8,760	₱33,264	₱823	(₱305)	(₱969)	₱502	(₱898)	₱4	₱–	(₱75)	₱576	₱90,131	₱46,401	₱136,532
Balance at January 1, 2014	₱1,743	₱46,695	(₱6)	₱–	₱21,802	₱80	(₱216)	₱5	₱417	(₱723)	₱–	₱–	₱–	₱729	₱70,526	₱22,038	₱92,564
Effect of business combination (Note 31)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	42	42
Acquisition of non-controlling interest (Notes 22 and 31)	–	–	–	–	–	–	–	–	–	–	–	–	–	(340)	(340)	(373)	(713)
Appropriation during the period	–	–	–	9,000	(9,000)	–	–	–	–	–	–	–	–	–	–	–	–
Reversal of appropriation upon completion of expansion and acquisition	–	–	–	(3,000)	3,000	–	–	–	–	–	–	–	–	–	–	–	–
Dividends declared (Note 22)	–	–	–	–	(523)	–	–	–	–	–	–	–	–	–	(523)	–	(523)
Sale of direct interest in a subsidiary (Note 22)	–	–	–	–	–	–	–	–	–	–	–	–	–	193	193	105	298
Dividends paid to non-controlling interest (Note 22)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4,320)	(4,320)
Effect of equity call (Note 22)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,146	2,146
Acquisition of treasury shares (Note 22)	–	–	4	–	–	–	–	–	–	–	–	–	–	–	4	–	4
Non-controlling interest on deposit for future stock subscription (Note 22)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	532	532
Total comprehensive income	–	–	–	–	9,153	538	(203)	(83)	(26)	108	–	–	–	–	9,487	6,425	15,912
Balance at December 31, 2014	₱1,743	₱46,695	(₱2)	₱6,000	₱24,432	₱618	(₱419)	(₱78)	₱391	(₱615)	₱–	₱–	₱–	₱582	₱79,347	₱26,595	₱105,942

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Years Ended December 31		
	2016	2015 (As restated – Note 31)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱22,197**	₱20,740	₱13,948
Income before income tax from discontinued operations (Note 12)	**4,955**	4,726	3,912
Income before income tax	**27,152**	25,466	17,860
Adjustments for:			
Equity in net income of associates and joint venture (Note 8)	**(6,366)**	(5,616)	(3,421)
Interest expense (Notes 17)	**4,106**	3,932	3,241
Depreciation and amortization (Note 11)	**2,717**	3,414	3,203
Interest income (Notes 12 and 23)	**(2,327)**	(2,052)	(1,595)
Pension expense (Note 28)	**349**	454	344
Gain on disposal of direct ownership in subsidiaries (Note12)	**(1,769)**	–	–
Realization of previously deferred gain (Note 12)	**(1,918)**	–	–
Gain on remeasurement of previously held interest (Note 31)	**(125)**	–	–
Dividend income (Notes 12 and 23)	**–**	(49)	(53)
Gain on disposal of property and equipment (Notes 11 and 23)	**(50)**	(30)	(90)
Gain on sale of available-for-sale investments (Notes 10 and 23)	**–**	(18)	(12)
Provisions (Note 26)	**468**	350	445
Loss on impairment of available-for-sale investments (Note 26)	**–**	–	10
Unrealized foreign exchange losses (Note 26)	**468**	89	1
Operating income before changes in working capital	**22,705**	25,940	19,933
Decrease (increase) in:			
Short-term investments	**(36)**	408	157
Receivables	**1,055**	(1,520)	(1,794)
Reinsurance assets	**–**	1,005	1,086
Inventories	**(4,245)**	(11,618)	(12,554)
Land held for future development (Note 6)	**(2,842)**	(831)	–
Due from related parties	**290**	137	274
Prepayments and other current assets	**(1,802)**	(1,511)	603
Increase (decrease) in:			
Accounts and other payables	**3,420**	1,510	(1,131)
Insurance contract liabilities	**–**	(613)	(1,019)
Customers' deposits	**116**	466	705
Due to related parties	**–**	(2)	(12)
Other current liabilities	**870**	(2,162)	(1,732)
Cash provided by operations	**19,531**	11,209	4,516
Dividends paid (Note 22)	**(9,817)**	(6,005)	(4,775)
Interest paid	**(4,447)**	(4,163)	(2,955)
Income tax paid	**(5,456)**	(4,216)	(2,832)
Interest received	**2,324**	1,993	1,542
Dividends received (Note 8)	**1,018**	918	1,247
Contributions to pension plan assets (Note 28)	**(304)**	(205)	(129)
Net cash provided by (used in) operating activities	**2,849**	(469)	(3,386)

(Forward)

	Years Ended December 31		
	2016	2015 (As restated - Note 1)	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Disposal of property and equipment	**₱115**	₱566	₱675
Sale of available-for-sale investments	**–**	271	566
Sale of subsidiaries (Note 12)	**7,438**	–	–
Disposal of investment property	**86**	140	–
Additions to:			
Investments in associates and joint venture (Note 8)	**(33,767)**	(8,833)	(4,225)
Investment properties (Note 9)	**(649)**	(485)	(87)
Property and equipment (Note 11)	**(6,396)**	(9,954)	(6,664)
Available-for-sale investments	**(1,280)**	(526)	(594)
Intangible assets (Note 13)	**(196)**	(29)	(12)
Acquisition of subsidiary, net of cash acquired (Note 31)	**886**	(6,902)	(282)
Decrease (increase) in other noncurrent assets	**(170)**	243	(64)
Net cash used in investing activities	**(33,933)**	(25,509)	(10,687)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loan availments (Note 17)	**46,648**	57,830	7,660
Issuance of bonds payable	**–**	–	11,875
Issuance of capital stock (Note 22)	**11,942**	17	–
Payment of loans payable	**(41,384)**	(21,911)	(5,800)
Increase (decrease) in:			
Due to related parties	**21**	–	–
Liabilities on purchased properties	**(623)**	(730)	(809)
Other noncurrent liabilities	**(117)**	(162)	1,006
Non-controlling interests (Note 22)	**(1,842)**	76	2,677
Net cash provided by financing activities	**14,645**	35,120	16,609
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(468)**	(89)	(1)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(16,907)**	9,053	2,535
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**37,861**	29,702	27,167
CASH AND CASH EQUIVALENTS OF DISPOSAL GROUP AT END OF YEAR (Note 12)	**–**	(894)	–
CASH AND CASH EQUIVALENTS OF CONTINUING OPERATION AT END OF YEAR (Note 4)	**₱20,954**	₱37,861	₱29,702

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

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

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

Group Activities

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

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

Basis of Consolidation

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

	Country of Incorporation	Direct Percentages of Ownership December 31			Effective Percentages of Ownership December 31		
		2016	2015	2014	**2016**	2015	2014
Fed Land and Subsidiaries	Philippines	**100.00**	100.00	100.00	**100.00**	100.00	100.00
PCFI and Subsidiaries	-do-	**51.00**	22.68	–	**51.00**	22.68	–
Toyota and Subsidiaries	-do-	**51.00**	51.00	51.00	**51.00**	51.00	51.00
TMBC and Subsidiaries (Note 31)	-do-	**58.05**	–	–	**58.05**	–	–
GTCAD and Subsidiary*	-do-	**100.00**	–	–	**100.00**	–	–
Charter Ping An (Note 12)	-do-	–	100.00	100.00	–	100.00	100.00
Toyota Cubao, Inc. (TCI) and Subsidiary (Note 31)	-do-	–	53.80	52.01	–	53.80	52.01
Global Business Power Corp. (GBPC) and Subsidiaries (Note 12)	-do-	–	51.27	51.27	–	52.45	52.45

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

Fed Land's Subsidiaries

	Percentage of Ownership		
	2016	2015	2014
Horizon Land Property and Development Corp. (HLPDC)	**100.00**	100.00	100.00
Omni - Orient Management Corp. (Previously as Top Leader Property Management Corp.) (TLPMC)	**100.00**	100.00	100.00
Federal Land Orix Corporation (FLOC)*	**100.00**	–	–
Central Realty and Development Corp. (CRDC)	**75.80**	75.80	75.80
Federal Brent Retail, Inc. (FBRI)	**51.66**	51.66	51.66
FLI - Management and Consultancy, Inc. (FMCI)**	**–**	–	100.00
Baywatch Project Management Corporation (BPMC)**	**–**	–	100.00

** On December 23, 2016,Fed Land acquired the 40% ownership in FLOC from Orix Risingsun Properties Incorporated (ORPI). As a result of the purchase, Fed Land gained control in FLOC and accounted for its investment as a subsidiary as of December 31, 2016.*
*** On July 4, 2014, the BOD of Fed Land approved the merger of Fed Land and its two subsidiaries namely FMCI and BPMC, where Fed Land will be the surviving entity and the two subsidiaries will be the absorbed entities. The SEC approved the merger on March 20, 2015.*

PCFI's Subsidiaries

	Percentage of Ownership	
	2016	2015
Micara Land, Inc.	**100.00**	100.00
Firm Builders Realty Development Corporation	**100.00**	100.00
Marcan Development Corporation (MDC)*	**100.00**	100.00
Camarillo Development Corporation (CDC)**	**100.00**	–
Branchton Development Corporation (BDC)***	**100.00**	–
Williamton Financing Corporation (WFC)**** (Note 31)	**100.00**	–

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

Toyota's Subsidiaries

	Percentage of Ownership		
	2016	2015	2014
Toyota Makati, Inc. (TMI)	**100.00**	100.00	100.00
Toyota Sta. Rosa Laguna, Inc. (TSRLI)*	**100.00**	100.00	–
Lexus Manila, Inc. (LMI)	**75.00**	75.00	75.00
Toyota San Fernando Pampanga, Inc. (TSFI)	**55.00**	55.00	55.00

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

TMBC's Subsidiaries

	Percentage of Ownership
	2016
Oxfordshire Holdings, Inc. (OHI)	**100.00**
TMBC Insurance Agency Corporation (TIAC)*	**100.00**

**TIAC was incorporated on May 4, 2016*

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

GBPC's Subsidiaries

	Percentage of Ownership		
	2016*	2015	2014
ARB Power Venture, Inc. (APVI)	–	100.00	100.00
Toledo Holdings Corp. (THC)	–	100.00	100.00
Toledo Cebu Int'l Trading Resources Corp. (TCITRC)	–	100.00	100.00
Toledo Power Company (TPC)	–	100.00	100.00
GBH Power Resources, Inc. (GPRI)	–	100.00	100.00
Global Energy Supply Corp. (GESC)	–	100.00	100.00
Mindanao Energy Development Corporation (MEDC)	–	100.00	100.00
Global Hydro Power Corporation (GHPC)	–	100.00	100.00
Global Renewables Power Corporation (GRPC)	–	100.00	100.00
Global Luzon Energy Development Corporation (GLEDC)	–	100.00	49.00
Global Formosa Power Holdings, Inc. (GFPHI)	–	93.20	93.20
Panay Power Holdings Corp (PPHC)	–	89.30	89.30
Panay Power Corp. (PPC)	–	89.30	89.30
Panay Energy Development Corp. (PEDC)	–	89.30	89.30
Cebu Energy Development Corp. (CEDC)	–	52.19	52.19

**On May 27, 2016, the Group sold its entire 56% investment in GBPC to Beacon Powergen Holdings, Inc. (Beacon) (Note 12).*

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

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies except for PCFI which uses fair value model in accounting for its 'Investment properties'. The carrying values of the investment properties of PCFI are adjusted to eliminate the effect of revaluation or fair value gain and to recognize the related accumulated depreciation based on the original acquisition cost to align the measurement with the Group's accounting policy. All intragroup transactions, balances, income and expenses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

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

NCI are presented separately in the 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 PFRS;
- no amount is recognized as goodwill;
- any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities; and
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

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

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

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

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

When the Group acquires a business, it assesses the financial assets and liabilities of the acquiree for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. The Group also assesses whether assets or liabilities of the acquiree that are previously unrecognized in the books of the acquiree will require separate recognition in the 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 consolidated statements of income. Any recognized changes in the value of its equity interest in the acquiree previously recognized in other comprehensive income are recognized by the Group in profit or loss, as if the previously held equity interest are disposed of.

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

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

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

If after reassessment, the fair value of the net assets acquired exceeds the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously held interest, if any, the difference is recognized immediately in the 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 consolidated statements of income and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination from the acquisition date irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

Change in Ownership without Loss of Control

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling 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 consolidated financial statements are consistent with those of the previous year except for the following new and amended Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) which were adopted as of January 1, 2016.

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

- Amendments to PFRS 10, PFRS 12 and Philippine Accounting Standard (PAS) 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
  - Amendment to PFRS 5, *Changes in Methods of Disposal*
  - Amendment to PFRS 7, *Servicing Contracts*
  - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
  - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

The impact of the revised standards adopted effective January 1, 2016 has been reflected in the consolidated financial statements, as applicable.

Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

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

Initial recognition of financial instruments

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

Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2016 and 2015, the Group has no financial assets and financial liabilities at FVPL and HTM investments. The Group's financial instruments include loans and receivables, AFS investments and other financial liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

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

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

Financial liability

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

Offsetting Financial Instruments

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

Inventories

Real estate inventories

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

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

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

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

Costs of residential units include land cost, land improvement costs, borrowing costs, amounts paid to contractors for construction and development, planning and design cost, cost of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Gasoline retail, petroleum products and chemicals

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

Power inventories

Inventories, at GBPC Group, which consist of coal, industrial fuel, lubricating oil, spare parts and supplies are stated at the lower of cost and NRV. Cost is determined using the weighted average method while the NRV is the current replacement cost. In determining the NRV, the Group considers any adjustment necessary for obsolescence.

Automotive inventories

These are inventories of the Toyota Group which are valued at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion, marketing and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and spare parts	− Purchase cost on a weighted average cost
Finished goods and work-in-process	− Cost of direct material and labor and proportion of fixed and overhead manufacturing costs allocated based on normal operating capacity
Raw materials and spare parts in-transit	− Cost is determined using the specific identification method

Investments in Associates and Joint Venture
Investments in associates and joint venture are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a jointly-controlled entity of the Group. A joint venture (JV) is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

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

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

The consolidated statement of comprehensive income reflects the Group's share in the results of operations of the investee companies and the Group's share on movements in the investee's OCI are recognized directly in OCI in the consolidated financial statements. The Group's share on total comprehensive income of an associate is shown in the consolidated statement of income and consolidated statement of comprehensive income. The aggregate of the Group's equity in net income of associates and joint venture is shown on the face of the consolidated statement of income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate and joint venture.

Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies, and for unrealized losses, to the extent that there is no evidence of impairment of the assets transferred. Dividends received from investee companies are treated as a reduction of the accumulated earnings included under 'Investments in associates and joint venture' account in the consolidated statement of financial position.

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

Upon loss of significant influence over the associates or joint control over the joint venture, the Group measures and recognizes any retained investments at its fair value. Any difference between the carrying amount of the associate or JV upon loss of significant influence or joint control upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal in retained investments and proceeds from disposal is recognized in profit or loss.

Land held for Future Development
Land held for future development consists of properties for future developments and are carried at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less cost to complete and costs of sale. Costs include cost incurred for development and improvements of the properties. Upon start of development, the related cost of the land is transferred to real estate inventories.

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

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

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

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

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Power plant construction in progress represents power plant complex under construction and is stated at cost. Cost of power plant construction in progress includes purchase price of the components, capitalized borrowing cost, cost of testing and other directly attributable cost of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. CIP is not depreciated until such time that the relevant assets are ready for use.

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

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

	Years
Transportation equipment	5
Furniture, fixtures and equipment	5
Leasehold improvements	2 to 10 or lease term (whichever is shorter)
Machinery, tools and equipment	3 to 5
Building	20 to 40
Boilers and powerhouse	9 to 25
Turbine generators and desox system	9 to 25
Buildings and land improvements	9 to 25
Electrical distribution system	7 to 25
Other property and equipment	3 to 5

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

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

Impairment or losses of items of property, plant and equipment, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets with finite life are assessed at the individual asset level. Intangible assets with finite life are amortized over their useful life. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group's intangible assets consist of power purchase agreements, customer relationship, software costs and franchise. A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the consolidated statement of income when the intangible asset is derecognized.

Power Purchase Agreements (PPA)
PPA pertain to the electricity power purchase agreements (EPPAs) which give GBPC the right to charge certain electric cooperatives for the electricity to be generated and delivered by GBPC. This is recognized initially at fair value which consists of the cost of the power generation and the fair value of future fee payments. Following initial recognition, the intangible asset is carried at cost less accumulated amortization and any accumulated impairment losses.

The PPA is amortized using the straight-line method over the estimated economic useful life which is the life of the EPPAs, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated economic useful life ranges from 4 to 25 years. The amortization period and the amortization method are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Customer Relationship
Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers, which adds value to the operations of Toyota and enhances the latter's earnings potential. This is recognized initially at fair value and is assessed to have an indefinite useful life. Following initial recognition, the intangible asset is not amortized but assessed annually for impairment.

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

Software Costs
Costs related to software purchased by the Group for use in the operations are amortized on a straight-line basis over a period of 3 to 5 years.

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

Goodwill
Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see Impairment of Non-financial Assets).

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

Goodwill is presented together with the intangible assets in the consolidated statement of financial position.

Deposits
Deposits are stated at cost. Cost is the fair value of the asset given up at the date of transfer to the affiliates. This account is treated as a real option money to purchase and develop a property that is held by a related party or an equity instrument to be issued upon exercise of option. The deposit granted to affiliates charges an interest and other related expenses in lieu of the time value in use of option money granted to the affiliates (Note 23).

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

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

This accounting policy applies primarily to the Group's property and equipment and investment properties. Additional considerations for other non-financial assets are discussed below.

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

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

Intangible assets
Except for customer relationship, where an indication of impairment exists, the carrying amount of intangible assets with finite useful lives is assessed and written down immediately to its recoverable amount. Customer relationship is reviewed for impairment annually, similar with goodwill, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at reporting date.

Value-Added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the tax authority is included under ‘Prepayments and other current assets’ in the consolidated statement of financial position.

Assets Held for Sale and Non-current assets held for distribution to equity holders of the parent and disposal group

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

The Group classifies a disposal group as held for sale if their carrying amounts will be recovered principally through a sale transaction. Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Assets held for sale are included under ‘Prepayments and other current assets’ in the consolidated statements of financial position.

Assets and liabilities of disposal group classified as held-for-sale are presented separately in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale

The disposal group is excluded from the results of continuing operations and is presented as a single amount as ‘Net income (loss) from disposal group’ in the consolidated statement of income.

Additional disclosures are provided in Note 12. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Customers’ Deposits

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

Customer's deposits consist of payment from buyers which have not reached the minimum required percentage and amounts that have not been applied against the related installment contract receivables.

Equity

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

Capital stock

The Parent Company has issued common stock and preferred stock that are classified as equity. Incremental costs directly attributable to the issue of new common stock are shown in equity as a deduction, net of tax, from the proceeds. All other equity issuance costs are recognized as expense as incurred.

Where the Parent Company purchases its own common stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, and is included in equity attributable to the Parent Company's equity holders.

Additional paid-in capital

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

Deposits for future stock subscriptions

Deposits for future stock subscriptions are recorded based on the amounts received from stockholders and amounts of advances to be converted to equity.

Retained earnings

The amount included in retained earnings includes profit or loss attributable to the Group's equity holders and reduced by dividend on common stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Acquisition of Non-controlling Interest in a Subsidiary

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

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The Group has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Automotive operations
Revenue from automotive operations arises from sale of manufactured vehicles and trading of completely built-up vehicles and local and imported parts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer (including certain “bill and hold” sales, wherein in the buyer takes title and accepts billing), usually on dispatch of goods.

Net fees
Net fees consist of energy fees for the energy and services supplied by the operating companies as provided for in their respective PPA or EPPA with respective customers. Energy fee is recognized based on actual delivery of energy generated and made available to customers multiplied by the applicable tariff rate, net of adjustments, as agreed upon between the parties. In case the actual energy delivered by PPC and GPRI to customers is less than the minimum energy off-take, PPC and GPRI shall reimburse their customers for the difference between the actual cost for sourcing the shortfall from another source and tariff rate, multiplied by the actual shortfall. On the other hand, if the customers fail to accept the minimum supply, the customers shall be subject to penalty equivalent to the cost of power unused or not accepted on an annual basis. For TPC, energy fee is recognized based on actual delivery of energy generated and made available to its customers, multiplied by the applicable tariff rate, net of adjustments, as agreed upon between TPC and its customers.

Real estate sales
Real estate revenue and cost from completed projects is accounted for using the full accrual method. The percentage of completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work. When the sale of real estate does not meet the requirements for revenue recognition, the sale is accounted under the deposit method. Under this method, revenue is not recognized and the receivable from the buyer is not recorded. The real estate inventories continue to be reported in the consolidated statement of financial position as ‘Inventories’ and the related liability as deposit under ‘Customers’ deposits’.

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

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

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

The cost of inventory recognized in the consolidated statement of income upon sale is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.

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

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

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

Rendering of services
Service fees from installation of parts and repairs and maintenance of vehicles are recognized as revenue when the related services have been rendered.

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

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

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

Other income
Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract. Other income also includes sale of scrap and sludge oil which is recognized when there is delivery of goods to the buyer, and recovery from insurance which is recognized when the right to receive payment is established.

Expense Recognition

Cost of goods and services sold

Cost of goods sold for vehicles and spare parts includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. These costs include the costs of storing and transporting the products. Vendor returns and allowances are generally deducted from cost of goods and services sold.

Other cost of goods sold includes Fed Land's gasoline and food products, and are recognized when goods are delivered which is usually at the point of sale in stores. Cost of services are recognized when services are rendered.

Cost of goods manufactured and sold

Cost of goods manufactured and sold includes the purchase price of the products manufactured, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

Commissions

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

General and administrative expenses

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

Power plant operation and maintenance expenses

Power plant operations mainly represent depreciation of power plants, costs of coal and start-up fuel. Repairs and maintenance mainly represent cost of materials and supplies consumed and the cost of restoration and maintenance of the power plants. Purchased power represents power purchased from National Power Corporation (NPC).

Cost of real estate sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's project and construction department.

The cost of inventory recognized in the consolidated statement of income upon sale is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.

Benefits and claims

Benefits and claims consists of benefits and claims paid to policyholders, which includes changes in the valuation of Insurance contract liabilities, except for changes in the provision for unearned premiums which are recorded in insurance revenue. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered. General insurance claims are recorded on the basis of notifications received.

Net insurance benefits and claims represent gross insurance contract benefits and claims and gross change in insurance contract liabilities less reinsurer's share.

Pension Costs

The Parent Company and its subsidiaries have funded, noncontributory defined benefit retirement plans, administered by trustees, covering their permanent employees.

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

a. service cost;
b. net interest on the net defined benefit liability or asset; and
c. remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when only when reimbursement is virtually certain.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve (12) months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

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

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

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

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

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

Foreign Currency Transactions
The Group's consolidated financial statements are presented in Philippine pesos, which is also the Parent Company's functional currency. Each entity within the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions denominated in foreign currency are recorded using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rates prevailing at reporting date. Exchange gains or losses resulting from rate fluctuations upon actual settlement and from restatement at reporting date are credited to or charged against current operations.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 35.

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

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

Decommissioning liability
The decommissioning liability arose from the Group's obligation, under the Environmental Compliance Certificates of certain subsidiaries of GBPC, to decommission or dismantle their power plant complex at the end of its useful lives. A corresponding asset is recognized as part of property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of comprehensive income as an 'Accretion of decommissioning liability' under the 'Interest expense' account. The estimated future costs of decommissioning are reviewed annually and adjusted prospectively. Changes in the estimated future costs or in the discount rate applied are added or deducted from the cost of the power plant complex. The amount deducted from the cost of the power plant complex, shall not exceed its carrying amount.

If the decrease in the liability exceeds the carrying amount of the power plant complex, the excess shall be recognized immediately in the consolidated statement of profit or loss.

Provision for product warranties
Provision for product warranties are recognized when sale of the related products are consummated. The best estimate of the provision is recorded based on three (3) year warranty coverage provided by the Group as part of the sold product. Reversals are made against provision for the expired portion.

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

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specific asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and the date of renewal or extension period for scenario (b).

Operating leases
Operating leases represent those leases which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Lease payments under an operating lease are recognized in the consolidated statement of income on a straight-line basis over the lease term.

Earnings Per Share
Basic earnings per share is calculated by dividing the net income for the year attributable to the owners of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted earnings per share attributable to owners of the Parent Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of dilutive instruments.
Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

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

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

Effective beginning on or after January 1, 2017

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

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

  Application of amendments will result in additional disclosures in the 2017 financial statements of the Group.

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

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

  The Group is assessing the impact of adopting the amendments.

Effective beginning on or after January 1, 2018

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

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

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

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

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

  The Group is assessing the impact of adopting the amendments.

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2019

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

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

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

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

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Management's Judgments and Use of Estimates

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

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

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

Assessment of control over investees
The determination on whether the Group has control over an investee requires significant judgment. For this, the Group considers the following factors: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. In

assessing whether the Group has power over the investee, the Group assesses whether it has existing rights that give it the current ability to direct the relevant activities of the investee.

Joint arrangements
The Group has investments in joint arrangements. The Group has joint control over these arrangements as under the contractual arrangements, unanimous consent is required from all the parties to the agreements for all relevant activities.

Determination of significant influence over another entity
The determination of significant influence over another entity, other than the rebuttable presumption of ownership over twenty percent (20.0%), requires significant judgment. In making judgment, the Group evaluates existence of the following:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

As at December 31, 2016, the Group determined that it exercises significant influence over MPIC in which it holds a 15.55% ownership interest. Although the Group holds less than 20.0% of the ownership interest and voting rights in MPIC, the Group considers that it exercises significant influence through both its significant shareholding and its representation in MPIC’s Board of Directors.

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

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

Collectibility of the sales price
In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 10.00% would demonstrate the buyer’s commitment to pay.

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

Operating lease commitments – the Group as lessor
The Group entered into commercial property leases on its retail mall, investment properties and certain units of its real estate projects to different parties for a specific amount depending on the lease contracts. The Group has determined that based on the evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer the ownership of the asset to the

lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that it retains all significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

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

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

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

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

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

Allocation of costs and expenses
Costs and expenses are classified as exclusive and common. Exclusive costs such as raw materials and direct labor are charged directly to the product line. Common costs and expenses are allocated using sales value.

Assets and liabilities of disposal group classified as held-for-sale
On November 5, 2015, the Parent Company signed an agreement to sell 100% of Charter Ping An Insurance Company (CPAIC) to AXA Philippines for ₱2.30 billion, subject to closing conditions.

Management assessed that said transaction met the criteria for recognition of disposal group classified as held-for-sale for the following reasons:

- the Parent Company will recover the carrying amount of the investment in CPAIC through a sale transaction rather than through continuing use;
- CPAIC shares are available for immediate sale and can be sold in its current condition, subject to terms that are usual and customary;
- a pre-completion committee was organized to facilitate completion of the sale transaction; and;

For more details on the assets and liabilities of disposal group classified as held-for-sale, refer to Note 12.

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

Revenue recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. The estimation of the total cost of the real estate project requires technical inputs from project development engineers.

The carrying amount of installment contracts receivables amounted to ₱19.29 billion and ₱22.57 billion as of December 31, 2016 and 2015, respectively (Note 5). The Group recognized real estate sales in 2016, 2015 and 2014 amounting to ₱12.44 billion, ₱9.0 billion and ₱5.84 billion, respectively.

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

The Group maintains allowance for impairment losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. Impairment loss is determined as the difference between the receivable's carrying balance and the computed present value. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (industry, customer type, customer location, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

As of December 31, 2016 and 2015, the carrying values of these receivables and due from related parties are disclosed in Notes 5 and 27, respectively:

	2016	2015
Receivables (Note 5)	**₱29,939**	₱33,738
Due from related parties (Note 27)	**80**	370

Evaluating net realizable value of inventories
Inventories are valued at the lower of cost and net realizable value. The Group reviews its inventory to assess NRV at least annually. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expense for any period would differ if different judgments were made or different estimates were utilized.

Gasoline retail, petroleum products and chemicals
The Group provides allowance for inventory losses whenever utility of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes (i.e., pre-termination of contracts). The allowance account is reviewed regularly to reflect the appropriate valuation in the financial records.

The carrying value of the Group's inventories is disclosed in Note 6.

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

Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers which lay out the principal terms upon which its dealers agree to do business. Management assessed the useful life of the customer relationship to be indefinite since management is of the view that there is no foreseeable limit to the period over which the customer relationship is expected to generate net cash inflows to Toyota.

The said assessment is based on the track record of stability for the auto industry and the Toyota brand. Added to this is the commitment of management to continue to invest for the long term, to extend the period over which the intangible asset is expected to continue to provide economic benefits.

The carrying value of the customer relationship is disclosed in Note 13.

As of December 31, 2016 and 2015, the carrying values of investment property, property and equipment, intangible assets from power purchase agreements, customer relationship, software costs and franchise are as follow:

	2016	2015
Investment properties (Note 9)	**₱14,314**	₱10,797
Property and equipment (Note 11)	**9,367**	51,972
Power purchase agreements - net (Note 13)	**–**	7,260
Customer relationship (Note 13)	**3,883**	3,883
Software costs - net (Note 13)	**238**	115
Franchise - net (Note 13)	**2**	2

Evaluating asset impairment
The Group reviews investment properties, investments in and advances to associates and joint venture, input VAT, creditable withholding tax, property and equipment, power purchase agreements, software costs, franchise and other noncurrent assets for impairment. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investments in and advances to associates and joint venture, property and equipment, software cost and franchise. The following table sets forth the carrying values of investment properties, investments in associates and joint venture, input VAT, creditable withholding tax, property and equipment, power purchase agreements, customer relationship software costs, franchise and other noncurrent assets as of December 31, 2016 and 2015:

	2016	2015
Investment properties (Note 9)	**₱14,314**	₱10,797
Investments in associates and joint venture (Note 8)	**94,828**	60,265
Input VAT (Note 7)	**1,603**	3,299
Creditable withholding taxes (Note 7)	**569**	398
Property and equipment (Note 11)	**9,367**	51,972
Power purchase agreements - net (Note 13)	**–**	7,260
Customer relationship (Note 13)	**3,883**	3,883
Software - net (Note 13)	**238**	115
Franchise - net (Note 13)	**2**	2
Other noncurrent assets (Note 14)	**781**	878

Estimating impairment of AFS investments
The Group treats AFS investments as impaired when there has been significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or when is 'prolonged' requires judgment. The Group treats 'significant' generally as 20.00% or more of the cost of AFS and 'prolonged' if greater than six months. In addition, the Group evaluates other factors, including normal and/or unusual volatility in share price for quoted equities and the future cash flows and the discount factors for

unquoted equities. The Group also considers the ability of the investee company to provide dividends.

As of December 31, 2016 and 2015, the carrying values of AFS investments are as follow:

	2016	2015
AFS - current (Note 10)	**₱1,284**	₱–
AFS - noncurrent (Note 10)	**1,443**	3,195

The change in fair value of AFS investments is recorded in the consolidated statements of comprehensive income. Net unrealized gain on AFS investments amounted to ₱186.22 million and ₱823.41 million as of December 31, 2016 and 2015, respectively (Note 10).

Impairment of goodwill and intangible assets with indefinite useful life
The Group conducts an annual review for any impairment in the value of goodwill and intangible assets with indefinite useful life (i.e., customer relationship). Goodwill is written down for impairment when the net present value of the forecasted future cash flows from the business is insufficient to support its carrying value. The Group estimates key inputs such as revenue growth, discount rates for long term growth rate and inflation rate. The Group uses the weighted average cost of capital in discounting the expected cash flows from specific CGUs.

Refer to Note 13 for the details regarding the carrying values of the Group's goodwill and intangible assets as well as details regarding the impairment review and assessment.

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

The recognized and unrecognized deferred tax assets on temporary differences of the Group are disclosed in Note 29.

Estimating the decommissioning liability
The Group has a legal obligation to decommission or dismantle its power plant asset at the end of its useful life. The Group recognizes the present value of the obligation to dismantle the power plant asset and capitalizes the present value of this cost as part of the balance of the related property, plant and equipment, which are being depreciated and amortized on a straight-line basis over the useful life of the related asset.

Cost estimates expressed at current price levels at the date of the estimate are discounted using a rate of interest ranging from 1.36% to 3.52% per annum to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense which is included under 'Interest expense' in the consolidated statement of comprehensive income.

Changes in the decommissioning liability that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in the consolidated statement of comprehensive income as it occurs.

While the Group has made its best estimate in establishing the decommissioning provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Decommissioning liability amounted to ₱248.93 million as of December 31, 2015 (Note 21).

Estimating pension and other retirement benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 28 to the consolidated statement of financial position and include among others, discount rates, turnover rates and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations. The carrying values of pension asset, liability and expense are disclosed in Note 28.

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

Provision for product warranties
Estimated warranty costs are provided at the time of sale. The provision is based on the estimated costs of future servicing the products sold, the costs of which are not recoverable from customers. A provision is recognized for expected warranty claims on products sold during the last two (2) years, based on past experience of the level of returns and repairs. It is expected that most of these costs will be incurred in the next financial year and all will be incurred within three (3) years as of the reporting date. Provision for product warranty is disclosed in Note 21.

Purchase price allocation of investment in PCFI
The valuation of PCFI's land and inventories for the finalization of the purchase price allocation involves estimates such as the use of comparable properties, discount rates and cost projections.

Purchase price allocation of investment in MPIC
The Parent Company is required to perform a purchase price allocation for its investment in MPIC. A significant portion of MPIC's net assets pertain to concession assets and the valuation of these concession assets require estimates from management. These estimates include revenue growth, gross margins, expected traffic volume and billed water volume, toll or tariff rates and discount rates.

4. Cash, Cash Equivalents and Short-term Investments

Cash and Cash Equivalents
This account consists of:

	2016	2015
Cash on hand	**₱28**	₱11
Cash in banks (Note 27)	**15,186**	16,348
Cash equivalents (Note 27)	**5,740**	21,502
	₱20,954	₱37,861

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates ranging from 0.01% to 2.50% in 2016, from 0.25% to 2.50% in 2015, and from 0.50% to 3.75% in 2014.

Short-term Investments
These represent the Group's foreign currency and peso-denominated time deposits, as well as money market placements, with original maturities of more than 3 months and up to 12 months and earn interest at the respective short-term investment rates, ranging from 0.75% to 2.50% in 2016, from 0.16% to 1.70% in 2015, and from 0.20% to 2.00% in 2014 (Note 27).

5. Receivables

This account consists of:

	2016	2015 (As restated – Note 31)
Installment contracts receivables	**₱19,293**	₱22,565
Trade receivables	**8,031**	9,282
Loans receivable	**643**	681
Nontrade receivables	**399**	437
Accrued rent and commission income	**378**	534
Management fee receivables	**182**	–
Accrued interest receivable	**152**	148
Dividends receivable (Note 27)	**–**	60
Others	**883**	319
	29,961	34,026
Less: Allowance for credit losses	**22**	288
	₱29,939	₱33,738

Total receivables shown in the consolidated statements of financial position follow:

	2016	2015 (As restated – Note 31)
Current portion	**₱22,798**	₱27,056
Noncurrent portion	**7,141**	6,682
	₱29,939	₱33,738

Noncurrent receivables consist of:

	2016	2015 (As restated – Note 31)
Trade receivables	**₱–**	₱341
Installment contracts receivables	**6,498**	5,660
Loans receivable	**643**	681
	₱7,141	₱6,682

Installment Contracts Receivables
Installment contracts receivables pertain to receivables from the sale of residential and condominium units. Titles to the sold residential and condominium units are transferred to the buyers only upon full payment of the contract price.

The details of installment contracts receivables follow:

	2016	2015 (As restated – Note 31
Installment contracts receivables	**₱20,152**	₱23,558
Less: Unearned interest income	**859**	993
	19,293	22,565
Less: Noncurrent portion	**6,498**	5,660
Current portion	**₱12,795**	₱16,905

Installment contracts receivables are collected over a period of one to 10 years. The fair value upon initial recognition for Fed Land is derived using the discounted cash flow methodology using discount rates ranging from 8.00% to 12.00% in 2016 and 2015. PCFI’s installment receivables bear annual interest rates ranging from 14.00% to 21.00% and 18.00% to 21.00% in 2016 and 2015, respectively, computed on the diminishing balance of the principal.

Movements in the unearned interest income in 2016 and 2015 follow:

	2016	2015
Balance at beginning of year	**₱993**	₱1,058
Additions	**1,159**	1,223
Accretion (Note 23)	**(1,293)**	(1,288)
Balance at end of year	**₱859**	₱993

Trade Receivables
The details of trade receivables follow:

	2016	2015
Current:		
Automotive	**₱8,031**	₱5,433
Power	**–**	₱3,508
	8,031	8,941
Noncurrent:		
Power	**–**	341
	₱8,031	₱9,282

Trade receivables from power pertain to outstanding billings for energy fees and pass through fuel costs arising from the delivery of electricity, while trade receivables for automotive pertain to receivables from sale of vehicles and/or parts and services.

Trade receivables are noninterest-bearing and generally have 30 days to one year term.

In 2016, trade and loans receivable from power were deconsolidated upon disposal of GBPC (Note 12).

Loans Receivable
Loans receivable from various counterparties pertain to long-term receivables as follows:

	2016	2015
Real estate (Note 27)	**₱643**	₱634
Power	**–**	47
Balance at end of year	**₱643**	₱681

Loans receivable for real estate relate to a loan agreement (Loan) with Cathay International Resources Corp. (Borrower), an affiliate. On December 21, 2012, Fed Land agreed to lend to the Borrower a total amount of ₱705.00 million with a nominal and effective interest rate of 3.15% and 4.81%, respectively. The Loan will mature on the tenth year anniversary from the date of execution of the agreement (Note 27). Fed Land used discounted cash flow analyses to measure the fair value of the Loan. The ‘Day 1’ difference for this receivable amounted to ₱94.22 million at inception in 2012. Accretion of interest in 2016 and 2015 amounted to ₱8.73 million and ₱8.30 million, respectively.

On June 8, 2015, the Board of Fed Land approved the conversion of this receivable to equity in exchange for the common shares of CIRC. Fed Land is yet to apply with the SEC for the conversion as of report date. The outstanding balance of long term loans receivable as of December 31, 2016 and 2015 amounted to ₱643.04 million and ₱634.31 million, respectively.

Accrued Rent and Commission Income
Accrued rent and commission income from real estate business pertain to rent and commission from third party real estate developers already earned but not yet collected, with a 15 to 30 days term.

Nontrade Receivables
Nontrade receivables mainly consist of vehicle acquisition plan loans extended to employees which are collectible within one year and expenses of the affiliates which were advanced by the Group (Note 27).

Dividends Receivable
Dividends receivable pertains to receivable from Federal Land Orix Corporation (FLOC) for dividends earned but not yet received as of December 31, 2015 (Note 27). Dividends receivable in 2015 was collected in 2016.

Others
Other receivables include receivable from employees, receivable from Bureau of Internal Revenue (BIR) and management fee receivables (Note 27).

Allowance for Credit Losses
Changes in the allowance for credit losses on receivables are as follows:

	December 31, 2016			
	Trade Receivables	**Insurance Receivables**	**Other Receivables**	**Total**
Balance at beginning of year	**₱7**	**₱–**	**₱281**	**₱288**
Provision for credit losses	**16**	–	**5**	**21**
Reversal	**(23)**	–	**(4)**	**(27)**
Effect of sale of a subsidiary (Note 12)		–	**(260)**	**(260)**
Balance at end of year	**₱–**	**₱–**	**₱22**	**₱22**
Individual impairment	**₱–**	**₱–**	**₱22**	**₱22**
Collective impairment	–	–	–	–
	₱–	**₱–**	**₱22**	**₱22**
Gross amount of receivables individually impaired before deducting any impairment allowance	**₱–**	**₱–**	**₱22**	**₱22**

	December 31, 2015			
	Trade Receivables	Insurance Receivables	Other Receivables	Total
Balance at beginning of year	₱–	₱16	₱199	₱215
Provision for credit losses (Note 26)	10	–	85	95
Write-off	(3)	–	(3)	(6)
Effect of disposal group classified as held-for-sale (Note 12)	–	(16)	–	(16)
Balance at end of year	₱7	₱–	₱281	₱288
Individual impairment	₱7	₱–	₱281	₱288
Collective impairment	–	–	–	–
	₱7	₱–	₱281	₱288
Gross amount of receivables individually impaired before deducting any impairment allowance	₱7	₱–	₱281	₱288

6. Inventories and Land Held for Future Development

Inventories
This account consists of:

	2016	2015 (As restated – Note 31)
At cost		
Real estate		
Land and improvements	**₱34,323**	₱34,548
Condominium units held for sale	**5,582**	5,127
Construction in progress	**3,091**	2,620
Materials and supplies	**1,068**	1,471
Gasoline retail and petroleum products (Note 25)	**9**	7
Food (Note 25)	**1**	1
Power		
Coal	**–**	633
Industrial fuel and lubricating oil	**–**	98
Automotive		
Finished goods	**5,754**	1,954
Work-in-process	**29**	80
Raw materials in transit	**217**	2,045
	50,074	48,584
At NRV		
Power		
Spare parts and supplies (Note 12)	**–**	775
Automotive		
Spare parts	**1,986**	2,131
	1,986	2,906
	₱52,060	₱51,490

A summary of movements in real estate inventories (excluding materials and supplies, gasoline retail and petroleum products, and food) follows:

	2016			
	Condominium units held for sale	**Land and improvements**	**Construction in progress**	**Total**
Balance at beginning of the year	**₱5,127**	**₱34,548**	**₱2,620**	**₱42,295**
Construction and development costs incurred	**5,371**	**1,110**	**3,801**	**10,282**
Land acquired during the year	**86**	**–**	**–**	**86**
Borrowing costs capitalized	**69**	**326**	**1,180**	**1,575**
Cost of sales during the year	**(4,264)**	**(2,143)**	**(1,179)**	**(7,586)**
Transfer from construction in progress to condominium units for sale	**972**	**–**	**(972)**	**–**
Transfer to land held for future development	**(265)**	**–**	**–**	**(265)**
Transfers to investment property (Note 9)	**(1,288)**	**(361)**	**(1,729)**	**(3,378)**
Transfer from construction in progress to land and improvements	**42**	**(42)**	**–**	**–**
Elimination of intragroup transactions	**–**	**(36)**	**–**	**(36)**
Reclassifications	**(280)**	**922**	**(642)**	**–**
Others	**12**	**(1)**	**12**	**23**
Balance at end of the year	**₱5,582**	**₱34,323**	**₱3,091**	**₱42,996**

	2015 (As restated – Note 31)			
	Condominium units held for sale	Land and improvements	Construction in progress	Total
Balance at beginning of the year	₱5,268	₱18,825	₱1,325	₱25,418
Effect of business combination (Note 31)	273	5,833	894	7,000
Construction and development costs incurred	2,231	426	3,301	5,958
Land acquired during the year	–	9,050	–	9,050
Land acquired through exchange	–	987	–	987
Land disposed through exchange	–	(621)	(28)	(649)
Borrowing costs capitalized	155	221	614	990
Cost of sales during the year	(5,279)	(171)	(1,062)	(6,512)
Transfer from construction in progress to condominium units for sale	1,967	–	(1,967)	–
Transfer to land held for future development	–	(29)	–	(29)
Transfer from land and improvements to condominium units for sale	921	(921)	–	–
Transfers to investment property (Note 9)	(393)	535	(44)	98
Transfer from construction in progress to land and improvements	–	413	(413)	–
Allowance for impairment losses	(16)	–	–	(16)
Balance at end of the year	₱5,127	₱34,548	₱2,620	₱42,295

Fed Land’s capitalized borrowing costs in its real estate inventories amounted to ₱970.37 million and ₱836.92 million in 2016 and 2015, respectively, for loans specifically used to finance Fed Land’s project construction with interest rates ranging from 2.55% to 6.27% and 3.00% to 6.27% in 2016 and 2015, respectively. Also, Fed Land’s capitalized borrowing costs in respect of its general borrowing amounted to ₱17.79 million and ₱3.02 million in 2016 and 2015, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 6.57% and 7.34% in 2016 and 2015, respectively. Said capitalized interest is added to ‘Condominium units held for sale’ account and recognized as expense upon the sale of condominium units.

PCFI’s borrowing cost capitalized as part of real estate inventories amounted to ₱587.04 million and ₱150.04 million in 2016 and 2015, respectively. The capitalization rate used to determine the borrowings eligible for capitalization is 5.10% and 6.38% as of December 31, 2016 and 2015, respectively.

Certain real estate inventories of PCFI with an aggregate carrying value of ₱120.18 million and ₱608.95 million as of December 31, 2016 and 2015, respectively, are mortgaged/pledged as security for loans payable to various local banks (Note 17).

Inventories charged to ‘Cost of real estate sales’ amounted to ₱7.59 billion and ₱6.51 billion in 2016 and 2015, respectively.

Inventories charged to ‘Cost of goods and services sold’ amounted to ₱120.65 billion and ₱73.79 billion in 2016 and 2015, respectively (Note 25).

Inventories charged to ‘Cost of goods manufactured and sold’ amounted to ₱33.79 billion and ₱27.84 billion in 2016 and 2015, respectively (Note 25).

Allowance for inventory write-down on power and automotive spare parts inventories follows:

	2016	2015
Beginning balance	**₱98**	₱131
Effect of sale of a subsidiary (Note 12)	**(10)**	–
Provision for inventory write-down	**1**	1
Reversal	**(20)**	(34)
	₱69	₱98

<u>Land Held for Future Development</u>
Land held for future development consist of properties of PCFI for future developments and is carried at cost.

The rollforward analysis of this account follow:

	2016	2015
Beginning of the year	**15,357**	–
Efferct of business combination (Note 31)	**–**	14,527
Additions	**2,842**	801
Transfers	**265**	29
	18,464	15,357

7. Prepayments and Other Current Assets

This account consists of:

	2016	2015
Advances to contractors and suppliers	**₱2,526**	₱2,159
Input VAT	**1,603**	3,299
Prepaid expenses	**988**	969
Ad-valorem tax	**595**	189
Creditable withholding taxes (CWT)	**569**	398
Advances to officers, employees, agents and brokers (Note 27)	**391**	325
Deposit to landowners	**262**	–
Assets held for sale	**–**	253
Others	**58**	81
	₱6,992	₱7,673

Input VAT arises from the Group’s purchases of goods and services and will be applied against output VAT on sales in the succeeding periods.

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

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

CWT are attributable to taxes withheld by third parties arising from net fees, service fees, real estate revenue, auto sales and rental income.

Advances to officers and employees amounting to ₱45.07 million and ₱57.94 million as of December 31, 2016 and 2015, respectively, pertain mainly to cash advances for business-related expenses. Advances to officers and employees are liquidated within 30 days after incurrence of expense. Cash advances to agents amounting to ₱49.55 million and ₱13.04 million as of December 31, 2016 and 2015, respectively, pertain to mobilization funds granted to agents to finance their sales-related needs. These advances are subjected to liquidation within 30 days after the release of cash advance. Cash advances to brokers amounting to ₱296.82 million and

₱254.11 million as of December 31, 2016 and 2015, respectively represent PCFI's advances to brokers which will be recovered by applying the amount to the commissions that will be earned by the brokers.

Deposits to land owners are deposits made for the acquisition of certain parcels of land that are intended for future development. The Deed of Absolute Sale (DOAS) for these properties will be executed between the company and the land owner upon fulfillment by both parties of certain undertakings and conditions.

Assets held for sale as of December 31, 2015 pertains to vehicles used in the Asia-Pacific Economic Cooperation (APEC) 2015 event which are available for sale in its present condition. During the year, TMPC entered into an agreement with the APEC Business Advisory Council (ABAC) Philippines for the sponsorship of vehicles. In return, TMPC is allowed to use APEC 2015 and/or APEC CEO Summit logos in the materials to be used to market and sell vehicles prior to and succeeding the event to ensure proper disposal of vehicles by TMPC to the market.

The ad-valorem tax represents advance payments to the BIR. This is applied against taxes on the manufacture and importation of vehicles which generally occurs within one year from the date the ad-valorem taxes are paid.

Others include deferred import charges, marginal deposits set aside for payment to the contractors and suppliers, security deposit for operating leases, and for power delivery and ancillary services, and deposit for purchase of external services and materials.

8. Investments in Associates and Joint Venture

This account consists of:

	2016	2015
Investments in associates	**₱86,617**	₱51,574
Investments in joint venture	**8,211**	8,691
	₱94,828	₱60,265

The movements in the Group’s investments in associates follow:

	2016	2015
Cost		
Balance at beginning of year	**₱33,403**	₱25,124
Acquisitions/additional investments during the year	**33,211**	8,279
Disposal of Group’s indirect interest in a subsidiary (Note 12)	**(3,564)**	–
Balance at end of year	**63,050**	33,403
Accumulated equity in net income		
Balance at beginning of year	**22,151**	17,256
Equity in net income for the year	**6,003**	5,047
Realized gain on sale of subsidiaries (Note 12)	**1,918**	–
Elimination of advisory income from an associate	**(105)**	–
Unrealized gain on sale of properties	**–**	(152)
Balance at end of year	**29,967**	22,151
Dividends received		
Balance at beginning of year	**(₱4,868)**	(₱4,179)
Dividends received during the year	**(964)**	(689)
Balance at end of year	**(5,832)**	(4,868)
Accumulated equity in other comprehensive income		
Balance at beginning of year	**(1,355)**	(297)
Equity in net unrealized gain on AFS investments for the year	**(1,578)**	(891)
Translation adjustments	**175**	111
Net unrealized loss on remeasurements of defined benefit plans	**18**	(278)
Other equity adjustments	**(13)**	–
Balance at end of year	**(2,753)**	(1,355)
Effect of elimination of intragroup profit		
Balance at beginning of year	**2,243**	2,091
Elimination during the year	**(58)**	152
Balance at end of year	**2,185**	2,243
	₱86,617	₱51,574

With the sale of GBPC, the share in the consideration from the sale of indirect ownership previously included in the carrying amount of investment in associate amounting to ₱3.56 billion was released.

The movements in the Group’s investment in joint venture follow:

	2016	2015
Cost		
Balance at beginning of year	**₱7,330**	₱6,756
Acquisitions/additional investments	**556**	574
Effect of step-up acquisition of FLOC and TMBC (Note 31)	**(1,359)**	–
Balance at end of year	**6,527**	7,330

(Forward)

	2016	2015
Accumulated equity in net income		
Balance at beginning of year	**₱1,950**	₱1,228
Equity in net income for the year	**468**	722
Effect of step up acquisition of FLOC and TMBC (Note 31)	**(746)**	–
Balance at end of year	**1,672**	1,950
Dividends received		
Balance at beginning of year	**(540)**	(480)
Dividends declared during the year	–	(60)
Effect of step up acquisition of FLOC and TMBC (Note 31)	**540**	–
Balance at end of year	–	(540)
Accumulated equity in other comprehensive income		
Balance at beginning of year	**(6)**	(4)
Effect of step up acquisition of FLOC and TMBC (Note 31)	**11**	–
Equity in net unrealized loss on remeasurements of defined benefit plans	**(1)**	(6)
Equity in cash flow hedge reserve	**8**	4
Balance at end of year	**12**	(6)
Effect of elimination of intragroup profit		
Balance at beginning of year	**(43)**	(43)
Reversal of previous year elimination	**43**	–
Balance at end of year	**–**	(43)
	₱8,211	₱8,691

Details regarding the Group's associates and joint venture follow:

	Nature of Business	Country of Incorporation	Effective Percentages of Ownership	
			2016	2015
Associates:				
MBTC	Banking	Philippines	**26.47**	25.22
MPIC	Infrastructure	-do-	**15.55**	–
Phil AXA	Insurance	-do-	**25.33**	25.33
Crown Central Properties Corporation (CCPC)	Real estate	-do-	**48.00**	48.00
Joint venture:				
Bonifacio Landmark Realty and Development Corporation (BLRDC)	Real estate	-do-	**70.00**	70.00
Alveo Federal Land Communities, Inc. (AFLCI)	-do-	-do-	**50.00**	50.00
ST 6747 Resources Corporation (STRC)	-do-	-do-	**50.00**	–
TFSPC	Financing	-do-	**40.00**	40.00
TMBC*	Automotive Operations	-do-	–	60.00
FLOC**	Real estate	-do-	–	60.00

** On March 7, 2016, the SEC approved the merger of TMBC and TCI, with TMBC as the surviving corporation and TCI as the absorbed corporation. (see Note 31).*

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

The carrying values of the Group's investments in associates and joint venture follow:

	2016	2015
Associates:		
MBTC	**₱53,792**	₱50,222
MPIC	**31,353**	–
Phil AXA	**1,392**	1,275
CCPC	**80**	77
	86,617	51,574
Joint venture:		
BLRDC	**4,485**	4,279
TFSPC	**2,870**	2,642
AFLCI	**607**	574
STRC	**249**	–
TMBC	**–**	844
FLOC	**–**	352
	8,211	8,691
	₱94,828	₱60,265

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

	Declaration date	**Per share**	**Total**	**Record Date**	**Payment Date**
2016					
MBTC	**March 16, 2016**	**₱1.00**	**₱3,180**	**April 1, 2016**	**April 8, 2016**
MPIC	**August 3, 2016**	**0.032**	**893**	**September 1, 2016**	**September 26, 2016**
2015					
MBTC	January 27, 2015	₱1.00	₱2,745	March 26, 2015	March 31, 2015
FLOC	December 11, 2015	0.18	100	December 31, 2015	February 1, 2016

Investment in MBTC

On January 21, 2015, the BOD of MBTC approved the entitlement of one (1) rights share for every 6.3045 common shares held by eligible shareholders as of record date of March 18, 2015. The offer price was ₱73.50 per share and the offer period was from March 23 to 27, 2015. As of March 18, 2015, the Parent Company held 689.2 million shares and is entitled to 109.3 million shares.

In March 2015, the Parent Company exercised its stock rights and subscribed for additional shares which aggregated to 112.6 million shares with a total cost of ₱8.28 billion. This increased the Parent Company's investment in MBTC from ₱22.48 billion to ₱30.76 billion. Consequently, the Parent Company's percentage of ownership in MBTC increased from 25.11% to 25.22%.

On various dates in 2016, the Parent Company acquired an aggregate of 39,825,710 shares of Metrobank for a total consideration of ₱3.04 billion. This increased the Parent Company's ownership interest in Metrobank from 25.22% to 26.47%. The purchase price allocation will be finalized in 2017.

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

In relation to the acquisition, the Parent Company capitalized advisory fees and other professional fees amounting to ₱0.24 billion and ₱0.04 billion, respectively, as part of the cost of the investment (Note 27).

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

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

As of December 31, 2016, the purchase price allocation relating to the Parent Company's acquisition of MPIC has been prepared on a preliminary basis. The provisional value of the assets acquired and liabilities assumed as of date of acquisition is currently being finalized. The difference between the total consideration and the net assets amounting to ₱784.45 million was initially allocated to notional goodwill, and is included in the carrying amount of the investment in MPIC.

Investment in BLRDC
On June 8, 2012, Fed Land and ORIX Risingsun Properties, Inc. (ORIX) entered into a joint venture agreement for the creation of BLRDC, with Fed Land owning 70% and Orix owning 30% to develop three (3) main projects, namely (1) residential condominium project, (2) hotel/office building, and (3) operation of the hotel.

Fed Land does not exercise control at 70% of BLRDC, but instead exercises joint control because Fed Land and Orix have contractually agreed to share control over the economic activities of BLRDC.

Investment in AFLCI
On April 29, 2015, Fed Land and Alveo Land Corp. executed a joint venture agreement for the organization of a joint venture, AFLCI, to manage the development of a 45-hectare property along Laguna Boulevard in Biñan, Laguna. AFLCI was incorporated on June 16, 2015.

Investment in STRC
In June 2016, SM Development Corporation entered into an agreement with Fed Land to incorporate a joint venture company, STRC, in which Fed Land holds a 50% stake. STRC will develop a 3,200 square meter property located along Ayala Avenue as a high-end luxury residential tower.

Investment in TFSPC
On August 29, 2014, GT Capital signed a Sale and Purchase Agreement with MBTC and Philippine Savings Bank (PSBank), a majority owned subsidiary of MBTC, to purchase their respective shares in TFSPC representing 15.00% and 25.00%, respectively, of ownership interest for an aggregate consideration of ₱2.10 billion.

Investment in TMBC
On March 7, 2016, TMBC and TCI merged, with TMBC as the surviving entity. The Group assessed that it has control over TMBC and accounted for its investment as a subsidiary (Note 31).

Investment in FLOC
On December 23, 2016, Fed Land entered into a stock purchase agreement with ORPI acquiring the remaining 40% interest in FLOC for a consideration of ₱289.00. As a result of the purchase, Fed Land gained control in FLOC and accounted for its investment as investment in subsidiary as of December 31, 2016 (Note 31).

The following tables present the financial information of the Group’s associates and joint venture as of and for the years ended December 31, 2016 and 2015 :

			Associates				Joint venture			
	MBTC**	Phil AXA**	MPIC	CCPC	BLRDC	AFLCI	STRC	TFSPC**	TMBC	FLOC
2016										
Current assets			**₱31,800**	**₱201**	**₱6,320**	**₱1,381**	**₱287**		**₱–**	**₱–**
Noncurrent assets			**319,802**	**35**	**390**	**10**	**1,483**		**–**	**–**
Total assets	**₱1,876,009**	**₱68,007**	**351,602**	**236**	**6,710**	**1,391**	**1,770**	**₱55,581**	**–**	**–**
Current liabilities			**27,044**	**60**	**1,399**	**155**	**1,275**		**–**	**–**
Noncurrent liabilities			**136,477**	**–**	**3,243**	**29**	**–**		**–**	**–**
Total liabilities	**1,670,456**	**63,915**	**163,521**	**60**	**4,642**	**184**	**1,275**	**50,640**	**–**	**–**
Net assets	**₱205,553**	**₱4,092**	**₱188,081**	**₱176**	**₱2,068**	**₱1,207**	**₱495**	**₱4,941**	**₱–**	**₱–**
Revenues	**₱78,171**	**₱10,649**	**₱72,715**	**₱31**	**₱1,560**	**₱273**	**₱–**	**₱2,187**	**₱–**	**₱–**
Expenses	**51,494**	**9,943**	**51,778**	**21**	**1,090**	**225**	**5**	**1,411**	**–**	**–**
Net income	**20,316**	**586**	**16,779**	**6**	**294**	**34**	**(2)**	**555**	**–**	**–**
OCI	**(7,156)**	**(362)**	**1,468**	**–**	**–**	**–**	**–**	**30**	**–**	**–**
Total comprehensive income	**13,160**	**224**	**18,247**	**6**	**294**	**34**	**(2)**	**585**	**–**	**–**
2015										
Current assets			₱–	₱196	₱3,095	₱220	₱–		₱1,842	₱1,072
Noncurrent assets			–	25	6,846	927	–		667	42
Total assets	₱1,760,692	₱79,978	–	221	9,941	1147	–	₱44,278	2,509	1,114
Current liabilities			–	50	2,042	4	–		1,653	500
Noncurrent liabilities			–	–	2,235	–	–		65	35
Total liabilities	1,557,382	74,810	–	50	4,277	4	–	39,909	1,718	535
Net assets	₱203,310	₱5,168	₱–	₱171	₱5,664	₱1,143	₱–	₱4,369	₱791	₱579
Revenues	₱67,402	₱7,189	₱–	₱40	₱3,843	₱–	₱–	₱1,911	₱12,555	₱232
Expenses	41,931	5,264	–	24	3,047	–	–	1,180	12,328	58
Net income	20,643	1,384	–	12	428	–	–	515	138	95
OCI	(3,225)	(358)	–	–	–	–	–	13	–	–
Total comprehensive income	17,418	1,026	–	12	428	–	–	528	138	95

*** MBTC, Phil AXA and TFSPC do not present classified statements of financial position.*

Fair Value of Investment in Associates and Joint venture
Phil AXA and CCPC as well as BLRDC, AFLCI, STRC and TFSPC are private companies and there are no quoted market prices available for their shares.

As of December 31, 2016 and 2015, the fair value of the Group's investment in PSE-listed entities follow (Note 32):

	2016	2015
MBTC	**₱61,026**	₱64,553
MPIC	**32,536**	–

The net assets and liabilities of MBTC and Phil AXA consist mainly of financial assets and financial liabilities.

Limitation on dividend declaration of associates and joint venture
Phil AXA
Section 195 of the Insurance Code provides that a domestic insurance company shall declare or distribute dividends on its outstanding stock only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the margin of solvency required;
- the legal reserve fund required; and
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

MBTC
The BSP requires banks to keep certain levels of regulatory capital and liquid assets, limit their exposures to other parts of the Group and comply with other regulatory ratios.

In the ordinary course of the Group's business, the Parent Company issues guarantee for the completion of Fed Land's ongoing real estate projects (Note 36).

As of December 31, 2016 and 2015, there were no agreements entered into by the associates and joint venture of the Group that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from other entities within the Group. MBTC's dividend declarations and payments are subject to the approval of BSP.

As of December 31, 2016 and 2015, accumulated equity in net earnings amounting to ₱25.81 billion and ₱18.69 billion, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

As of December 31, 2016 and 2015, the Group has no share on commitments and contingencies of its associates and joint venture.

9. Investment Properties

The composition and rollforward analysis of this account follow:

	December 31, 2016			
	Land and Improvements	**Building and Improvements**	**Construction In Progress**	**Total**
Cost				
At January 1	**₱5,361**	**₱5,244**	**₱961**	**₱11,566**
Additions	**–**	**226**	**211**	**437**
Disposals	**(62)**	**(133)**	**–**	**(195)**
Reclassification	**1,201**	**(1,201)**	**–**	**–**
Transfers (Note 6)	**361**	**1,288**	**1,729**	**3,378**
At December 31	**6,861**	**5,424**	**2,901**	**15,186**
Accumulated Depreciation				
At January 1	**67**	**702**	**–**	**769**
Depreciation (Note 11)	**5**	**207**	**–**	**212**
Disposals	**(62)**	**(47)**	**–**	**(109)**
At December 31	**10**	**862**	**–**	**872**
Net Book Value at December 31	**₱6,851**	**₱4,562**	**₱2,901**	**₱14,314**

	December 31, 2015			
	Land and Improvements	Building and Improvements	Construction In Progress	Total
Cost				
At January 1	₱5,105	₱4,006	₱–	₱9,111
Effect of business combination (Note 31)	2,248	107	36	2,391
Additions	32	412	41	485
Disposals	(140)	–	–	(140)
Transfers	(535)	393	44	(98)
Others	(1,349)	326	840	(183)
At December 31	5,361	5,244	961	11,566
Accumulated Depreciation				
At January 1	62	407	–	469
Depreciation (Note 11)	5	187	–	192
Reclassification	–	108	–	108
At December 31	67	702	–	769
Net Book Value at December 31	₱5,294	₱4,542	₱961	₱10,797

Various parcels of land are leased to several individuals and corporations including related parties. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit. Rent income recognized from these properties amounted to ₱826.59 million, ₱840.46 million and ₱764.49 million in 2016, 2015 and 2014, respectively (Note 30).

Construction-in-progress pertains to the accumulated cost incurred for the development and redevelopment of the Fed Land's malls and is expected to be completed in 2017.

The depreciation of the investment properties amounted to ₱212.24 million, ₱191.76 million and ₱74.55 million in 2016, 2015 and 2014, respectively.

The aggregate fair value of the Group's investment properties amounted to ₱15.33 billion and ₱14.93 billion as of December 31, 2016 and 2015, respectively. The fair value of the Group's investment properties has been determined based on valuations performed by Asian Appraisal Company (AAC) and Philippine Appraisal Co. Inc. (PACI), independent appraisers which are accredited by the SEC. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison. Valuation of the Group's investment properties are done every three years with the latest valuation report issued by AAC in 2014 and PACI in 2015.

10. **Available-for-sale Investments**

This account consists of:

	2016	2015
Current:		
Quoted (Note 27)	**₱1,284**	₱–
Noncurrent:		
Quoted	**962**	2,714
Unquoted	**481**	481
	1,443	3,195
	₱2,727	₱3,195

Unquoted AFS investments are carried at cost due to the unpredictable nature of future cash flows and the lack of suitable valuation of arriving at a reliable fair value.

Unquoted AFS investments in Toyota Autoparts Philippines, Inc. (TAPI), representing 5.00% ownership interest, amounted to ₱466.20 million as of December 31, 2016 and 2015. Also included in the balance are AFS investments of Fed Land and TMBC amounting to ₱9.94 million and ₱0.67 million, respectively.

Unquoted AFS of Fed Land pertain to preferred shares of a utility company issued to the Group in connection with its subscription to the electricity services of the said utility company needed for Fed Land's real estate projects. The preferred shares have no active market and the Group does not intend to dispose these investments since these are directly related to the continuity of its business.

Movements in the net unrealized gain on AFS investments follow:

	2016		
	Attributable to Parent Company	**Non-controlling Interest**	**Total**
Balance at beginning of year	**₱823**	**₱729**	**₱1,552**
Net changes shown in other comprehensive income			
Fair value changes on AFS investments	**561**	**505**	**1,066**
Effect of sale of a subsidiary (Note 12)	**(1,198)**	**(941)**	**(2,139)**
Balance at end of year	**₱186**	**₱293**	**₱479**

	2015		
	Attributable to Parent Company	Non-controlling Interest	Total
Balance at beginning of year	₱618	₱533	₱1,151
Effect of business combination (Note 31)		(1)	(1)
Net changes shown in other comprehensive income			
Fair value changes on AFS investments*	205	197	402
Realized gain on sale on AFS investments (Note 27)	(18)	–	(18)
Effect of disposal group classified as held-for-sale (Note 12)	18	–	18
Balance at end of year	₱823	₱729	₱1,552

**Includes unrealized loss from disposal group classified as held-for-sale amounting to ₱30.14 million.*

11. Property and Equipment

The composition and rollforward analysis of this account follow :

	2016											
	Transportation Equipment	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Machinery, Tools and Equipment**	**Land and Building**	**Boilers and Powerhouse**	**Turbine Generations and Desox System**	**Building and Land Improvements**	**Electrical Distribution System**	**Other Property and Equipment**	**Construction-in-Progress**	**Total**
Cost												
At January 1	**₱399**	**₱461**	**₱313**	**₱3,461**	**₱1,878**	**₱14,368**	**₱11,653**	**₱6,767**	**₱3,170**	**₱7,630**	**₱10,306**	**₱60,406**
Effect of business combination (Note 31)	**14**	**28**	**–**	**7**	**898**	**–**	**–**	**301**	**–**	**–**	**42**	**1,290**
Effect of deconsolidation (Note 12)	**(34)**	**(11)**	**(14)**	**(2,713)**	**(62)**	**(14,744)**	**(11,655)**	**(5,062)**	**(3,177)**	**(6,096)**	**(10,701)**	**(54,269)**
Additions	**314**	**253**	**5**	**220**	**198**	**2**	**–**	**289**	**–**	**2,731**	**2,537**	**6,549**
Disposals and reclassifications	**(152)**	**(9)**	**–**	**6**	**(153)**	**374**	**2**	**48**	**7**	**(315)**	**(1,406)**	**(1,598)**
At December 31	**541**	**722**	**304**	**981**	**2,759**	**–**	**–**	**2,343**	**–**	**3,950**	**778**	**12,378**
Accumulated Depreciation and Amortization												
At January 1	**164**	**233**	**90**	**527**	**30**	**4,433**	**580**	**678**	**423**	**1,276**	**–**	**8,434**
Effect of deconsolidation (Note 12)	**(39)**	**(16)**	**(8)**	**(194)**	**(2)**	**(5,010)**	**(617)**	**(543)**	**(475)**	**(248)**	**–**	**(7,152)**
Depreciation and amortization	**145**	**113**	**36**	**210**	**40**	**577**	**37**	**208**	**51**	**832**	**–**	**2,249**
Disposals and reclassifications	**(83)**	**(14)**	**–**	**(5)**	**–**	**–**	**–**	**–**	**1**	**(419)**	**–**	**(520)**
At December 31	**187**	**316**	**118**	**538**	**68**	**–**	**–**	**343**	**–**	**1,441**	**–**	**3,011**
Net Book Value at December 31	**₱354**	**₱406**	**₱186**	**₱443**	**₱2,691**	**₱–**	**₱–**	**₱2,000**	**₱–**	**₱2,509**	**₱778**	**₱9,367**

	2015											
	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Machinery, Tools and Equipment	Land and Building	Boilers and Powerhouse	Turbine Generations and Desox System	Building and Land Improvements	Electrical Distribution System	Other Property and Equipment	Construction-in-Progress	Total
Cost												
At January 1	₱367	₱400	₱559	₱3,279	₱1,705	₱19,840	₱9,982	₱5,564	₱3,171	₱3,828	₱2,318	₱51,013
Effect of business combination (Note 31)	18	130	6	122	56	–	–	381	–	–	–	713
Reclassification to assets of disposal group classified as held-for-sale (Note 12)	(64)	(40)	(173)	–	–	–	–	(182)	–	–	–	(459)
Additions	55	74	65	55	94	16	–	73	–	65	9,456	9,953
Disposals and reclassifications	23	(103)	(144)	5	23	(5,488)	1,671	931	(1)	3,737	(1,468)	(814)
At December 31	399	461	313	3,461	1,878	14,368	11,653	6,767	3,170	7,630	10,306	60,406
Accumulated Depreciation and Amortization												
At January 1	137	230	333	308	22	3,123	489	514	304	752	–	6,212
Reclassification to assets of disposal group classified as held-for-sale (Note 12)	(44)	(30)	(124)	–	–	–	–	(44)	–	–	–	(242)
Depreciation and amortization	166	86	45	202	8	1,312	101	208	119	494	–	2,741
Disposals and reclassifications	(95)	(53)	(164)	17	–	(2)	(10)	–	–	30	–	(277)
At December 31	164	233	90	527	30	4,433	580	678	423	1,276	–	8,434
Net Book Value at December 31	₱235	₱228	₱223	₱2,934	₱1,848	₱9,935	₱11,073	₱6,089	₱2,747	₱6,354	₱10,306	₱51,972

The property and equipment of CEDC, property and equipment of TPC (except TPC1A's construction in progress), and the property and equipment (except non-utility assets) of PPC and PEDC, with aggregate carrying value of ₱45.08 billion as of December 31, 2015 have been mortgaged/pledged as security for their long-term debt (Note 17).

Construction-in-progress as of December 31, 2016 pertains to TMBC's building construction and Toyota group's machineries and building improvements which are expected to be completed in 2017 and 2018, respectively. Construction-in-progress as of December 31, 2015 pertains to the accumulated cost incurred for the PEDC Unit 3 Expansion project which started in 2014.

In 2016, property and equipment pertaining to GBPC's Group were deconsolidated due to the disposal of GBPC (Note 12).

Gain on disposal of property and equipment amounted to ₱49.60 million, ₱29.61 million and ₱90.17 million in 2016, 2015 and 2014, respectively (Note 23).

Fully depreciated boilers and powerhouse, buildings and land improvements and other property and equipment with cost of ₱4.21 billion and ₱6.37 billion as of December 31, 2016 and 2015, respectively, are still being used in the Group's operations.

Details of depreciation and amortization follow:

	2016	2015 (As restated − Note 12)	2014 (As restated − Note 12)
Continuing operations			
Property and equipment	**₱1,433**	₱731	₱599
Intangible assets (Note 13)	**55**	17	8
Investment properties (Note 9)	**212**	192	74
	1,700	940	681
Depreciation and amortization attributable to discontinued operations			
Property and equipment	**825**	2,010	2,044
Intangible assets (Note 13)	**192**	463	478
	1,017	2,473	2,522
	₱2,717	₱3,413	₱3,203

Breakdown of depreciation and amortization in the consolidated statements of income and consolidated statements of financial position follow:

	2016	2015 (As restated − Note 12)	2014 (As restated − Note 12)
Consolidated statements of income			
Cost of goods manufactured	**₱888**	₱570	₱388
Cost of rental (Notes 30)	**200**	183	172
Cost of goods and services	**40**	37	−
General and administrative expenses (Note 26)	**495**	344	287

(Forward)

	2016	2015 (As restated − Note 12)	2014 (As restated − Note 12)
Attributable to disposal group classified as held-for-sale (Note 12)	**₱−**	₱20	₱32
Attributable to discontinued operations (Note 12)	**1,018**	2,259	2,324
	2,641	3,413	3,203
Consolidated statements of financial position			
Real estate inventories	**76**	−	−
	₱2,717	₱3,413	₱3,203

12. **Disposal of Assets**

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

The assets and liabilities of GBPC derecognized as of May 31, 2016 are as follows:

Assets	
Cash and cash equivalents	₱13,136
Short-term investments	300
Receivables	3,591
Inventories	1,523
Prepayments and other current assets	1,988
Available-for-sale securities	674
Property and equipment	47,117
Goodwill and intangible assets	7,105
Deferred tax assets	463
Other noncurrent assets	237
	76,134
Liabilities	
Accounts and other payables	₱5,200
Customer's deposits	1
Income tax payable	3
Other current liabilities	74
Pension liabilities	675
Long-term debt	37,200
Deferred tax liabilities	970
Other noncurrent liabilities	251
	44,374
Net assets	₱31,760

Certain AFS investments of GBPC were retained by the Group and did not form part of the assets that were sold and deconsolidated. The carrying value of these AFS investments amounted to ₱858.32 million as of December 31, 2016.

Remeasurement losses on defined benefit plan of GBPC amounting to ₱92.49 million were reclassified to retained earnings.

The aggregate consideration received consists of:

Cash received	₱22,058
Non-controlling interest	17,127
	₱39,185

PFRS 5 requires income and expenses from discontinued operations to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of income. Accordingly, the consolidated statements of income for the years ended December 31, 2015 and 2014 have been restated to present the results of operation of GBPC as ‘Net income from discontinued operations’.

The results of operations of GBPC included in the consolidated financial statements are presented below:

	2016	2015	2014
Net fees (Note 35)	**₱6,840**	₱18,391	₱18,973
Interest income	**65**	183	140
Sale of goods and services	**32**	89	20
Other income	**17**	644	129
Revenue	**6,954**	19,307	19,262
Power plant operation and maintenance expenses (Note 24)	**3,273**	9,477	10,328
General and administrative expenses	**1,474**	3,402	3,303
Interest expense	**780**	1,768	1,848
Cost and expenses	**5,527**	14,647	15,479
Income before income tax	**1,427**	4,660	3,783
Provision for income tax	**34**	210	111
Net income	**1,393**	4,450	3,672
Gain on disposal of direct ownership	**1,596**	–	–
Realization of previously deferred gain	**1,840**	–	–
Total Net Income from Discontinued Operations from GBPC	**₱4,829**	₱4,450	₱3,672

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

The total gain on the sale of GBPC amounted to ₱3.44 billion, comprising ₱1.60 billion gain on sale of direct ownership and realization of the above previously deferred gain of ₱1.84 billion.

The net cash inflow arising from the deconsolidation of GBPC follows:

Cash proceeds from the sale of 56% of GBPC	₱22,058
Purchase price and related costs to increase stake in GBPC to 56%	(3,586)
Cash and cash equivalents deconsolidated	(13,136)
	₱5,336

On June 30, 2016, Orix exercised its tag-along rights in relation to its holdings of GBPC shares and sold its 22.00% ownership stake in GBPC to the Parent Company for a total consideration of ₱8.67 billion. On the same day, the Parent Company sold the same shares to a third party for the same amount of consideration.

Sale of Investment in CPAIC
On November 5, 2015, the Parent Company signed an agreement to sell 100.00% of CPAIC to AXA Philippines for ₱2.30 billion, subject to closing conditions that are usual and customary (Note 27). As of December 31, 2015, the investment in Charter Ping An was accounted as a non-current asset held-for-sale in accordance with PFRS 5. As required by PFRS 5, the assets and liabilities of Charter Ping An, together with the results of operations, are classified separately from continuing operations. As a result, GT Capital reclassified all the assets, liabilities, and accumulated other comprehensive income to 'Assets of disposal group classified as held-for-sale', 'Liabilities of disposal group classified as held-for-sale' and 'Reserve of disposal group classified as held-for-sale', respectively, in the statement of financial position.

On April 4, 2016, the Parent Company completed the sale of Charter Ping for a final consideration of ₱2.10 billion. This transaction resulted in a gain representing the excess of the cash consideration received over the carrying value of the non-current asset held-for-sale amounting to ₱172.89 million and such gain is included in 'Net Income from Discontinued Operations'. Following the sale, the assets, liabilities and reserve of disposal group classified as held-for-sale were derecognized. Remeasurement losses from defined benefit plan amounting to ₱57.10 million were reclassified to retained earnings.

In the consolidated statements of income, income and expenses from disposal group are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of income.

The results of operation of Charter Ping An included in the 'Net income from discontinued operations' are presented below:

	2016	2015	2014
Net premiums earned (Note 16)	**₱389**	₱1,996	₱1,751
Interest income	**22**	79	75
Commission income	**42**	159	133
Finance and other income	**10**	110	58
Revenue	**463**	2,344	2,017

(Forward)

	2016	2015	2014
Net insurance benefits and claims (Note 16)	**₱287**	₱1,122	₱784
General and administrative expenses	**335**	1,155	1,103
Interest expense	**–**	1	1
Cost and expenses	**622**	2,278	1,888
Income (loss) before income tax	**(159)**	66	129
Provision for income tax	**5**	16	29
Net income (loss)	**(164)**	50	100
Gain on disposal of direct ownership	**173**	–	–
Realization of previously deferred gain	**78**	–	–
Total Net Income from Discontinued Operations from CPAIC	**₱87**	₱–	₱–

The total gain on the sale of CPAIC amounted to ₱251.11 million, comprising ₱172.89 million gain on sale direct ownership and the realization of the above previously deferred gain of ₱78.22 million.

The major classes of assets and liabilities classified as held-for-sale as of December 31, 2015 are as follows:

Assets	
Cash and cash equivalents	₱894
Short term investments	2
Receivables	1,824
Reinsurance assets (Note 16)	2,875
Deferred acquisition cost	359
Prepayments and other current assets	67
Available-for-sale investments	1,588
Property and equipment	217
Goodwill (Note 13)	554
Deferred tax assets	47
Other noncurrent assets	7
Assets of disposal group classified as held-for-sale	₱8,434
Liabilities	
Accounts and other payables	₱1,090
Insurance contract liabilities (Note 16)	5,052
Other current liabilities	143
Pension liability (Note 28)	127
Deferred tax liabilities	32
Liabilities of disposal group classified as held-for-sale	6,444
Net assets directly associated with disposal group	₱1,990
Reserve of disposal group classified as held-for-sale	
Net unrealized loss on AFS investments	(₱18)
Net unrealized loss on remeasurement of defined benefit plan	(57)
	(₱75)

The net cash flows directly associated with the disposal group are as follows:

	2016	2015	2014
The net cash flows directly associated with disposal group:			
Operating	**₱2,392**	₱5,751	₱6,568
Investing	**(1,886)**	(6,964)	(4,902)
Financing	**(1,956)**	771	3,684
Net cash inflow (outflow)	**(₱1,450)**	(₱442)	₱5,350

The earnings (loss) per share attributable to equity holders of the Parent Company from disposal group for the years ended December 31, 2016, 2015 and 2014 were computed as follows (amounts in millions except for earnings per share):

	2016	2015	2014
Net income attributable to equity holders of the Parent Company from disposal group	**₱4,003**	₱1,719	₱1,377
Weighted average number of shares	**174**	174	174
	₱23.01	₱9.88	₱7.91

13. Goodwill and Intangible Assets

Goodwill and intangible assets consist of:

	2016	2015 (As restated - Note 31)
Goodwill (Note 31)	**₱8,679**	₱8,467
Customer relationship	**3,883**	3,883
Software costs – net	**238**	115
Franchise – net	**2**	2
Power purchase agreements – net	**–**	7,260
	₱12,802	₱19,727

Goodwill

Goodwill comprises the excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Goodwill in relation to acquisitions has been attributed to the following CGUs:

	2016					
	Toyota	**THC**	**TCI**	**PCFI**	**TMBC**	**Total**
Balances at beginning of year	**₱5,597**	**₱24**	**₱5**	**₱2,841**	**₱–**	**₱8,467**
Effect of sale of a subsidiary (Note 12)	**–**	**(24)**	**–**	**–**	**–**	**(24)**
Effect of merger (Note 31)	**–**	**–**	**(5)**	**–**	**5**	**–**
Additions through business combinations (Note 31)	**–**	**–**	**–**	**–**	**236**	**236**
Balances at end of year	**₱5,597**	**₱–**	**₱–**	**₱2,841**	**₱241**	**₱8,679**

	2015 (As restated – Note 31)					
	Toyota	THC	TCI	PCFI	Ping An	Total
Balances at beginning of year	₱5,597	₱24	₱5	₱–	₱554	₱6,180
Reclassification to asset of disposal group classified as held-for-sale (Note 12)	–	–	–	–	(554)	(554)
Additions through business combinations (Note 31)	–	–	–	2,841	–	2,841
Balances at end of year	₱5,597	₱24	₱5	₱2,841	₱–	₱8,467

Toyota
The recoverable amount of Toyota CGU was based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to cash flow projections is 11.52% in 2016 and 11.00% in 2015. Cash flows beyond the three-year period are extrapolated using a steady growth rate of 2.66% in 2016 and 3.30% in 2015. The carrying value of goodwill amounted to ₱5.60 billion as of December 31, 2016. No impairment loss was recognized for goodwill arising from the acquisition of Toyota.

The calculations of value in use for the Toyota CGU are most sensitive to the following assumptions:

- Budgeted gross margins – Gross margins are based on vehicle models mix per dealer and the foreign exchange movements between the Philippine Peso versus the United States (US) Dollar and the Japanese Yen versus the US Dollar.
- Growth rate – The projected growth rate is based on a conservative steady growth rate that does not exceed the compounded annual growth rate for the global automotive industry; and
- Pre-tax discount rate – Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

Regarding the assessment of the value-in-use of Toyota, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

PCFI
The recoverable amount of PCFI CGU was based on value in use calculations using cash flow projections from financial budgets approved by management covering a four-year period. The pre-tax discount rate applied to cash flow projections is 8.27% in 2016 and 8.92% in 2015. Cash flows beyond the forecast period are extrapolated using a long-term growth rate of 3.0% in 2016 and 2015. The carrying value of goodwill amounted to ₱2.84 billion as of December 31, 2016. No impairment loss was recognized on the goodwill arising from the acquisition of PCFI (Note 31).

The calculations of value in use for PCFI CGU are most sensitive to the following assumptions:

- Expected future cash inflows from real estate sales
- Growth rate; and
- Pre-tax discount rate - Discount rate reflects management's best estimate of the risks associated with the specific CGU.

Regarding the assessment of the value-in-use of PCFI, using the same projected cash flows, impairment will be recognized when either of the following is applied:

- Pre-tax discount rate is greater than 9.59%;
- Discounted free cash flows to firm decreased by more than 24.52%; or
- Growth rate is less than 1.33%.

TMBC
The recoverable amount of TMBC CGU was based on value in use calculations using cash flow projections from financial budgets approved by management covering a four-year period. The pre-tax discount rate applied to cash flow projections is 10.55%. Cash flows beyond the forecast period are extrapolated using a long-term growth rate of 2.66%. The carrying value of goodwill amounted to ₱241.06 million as of December 31, 2016. No impairment loss was recognized on the goodwill arising from the acquisition of TMBC (Note 31).

The calculations of value in use for TMBC CGU are most sensitive to the following assumptions:

- Expected future cash inflows from automobile sales
- Growth rate; and
- Pre-tax discount rate - Discount rate reflects management's best estimate of the risks associated with the specific CGU.

Regarding the assessment of the value-in-use of TMBC, using the same projected cash flows, impairment will be recognized when either of the following is applied:

- Pre-tax discount rate is greater than 11.21%;
- Discounted free cash flows to equity decreased by more than 11.64%; or
- Growth rate is less than 1.43%.

Power Purchase Agreements
Power purchase agreements pertain to the EPPA with certain electric cooperatives. The EPPAs were accounted for as intangible assets as GBPC has the right to charge the electric cooperatives for the electricity to be generated and delivered by GBPC.

The rollforward analysis of the Group's power purchase agreements is as follows:

	2016	2015
Balance at beginning of year	**₱7,260**	₱7,722
Attributable to discontinued operations	**(191)**	(462)
Effect of sale of a subsidiary	**(7,069)**	–
Balance at end of year	**₱–**	₱7,260

In 2016, the power purchase agreements were deconsolidated following the disposal of GBPC (Note 12).

Customer Relationship
Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers which lay out the principal terms upon which its dealers agree to do business. Toyota's relationship with its top dealers adds value to the operations of Toyota and enhances the latter's earnings potential. Management assessed the useful life of the customer relationship to be indefinite since management is of the view that there is no foreseeable limit to the period over which the customer relationship is expected to generate net cash inflows to Toyota.

The recoverable amount of the customer relationship of the Group was based on value-in-use calculations using earnings projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to earnings projections is 11.52% and 11.00% in 2016 and 2015, respectively. Cash flows beyond the forecast period are extrapolated using a steady growth rate of 2.66% and 3.30% in 2016 and 2015, respectively . The carrying value of the customer relationship amounted to ₱3.88 billion as of December 31, 2016 and 2015, respectively. No impairment loss was recognized for the customer relationship arising from the acquisition of Toyota.

The value-in-use calculations for the customer relationship are most sensitive to the following assumptions:

- Attrition rate – Sales to key customers for the four-year period are computed by taking into account a 5.00% attrition rate or 95.00% retention rate;
- EBIT margin on key customers – A 7.34% EBIT margin was used in projecting the net operating profit on sales to key customers for the three-year period; and
- Pre-tax discount rate – Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

Regarding the assessment of the value-in-use of Toyota's customer relationship, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

Software Cost
The Group's software costs pertain to software cost and licenses.

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

	2016	2015
Cost		
Balance at beginning of year	**₱186**	₱70
Additions	**192**	28
Effect of business combination (Note 31)	**–**	16
Effect of sale of a subsidiary (Note 12)	**(41)**	–
Reclassifications	**35**	72
	372	186
Accumulated Amortization		
Balance at beginning of year	**71**	50
Amortization (Note 11)	**54**	17
Attributable to discontinued operations	**1**	1
Disposal/reclassification	**35**	3
Effect of sale of a subsidiary (Note 12)	**(27)**	–
	134	71
Net Book Value	**₱238**	₱115

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

The amortization of the franchise fee amounting to ₱0.46 million, ₱0.26 million and ₱0.22 million in 2016, 2015 and 2014, respectively, is included in the 'General and administrative expenses' account in the consolidated statements of income (Note 26).

Details of amortization of intangible assets are as follows (Note 11):

	2016	2015	2014
Attributable to discontinued operations (Note 12)	**₱192**	₱463	₱478
Software cost	**54**	17	8
Franchise	**1**	–	–
	₱247	₱480	₱486

14. **Other Noncurrent Assets**

This account consists of:

	2016	2015
Deferred input VAT	**₱69**	₱505
Rental and other deposits	**519**	480
Escrow fund (Note 27)	**132**	48
Retirement asset (Note 28)	**2**	5
Others	**59**	3
	781	1,041
Less: Allowance for impairment losses on deferred input VAT	**–**	(163)
	₱781	₱878

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

Escrow fund represents the agreed deposit of PCFI to MBTC − Trust Banking Group (Escrow agent) which is equivalent to 20.00% of the approved loan or credit accommodations granted to the former by MBTC.

The rollforward analysis of allowance for impairment losses on deferred input VAT follows:

	2016	2015
Balance at beginning of year	**₱163**	₱146
Provision (Note 26)	**–**	25
Write-off	**–**	(8)
Effect of sale of a subsidiary (Note 12)	**(163)**	–
	₱–	₱163

15. **Accounts and Other Payables**

This account consists of:

	2016	2015 (As restated - Note 31)
Telegraphic transfers and drafts and acceptances payable	**₱6,903**	₱6,237
Trade payables	**5,119**	6,794
Accrued expenses	**3,352**	2,696
Deferred output tax	**1,111**	2,184
Accrued commissions	**759**	670
Customer advances	**625**	398
Accrued interest payable	**487**	827
Due to landowners	**483**	107
Payable for customer's refund	**360**	110
Nontrade payables	**329**	90
Provision for other expenses	**327**	638
Royalty payable	**312**	303
Retentions payable	**281**	345
Others	**729**	730
	₱21,177	₱22,129

The details of trade payables are as follows:

	2016	2015
Automotive	**₱3,418**	₱2,779
Real estate	**1,695**	1,695
Power	**–**	2,319
Others	**6**	1
	₱5,119	₱6,794

Trade payables of automotive pertain to the purchase of raw materials, spare parts and vehicles which are noninterest-bearing and are normally settled on one to 30 day term.

Trade payables for power pertain to billing received from suppliers of fuels.

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

Telegraphic transfers and drafts and acceptance payable pertain to the liabilities of Toyota Group arising from importations of materials, spare parts and/or vehicles. These payables are normally settled after a 30 day term.

The details of accrued expenses are as follows:

	2016	2015
Dealers' incentives, supports and promotions	**₱1,993**	₱1,278
Employee benefits	**625**	442
Freight, handling and transportation	**96**	76
Taxes	**90**	1
Utilities and services	**87**	114
Repairs and maintenance	**36**	–
Regulatory fees and charges	**22**	30
Rent	**6**	–
Professional fees	**1**	6
Importation costs	**–**	175
Management and marketing fees	**–**	15
Others	**396**	559
	₱3,352	₱2,696

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

Accrued regulatory fees and charges mainly pertain to expenses related to the benefit of host communities (Energy regulation 1-94). It also includes accrued charges that arise due to differences in interpretations of regulatory provisions applicable to the power industry.

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

Accrued interest payables are normally settled within a 15 to 60 day term.

Provision for other expenses pertains to liabilities with uncertain amount or timing of actual disbursement. These include regulatory fees, management incentives and other charges which payment is probable and the amount is estimable as of reporting date. The Management reassesses their estimates on an annual basis to determine the reasonableness of provision. Disclosure of information usually required by PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* are not provided because of reasons permitted under paragraph 92 of PAS 37. Accordingly, general descriptions are provided.

Accrued commissions are settled within one (1) year.

Customer advances pertain to payments received from buyers for the processing of transfer of units upon turnover.

Retentions payable represent a portion of construction cost withheld by the Fed Land Group and paid to the contractors upon completion of the project. Retentions payable due beyond one year are presented as noncurrent payable (Note 21).

Royalty payables represent cost of license for the use of technical know-how and information on data. The fees are calculated at 6.00% of the local value-added (LVA) of vehicles under production. The LVA represents the selling price less all costs for the knock-down parts, related taxes such as excise and sales tax and a certain percentage of administrative and selling costs. The fees also include charges from related affiliates and third party suppliers representing initial costs of testing materials and trial parts and tools, sample molds and jigs that were utilized to test TMP's present technical feasibility for the commercial production of newer car models.

Due to land owners represents liabilities to various real estate property sellers. These are noninterest-bearing and will be settled within one year.

Others include refunds from cancelled sales from Fed Land and other government-related payables which are noninterest-bearing and are normally settled within one year. These also include other noninterest-bearing payables which are all due within one year.

16. Insurance Contract Liabilities

Insurance contract liabilities as of December 31, 2015 is included under 'Liabilities of disposal group classified as held-for-sale'.

Insurance contract liabilities as of December 31, 2015 may be analyzed as follows:

	2015		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Provision for claims reported and loss adjustment expenses	₱2,907	₱2,113	₱794
Provision for IBNR	44	–	44
Total claims reported and IBNR	2,951	2,113	838
Provision for unearned premiums	2,101	762	1,339
Total insurance contract liabilities	₱5,052	₱2,875	₱2,177

Provisions for claims reported by policyholders and IBNR may be analyzed as follows:

	2015		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	₱3,678	₱3,070	₱608
Claims incurred during the year	1,454	335	1,119
Increase in IBNR	3	–	3
Claims paid during the year	(2,184)	(1,292)	(892)
	₱2,951	₱2,113	₱838

Provision for unearned premiums may be analyzed as follows:

	2015		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	₱1,987	₱810	₱1,177
New policies written during the year	4,114	1,955	2,159
Premiums earned during the year	(3,999)	(2,003)	(1,996)
	₱2,102	₱762	₱1,340

In addition, reinsurance assets consist of the following:

	2015
Reinsurance recoverable on unpaid losses	₱2,113
Deferred reinsurance premiums	762
	₱2,875

17. Short-term Debt, Long-term Debt and Bonds Payable

This account consist of:

	2016						
			Long-term debt				
	Interest Rates	**Short-term debt**	**Corporate notes**	**Loans payable**	**Subtotal**	**Bonds payable**	**Total**
Parent Company	**2.60% - 5.93%**	**₱3,000**	**₱–**	**₱25,000**	**₱25,000**	**₱22,000**	**₱50,000**
Fed Land Group	**2.55% - 6.27%**	**1,222**	**4,925**	**14,081**	**19,006**	**–**	**20,228**
PCFI Group	**3.50% - 7.18%**	**–**	**–**	**12,489**	**12,489**	**–**	**12,489**
TMPC Group	**2.55% - 4.20%**	**1,890**	**–**	**245**	**245**	**–**	**2,135**
TMBC Group	**2.60% - 5.94%**	**585**	**–**	**1,500**	**1,500**	**–**	**2,085**
		6,697	**4,925**	**53,315**	**58,240**	**22,000**	**86,937**
Less: Deferred financing cost		**–**	**–**	**184**	**184**	**152**	**336**
		6,697	**4,925**	**53,131**	**58,056**	**21,848**	**86,601**
Less: Current portion of long-term debt		**–**	**25**	**1,556**	**1,581**	**–**	**1,581**
		₱6,697	**₱4,900**	**₱51,575**	**₱56,475**	**₱21,848**	**₱85,020**

	2015 (As restated – Note 31)						
			Long-term debt				
	Interest Rates	Short-term debt	Corporate notes	Loans payable	Subtotal	Bonds payable	Total
Parent Company	2.60% - 5.93%	₱–	₱–	₱25,000	₱25,000	₱21,980	₱46,980
Fed Land Group	2.55% - 6.27%	740	4,950	12,395	17,345	–	18,085
PCFI Group	3.50% - 7.18%	4,500	–	11,200	11,200	–	15,700
TMPC Group	2.55% - 4.20%	1,532	–	244	244	–	1,776
GBPC Group		–	–	35,545	35,545	–	35,545
TCI and Subsidiary		546	–	–	–	–	546
		7,318	4,950	84,384	89,334	21,980	118,632
Less: Deferred financing cost		–	–	563	563	179	742
		7,318	4,950	83,821	88,771	21,801	117,890
Less: Current portion of long-term debt		–	25	6,899	6,924	–	6,924
		₱7,318	₱4,925	₱76,922	₱81,847	₱21,801	₱110,966

Short-term debt

Parent Company Short -Term Loans

In 2016, the Parent Company obtained short-term loans with various non-affiliated banks with aggregate principal amount of ₱19.00 billion to finance acquisitions with annual fixed interest rates ranging from 2.60% to 3.00%. Of the ₱19.00 billion short-term loans, ₱16.00 billion were paid during the year.

As of December 31, 2016, outstanding short-term loans payable amounted to ₱3.00 billion and bear interest rates of 2.60% for ₱1.50 billion and 3.00% for ₱1.50 billion.

Fed Land Group Short -Term Loans
These are unsecured short-term borrowings over 60 to 180 day terms obtained from affiliated and non-affiliated local banks for Fed Land Group's working capital requirements with interest rates ranging from 2.55% to 4.00% and 3.00% to 4.00% in 2016 and 2015, respectively.

PCFI Group Short -Term Loans
These are unsecured short-term borrowings with terms of one year or less for PCFI Group's working capital requirements with interest rates ranging from 3.50% to 4.16% in 2016 and 3.75% to 4.30% in 2015. As of December 31, 2016, all short-term loans of PCFI are paid.

Toyota Group Short -Term Loans
These are unsecured short-term loans obtained from various non-affiliated local banks for Toyota Group's working capital requirements with terms of one year or less and bear annual fixed interest rates ranging from 2.55% to 2.90% in 2016 and 2015.

TMBC Short -Term Loans
These are unsecured short-term borrowings ranging from 30 to 90 days obtained from affiliated and non-affiliated local banks to finance the working capital requirements with interest rates of 2.60% in 2016.

TCI Short -Term Loans
These are unsecured short-term borrowings over 90 to 120 day terms obtained from various non-affiliated local banks to finance the working capital requirements with interest ranging 2.50% to 3.75% in 2015.

Interest expense charged to operations from the above-mentioned short-term loans amounted to ₱355.71 million and ₱70.23 million in 2016 and 2015, respectively. Interest expense capitalized amounted to ₱33.72 million and ₱15.17 million in 2016 and 2015, respectively.

Fed Land - Corporate Notes
₱5.0 Billion Corporate Notes
On July 5, 2013, the Group issued ₱4.00 billion notes with 5.57% interest per annum maturing on July 5, 2020 and an additional ₱1.00 billion notes with 6.27% interest per annum maturing on July 5, 2023. The proceeds from the issuance were used to finance ongoing projects. As of December 31, 2016 and 2015, outstanding balance amounted to ₱4.92 billion and ₱4.95 billion, respectively. As of December 31, 2016 and 2015, the current portion amounting to ₱25.00 million is presented as a current liability.

The agreements covering the above mentioned Notes provide for restrictions and requirements with respect to, among others, declaration or making payment of cash dividends/retirement of shares (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares); making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; maintaining certain financial ratios; and entering into any partnership, merger, consolidation or reorganization. As of December 31, 2016 and 2015, the Group has complied with the loan covenants.

Interest expense charged to operations amounted to nil in 2016 and 2015. Interest expense capitalized amounted to ₱222.62 million and ₱288.85 million in 2016 and 2015, respectively.

Long-term Loans

Parent Company Long -Term Loans

In 2015, the Parent Company obtained long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱25.00 billion. Said loans bear fixed interest rates ranging from 5.05% to 5.93%, various terms ranging from ten (10) to 13 years and maturity dates ranging from 2025 to 2028. As of December 31, 2016 and 2015, the carrying value of these long-term loans payable amounted to ₱24.89 billion and ₱24.88 billion, respectively. Unamortized financing cost as of December 31, 2016 and 2015 amounted to ₱0.11 billion and ₱0.12 billion, repsectively.

As of December 31, 2016 and 2015, the movement of the deferred financing cost is as follows:

	2016	2015
Balances at beginning of year	**₱121**	₱–
Additions	**–**	125
Amortization	**(9)**	(4)
Balances at end of year	**₱112**	₱121

Total interest expense incurred on these long-term loans payable in 2016 and 2015 amounted to ₱1.41 billion (including amortization of deferred financing cost of ₱8.99 million) and ₱0.57 billion, (including amortization of deferred financing cost amounting to ₱4.00 million), respectively.

Fed Land Long-Term Loans

Non-affiliated loans

On December 22, 2014, Fed Land obtained unsecured loans from various non-affiliated banks amounting to ₱6.60 billion. The loan will be paid as follows: ₱2.00 billion payable in full after 10 years from drawdown date with fixed interest rate of 5.84% per annum; ₱1.50 billion payable in full after 10 years from drawdown date with fixed interest rate of 5.85% per annum; ₱2.00 billion payable at 40.00% quarterly payment starting at the end of 5th year and 60.00% on maturity date with fixed interest rate of 5.67% per annum; ₱1.10 billion payable at 40% quarterly payment at the end of 5th year to 9th year and 60.00% on maturity date with fixed interest rate of 5.05% per annum.

In 2015 and 2016, the Fed Land Group obtained long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱4.24 billion. Said loans bear fixed interest rates ranging from 5.00% to 6.07%, various terms ranging from five (5) to ten (10) years and maturity dates ranging from 2020 to 2026.

As of December 31, 2016 and 2015, the carrying value of these long-term loans payable amounted to ₱10.84 billion and ₱10.40 billion, respectively, net of unamortized deferred financing cost.

Affiliated loans

On August 25, 2011, Fed Land obtained both partially secured and fully secured peso-denominated loans with an aggregate amount of ₱2.00 billion from MBTC, an affiliate with interest at prevailing market rate ranging from 3.75% to 4.00% with spread of 85-100 basis points, payable in lump sum after five (5) years or on August 25, 2016. MBTC is an associate of the Parent. These loans are secured by Phil Exim Guarantee under Mortgage Participation Certificate. The loans were fully paid on August 25, 2016.

On August 25, 2016 the Fed Land obtained a 5 year loan from MBTC with a principal amount of ₱2.00 billion and interest rate of 2.80% and will mature on August 25, 2021.

On various dates in 2016, the Fed Land Group obtained long-term loans from MBTC with an aggregate principal amount of ₱1.24 billion. Said loans bear fixed interest rates of 2.55%, with terms of five (5) years and maturity date of 2021.

As of December 31, 2016 and 2015, the carrying value of these affiliated long-term loans payable amounted to ₱3.22 billion and ₱2.00 billion, respectively, net of unamortized deferred financing cost.

As of December 31, 2016, the deferred financing cost is as follows:

	2016
Balances at beginning of year	**₱–**
Additions	**18**
Amortization	**–**
Balances at end of year	**₱18**

Interest expenses charged to operations amounted to ₱4.12 million and nil in 2016 and 2015, respectively. Interest expense capitalized from the above-mentioned loans payable amounted to ₱784.83 million and ₱535.9 million, in 2016 and 2015, respectively.

<u>PCFI Long-Term Loans</u>

Non-affiliated Loans

On December 19, 2016, WFC availed ₱3.00 billion 5-year fixed rate notes from a non-affiliated local bank which will be used as permanent working capital in relation to the purchase of sales receivable from PCFI. The notes are payable quarterly and bear fixed rate of 6.00%.

In December 2015, PCFI entered into a ₱6.00 billion five -year Loan Facility Agreement with a non-affiliated local bank, of which ₱1.00 billion, ₱1.50 billion and ₱1.50 billion were drawn on December 14, December 17 and December 28, respectively to fund permanent working capital requirements. In 2016, another ₱1.00 billion and ₱1.00 billion were drawn on May 30 and June 13, respectively. The loan is payable in 36 quarters starting March 2017 and bears fixed rate interestof 6.00%.

In July 2015, PCFI issued ₱1.00 billion three-year fixed notes to a non-affiliated local bank to fund maturing obligations and project development. The loan is payable at the end of the term and bears fixed rate of 5.29%.

In 2013, PCFI issued ₱2.00 billion five-year fixed rate notes to a non-affiliated local bank, of which ₱0.50 billion, ₱0.75 billion, and ₱0.75 billion were drawn in January, March and May, respectively. The principal amount of these loans shall be payable in 16 quarterly installments commencing on fifth quarter from the initial drawdown date which is on January 18, 2013. These notes bear fixed rate of 6.23% used to finance working capital for land development, house construction and land acquisition. The note was paid in full in August 25, 2016.

In January 2012, PCFI issued ₱3.00 billion five (5)-year fixed rate notes to non-affiliated local banks and a financial institution which will be used to fund the acquisition of real estate properties, finance project development and construction costs and fund other general corporate purposes. The notes are payable quarterly and bear fixed rate of 7.18%. As of December 31, 2016 and 2015, the outstanding balance is at ₱1.00 billion and ₱1.32 billion, respectively.

Affiliated Loans
In July 2015, PCFI issued ₱1.50 billion three (3)-year fixed notes to an affiliated local bank to fund maturing obligations and project development. The loan is payable at the end of the term and bears fixed rate of 5.29%.

In March 2011, PCFI entered into a Notes Facility Agreement with FMIC whereby PCFI issued ₱1.50 billion five (5)-year fixed rate corporate notes to finance its general corporate operations including land banking. The note is payable in 20 quarterly installment commencing on March 2, 2011 with interest rate based on the latest PDST-F plus 2.50% plus gross receipts tax. The note was paid in full in March 2, 2016.

As of December 31, 2016 and 2015, the movement of the deferred financing cost is as follows:

	2016	2015
Balances at beginning of year	**₱41**	₱29
Additions	**25**	38
Amortization	**(19)**	(26)
Balances at end of year	**₱47**	₱41

Total interest expense incurred in 2016 and 2015 from the aforementioned loans payable amounted to ₱913.75 and ₱840.13 million, respectively. Interest expense capitalized as part of real estate inventories amounted to ₱587.04 million and ₱695.90 million in 2016 and 2015, respectively.

Debt Covenants
The agreements covering the above mentioned loans provide for restrictions and requirements with respect to, among others, declaration or making payment of dividends (except stock dividends); making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; sustaining current ratio of 1.75; maintaining debt-to-equity financial ratio of 2.00; and entering into any partnership, merger, consolidation or reorganization.

These restrictions and requirements were complied with by the Group as of December 31, 2016.

Loans Payable - TMPC Group
As of December 31, 2016 and 2015, this account consists of unsecured long-term debt of the following entities:

	2016	2015
TAPI	**₱79**	₱79
Other entities	**166**	165
	₱245	₱244

The loan from TAPI bears a fixed interest rate of 4.20% per annum. This loan is for a period of five years up to February 26, 2021 which is automatically renewed upon maturity for another period of 5 years to 10 years (Note 27).

The other long-term unsecured interest-bearing loans consist of a 2.7% interest-bearing ten (10)-year term loan with a maturity date of October 23, 2026. These loans are automatically renewed upon maturity for another ten (10) years.

The loan covenants restrict TMPC from encumbering or disposing properties leased by the lenders during the respective terms of various loan agreements. TMPC is not required to maintain any financial ratios under the mentioned loan agreements. Interest expense on these loans amounted to ₱7.82 million, ₱7.82 million, and ₱7.77 million in 2016, 2015 and 2014.

TMBC Long-Term Loans

On March 21, 2016, TMBC entered into a Term Loan Facility with non-affiliated local bank amounting to ₱1.50 billion to finance the construction of building, with interest rates ranging from 4.85% to 5.94% and payable for a period of ten (10) years, inclusive of three (3) years grace period on principal repayments subject to interest rate based on 10-year PDST-R2 plus a minimum spread of 1.25%. TMBC loan is secured by a real estate mortgage. The carrying value of the mortgaged properties amounted to ₱416.68 million as of December 31, 2016.

TMBC is required to maintain the following financial ratios during the term of the loans:

- Minimum current ratio of 1.0x - defined as Current Assets divided by Current Liabilities
- Maximum debt to equity ratio of 4.0x - defined as Total Liabilities divided by Total Tangible Net Worth (Total Equity - Intangibles)
- Minimum Debt Service Ratio of 1.2x - defined as Earnings before Interest, Taxes, Depreciation and Amortization divided by Interest Expense plus current portion of Long-term debt of the previous year

As of December 31, 2016, TMBC has complied with the required financial ratios.

Interest expense on long-term loans payable amounted to ₱16.58 million in 2016.

As of December 31, 2016, the carrying value of long-term loans payable amounted to ₱1.49 billion, net of unamortized deferred financing cost of ₱7.43 million.

Bonds Payable - Parent Company

₱10.00 billion GT Capital bonds due 2020 and 2023

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

The net proceeds will be utilized for general corporate requirements which included various equity calls (e.g., Toledo plant and Panay plant) and refinancing of corporate notes.

Prior to the relevant maturity dates, the Parent Company may redeem (in whole but not in part) any series of the outstanding bonds on every anniversary dates, or the immediately succeeding banking day if such is not a banking day, starting on the fourth (4th) anniversary date for the seven-year bonds and the seventh anniversary date for the ten-year bonds (the relevant Optional Redemption Dates). The Parent Company shall give no less than 30 but not more than 60 days prior written notice of its intention to redeem the bonds at the relevant Optional Redemption Date.

₱12.00 billion GT Capital bonds due 2019, 2021 and 2024

On July 24, 2014, the Parent Company issued ₱12.00 billion bonds with tenors of five years, seven years and ten years due November 7, 2019 (Series A Bonds), August 7, 2021 (Series B Bonds) and August 7, 2024 (Series C Bonds), respectively with interest rates of 4.71%, 5.20% and 5.63% respectively. Gross and net proceeds amounted to ₱12.00 billion and ₱11.88 billion, respectively, net of deferred financing cost incurred of ₱0.12 billion. The bonds were listed on August 7, 2014.

The net proceeds were utilized for general corporate requirements which included financing of ongoing projects (e.g., Veritown Fort and Metropolitan Park), refinancing of outstanding loans, and for working capital requirement.

Prior to the relevant maturity dates, the Parent Company may redeem in whole but not in part the Series B or Series C Bonds on every anniversary date, or the immediately succeeding banking day if such is not a banking day, starting on: (i) for the series B bonds: the third month after the fifth anniversary from issue date and (ii) for the series C bonds: the seventh anniversary from issue date (the relevant Optional Redemption Dates). The redemption price is equal to 100.00% of the principal amount together with the accrued and unpaid interest. The Parent Company shall give no less than 30 but not more than 60 days prior written notice of its intention to redeem the bonds, which notice shall be irrevocable and binding upon the Parent Company to effect such early redemption of the bonds on the Early Redemption Option Date stated in such notice.

As of December 31, 2016 and 2015, the movement of the deferred financing cost is as follows:

	2016	2015
Balances at beginning of year	**₱179**	₱205
Amortization	**(27)**	(26)
Balances at end of year	**₱152**	₱179

Both bonds contain negative covenants, which among others, include provision that the Parent Company should maintain a debt-to-equity ratio of 2.3 to 1.0. As of December 31, 2016 and 2015, the Parent Company has complied with its bond covenants. Total interest expense incurred on bonds payable in 2016, 2015 and 2014 amounted to ₱1.15 billion (including amortization of deferred financing cost of ₱27.51 million), ₱1.15 billion (including amortization of deferred financing cost of ₱26.11 million), ₱762.95 million (including amortization of deferred financing cost of ₱16.25 million), and respectively.

Loans payable - GBPC Group
As of December 31, 2015 this account comprised of GBPC Group's loans payable to the following entities:

	2015
CEDC	₱10,928
PEDC	17,457
TPC	7,000
PPC	160
	35,545
Less: Current portion	2,914
	₱32,631

CEDC, PEDC and TPC
On June 18, 2009, CEDC entered into an Omnibus Agreement with various lenders in the aggregate principal amount of up to ₱16.00 billion to partially finance the construction of its power plant. The agreement includes Project Loan Facility Agreement, Project Accounts Agreement, Mortgage Agreement, Pledge Agreement and Assignment Agreement.

On February 26, 2010, PEDC entered into an Omnibus Agreement with various lenders in the aggregate principal amount of up to ₱14.00 billion to partially finance the construction of the power plant. The agreement includes a Project Loan Facility Agreement, a Project Accounts Agreement, a Mortgage Agreement, a Pledge Agreement and an Assignment Agreement.

On March 26, 2015, PEDC entered into an Amended and Restated Omnibus Agreement (AROA) with various lenders for an additional aggregate principal amount of up to ₱11.00 billion (the Phase II Facility) to partially finance Panay expansion project, of which ₱7.00 billion has been drawn as of December 31, 2015. The AROA includes a Project Loan Facility Agreement, a Project Accounts Agreement, a Mortgage Agreement, a Pledge Agreement and an Assignment Agreement.

On March 7, 2013, TPC entered into an Omnibus Agreement (the Agreement) with various lenders in the aggregate principal amount of up to ₱7.00 billion (the Facility) to partially finance the on-going construction of the expansion project. The Agreement includes a Project Loan Facility Agreement, a Project Accounts Agreement, a Mortgage Agreement, a Pledge Agreement and an Assignment Agreement.

According to the agreements entered by CEDC and PEDC, CEDC and PEDC are required to meet certain financial ratios, such as debt-to-equity ratio and core equity ratio. As of December 31, 2015, CEDC, PEDC and TPC have complied with all the required financial ratios.

Interest expense incurred in connection with the aforementioned loans amounted to ₱0.40 billion, ₱1.05 billion, and ₱1.21 billion in 2016, 2015 and 2014, respectively for CEDC and ₱0.39 billion, ₱1.04 billion, and ₱1.12 billion in 2016, 2015 and 2014, respectively for PEDC.

Interest expense capitalized as part of construction cost of TPC1A amounted to ₱206.08 million in 2015. Interest expense charged to current operations amounted to ₱142.86 million and ₱155.49 million in 2016 and 2015, respectively.

CEDC, PEDC and TPC's loans are secured by (i) a real estate mortgage on all present and future assets, including the parcels of land where their power plants are located owned by THC, a related party, (ii) chattel mortgage on all present and future movable properties, (iii) pledge agreement on the shares of Global Formosa and Abovant in CEDC and shares of PPHC in PEDC, and shareholder advances and subordinated loans, if any, (iv) assignment agreement on CEDC's and PEDC's future revenues and (v) grantee rights of TPC for special use agreement in protected areas no. 2008-003 issued by the DENR - regional office no. VII on March 18, 2009. The chattel mortgage shall cover to the extent of principal amount of ₱100.00 million for both CEDC and PEDC.

As of December 31, 2015, the movement of the deferred financing cost is as follows:

	2016	2015
Balances at beginning of year	**₱402**	₱265
Additions	**1**	181
Amortization	**(18)**	(44)
Effect of sale of a subsidiary (Note 12)	**(385)**	
Balances at end of year	**₱–**	₱402

The agreements prohibit CEDC, PEDC and TPC to amend or modify its charter documents if any such amendment or modification would have a material adverse effect; assign or otherwise transfer, terminate, amend, or grant any waiver or forbearance or exercise any election under any material provision of the agreements or project document; make any prepayment, whether voluntary or involuntary, or repurchase of any long-term debt or make any repayment of any such long-term debt other than those allowed in the agreements unless, in any such case, it shall at the option of any lender contemporaneously make a proportionate prepayment or repayment of the principal amount then outstanding of the Lender's outstanding participation in the loan. The agreements also prohibit CEDC, PEDC and TPC to acquire by lease any property or equipment, or to acquire rights-of-way to any property, which may have a material adverse effect; enter into contract of indebtedness except those permitted under the agreement such as indebtedness incurred in the ordinary course of business; and form or have any subsidiaries, advances or investments and issue preferred shares, unless certain conditions are complied with. Moreover, CEDC, PEDC and TPC are prohibited from entering into contract of merger or consolidation unless CEDC, PEDC and TPC are the surviving entities and after giving effect to such event, no event of default will result), selling, leasing or disposing all or any of its property (unless in the ordinary course of the business) where such conveyance, sale or lease would have a material adverse effect to CEDC, PEDC and TPC.

Events of Default include, among others, failure to pay when due the principal or interest due and any other amount payable under the Agreement; revocation, withdrawal, or modification of any government approval required to be obtained by CEDC, PEDC and TPC in a manner which would have a material adverse effect; Global Formosa and Abovant, and PPHC cease to maintain 51.00% of CEDC and PEDC, respectively, or cease to maintain management control over CEDC, PEDC and TPC, respectively; and failure to comply with the required financial ratios.

If any of the events of default occurs and is continuing, the trustee or the facility agent, as the case maybe, shall immediately give CEDC, PEDC and TPC written notice of such fact and inform the lenders. Without prejudice to the cure periods allowed under the Agreement, and upon written request by the majority lenders, the Facility Agent shall take one or more of the following actions:

i. declare the principal of, and all accrued interest on, payable with respect to the loan under the Facility to be, and the same shall thereupon become, immediately due and payable without any further notice and without any presentment, demand or protest; and/or
ii. declare any undrawn portion of the Facility to be terminated, whereupon such portion of the Facility shall be forthwith terminated.

The Group is in compliance with the loan covenants as of December 31, 2015.

PPC

MBTC Loans

On November 6, 2009, PPC entered into a ₱300.00 million, seven-year term loan Agreement with MBTC. Proceeds from the loan were used to settle a loan in 2009. This loan bears interest at the 3-month T-bill rate plus a 2.00% spread and is covered by a Mortgage Trust Indenture. PPC's power plant is mortgaged for the aforementioned obligations.

As of December 31, 2015, a portion of the long-term loan amounting to ₱42.86 million which will mature within one year from the reporting date is presented as current liability.

Interest charged to operations related to this loan amounted to ₱0.61 million, ₱2.64 million, and ₱3.64 million in 2016, 2015 and 2014, respectively.

On August 24, 2006, PPC entered into a ₱1.20 billion, 10-year term loan Agreement with MBTC, to finance its general corporate requirements. This loan is covered by a Mortgage Trust Indenture. In March 2007, Section 1.01 of the ₱1.20 billion, 10-year term loan Agreement was amended increasing loan facility from ₱1.20 billion to ₱1.36 billion and changing the reference rate from MART1 rate to PDST-F rate.

As of December 31, 2015, a portion of the long-term loan amounting to ₱115.39 million maturing within one year from the reporting date are presented as current liability.

Interest charged to operations related to this loan amounted to ₱1.52 million, ₱8.29 million and ₱11.33 million in 2016, 2015 and 2014, respectively.

In accordance with the loan agreements with MBTC, PPC is restricted from performing certain corporate acts without the prior consent of MBTC, the more significant of which relate to entering into merger or consolidation where PPC is not the surviving entity, declaring dividends to stockholders, acting as guarantor or surety of obligation and acquiring treasury stock. PPC is also required to maintain certain financial ratios.

As of December 31, 2015, PPC has complied with the required financial ratios, (i.e. current ratio of 1:1).

The total carrying value of the property, plant and equipment of GBPC pledged as collateral for the above-mentioned loans are as follows:

	2015
CEDC	₱15,122
PEDC	12,386
PEDC3	8,251
TPC1A	8,304
PPC	1,016
	₱45,079

Required Financial Ratios
The table below presents a summary of the financial ratios required to be maintained by each entity within the Group under existing loan agreements.

Entity	**Financial Ratio**	**Required Ratio**
TMBC	CR	1:1
TMBC	DER	4:1
TMBC	DSR	1.2x
Fed Land - Corporate Notes	DER	2:1
Parent Company - Long-term loans and bonds	DER	2.3:1
PCFI	DSCR	1.5x
PCFI	DER	2:1

As of December 31, 2016 and 2015, the Group has complied with the foregoing financial ratios.

18. Customers' Deposits

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

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

As of December 31, 2016 and 2015, the balance of this account amounted to ₱3.84 billion and ₱3.69 billion, respectively (Note 27).

19. Other Current Liabilities

This account consists of:

	2016	2015
Withholding taxes payable	**₱360**	₱354
VAT payable	**253**	155
Others	**25**	11
	₱638	₱520

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

20. Liabilities on Purchased Properties

Liabilities on purchased properties are payables to various real estate property sellers. Under the terms of the agreements executed by Fed Land covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to Fed Land only upon full payment of the real estate loans.

In 2013, various parcels of land were acquired by Fed Land for a total consideration aggregating ₱2.57 billion. The outstanding obligation pertaining to these transactions amounted to nil and ₱0.47 billion as of December 31, 2016 and 2015, respectively.

In 2012, Fed Land acquired certain land and investment properties aggregating ₱3.72 billion, with 20.00% downpayment amounting to ₱743.84 million. The outstanding balance amounting to ₱2.98 billion is payable in 13 years with 3.00% interest per annum. The outstanding balance was discounted at the prevailing market rate of 5.40% and the discounted liability as of December 31, 2016 and 2015 amounted to ₱2.16 billion and ₱2.31 billion, respectively.

Total outstanding liabilities on purchased properties (including current portion) amounted to ₱2.16 billion and ₱2.78 billion as of December 31, 2016 and 2015, respectively (Note 27).

21. Other Noncurrent Liabilities

This account consists of:

	2016	2015
Provisions	**₱974**	₱1,424
Retention payable - noncurrent portion	**805**	684
Refundable and other deposits	**297**	243
Finance lease obligation - net	**9**	9
Decommissioning liability	**–**	249
	₱2,085	₱2,609

Provisions consist of:

	2016	2015
Claims and assessments	**₱775**	₱1,211
Product warranties	**199**	213
	₱974	₱1,424

Retention payable represents a portion of construction cost withheld by the Group and paid to the contractors after an agreed period commencing the completion of the project.

PPC, PEDC, CEDC, TPC and GPRI have legal obligations to decommission or dismantle their power plant assets at the end of their useful lives. In this regard, PPC, PEDC, CEDC, TPC and GPRI established their respective provisions to recognize estimated decommissioning liability.

Changes in the decommissioning liability are as follows:

	2016	2015
Balances at beginning of year	**₱249**	₱287
Accretion expense for the year	**2**	8
Provisions during the year	**–**	(46)
Effect of sale of a subsidiary (Note 12)	**(251)**	–
Balances at end of year	**₱–**	₱249

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

22. **Equity**

Capital stock and additional paid-in capital
As of December 31, 2016 and 2015, the paid-up capital consists of the following (amounts in millions, except for number of shares):

	Shares		Amount	
	2016	2015	**2016**	2015
Voting Preferred stock -				
₱0.10 par value				
Authorized	**174,300,000**	174,300,000		
Issued and outstanding	**174,300,000**	174,300,000	**₱17**	₱17
Perpetual Preferred stock -				
₱100.00 par value				
Authorized	**20,000,000**	20,000,000		
Issued and outstanding	**12,000,000**	–	**1,200**	–
Common stock - ₱10.00 par value				
Authorized	**298,257,000**	298,257,000		
Issued and outstanding	**174,300,000**	174,300,000	**1,743**	1,743
Treasury shares	**–**	5,000	**–**	(6)
Additional paid-in capital			**57,437**	46,695
			₱60,397	₱48,449

The Parent Company's common shares with par value of ₱10.00 were listed on the Philippine Stock Exchange on April 20, 2012.

Amendment of Articles of Incorporation to Create Voting Preferred Shares of Stock
On October 23, 2014, the Board of Directors approved the proposed amendment to Article Seven of the Parent Company’s Amended Articles of Incorporation to create a new class of shares – Voting Preferred Shares, to be taken from existing authorized capital stock of ₱5.00 billion. The Voting Preferred Shares of stock shall be voting, non-cumulative, non-participating and non-convertible with the following features, rights and privileges:

a. The Issue value shall be determined by the Board of Directors at the time of the issuance of the shares;
b. The Dividend Rate shall be determined by the Board of Directors at the time of the issuance of the shares, equivalent to 3-year PDST-R2 to be repriced every ten years and payable annually;
c. The Voting Preferred Shares shall be non-cumulative and the holders thereof are entitled to the payment of current but not past dividends;
d. The Voting Preferred Shares shall be non-participating in any other of further dividends beyond that specifically payable on the shares;
e. The Voting Preferred Shares shall be redeemable at par value, at the sole option of the Corporation, under terms and conditions approved by the Board of Directors;
f. Holders of Voting Preferred Shares shall be entitled to one vote for each share in his name on the books of the Corporation;
g. Holders of Voting Preferred Shares shall have no pre-emptive rights to any issue of shares, Common or Preferred;
h. The Voting Preferred Shares will not be listed at and will not be tradable in the Philippine Stock Exchange; and
i. Other features, rights and privileges determined by the Board of Directors.

On January 9, 2015, the stockholders of the Parent Company by the affirmative vote of over two-thirds (2/3) of the outstanding capital stock of the Parent Company, approved the amendment of Article Seventh of the Parent Company's Articles of Incorporation to create of a new class of shares – voting preferred shares, taken out of the Parent Company's existing and unissued portion of the Authorized Capital Stock. The Amended Articles of Incorporation was approved by the Securities and Exchange Commission on February 18, 2015.

Voting Preferred Shares Stock Rights Offering
On March 13, 2015, the BOD of the Parent Company approved the issuance of 174,300,000 Voting Preferred Shares with a par value of ₱0.10 per share through a 1:1 Stock Rights Offering, to all stockholders of record as of March 25, 2015, offered from April 1 to 8, 2015 and issued on April 13, 2015.

Amendment of Articles of Incorporation to Create Perpetual Preferred Shares of Stock
On March 13, 2015, the BOD of the Parent Company approved the amendment of Article Seven of its amended Articles of Incorporation to create a new class of shares (Perpetual Preferred Shares). The authorized capital stock of the corporation of ₱5.00 billion in lawful money of the Philippines, will be divided into 298,257,000 common shares with a par value of ₱10.00 per share, 20,000,000 perpetual preferred shares with a par value of ₱100.00 per share and 174,300,000 voting preferred shares with a par value of ₱0.10 per share.

The perpetual preferred shares shall have the following features, rights and privileges:

a. The issue value and dividend rate shall be determined by the BOD at the time of the issuance thereof;

b. The perpetual preferred shares shall be entitled to the payment of current as well as any accrued or unpaid dividends before any dividends can be paid to the holders of common shares. No dividend shall be declared or paid on the common shares unless the full accumulated dividends on all the perpetual preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Corporation;

c. The holders of perpetual preferred shares shall have preference over holders of common shares in the distribution of corporate assets in the event of dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary;

d. The perpetual preferred shares shall not be entitled to vote, except in those cases specifically provided by law;

e. The perpetual preferred shares shall be non-participating in any other further dividends beyond that specifically payable thereon;

f. The perpetual preferred shares shall be non-convertible to common shares or voting preferred shares;

g. The perpetual preferred shares shall be redeemable at the option of the corporation under such terms that the board may approve at the time of the issuance thereof;

h. The perpetual preferred shares shall have no pre-emptive rights to any issue of shares, common or preferred; and

i. Other features, rights and privileges as determined by the BOD.

On October 14, 2016, the Philippine SEC approved the offering of up to 12.00 million cumulative, non-voting, non-participating, non-convertible, redeemable peso-denominated perpetual preferred shares (‘the Offer’) with a par value of ₱100.00 per share at an offer price of ₱1,000.00 per share for a total offer price of ₱12.00 billion. The Offer consists of Series A and Series B with dividend rates per annum of 4.6299% and 5.0949%, respectively. Both series of said perpetual preferred shares were listed on the Philippine Stock Exchange on October 27, 2016. The proceeds from the Offer will be used to refinance short-term loans and fund strategic acquisitions.

As of December 31, 2016 and 2015, the total number of stockholders of common shares of the Parent Company is 73 and 71, respectively.

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

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

Appropriation of retained earnings amounting to ₱0.60 billion was reversed on December 15, 2016 upon dividend declaration on perpetual preferred shares.

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

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

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

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

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

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

Date of declaration	Per share	Total amount	Record date	Payment date
March 10, 2016	₱6.00	₱1,045.80	April 8, 2016	May 4, 2016
March 13, 2015	3.00	522.87	April 17, 2015	May 4, 2015
March 11, 2014	3.00	522.89	April 8, 2014	May 2, 2014

The computation of retained earnings available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the Parent Company's retained earnings as of December 31, 2015 and 2014.

In addition, certain amount of retained earnings is required to be maintained to enable the Group to meet certain financial ratios as stipulated in the loan covenants.

Details of dividend declarations of the Group's subsidiaries follow:

	Date of declaration	Class of stock	Total amount	Record date	Payment date
Fed Land	December 12, 2016	Preferred Shares-A	₱240.00	December 12, 2016	February 28, 2017
	December 12, 2016	Preferred Shares-B	272.58	December 12, 2016	February 28, 2017
	February 22, 2016	Common	94.00	December 31, 2015	March 31, 2016
	December 7, 2015	Preferred Shares-A	₱240.00	December 31, 2015	January 15, 2016
	December 7, 2015	Preferred Shares-B	249.24	December 31, 2015	January 15, 2016
	December 12, 2014	Common	100.00	December 31, 2014	February 28, 2015
Toyota	May 4, 2016	Common	9,890.73	December 31, 2015	May 2016
	May 13, 2015	Common	7,025.38	December 31, 2014	May 2015
	April 29, 2014	Common	4,608.60	December 31, 2013	May 2014
PCFI	December 13, 2016	Preferred Shares-A	1,334.64	June 29, 2016	December 15, 2016
GBPC	December 9, 2015	Common	2,600.00	December 31, 2015	April 2016
	November 20, 2014	Common	2,200.00	December 31, 2014	April 2015

Treasury shares
As of December 31, 2016 and 2015, treasury shares of the Group amount to nil and ₱6.14 million, respectively. This pertains to the original acquisition cost of 5,000 shares of the Parent Company held by Ping An.

Other equity adjustments
2016
<u>PCFI</u>
In accordance with the Master Subscription Agreement dated August 6, 2015, the Parent Company subscribed to the final 28.32% of PCFI for a total subscription price of ₱8.76 billion on June 30, 2016. This subscription increased the Parent Company's direct ownership stake in PCFI from 22.68% to 51.00%. This subscription is accounted for as an equity transaction in the consolidated financial statements and resulted in the recognition of other equity adjustments amounting to ₱1.75 billion.

2015
<u>TCI</u>
In June 2015, the Parent Company acquired 2,705,295 shares of TCI for a total consideration of ₱13.50 million, resulting to 53.80% ownership over TCI. This acquisition was accounted for as an equity transaction and resulted in the recognition of negative other equity adjustments amounting to ₱7.12 million.

2014

Charter Ping An

On January 27, 2014, the Parent Company acquired the remaining 33.33% equivalent to 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 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 0.20 million shares equivalent to 0.26% of TCI for a total consideration of ₱1.00 million, resulting in 89.31% direct 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.

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

On June 23, 2014, the Parent Company sold 45.00 million shares of TCI to Mitsui for a total consideration of ₱298.71 million. This represents 40.47% of TCI's outstanding capital stock. As a result, the Parent Company's direct ownership over TCI is 52.01% as of September 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.

Non-controlling interests

The following table presents the rollforward of non-controlling interests:

	2016	2015 (As restated – Note 31)
Beginning balance	**₱46,401**	₱26,595
Share of non-controlling interest shareholders on:		
Net income	**7,893**	8,826
Other comprehensive income	**498**	313
Preferred shares redemption of a subsidiary	**(2,000)**	–
Acquisition of additional interests in a subsidiary	**(1,746)**	–
Sale of direct interest in a subsidiary (Note 12)	**(19,390)**	–
Effect of business combination (Note 31)	**687**	16,996
Acquisition of non-controlling interests in consolidated subsidiaries	–	(5)
Cash dividends paid to non-controlling interest shareholders	**(5,910)**	(6,309)
Return of deposits	–	(15)
	₱26,433	₱46,401

Financial Information of Subsidiaries

The financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interests held by non-controlling interests

	Nature of Business	Direct Ownership		Effective Ownership	
		2016	2015	**2016**	2015
TMPC	Motor	**49.00**	49.00	**49.00**	49.00
TMBC	Motor	**41.95**	–	**41.95**	–
PCFI	Real Estate	**49.00**	77.32	**49.00**	77.32
GBPC	Power	**–**	48.73	**–**	47.55

Carrying value of material non-controlling interests

	2016	2015
TMPC	**₱11,390**	₱10,201
PCFI	**13,967**	25,254
GBPC	–	16,874

Net income for the period allocated to material non-controlling interests

	2016	2015
TMPC	**₱6,030**	₱5,063
PCFI	**814**	962
GBPC	**913**	2,781

The following table presents the financial information of subsidiaries with material NCI as of and for the years ended December 31, 2016 and 2015:

	2016		2015		
	TMPC	**PCFI***	GBPC	TMPC	PCFI*
Statement of Financial Position					
Current assets	**₱29,226**	**₱21,391**	₱21,883	₱27,276	₱21,648
Non-current assets	**6,778**	**18,884**	52,478	5,015	14,504
Current liabilities	**16,059**	**6,034**	12,402	14,111	9,127
Non-current liabilities	**2,452**	**11,658**	31,543	2,950	10,078
Dividends paid to non-controlling interests	**4,858**	**1,032**	2,851	3,448	–
Statement of Comprehensive Income					
Revenues	**156,693**	**4,126**	19,308	114,945	2,948
Expenses	**140,761**	**3,767**	(14,963)	(100,876)	(1,625)
Net income	**12,130**	**233**	4,202	10,299	1,264
Total comprehensive income	**12,165**	**213**	3,514	10,242	1,283
Statement of Cash Flows					
Net cash provided by operating activities	**12,164**	**2,597**	5,232	11,480	744
Net cash used in investing activities	**(2,865)**	**(3,183)**	(6,739)	(2,241)	(3,090)
Net cash provided by (used in) financing activities	**(9,605)**	**2,235**	771	(6,998)	3,269

**Amounts in statements of comprehensive income and cash flows of PCFI are from the acquisition date, August 20, 2015, to December 31, 2015.*

Capital Management

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

The Group maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. Equity, which the

Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding effect of uniting of interest. The Group's sources of capital are capital stock and retained earnings. No changes were made in the objectives, policies or processes in 2016 and 2015.

The Parent Company considers total equity as its capital amounting to ₱78.28 billion and ₱59.49 billion as of December 31, 2016 and 2015, respectively.

The Parent Company maintains equity at a level that is compliant with its loan covenants.

23. **Interest and Other Income**

Interest Income

This account consists of:

	2016	2015 (As restated – Note 31)	2014 (As restated – Note 12)
Interest income on:			
Installment contract receivables (Note 5)	**₱1,721**	₱1,462	₱1,157
Cash and cash equivalents (Note 4)	**373**	268	160
Short-term investments (Note 4)	**26**	20	25
Receivables (Note 5)	**119**	–	–
Others	**23**	40	38
	₱2,262	₱1,790	₱1,380

Interest income on installment contract receivables consist of accretion of unamortized discount of Fed Land and interest income from collections of Fed Land and PCFI. Accretion of unamortized discount amounted to ₱1.29 billion in 2016 and 2015. Interest income from collections amounted to ₱1.29 billion and ₱0.17 billion in 2016 and 2015, respectively.

Other Income

This account consists of:

	2016	2015 (As restated - Note 31)	2014 (As restated - Note 12)
Ancillary income	**₱665**	₱306	₱250
Real estate forfeitures, charges and penalties	**235**	266	434
Management fee (Note 27)	**234**	64	78
Gain on disposal of property and equipment	**50**	30	90
Gain on asset swap	**–**	337	–
Dividend income	**–**	14	25
Others	**402**	143	125
	₱1,586	₱1,160	₱1,002

Gain on asset swap came from the deed of exchange entered into by Fed Land with Bases Conversion Development Authority (BCDA) in 2015 wherein Fed Land transferred to BCDA its road access lot in exchange of BCDA's two parcels of land which was valued at ₱0.10 million per square meter.

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

Management fee includes services rendered by Fed Land and PCFI in the administration of different projects related to the joint venture (Note 27).

Ancillary income represents incentives received by Toyota dealers from financing institutions for vehicles sold to financing customers and from insurance companies for policies written for buyers.

Others also include charges from tenants of Fed Land pertaining to electricity and other utilities; these were recorded by Fed Land as other income upon receipt of the payments from the tenants.

24. Power Plant Operation and Maintenance Expenses

Power plant operation and maintenance expenses included in 'Net Income from Discontinued Operations' consists of (Note 12):

	2016	2015	2014
Power plant operations expenses	**₱2,766**	₱7,263	₱8,098
Repairs and maintenance and others	**296**	1,069	1,007
Purchased power	**211**	1,145	1,223
	₱3,273	₱9,477	₱10,328

Power plant operations mainly represent costs of coal and fuel consumed in the operations. This also includes depreciation of the power plant.

Repairs and maintenance and others mainly represent cost of materials and supplies consumed and the cost of restoration and maintenance of power plants.

25. Cost of Goods Manufactured and Sold and Cost of Goods and Services Sold

Cost of goods manufactured and sold consists of:

	2016	2015	2014
Raw materials, beginning	**₱1,382**	₱885	₱528
Purchases	**29,486**	25,184	21,822
Total materials available for production	**30,868**	26,069	22,350
Less: Raw materials, end	**1,329**	1,382	885
Raw materials placed in process	**29,539**	24,687	21,465

(Forward)

	2016	2015	2014
Direct labor	**₱372**	₱329	₱312
Manufacturing overhead	**3,876**	2,901	2,414
Total cost of goods placed in process	**33,787**	27,917	24,191
Work-in-process, beginning	**68**	43	53
Total Cost of goods in process	**33,855**	27,960	24,244
Less: Work-in-process, ending	**13**	68	43
Total cost of goods manufactured	**33,842**	27,892	24,201
Finished goods, beginning	**63**	21	43
Total goods available for sale/transfer	**33,905**	27,913	24,244
Less: Finished goods, ending	**66**	63	21
Other transfers	**47**	12	10
	₱33,792	₱27,838	₱24,213

Cost of goods and services sold consists of:

	2016	2015	2014
Beginning inventory			
Automotive	**₱1,891**	₱2,293	₱2,899
Gasoline, retail and petroleum products	**7**	6	8
Food	**1**	1	1
	1,899	2,300	2,908
Add: Net purchases	**125,624**	73,386	71,107
Total inventories available for sale	**127,523**	75,686	74,015
Less: Ending inventory (Note 6)			
Automotive	**6,861**	1,891	2,293
Gasoline, retail and petroleum products	**9**	7	6
Food	**1**	1	1
	120,652	73,787	71,715
Cost adjustments	**764**	712	(1,614)
Internal and other transfers	**(82)**	(357)	(339)
Direct labor	**38**	27	7
Overhead (Note 30)	**688**	772	828
	₱122,060	₱74,941	₱70,597

Overhead includes rent expense and common usage and service area charges.

26. General and Administrative Expenses

This account consists of:

	2016	2015 (As restated − Note 31)	2014 (As restated − Note 12)
Salaries, wages and employee benefits (Notes 27 and 28)	**₱2,866**	₱1,920	₱1,574
Taxes and licenses	**2,010**	991	792
Advertising and promotions	**1,838**	1,313	2,037
Commissions	**1,394**	725	554
Delivery and Handling	**586**	427	361
Depreciation and amortization (Note 11)	**495**	344	287
Unrealized foreign exchange loss	**474**	115	42
Professional fees	**429**	133	79
Light, water and other utilities	**420**	352	276
Provisions for other expenses	**327**	−	−
Repairs and maintenance	**258**	108	177
Office supplies	**244**	138	91
Outside services	**223**	70	65
Transportation and travel	**183**	132	112
Rent (Note 30)	**149**	74	70
Provision of product warranties	**121**	119	190
Communications	**93**	45	29
Entertainment, amusement and recreation	**89**	65	34
Administrative and management fees	**55**	16	23
Insurance	**40**	27	20
Loss on asset disposal	**38**	−	−
Royalty and service fees	**13**	10	7
Others	**492**	358	313
	₱12,837	₱7,482	₱7,133

Other expenses include membership and subscription fees, dealer development, corporate events and contractual services and donations and contributions pertain to real properties and fund given to TMP School of Technology to finance its building construction and operations.

27. 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. These related parties include subsidiaries, associates, joint venture, key management personnel, stockholders and other related parties which include affiliates.

An entity is considered an affiliate if such entity and the Parent Company have common shareholders. In effect, such entity is a sister company of the Parent Company by virtue of ownership and common control. It is neither a subsidiary nor associate of the Group.

The Group, in its regular conduct of its business, has entered into transactions with its associates, joint venture 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.

As of December 31, 2016 and 2015, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

The following table shows the related party transactions included in the consolidated financial statements.

	December 31, 2016		
Category	**Amount/ Volume**	**Outstanding Balances**	**Terms and Conditions/Nature**
Associates			
Cash and cash equivalents	₱2,173	₱13,468	Savings, current and time deposits accounts earning annual interest rate ranging from 0.1% to 2.5%
Short-term investments	14	1,310	Within one (1) year, interest rates ranging from 0.1% to 3.0%
Commission receivable		11	Noninterest-bearing; unsecured; no impairment
Rent receivables		12	Noninterest-bearing; unsecured; no impairment
Vehicle Receivables		345	Noninterest-bearing; unsecured; no impairment
Due from related parties		21	Noninterest-bearing; unsecured; no impairment
Receivables from sharing of expenses	30	27	Noninterest-bearing; unsecured; no impairment
Other receivables		6	Noninterest-bearing; unsecured; no impairment
Available-for-sale investments	1,284	1,284	Investment in UITF
Investments in subsidiaries, associates and joint venture (Note 8)	32,934	32,934	Initial investment in MPIC and additional investment in MBTC
Investments in subsidiaries, associates and joint venture (Note 8)	241	241	Advisory fees of FMIC capitalized
Other noncurrent assets		47	Unsecured; no impairment
Accounts and other payables	6	10	Within one (1) year, non-interest-bearing
Customers' deposits		18	Refundable deposits
Due to related parties		20	Non-interest bearing; due and demandable; Unsecured, no impairment
Loans payable	128	5,901	With interest ranging from 2.55% to 5.29%; Unsecured, no impairment
Vehicle & service sales	263	65	
Commission income	2		
Interest income	60		Interest from bank deposits with an associate at 0.38% to 2.5% per annum
Management fee income	3		Services related to administering the different projects of the group
Rent income	67		
Dividend income	964		Dividend income from associate
Gain on sale of AFS investments	16		Realized gain on UITF
Joint venture			
Cash and cash equivalents		44	Savings, current and time deposits accounts earning annual interest rate ranging from 0.38% to 1.75%
Management fee receivables		39	Unsecured; no impairment
Commission receivable		74	Unsecured; no impairment
Financing Receivables		251	Unsecured; no impairment
Other receivables		6	Unsecured; no impairment
Management fee income	39		
Rent income	6		
Commission income	115		
Vehicle & Service Sales	81		
Rent income	27		

(Forward)

Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
	December 31, 2016		
Other related parties			
Cash and cash equivalents	₱457	₱5,198	Savings, current and time deposits accounts earning annual interest rate ranging from 0.25% to 2.5%
Commission receivable		15	Noninterest-bearing; unsecured; no impairment
Trade receivables	7,890	691	Noninterest-bearing; unsecured; no impairment
Rent receivables		1	Noninterest-bearing; unsecured; no impairment
Vehicle Receivables		169	Noninterest-bearing; unsecured; no impairment
Nontrade receivables	3	5	Receivable arising from reimbursable expenses and other nontrade transactions
Receivables from sharing of expenses	7	6	Noninterest-bearing; unsecured; no impairment
Prepaid expenses and others	1	3	Unsecured; no impairment
Due from related parties		59	Noninterest-bearing; unsecured; no impairment
Financing Receivables		70	Unsecured; no impairment
Other receivables		436	Noninterest-bearing; unsecured; no impairment
Loans receivables		643	With interest of 3.15%; payable in 2022; unsecured
Accounts and other payables	110,625	7,054	Noninterest-bearing; unsecured; no impairment
Customers' deposits		22	Noninterest-bearing; unsecured; no impairment
Due to related parties		175	Noninterest-bearing; unsecured; no impairment
Royalty payable	83	7	Noninterest-bearing; unsecured; no impairment
Loans payable	3	79	5 years, with interest of 4.20%
Liabilities on purchased properties (Note 20)		2,159	With 3.00% interest; payable annually until 2026; unsecured
Bonds payable	20	20	GT Capital bonds held by a subsidiary of an associate
Additional paid-in capital	25	25	Underwriting selling,and management fee
Vehicle & service sales	₱536	₱149	
Interest income	259		Interest from promissory note with subsidiary of an associate
Commission income	23		
Rent income	40		
Insurance expense	5		
Interest expense	102		
Advisory fee	178		Advisory fee paid to FMIC for acquisitions of the Parent Company
Key management personnel			
Short-term employee benefits	606		
Post-employment benefits	58		

Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
	December 31, 2015		
Associates			
Cash and cash equivalents	₱6,428	₱29,358	Savings, current and time deposits accounts earning annual interest rate ranging from 0.25% to 2.5%
Short-term investments	22	2,011	Within one (1) year, interest rate ranging from 0.16% to 2.50%
Interest receivables	3	17	Interest from cash and cash equivalents
Interest income	189		Interest income from cash and cash equivalents and short-term investments
Trade receivables		71	Noninterest-bearing; due within 30 days
Commission receivable		10	Noninterest-bearing; due and demandable
Rent receivable		21	
Other receivables		35	Noninterest-bearing; due and demandable
Deposits		1	Refundable deposits
Inventories	1,763		Purchased of land from an associate
Due from related party		26	Noninterest-bearing; due and demandable
Investments in associates and joint venture	8,279	8,279	Stock rights offering; additional investment in MBTC
Escrow fund	48	48	Agreed deposit with MBTC-Trust Banking Group equivalent to 20% of approved loan credit accommodation
Accounts and other payables		12	Unsecured; no impairment
Due to related party		1	Noninterest-bearing; due and demandable
Loans payable		11,621	With interest ranging from 3.75% to 6.20%, Unsecured with quarterly interest payment
Accrued interest payable	1,205	57	Interest on loans payable
Dividend income	689		Dividend income from associate
Management fee income	5		Services related to administering the different projects of the group
Rent income	72		Unsecured; no impairment
Documentation and processing fee	1		Unsecured; no impairment

(Forward)

Category	Amount/ Volume	Outstanding Balances	December 31, 2015 Terms and Conditions/Nature
Guarantee fee			Unsecured; no impairment
Rent expense	₱2		Unsecured; no impairment
Insurance expense	9		Unsecured; no impairment
General and Administrative expenses	1		Utilities, outside services, repairs and maintenance
Joint venture			
Dividend receivable	60	60	Dividend receivable from FLOC
Trade receivables	10,166	204	Sale of vehicles and spare parts under the renewable dealership agreement
Nontrade receivables	7	1	Noninterest-bearing; 30 days term; unsecured
Commission receivable		189	Commission earned from the sale of condominium units where FedLand acted as agents
Commission income	190		Unsecured; no impairment
Rent receivable		7	Noninterest-bearing; due and demandable
Management fee receivable		7	Unsecured; no impairment
Receivable from sharing of expenses		3	Unsecured; no impairment
Other receivables		3	Unsecured; no impairment
Trade payables	346	34	Payables arising from swapping of vehicles, parts and accessories between dealerships, sales adjustments, warranty, sales promotions and reimbursable expenses.
Management fee income	48		Unsecured; no impairment
Rent income	50		Unsecured; no impairment
Representation expense	2		Representation expense paid
Other related parties			
Cash and cash equivalents	666	6,422	Savings, current and time deposits accounts earning annual interest rate ranging from 0.25% to 3.0%
Interest income	22		Interest from promissory note with subsidiary of an associate
Trade receivables	9,419	918	Arising from export sales to TMAP and sale of vehicles to other parties
Due from related party		344	Noninterest-bearing; due and demandable
Inventories	7,844		Purchased of land to other related parties
Management fee receivable		2	Noninterest-bearing; due and demandable
Nontrade receivables	173	5	Receivable arising from reimbursable expenses and other nontrade transactions
Other receivables		3	Noninterest-bearing; due and demandable
Rent receivable		14	Noninterest-bearing; due and demandable
Commission receivable		29	Unsecured; no impairment
Deposits		85	Unsecured; no impairment
Receivables from sharing of expenses	65	65	Noninterest-bearing; due and demandable
Loans receivables		636	With interest of 3.15%; Payable in 2022; Unsecured
Property and equipment	11		Purchased of vehicles
Trade payables	74,626	6,248	Purchase of raw materials , spare parts and vehicles for sale
Royalty payable		7	Unsecured; no impairment
Dividends payable	14	1,267	Non-interest bearing; payable in 2016
Liabilities on purchased properties (Note 20)		2,783	With 3.00% interest; payable annually until 2026; unsecured
Loans payable	3	1,232	With 3.00% to 6.20% interest; payable annually until 2026
Accrued interest payable		15	Unsecured; no impairment
Interest expense	76	135	Unsecured; no impairment
Due to related party		173	Noninterest-bearing operational advances which are due and demandable
Other payables	22		Unsecured; no impairment
Commission income	19		Unsecured; no impairment
Documentation and processing fee	14		Unsecured; no impairment
Rent expense	6		Unsecured; no impairment
Rent income	59		Unsecured; no impairment
Royalty and technical assistance expense	45		Unsecured; no impairment
Miscellaneous expenses	1		Information technology services; Payment for title verification report for land title
Key management personnel			
Short-term employee benefits	590		
Post-employment benefits	102		

Details of the transactions with affiliates are as follows:

Cash and cash equivalents and short-term investments
The Group maintains cash and short-term deposits accounts with MBTC, an associate. The Group also has cash and short-term deposits with other related parties such as Metrobank Card Corporation and Philippine Savings Bank, which are subsidiaries of MBTC. Cash and cash equivalents earn interest at the prevailing investment rates.

Available-for-sale investments
In 2016, the Parent Company invested in UITF products of MBTC. As of December 31, 2016, the Parent Company's investment in UITF amounted to ₱1.28 billion.

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

Long-term loans receivable
In 2012, Fed Land entered into a loan agreement with Cathay International Resources Corp. (Borrower). Fed Land agreed to lend to the Borrower a total amount of ₱705.00 million with a nominal interest rate of 3.15% annually. The outstanding balance of long-term loans receivable as of December 31, 2016 and 2015 amounted to ₱643.04 and ₱634.31 million, respectively (Note 5).

Affiliated bank loans
The Group's loans payable to an affiliated commercial bank bears interest rates ranging from 2.55% to 5.29% and 3.75% to 6.20% per annum for 2016 and 2015, respectively.

Management fee
Management fee amounting to ₱41.76 million and ₱52.76 million in 2016 and 2015, respectively, pertains to the income received from a joint venture of Fed Land with FLOC and MBTC (Note 23).

Lease agreements
Fed Land entered into operating lease agreements for the use of office spaces in GT Tower International Building. The terms of lease ranges from 5 to 10 years and generally renewable for 5 years. The rent is payable monthly with annual rent escalation rates ranging from 5% to 8%. The rental income on these leases amounted to ₱179.47 million and ₱195.25 million for 2016 and 2015, respectively (Note 30).

Disposal of Assets
On May 26, 2016, the Parent Company acquired 4.73% direct equity stake in GBPC for a total consideration of ₱3.26 billion from FMIC, a subsidiary of MBTC. This increased the Parent Company's direct ownership in GBPC from 51.27% to 56.00%. On May 27, 2016, the Parent Company sold its entire 56.00% investment in GBPC to Beacon for a total consideration of ₱22.06 billion. Beacon is a 100%-owned subsidiary of Beacon Electric Asset Holdings, Inc. (Beacon Electric). MPIC owns 75% of Beacon Electric (Note 12).

On November 5, 2015, the Parent Company signed an agreement to sell 100.00% of Charter Ping An to AXA Philippines for ₱2.30 billion, subject to closing conditions that are usual and customary. On April 4, 2016, the Parent Company completed the sale of Charter Ping for a final consideration of ₱2.10 billion (Note 12).

Compensation of key management personnel for the years ended December 31, 2016, 2015 and 2014 follow:

	2016	2015	2014
Short-term employee benefits	**₱606**	₱590	₱514
Post-employment benefits	**59**	102	50
	₱665	₱692	₱564

Transactions with the Group Retirement Funds
The retirement funds of the Group's employees are being managed and maintained by MBTC as trustee bank. The total carrying amount and fair value of the retirement funds as of December 31, 2016 and 2015 amounted to ₱1.51 billion and ₱1.31 billion, respectively. The assets and investments of the fund include cash and cash equivalents, investments in government securities and equity securities, among others.

The following tables show the amounts of related party transactions of the Group with the retirement funds of the subsidiaries' employees as of December 31, 2016 and 2015 (in absolute amounts):

	December 31, 2016		
Category	**Amount/ Volume**	**Outstanding Balances**	**Terms and Conditions/Nature**
Associate			
Savings deposit		**₱73,792**	Savings account with annual interest of 1%, unsecured and no impairment;
Time deposit		**99,134,000**	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Money market		**4,007,832**	
Investment in equity securities		**8,349,000**	Unsecured with no impairment
Investment in UITF		**7,603,581**	Unsecured with no impairment
Interest income	**₱323,091**		Income earned from savings and time deposit
Gain on sale of shares	**230,060**		Income from sale of shares
Gain on sale of UITF	**115,820**		Income from sale of UITF
Mark-to-market gain	**484,811**		Gain from mark-to-market of shares
Parent			
Investment in equity securities		**7,366,000**	Unsecured with no impairment
Gain on sale of shares	**281,865**		Income from sale of shares

	December 31, 2015		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Associate			
Savings deposit		₱206,193	Savings account with annual interest of 1%, unsecured and no impairment;
Time deposit	₱20,595	55,049,000	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Money market	121,944	9,560,588	
Investment in equity securities		17,829,810	Unsecured with no impairment
Interest income	96,172		Income earned from savings and time deposit
Gain on sale of shares	647,825		Income from sale of shares
Mark-to-market gain	501,253		Gain from mark-to-market of shares
Parent			
Investment in equity securities		6,676,000	Unsecured with no impairment
Mark-to-market gain	2,154,404		Gain from mark-to-market of shares
Gain on sale of shares	1,184,833		Income from sale of shares

Transactions relating to the retirement plans are approved by the subsidiaries' respective Retirement Committees. The voting rights over the investments in the shares of entities within the Group are exercised by the Retirement Committee, whom are either officers or directors of the subsidiaries.

28. **Pension Plan**

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

Principal actuarial assumptions used to determine pension obligations follow:

		2016		
		Actuarial Assumptions		
	Date of Actuarial Valuation	**Expected Return on Plan Assets**	**Salary Rate Increase**	**Discount Rate**
Real estate	**December 31, 2016**	**3.50%**	**8.00%**	**5.31%**
Automotive	**-do-**	**4.25 - 8.00%**	**5.00% - 7.00%**	**5.21% to 5.86%**
Financial	**-do-**	**3.50%**	**7.00%**	**5.53%**

		2015		
		Actuarial Assumptions		
	Date of Actuarial Valuation	Expected Return on Plan Assets	Salary Rate Increase	Discount Rate
Real estate	December 31, 2015	3.33%	6.33%	5.05%
Power	-do-	5.00%	8.00%	4.87% - 5.20%
Non-life insurance	-do-	7.00%	10.00%	5.12%
Automotive	-do-	9.00%	5.00% to 7.00%	4.83% to 5.07%
Financial	-do-	3.50%	7.00%	5.11%

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

Net retirement liability (asset) included in the statement of financial position follow:

	2016	2015
Retirement asset (Note 14)	**(₱2)**	(₱5)
Retirement liability	**1,671**	2,219
Net retirement liability	**₱1,669**	₱2,214

The net pension liability and asset recognized in the Group's statements of financial position are as follows:

	2016															
					Net benefit cost					**Remeasurements in other comprehensive income**						
	January 1, 2016	**Effect of business combination (Note 31)**	**Effect of sale of a subsidiary (Note 12)**	**Balance after business combination**	**Current service cost**	**Net interest**	**Past service cost**	**Subtotal**	**Benefits paid**	**Return on plan assets (excluding amount included in net interest)**	**Actuarial changes arising from experience adjustments**	**Actuarial changes arising from demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	Subtotal	**Contributions paid**	**December 31, 2016**
Present value of defined benefit obligation	**₱3,523**	**₱86**	**(₱771)**	**₱2,838**	**₱221**	**₱187**	**₱6**	**₱414**	**(₱88)**	**₱–**	**₱100**	**(₱13)**	**(₱68)**	**₱19**	**₱–**	**₱3,183**
Fair value of plan assets	**(1,309)**	**(21)**	**96**	**(1,234)**	**–**	**(58)**	**–**	**(58)**	**76**	**3**	**–**	**–**	**–**	**3**	**(301)**	**(1,514)**
Net defined benefit liability	**₱2,214**	**₱65**	**(₱675)**	**₱1,604**	**₱221**	**₱129**	**₱6**	**356**	**(₱12)**	**₱3**	**₱100**	**(₱13)**	**(₱68)**	**₱22**	**₱(301)**	**₱1,669**

	2015																
				Net benefit cost					Remeasurements in other comprehensive income								
	January 1, 2015	Effect of business combination	Balance after business combination	Current service cost	Net interest	Past service cost	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions paid	December 31, 2015	Effect of disposal group classified as held-for-sale (Note 12)	December 31, 2015
Present value of defined benefit obligation	₱3,518	₱110	₱3,628	₱334	₱166	₱11	₱511	(₱107)	₱–	(₱104)	(₱92)	(₱62)	(₱258)	₱–	₱3,774	(₱251)	₱3,523
Fair value of plan assets	(1,261)	–	(1,261)	–	(57)	–	(57)	75	14	–	–	–	14	(204)	(1,433)	124	(1,309)
Net defined benefit liability	₱2,257	₱110	₱2,367	₱334	₱109	₱11	₱454	(₱32)	₱14	(₱104)	(₱92)	(₱62)	(₱244)	(₱204)	₱2,341	(₱127)	₱2,214

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The fair values of plan assets by each class as at the end of the reporting periods are as follows:

	2016	2015
Cash and cash equivalents	**₱46**	₱67
Investment in government securities	**966**	952
Investment in equity securities	**258**	186
Investment in debt and other securities	**86**	71
Receivables	**125**	26
Investment in mutual funds	**21**	7
Others	**15**	2
Liabilities	**(3)**	(2)
	₱1,514	₱1,309

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

		2016	2015
	Possible Fluctuations	**Increase (Decrease)**	Increase (Decrease)
Discount rates	**+1%**	**(₱202)**	(₱61)
	-1%	**232**	63
Turnover rate	**+1%**	**–**	(74)
	-1%	**–**	83
Future salary increase rate	**+1%**	**244**	202
	-1%	**(216)**	(166)

The Group expects to contribute ₱381.46 million to its defined benefit pension plan in 2017.

The average duration of the defined benefit retirement liability at the end of the reporting period is 17.48 years for the Group.

Shown below is the maturity analysis of the undiscounted benefit payments:

Less than 1 year	₱240
More than 1 year to 5 years	813
More than 5 years to 10 years	2,274
More than 10 years to 15 years	2,010
More than 15 years to 20 years	1,296
More than 20 years	4,955

The Group does not currently have any asset-liability matching study.

29. **Income Taxes**

Provision for income tax account consists of:

	2016	2015 (As restated – Note 31)	2014
Current	**₱4,377**	₱4,241	₱ 2,815
Deferred	**126**	(5)	(286)
Final	**83**	63	40
	₱4,586	₱4,299	₱2,569

The components of the Group's deferred taxes as of December 31, 2016 and 2015 are as follows:

<u>Net deferred tax asset:</u>

	2016	2015 (As restated - Note 31)
Deferred tax asset on:		
Retirement benefit obligation	**₱439**	₱553
Warranties payable and other provisions	**60**	90
Accrued expenses	**32**	22
Allowance for probable losses	**20**	52
Accrued dealers' incentives, support and promotions	**18**	17
Allowance for impairment losses	**9**	11
Deferred gross profit	**2**	2
NOLCO	–	281
Capitalized commissioning income	–	100
Decommissioning liability	–	71
Unamortized past service cost from pension obligation	–	12
Unamortized discount on receivables	–	9
Others	**2**	37
	582	1,257
Deferred tax liability on:		
Capitalized custom duties	**23**	20
Unrealized foreign exchange gain	**13**	8
Capitalized borrowing cost and guarantee fees	**3**	70
Deferred financing cost	**2**	108
Fair value adjustment on acquisition	–	205
Capitalized foreign exchange loss	–	48
Dismantling costs	–	43
Retirement asset	–	1
Others	**1**	6
	42	509
Net deferred tax asset	**₱540**	₱748

Net deferred tax liability:

	2016	2015 (As restated - Note 31)
Deferred tax asset on:		
Unrealized gain on sale of land	**₱718**	₱673
Accrued expenses	**194**	27
Deferred gross profit	**132**	131
Retirement benefit obligation	**109**	86
Prepaid commission	**89**	208
NOLCO	**68**	41
Unearned income	**34**	90
Unamortized discount on receivables	**18**	24
Fair value adjustment on acquisition	**15**	−
Allowance for probable losses	**5**	6
Excess of taxable gross profit over realized gross profit	**−**	50
Allowance for impairment losses	**−**	3
Others	**10**	−
	1,392	1,339
Deferred tax liability on:		
Fair value adjustment on acquisition	**5,437**	6,037
Capitalized borrowing cost and guarantee fees	**768**	479
Excess of book basis over tax basis of deferred gross profit	**112**	124
Unamortized discount on long-term payable	**33**	88
Lease differential	**15**	25
Retirement asset	**1**	2
Accrued income	**−**	50
Deferred financing costs − bonds	**−**	23
Others	**78**	12
	6,444	6,840
Net deferred tax liability	**₱5,052**	₱5,501

The Group has deductible temporary differences for which deferred tax asset has not been recognized since management believes that it is not probable that sufficient taxable income will be available against which the said deductible temporary differences can be utilized.

As of December 31, 2016, 2015 and 2014, the Group's unrecognized deductible temporary differences pertain to its NOLCO and MCIT with details as follows:

NOLCO

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2016	₱3,148	₱–	₱3,148	2019
2015	1,782	–	1,782	2018
2014	974	–	974	2017
2013	1,053	1,053	–	2016
	₱6,957	₱1,053	₱5,904	

MCIT

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2016	₱2	₱–	₱2	2019

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

	2016	2015 (As restated – Note 12)	2014 (As restated – Note 12)
Provision for income tax computed at statutory rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Income subjected to final tax	**(0.06)**	(0.36)	(0.54)
Nondeductible interest and other expenses	**1.05**	0.71	0.74
Change in unrecognized deferred tax assets	**5.05**	3.38	2.56
Nontaxable income	**(17.28)**	(9.11)	(11.26)
Operating income within ITH	**(1.99)**	(6.32)	(6.32)
Others	**0.26**	(.53)	(0.01)
Effective income tax rates	**17.03%**	17.77%	15.17%
Continuing operations	**16.89%**	16.88%	14.39%
Disposal group	**0.14%**	0.89%	0.78%
	17.03%	17.77%	15.17%

Board of Investments (BOI) Incentives

Fed Land

The BOI issued a Certificate of Registrations as a New Developer of Mass Housing Project for its real estate projects in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the registered projects have been granted Income Tax Holiday (ITH) for a period of three to four years. The projects namely: Marquinton-Cordova Tower and The Oriental Place are entitled to ITH in years 2008 to 2012, The Capital Towers-Beijing, Marquinton Gardens Terraces-Toledo, Oriental Gardens-Lilac and Peninsula Garden Midtown Homes-Tower A are entitled to ITH in years 2009 to 2013, Oriental Garden Heights - A, B and C in 2010 to 2014, Marquinton Garden Terraces - Valderrama Tower in 2010 to 2013, Peninsula Garden Midtown Homes (PGMH) - Maple Tower and Tropicana Garden City - Ibiza Tower are entitled to ITH from 2012 to 2015 and PGMH - Narra is entitled to ITH from 2014 to 2017.

PCFI

On various dates, the BOI issued in favor of PCFI a Certificate of Registration as a Developer of Low-Cost Mass Housing Project for its 86 real estate projects in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects were granted an Income Tax Holiday for a period of three (3) to four (4) years commencing on various dates from 2008 to 2015 and expiring on various dates from 2012 to 2018.

TMP
TMP is registered with the BOI as a:

- Participant in the Car Development Program and Commercial Vehicle Development Program.
- Pioneer status for the production of Vios. Under its terms and conditions, TMP shall be entitled to Income Tax Holiday (ITH) from July 2, 2013 to July 1, 2019 for revenues generated from this vehicle model subject to achievement of certain percentage of local value added.
- Non-pioneer status for the production of Innova. Under its terms and conditions, TMP shall be entitled to ITH from April 2016 to April 2020 for portion (as determined by its Logistic Efficiency Index) of revenues generated from this vehicle model.
- Participant in Comprehensive Automotive Resurgence Strategy (CARS) Program. BOI approved TMP's enrollment of its locally-produced vehicle model to the CARS Program on June 27, 2016. Under the terms of registration, TMP shall be entitled to Fixed Investment Support and Production Volume Incentive subject to achievement of production volume and localization of body shells and large plastic parts.

30. **Lease Commitment**

The Group as a lessee
The Group is a party under various lease agreements including the lease of premises occupied by the Parent Company, office space leased for the Group's branches, land leased for Fed Land Group's mall and gasoline station and lease of parking spaces with terms ranging from one (1) to ten (10) years. Rent expense included under 'General and administrative expenses' amounted to ₱164.53 million, ₱104.80 million and ₱98.49 million in 2016, 2015 and 2014, respectively (Note 26). Rental incurred on the lease of land for its mall and gasoline stations are presented as 'Overhead' and included in the 'Cost of goods and services sold' account, amounting to ₱23.66 million, ₱20.57 million and ₱20.56 million in 2016, 2015 and 2014, respectively (Note 25).

As of December 31, 2016 and 2015, the future minimum rental payments are as follows:

	2016	2015
Within one year	**₱103**	₱94
After one year but not more than five years	**261**	200
More than five years	**263**	180
	₱627	₱474

The Group as a lessor
The Group has entered into commercial property leases on its investment properties consisting of office spaces, land, mall and parking spaces with lease terms ranging from five (5) to ten (10) years. The Group's rental income on these leases amounted to ₱826.59 million, ₱840.46 million and ₱764.49 million, in 2016, 2015 and 2014, respectively (Note 9). The cost of rental services amounting ₱326.35 million, ₱271.61 million and ₱270.09 million in 2016, 2015 and 2014, respectively, includes maintenance fee, depreciation, repairs and maintenance, and taxes and licenses.

As of December 31, 2016 and 2015, the future minimum receipts from these lease commitments are as follows:

	2016	2015
Within one year	**₱586**	₱743
After one year but not more than five years	**1,118**	934
More than five years	**534**	476
	₱2,238	₱2,153

31. **Business Combinations and Disposals**

Acquisition of TMBC

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

The consideration given to obtain control over TMBC was the carrying value of existing TCI shares exchanged for new TMBC shares. The transaction was accounted for as a business combination using the purchase method. The Parent Company's previously held interest was remeasured at fair value and a gain from remeasurement amounting to ₱73.76 million was recognized.

The Group elected to measure the NCI in TMBC at the proportionate share of the NCI in the identifiable net assets of TMBC. The cost of consideration included the proportionate share of NCI, the fair value of previously held interest and carrying value of existing TCI shares exchanged for new TMBC shares.

The fair values of the identifiable assets and liabilities of TMBC as of acquisition date are as follows:

Assets	
Cash and cash equivalents	₱177
Receivables	906
Inventories	467
Prepayments and other current assets	35
Property and equipment	1,290
Deferred tax assets	39
Other noncurrent assets	22
	2,936

(Forward)

Liabilities	
Accounts and other payables	₱526
Loans payable	810
Customer's deposits	32
Income tax payable	22
Other current liabilities	18
Deferred tax liabilities	198
Pension liabilities	67
	1,673
Net assets	₱1,263

The gross contractual amount of receivables acquired amounted to ₱913.06 million.

The aggregate consideration transferred consists of:

Proportionate share of non-controlling interests	₱530
Fair value of previously held interest in TMBC	969
	₱1,499

The business combination resulted in goodwill computed as follows:

Total consideration transferred	₱1,499
Less: Fair values of identifiable net assets	1,263
Goodwill	₱236

The goodwill of ₱236.06 million comprises the value of expected synergies arising from the acquisition of the dealership business. Goodwill is allocated entirely to the operations of TMBC, and none of the goodwill is expected to be deductible for income tax purposes.

From the date of acquisition, TMBC contributed gross revenues and net income attributable to equity holders of the Parent Company amounting to ₱21.35 billion and ₱0.16 billion, respectively. If the business combination with TMBC took place at the beginning of the year, total revenues and net income attributable to equity holder of the Parent Company from TMBC would have been ₱24.30 billion and ₱0.17 billion, respectively.

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

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

Acquisition of PCFI
On August 6, 2015, the Parent Company, Profriends Group Inc. (PGI) and PCFI entered into a Master Subscription Agreement (the Agreement). Subject to the terms of the Agreement, the Parent Company agreed to subscribe to PCFI's series A preferred shares representing 51.00% of all issued and outstanding capital stock over a three (3) year term ending on the third year from the execution of the Agreement.

The Parent Company finalized the acquisition of the initial 22.68% of PCFI for ₱7.24 billion on August 20, 2015, upon fulfillment of all Tranche 1 closing conditions. This includes the execution of an irrevocable proxy in favor of the Parent Company, covering 51.00% of the total issued and outstanding capital stock of PCFI ("the Irrevocable Proxy") by PGI, the selling shareholder. The Irrevocable Proxy gives the Parent Company the ability to direct the relevant activities of PCFI that will affect the amount of returns that the Parent Company will receive from its investment in PCFI. The Parent Company assessed that it has control over PCFI by virtue of the Irrevocable Proxy and payment for the 22.68% equity interest and accounted for PCFI as a subsidiary.

Assets acquired and liabilities assumed
The acquisition was accounted for as a business combination using the acquisition method. The Group elected to measure the non-controlling interest at the proportionate share of the non-controlling interest in the identifiable net assets of PCFI.

As permitted under the standards, the Group finalized its purchase price allocation of PCFI to consider additional information in 2016. The final purchase price allocation was retroactively adjusted in the 2016 financial statements. The effects of the retrospective adjustment is detailed below:

- Decrease in receivables by ₱865.25 million.
- Decrease in inventories by ₱13.76 billion.
- Decrease in accounts and other payables by ₱277.65 million.
- Decrease in long-term debt by ₱5.36 million.
- Decrease in net deferred tax liabilities by ₱4.30 billion.
- Decrease in unappropriated retained earnings by ₱4.11 million.
- Decrease in NCI by ₱7.31 billion.

The above adjustments resulted in the net increase in goodwill by ₱2.73 billion. Accordingly, the consolidated statement of financial position and consolidated statement of income for the year ended December 31, 2015 have been restated to reflect the results of the final purchase price allocation. Cost of real estate sales increased by ₱25.90 million and provision for income tax decreased by ₱7.77 million. Net income attributable to equity holders of the Parent Company decreased by ₱4.11 million and net income attributable to NCI decreased by ₱14.02 million.

The final allocation of the identifiable assets and liabilities of PCFI as of acquisition date are as follows:

Assets	(As restated)
Cash and cash equivalents	₱338
Short-term investments	962
Receivables	13,078
Inventories	23,147

(Forward)

Assets	(As restated)
Due from related parties	₱337
Prepayments and other current assets	1,120
Available-for-sale investments	2
Property and equipment	715
Intangible assets	13
Investment properties	2,390
Deferred tax assets	80
Other noncurrent assets	212
	42,394
Liabilities	
Accounts and other payables	₱1,992
Customer's deposits	676
Loans payable – current	7,725
Other current liabilities	1,944
Income tax payable	125
Loans payable – Noncurrent	5,408
Deferred tax liabilities on fair value increment	3,019
Pension liabilities	110
	20,999
Net assets	₱21,395

The gross contractual amount of receivables acquired amounted to ₱11.02 billion.

The aggregate consideration transferred consists of:

Cash consideration	₱7,240
Proportionate share of non-controlling interests	16,996
	₱24,236

The business combination resulted in goodwill computed as follows:

Total consideration transferred		₱24,236
Fair value of identifiable net assets	₱24,414	
Less: Deferred tax liabilities on fair value adjustments	(3,019)	21,395
Goodwill		₱2,841

The goodwill arising from acquisition consists largely of the synergies expected from having PCFI within the Group. Goodwill arising from the acquisition of PCFI Group is allocated entirely to the operations of PCFI. None of the goodwill is expected to be deductible for income tax purposes.

From the date of acquisition, PCFI Group has contributed gross revenues of ₱2.95 billion and net income attributable to equity holders of the Parent Company amounting to ₱286.73 million to the Group for the year ended December 31, 2015. If the business combination with PCFI had taken place at the beginning of the year, total revenues and net income attributable to equity holders of the Parent Company from PCFI for the year ended December 31, 2015 would have been ₱7.05 billion and ₱458.63 million, respectively.

32. **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 December 31, 2016 and 2015. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan. The interest rate used was the average bank lending rate for both December 31, 2016 and 2015.

Due from and to related parties
The carrying amounts approximate fair values due to short term in 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 or use inputs other than quoted price that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

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

Loans payable
Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. Estimated fair value of long-term portion of loans payable with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using applicable interest rates for similar types of loans as of reporting date. The interest rates used ranged from 2.55% to 7.18% and 2.67% to 7.10% for the year ended December 31, 2016 and 2015, respectively.

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

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

	2016				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:					
Financial Assets					
AFS investments:					
Quoted equity securities	**₱962**	**₱104**	**₱2,142**	**₱–**	**₱2,246**
	₱962	**₱104**	**₱2,142**	**₱–**	**₱2,246**
(Forward)					
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	**₱18,257**	**₱–**	**₱–**	**₱21,734**	**₱21,734**
Loans receivables	**643**	**–**	**–**	**610**	**610**
Non-financial Assets					
Investment in listed associates	**84,999**	**93,562**	**–**	**–**	**93,562**
Investment properties	**14,314**	**–**	**–**	**15,331**	**15,331**
	₱118,213	**₱93,562**	**₱–**	**₱37,675**	**₱131,237**
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	**2,158**	**–**	**–**	**2,582**	**2,582**
Loans payable	**64,938**	**–**	**–**	**67,112**	**67,112**
Bonds payable	**21,848**	**22,382**	**–**	**–**	**22,382**
	₱88,944	**₱22,382**	**₱–**	**₱69,694**	**₱92,076**

	2015				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
AFS investments:					
Quoted equity securities	₱2,713	₱2,713	₱–	₱–	₱2,713
Assets of disposal group classified as held-for-sale:					
AFS investments					
Government securities	953	508	445	–	953
Quoted debt securities	386	386	–	–	386
Quoted equity securities	266	266	–	–	266
	₱4,318	₱3,873	₱445	₱–	₱4,318
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱23,430	₱–	₱–	₱26,860	₱26,860
Loans receivables	634	–	–	585	585
Non-financial Assets					
Investment properties	10,797	–	–	14,931	14,931
	₱34,861	₱–	₱–	₱42,376	₱42,376
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	2,783	–	–	2,606	2,606
Loans payable	96,618	–	–	99,639	99,639
Bonds payable	21,801	22,302	–	–	22,302
	₱121,202	₱22,302	₱–	₱102,245	₱124,547

As of December 31, 2016 and 2015, other than AFS investments, 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.

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:

<u>Valuation Techniques</u>

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.

<u>Significant Unobservable Inputs</u>

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.

33. Financial Risk Management and Objectives

The Group's principal financial instruments are composed of cash and cash equivalents, short-term investments, receivables, due from related parties, AFS investments, accounts and other payable, due to/from related parties, and loans payable.

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

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

Credit Risk

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

Financial assets comprise cash and cash equivalents, short-term investments, 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 December 31, 2016 and 2015, 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 and residential units collateral is greater than the carrying value of the installment contracts receivable.

a. Credit quality per class of financial assets

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

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

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

AFS investments - quoted AFS investments is based on the quoted market bid prices at the close of business on the reporting date while the unquoted financial assets are unrated.

The table below shows the credit quality per class of financial assets based on the Group's rating system:

	December 31, 2016						
	Neither Past Due Nor Individually Impaired				Past Due but not Individually Impaired	Individually Impaired	Total
	High Grade	Medium Grade	Low Grade	Total			
Cash and cash equivalents* (Note 4)	**₱20,927**	**₱–**	**₱–**	**₱20,927**	**₱–**	**₱–**	**₱20,927**
Short-term Investments	**1,598**	**–**	**–**	**1,598**	**–**	**–**	**1,598**
Receivables (Note 5)							
Trade receivables	**6,321**	**51**	**96**	**6,468**	**1,563**	**–**	**8,031**
Installment contracts receivable	**16,184**	**1,783**	**465**	**18,432**	**860**	**1**	**19,293**
Loans receivable	**643**	**–**	**–**	**643**	**–**	**–**	**643**
Dividends receivable	**5**	**–**	**–**	**5**	**–**	**–**	**5**
Accrued rent and commission income	**318**	**15**	**2**	**335**	**18**	**25**	**378**
Accrued interest receivable	**152**	**–**	**–**	**152**	**–**	**–**	**152**
Nontrade receivables	**207**	**108**	**44**	**359**	**26**	**14**	**399**
Management fee receivables	**182**	**–**	**–**	**182**	**–**	**–**	**182**
Others	**813**	**–**	**–**	**813**	**64**	**1**	**878**
Due from related parties (Note 27)	**80**	**–**	**–**	**80**	**–**	**–**	**80**
AFS investments (Note 10)							
Equity securities							
Quoted	**2,246**	**–**	**–**	**2,246**	**–**	**–**	**2,246**
Unquoted	**481**	**–**	**–**	**481**	**–**	**–**	**481**
	₱50,157	**₱1,957**	**₱607**	**₱52,721**	**₱2,531**	**₱41**	**₱55,293**

**Excludes cash on hand amounting to ₱28.03 million.*

	December 31, 2015 (As restated – Note 31)						
	Neither Past Due Nor Individually Impaired				Past Due but not Individually Impaired	Individually Impaired	Total
	High Grade	Medium Grade	Low Grade	Total			
Cash and cash equivalents* (Note 4)	₱37,850	₱–	₱–	₱37,850	₱–	₱–	₱37,850
Short-term Investments	1,861	–	–	1,861	–	–	1,861
Receivables (Note 5)							
Trade receivables	7,183	1,615		8,798	222	262	9,282
Installment contracts receivable	19,047	2,370	477	21,894	670	1	22,565
Loans receivable	681	–	–	681	–	–	681
Dividends receivable	60	–	–	60	–	–	60
Accrued rent and commission income	481	11	10	502	11	21	534
Accrued interest receivable	148	–	–	148	–	–	148
Nontrade receivables	411	25	–	436	1	–	437
Others	220	1	–	221	95	3	319
Due from related parties	370	–	–	370	–	–	370
AFS investments (Note 10)							
Equity securities							
Quoted	2,714	–	–	2,714	–	–	2,714
Unquoted	481	–	–	481	–	–	481
	₱71,507	₱4,022	₱487	₱76,016	₱999	₱287	₱77,302

**Excludes cash on hand amounting to ₱10.80 million.*

As of December 31, 2016 and 2015, the aging analysis of past due but not individually impaired financial assets presented per class, is as follows :

	December 31, 2016								
	Neither Past Due nor Individually Impaired	Past Due but not Individually Impaired							
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total	Individually Impaired	Total
Cash and cash equivalents* (Note 4)	**₱20,927**	**₱–**	**–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,927**
Short-term investments	**1,598**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,598**
Receivables (Note 5)									
Trade receivable	**6,468**	**514**	**518**	**232**	**226**	**73**	**1,563**	**–**	**8,031**
Installment contracts receivable	**18,432**	**259**	**253**	**131**	**50**	**167**	**860**	**1**	**19,293**
Loans receivable	**643**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**643**
Dividend receivable	**5**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5**
Accrued rent and commission income	**335**	**1**	**–**	**16**	**–**	**–**	**17**	**26**	**378**
Accrued interest receivable	**152**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**152**
Non-trade receivable	**359**	**6**	**9**	**4**	**7**	**1**	**27**	**13**	**399**
Management fee receivables	**182**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**182**
Others	**813**	**14**	**3**	**3**	**3**	**41**	**64**	**1**	**878**
Due from related parties	**80**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**80**
AFS investments (Note 10)									
Equity securities									
Quoted	**962**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**962**
Unquoted	**1,765**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,765**
	₱52,721	**₱794**	**₱783**	**₱386**	**₱286**	**₱282**	**₱2,531**	**₱41**	**₱55,293**

**Excludes cash on hand amounting to ₱28.03 million*

	December 31, 2015 (As restated – Note 31)								
	Neither Past Due nor Individually Impaired	Past Due but not Individually Impaired						Individually Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
Cash and cash equivalents* (Note 4)	₱37,850	₱–	–	₱–	₱–	₱–	₱–	₱–	₱37,850
Short-term investment	1,861	–	–	–	–	–	–	–	1,861
Receivables (Note 5)									
Trade receivable	8,798	37	23	27	132	3	222	262	9,282
Installment contracts receivable	21,895	184	121	139	41	184	669	1	22,565
Loans receivable	681	–	–	–	–	–	–	–	681
Dividend receivable	60	–	–	–	–	–	–	–	60
Accrued rent and commission income	501	5	2	1	2	2	12	21	534
Accrued interest receivable	148	–	–	–	–	–	–	–	148
Non-trade receivable	436	–	–	–	–	1	1	–	437
Others	221	12	1	1	81	–	95	3	319
Due from related parties	370	–	–	–	–	–	–	–	370
AFS investments (Note 10)									
Equity securities									
Quoted	2,714	–	–	–	–	–	–	–	2,714
Unquoted	481	–	–	–	–	–	–	–	481
	₱76,016	₱238	₱147	₱168	₱256	₱190	₱999	₱287	₱77,302

**Excludes cash on hand amounting to ₱10.80 million.*

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 tables below summarize the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual payments:

	December 31, 2016			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents* (Note 4)	**₱20,927**	**₱–**	**₱–**	**₱20,927**
Short-term investments	**1,598**	**–**	**–**	**1,598**
Receivables (Note 5)		**–**	**–**	
Trade receivables	**8,031**	**–**	**–**	**8,031**
Installment contracts receivables	**14,476**	**10,866**	**1,487**	**26,829**
Nontrade receivable	**399**	**–**	**–**	**399**
Accrued rent and commissions income	**379**	**–**	**–**	**379**
Dividends receivable	**5**	**–**	**–**	**5**
Accrued interest receivable	**152**	**–**	**–**	**152**
Loans receivable	**110**	**89**	**727**	**926**
Management fee receivables	**182**	**–**	**–**	**182**
Others	**879**	**–**	**–**	**879**
Due from related parties	**80**	**–**	**–**	**80**
AFS investments (Note 10)				
Equity Securities				
Quoted	**2,246**	**–**	**–**	**2,246**
Unquoted	**481**	**–**	**–**	**481**
Total undiscounted financial assets	**₱49,945**	**₱10,955**	**₱2,214**	**₱63,114**
Other financial liabilities				
Accounts and other payables (Note 15)				
Trade payables	**₱5,120**	**₱–**	**₱–**	**₱5,120**
Telegraphic transfers and drafts and acceptances payable	**6,903**	**–**	**–**	**6,903**
Accrued expenses	**3,703**	**–**	**–**	**3,703**
Accrued interest payable	**487**	**–**	**–**	**487**
Accrued commissions	**759**	**–**	**–**	**759**
Customer advances	**625**	**–**	**–**	**625**
Royalty payable	**312**	**–**	**–**	**312**
Retentions payable	**257**	**–**	**–**	**257**
Due to landowners	**483**	**–**	**–**	**483**
Payable for customer's refund	**360**	**–**	**–**	**360**
Nontrade payables	**329**	**–**	**–**	**329**
Others	**399**	**–**	**–**	**399**
Customer's deposit	**3,839**	**–**	**–**	**3,839**
Dividends payable	**589**	**–**	**–**	**589**
Loans payable (Note 17)	**11,270**	**25,552**	**46,517**	**83,339**
Bonds payable (Note 17)	**1,126**	**15,681**	**11,064**	**27,871**
Due to related parties	**195**	**–**	**–**	**195**
Liabilities on purchased properties (Note 20)	**231**	**873**	**1,478**	**2,582**
Total undiscounted financial liabilities	**₱36,987**	**₱42,106**	**₱59,059**	**₱138,152**
Liquidity Gap	**₱12,958**	**(₱31,151)**	**(₱56,845)**	**(₱75,038)**

**Excludes cash on hand amounting to ₱28.03 million.*

	December 31, 2015 (As restated – Note 31)			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents* (Note 4)	₱37,850	₱–	₱–	₱37,850
Short-term investments (Note 4)	1,861	–	–	1,861
Receivables (Note 5)				
Trade receivables	8,897	385	–	9,282
Installment contracts receivables	17,009	6,944	2,832	26,785
Nontrade receivable	437	–	–	437
Dividends receivable	60	–	–	60
Accrued interest receivable	148	–	–	148
Loans receivable	116	109	772	997
Accrued rent and commissions income	534	–	–	534
Others	312	6	1	319
Due from related parties (Note 27)	370	–	–	370
AFS investments (Note 10)				
Equity Securities				
Quoted	2,714	–	–	2,714
Unquoted	481	–	–	481
Total undiscounted financial assets	₱70,789	₱7,444	₱3,605	₱81,838
Other financial liabilities				
Accounts and other payables (Note 15)				
Trade payables	₱6,586	₱–	₱–	₱6,586
Telegraphic transfers and drafts and acceptances payable	6,237	–	–	6,237
Accrued expenses	2,521	–	175	2,696
Accrued interest payable	827	–	–	827
Accrued commissions	670	–	–	670
Insurance payable	–	–	–	–
Customer advances	398	–	–	398
Royalty payable	303	–	–	303
Retentions payable	345	684	–	1,029
Others	1,114	–	–	1,114
Customer's deposit (Note 18)	3,691	–	–	3,691
Dividends payable (Note 27)	2,861	–	–	2,861
Loans payable (Note 17)	16,269	38,079	63,440	117,788
Bonds payable (Note 17)	1,126	11,092	16,731	28,949
Due to related parties (Note 27)	174	–	–	174
Liabilities on purchased properties (Notes 20 and 27)	720	893	1,689	3,302
Total undiscounted financial liabilities	₱43,842	₱50,748	₱82,035	₱176,625
Liquidity Gap	₱26,947	(₱43,304)	(₱78,430)	(₱94,787)

**Excludes cash on hand amounting to ₱10.80 million.*

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 are included in cash and cash equivalents and short-term investments. Cash and cash equivalents denominated in foreign currency amounted to US$0.31 million and JP¥22.90 million as of December 31, 2016 and US$24.01 million and JP¥16.09 million as of December 31, 2015. Short-term investments denominated in foreign currency amounted to US$30.82 million and JP¥100.00 million as of December 31, 2016 and US$29.43 million and JP¥100.00 million as of December 31, 2015. Receivables denominated in foreign currency amounted to US$13.96 million and US$17.47 million as of December 31, 2016 and December 31, 2015, respectively. Advances to contractors denominated in foreign currency amounted to nil as of December 31, 2016 and US$6.73 million as of December 31, 2015. Accounts and other payables denominated in foreign currency amounted to US$138.38 million and JP¥53.19 million as of December 31, 2016 and US$159.77 million and JP¥92.08 million as of December 31, 2015.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱49.77 to US$1.00, the Philippine peso-U.S. dollar exchange rates, and ₱0.43 to JP¥1.00 as at December 31, 2016 and ₱47.06 to US$1.00, the Philippine peso-U.S. dollar exchange rates, and ₱0.39 to JP¥1.00 as at December 31, 2015.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) on December 31, 2016 and 2015. There is no other impact on the Group's equity other than those already affecting the statements of comprehensive income.

		Increase (Decrease) in Income Before Tax		
Reasonably Possible Change		**2016**	2015	2014
US$	**₱1.00**	**(₱93)**	(₱70)	₱20
	(1.00)	**93**	70	(20)
JP¥	**7.2%**	**2**	–	2
	(7.2%)	**(2)**	–	(2)

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

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

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

	Increase (decrease) in income before tax		
Reasonably Possible Changes in Interest Rates	**2016**	2015	2014
100 basis points (bps)	**₱–**	(₱115)	(₱175)
100 bps	–	115	175

As of December 31, 2016, the Group has no financial instruments subject to floating interest rates.

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

Equity price risk
Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of AFS investments held by the Group.

The table below shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's AFS investments. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be more or less the same in the following year.

	Percentage change in PSEi	Increase (decrease) in total comprehensive income
2016	**Increase by 28.85%**	₱1
	Decrease by 28.85%	(1)
2015	Increase by 14.45%	₱278
	Decrease by 14.45%	(278)
2014	Increase by 23.31%	₱55
	Decrease by 23.31%	(55)

34. **Basic/Diluted Earnings Per Share**

The basic/diluted earnings per share from continuing operations attributable to equity holders of the Parent Company for the years ended December 31, 2016, 2015 and 2014 were computed as follows:

	2016	2015 (As restated - Notes 12 and 31)	2014 (As restated – Note 12)
Net income attributable to equity holders of the Parent Company from continuing operations	**₱10,631**	₱10,396	₱7,776
Weighted average number of shares	**174,300,000**	174,297,500	174,300,000
	₱60.99	₱59.64	₱44.61

The basic/diluted earnings per share attributable to equity holders of the Parent Company for the years ended December 31, 2016, 2015 and 2014 were computed as follows:

	2016	2015 (As restated - Note 31)	2014
Net income attributable to equity holders of the Parent Company	**₱14,634**	₱12,115	₱9,153
Weighted average number of shares	**174,300,000**	174,297,500	174,300,000
	₱83.96	₱69.51	₱52.51

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

35. **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 and financing institution;
- Power is engaged mainly in the generation and distribution of electricity; and
- Automotive operations is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments;
- Infrastructure, a new segment in 2016, is engaged in the water distribution, toll operation, power sector, hospitals and rail; 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.

Segment Assets

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

Segment Liabilities

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

The following tables present the financial information of the operating segments of the Group as of and for the years ended December 31, 2016 and 2015:

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

	December 31, 2015 (As restated - Notes 12 and 31)					
	Real Estate	Financial Institution	Automotive Operations	Power	Others	Total
Revenue	₱9,000	₱–	₱120,802	₱–	₱–	₱129,802
Other income	2,339	–	401	–	1	2,741
Equity in net income of associates and joint venture	438	5,095	83	–	–	5,616
	11,777	5,095	121,286	–	1	138,159
Cost of goods and services sold	481	–	74,460	–	–	74,941
Cost of goods manufactured and sold	–	–	27,838	–	–	27,838
Cost of rental	272	–	–	–	–	272
Cost of real estate sales	6,512	–	–	–	–	6,512
General and administrative expenses	2,296	–	4,997	–	189	7,482
	9,561	–	107,295	–	189	117,045
Earnings before interest and taxes	2,216	5,095	13,991	–	(188)	21,114
Depreciation and amortization	249	–	880	–	5	1,134
EBITDA	2,465	5,095	14,871	–	(183)	22,248
Interest income	1,477	–	279	–	34	1,790
Interest expense	(242)	1	(119)	–	(1,804)	(2,164)
Depreciation and amortization	(249)	–	(880)	–	(5)	(1,134)
Pretax income	3,451	5,096	14,151	–	(1,958)	20,740
Provision for income tax	(497)	–	(3,771)	–	(31)	(4,299)
Net income	₱2,954	₱5,096	₱10,380	₱–	(₱1,989)	₱16,441
Net income from discontinued operations	₱–	₱50	₱–	4,450	₱–	₱4,500
Segment assets	₱111,881	₱62,573	₱43,746	₱76,561	₱9,605	₱304,366
Segment liabilities	₱51,732	₱6,444	₱18,421	₱42,531	₱48,706	₱167,834

	December 31, 2014 (As restated - Note 12 and 31)					
	Real Estate	Financial Institution	Automotive Operations	Power	Others	Total
Revenue	₱5,841	₱–	₱108,816	₱–	₱–	₱114,657
Other income	2,003	–	429	–	(3)	2,429
Equity in net income of associates and joint venture	358	2,988	75	–	–	3,421
	8,202	2,988	109,320	–	(3)	120,507
Cost of goods and services sold	540	–	70,057	–	–	70,597
Cost of goods manufactured and sold	–	–	24,213	–	–	24,213
Cost of rental	270	–	–	–	–	270
Cost of real estate sales	4,334	–	–	–	–	4,334
General and administrative expenses	1,834	7	5,021	–	271	7,133
	6,978	7	99,291	–	271	106,547
Earnings before interest and taxes	1,224	2,981	10,029	–	(274)	13,960
Depreciation and amortization	246	14	588	–	5	853
EBITDA	1,470	2,995	10,617	–	(269)	14,813
Interest income	1,170	–	192	–	18	1,380
Interest expense	(472)	1	(121)	–	(800)	(1,392)
Depreciation and amortization	(246)	(14)	(588)	–	(5)	(853)
Pretax income	1,922	2,982	10,100	–	(1,056)	13,948
Provision for income tax	(426)	628	(2,767)	–	(4)	(2,569)
Net income	₱1,496	₱3,610	₱7,333	₱–	(₱1,060)	₱11,379
Net income from discontinued operations	₱–	₱100	₱–	3,672	₱–	₱3,772
Segment assets	₱51,855	₱50,442	₱52,923	₱20,310	₱42,733	₱218,263
Segment liabilities	₱21,947	₱7,019	₱24,966	₱40,310	₱18,078	₱112,320

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:

	2016	2015 (As restated - Note 31)
Domestic	**₱194,228**	₱130,522
Foreign	**7,895**	9,427
	₱202,123	₱139,949

36. Contingencies

In the ordinary course of the Group's operations, certain entities 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 consolidated financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending litigations.

In order to partially guarantee the completion of Fed Land's ongoing projects, the Parent Company issued Letters of Guarantee (LG) in favor of the Housing and Land Use Regulatory Board for a total guarantee amount of ₱1.39 billion and ₱1.36 billion as of December 31, 2016 and 2015, respectively.

37. Events after the Reporting Date

On January 27, 2017, cash divdends declared in favor of Parent Company's perpetual preferred stockholders amounting to ₱147.22 million were paid.

On February 21, 2017, the Parent Company disbursed ₱480.00 million as its pro-rata share in response to equity call from TFS to its stockholders.

On March 21, 2017, the BOD of the Parent Company approved the declaration of a regular cash dividend in the amount of Five Hundred Twenty Two Million Nine Hundred Thousand Pesos (₱522,900,000.00), or Three Pesos (₱3.00) per share in favor of GT Capital's common stockholders of record as of April 4, 2017, payable on or before April 20, 2017.

On March 21, 2017, the BOD of the Parent Company approved the declaration of a special cash dividend in the amount of Three Hundred Forty Eight Million Six Hundred Thousand Pesos (₱348,600,000.00), or Two Pesos (₱2.00) per share, in favor of Parent Company's common stockholders of record as of April 4, 2017, payable on or before April 20, 2017.

On March 21, 2017, the BOD of the Parent Company approved the declaration of a regular cash dividend in favor of its Voting Preferred stockholders at a dividend rate of 3.77%, the three (3)-year PDST-R2 rate on issue date (April 13, 2015), with record date of April 4, 2017 and payment date of April 20, 2017.

38. Consolidated Statements of Cash Flows

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

	2016	2015	2014
Transfers between investment property and inventories (Note 6)	**₱1,288**	₱99	(₱182)
Transfer to land held for future development	**265**	29	–
Borrowing cost capitalized to inventories (Note 6)	**1,575**	990	710
Fair value of previously held interest	**969**	–	–
Gain on asset swap	**–**	337	–
Fair value of net assets acquired from business combinations (Note 31):			
Assets			
Cash and cash equivalents	**177**	338	489
Short-term investments		962	117
Receivables	**906**	13,078	101
Inventories	**467**	23,147	1
Due from related parties		337	301
Prepayments and other current assets	**35**	1,120	201
Available-for-sale investments		2	
Property and equipment	**1,290**	715	
Intangible assets	**–**	13	1
Liabilities			
Accounts and other payables	**526**	2,871	254
Customer's deposits	**32**	676	–
Loans payable – current	**810**	13,139	497
Other current liabilities	**18**	125	–
Income tax payable	**22**	–	–
Loans payable – Noncurrent	**–**	110	93
Deferred tax liabilities on fair value increment	**198**	7,313	71
Pension liabilities	**67**	110	–
Net assets deconsolidated due to sale of subsidiary			
Assets			
Cash and cash equivalents	**13,136**	–	–
Short-term investments	**300**	–	–
Receivables	**3,591**	–	–
Inventories	**1,523**	–	–
Prepayments and other current assets	**1,988**	–	–
Property and equipment	**47,117**	–	–
Goodwill and intangible assets	**7,105**	–	–
Deferred tax assets	**463**	–	–
Other noncurrent assets	**911**	–	–
Liabilities		–	–
Accounts and other payables	**5,200**	–	–
Customer's deposits	**1**	–	–
Income tax payable	**3**	–	–
Other current liabilities	**74**	–	–
Pension liabilities	**675**	–	–
Long-term debt	**37,200**	–	–
Deferred tax liabilities	**970**	–	–
Other noncurrent liabilities	**251**	–	–

39. Approval for the Release of the Financial Statements

The accompanying financial statements of the Company were approved and authorized for issue by the Company’s BOD on March 21, 2017.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GT Capital Holdings, Inc. and Subsidiaries ("the Group") as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 included in this Form 17-A and have issued our report thereon dated March 21, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68.1, As Amended (2011) and Securities and Exchange Commission Memorandum Circular No. 11, Series of 2008 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Vicky Lee Salas

Vicky Lee Salas
Partner
CPA Certificate No. 86838
SEC Accreditation No. 0115-AR-4 (Group A),
May 1, 2016, valid until May 1, 2019
Tax Identification No. 129-434-735
BIR Accreditation No. 08-001998-53-2015,
March 17, 2015, valid until March 16, 2018
PTR No. 5908709, January 3, 2017, Makati City

March 21, 2017

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2016

GT CAPITAL HOLDINGS, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2016

(In Millions)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		₱2,277
Add: Net income actually earned during the period		
Net income during the period closed to Retained earnings	₱8,481	
Less: Non-actual/unrealized income net of tax	–	
Add: Non actual losses	–	8,481
Subtotal		10,758
Add (Less):		
Appropriations during the period	(15,500)	
Reversal of appropriation upon completion of the expansion and acquisition	9,360	
Dividend declaration during the period	(1,635)	(7,775)
Total Retained Earnings, end available for dividend declaration		₱2,983

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

LIST OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS

FOR THE YEAR ENDED DECEMBER 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Applicable	Not Early Adopted
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters		✓	
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters		✓	
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters		✓	
	Amendments to PFRS 1: Government Loans		✓	
	Amendments to PFRS 1: Meaning of Effective PFRSs	✓		
PFRS 2	Share-based Payment		✓	
	Amendments to PFRS 2: Vesting Conditions and Cancellations		✓	
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions		✓	
	Amendments to PFRS 2: Definition of Vesting Condition		✓	
	Amendments to PFRS 2: Classification and Measurement of Share-Based payment transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✓		
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements		✓	
PFRS 4	Insurance Contracts		✓	
	Amendments to PFRS 4: Financial Guarantee Contracts		✓	
	Amendments ot PFRS 4: Applying PFRS 9, Financial Instruments			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations		✓	
	Amendments to PFRS 5: Changes in methods of disposal			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Applicable	Not Early Adopted
PFRS 6	Exploration for and Evaluation of Mineral Resources		✓	
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets		✓	
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Amendments to PFRS 7: Additional Hedge Accounting Disclosures (and consequential amendments) Resulting From the Introduction of the Hedge Accounting Chapter in PFRS 9			✓
	Amendments to PFRS 7: Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements		✓	
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
	Amendment to PFRS 8: Aggregation of segments, reconciliation of the total of the reportable segments' assets to the entity's assets	✓		
PFRS 9	Financial Instruments			✓
	Financial Instruments: Classification and Measurement of Financial Assets			✓
	Financial Instruments: Classification and Measurement of Financial Liabilities			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	PFRS 9, Financial Instruments (Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39)			✓
	PFRS 9, Financial Instruments (2014)			✓
	Reissue to Incorporate a Hedge Accounting Chapter and Permit Early Application of the Requirements for Presenting in Other Comprehensive Income the "Own Credit" Gains or Losses on Financial Liabilities Designated under the Fair Value Option without Early Applying the Other Requirements of PFRS 9			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Applicable	Not Early Adopted
	Financial Instruments (final version), incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10: Investment Entities Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Transition Guidance	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 12: Classification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception		✓	
PFRS 14	Regulatory Deferral Accounts		✓	
PFRS 15	Revenue from Contracts with Customers			✓
PFRS 16	Leases			✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation		✓	
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Comparative Information	✓		
	Amendments to PAS 1 (Revised): Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendment to PAS 7: Disclosure Initiative			✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Applicable	Not Early Adopted
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets		✓	
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation on Revaluation		✓	
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution	✓		
	Amendments to PAS 19: Discount Rate: Regional Market Issue		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance		✓	
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation		✓	
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments for investment entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates	✓		
	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28 (Amended): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Applicable	Not Early Adopted
	Amendment to PAS 28: Measuring an Associate of Joint Venture at Fair Value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies		✓	
PAS 31	Interests in Joint Ventures (Replaced by PFRS 11)	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation		✓	
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting		✓	
	Amendments to PAS 34: Disclosure of information 'Elsewhere in the Interim financial report'		✓	
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38 : Proportionate Restatement of Accumulated Depreciation on Revaluation		✓	
	Amendments to PAS 38 : Revaluation Method – Proportionate Restatement Of Accumulated Amortization		✓	
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions		✓	
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives		✓	
	Amendments to PAS 39: Eligible Hedged Items		✓	
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Applicable	Not Early Adopted
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner–Occupied Property	✓		
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture		✓	
	Amendments to PAS 41, Agriculture: Bearer Plants		✓	
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities		✓	
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments		✓	
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds		✓	
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment		✓	
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies		✓	
IFRIC 8	Scope of PFRS 2		✓	
IFRIC 9	Reassessment of Embedded Derivatives		✓	
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives		✓	
IFRIC 10	Interim Financial Reporting and Impairment		✓	
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements		✓	
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation		✓	
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine		✓	
IFRIC 21	Levies		✓	
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2016**		**Adopted**	**Not Applicable**	**Not Early Adopted**
SIC-10	Government Assistance – No Specific Relation to Operating Activities		✓	
SIC-12	Consolidation – Special Purpose Entities		✓	
	Amendment to SIC – 12: Scope of SIC 12		✓	
SIC-13	Joint venture – Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases – Incentives	✓		
SIC-21	Income Taxes – Recovery of Revalued Non- Depreciable Assets	✓		
SIC-25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders		✓	
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.		✓	
SIC-31	Revenue – Barter Transactions Involving Advertising Services		✓	
SIC-32	Intangible Assets – Web Site Costs		✓	

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Millions)

Schedule A. Financial Assets

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
Equity securities				
Quoted	Various	₱2,246	₱2,246	₱11
Unquoted	Various	481	481	–

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

Name of debtor	Designation of debtor	Balance of beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
G.D. Laurel	Vice President	4	–	4	–	–	–	–
J.E. Trinidad	Assistant Vice President	2	–	–	–	2	–	2
M.Z. Amamangpang	Assistant Vice President	–	1	–	–	–	–	–
R.M. Quiza	Senior Manager	–	1	–	–	–	–	–
M.M. Reyes	Senior Manager	–	1	–	–	–	–	–
		₱6	₱3	₱ 4	₱–	₱2	₱–	₱2

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements:

Name of debtor	Relationship	Balance at beginning of period	Net Transaction	Current	Not Current	Balance at end of period	Eliminations	GT Capital Balance
Omni Orient Management Corp.	Subsidiary of Federal Land, Inc.	₱4	₱–	₱4	₱–	₱4	(₱4)	–
Central Realty & Dev't Corp.	-do-	403	(55)	348	–	348	(348)	–
Horizon Land Property Development Corp.	-do-	2,984	(300)	2,684	–	2,684	(2,684)	–
Micara Land Inc.	Subsidiary of Property Company of Friends, Inc.	500	360	860	–	860	(860)	–
Firm Builders Realty Development Corporation	-do-	301	(156)	145	–	145	(145)	–
Williamton Holdings Inc.	-do-	65	(65)	–	–	–	–	–
Toyota San Fernando Pampanga, Inc.	Subsidiary of Toyota Motor Philippines Corp.	108	47	47	–	155	(155)	–
Toyota Makati, Inc.	-do-	149	(55)	(55)	–	93	(93)	–
TMP Logistics, Inc.	-do-	–	–	–	–	18	(18)	–
		₱4,514	(₱224)	₱4,033	₱–	₱4,307	(₱4,307)	₱–

Schedule D. Intangible Assets - Other Assets

Description (i)	Beginning balance (As restated)	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Power purchase agreements – net	₱7,260	–	(₱191)	₱–	(7,069)	₱–
Goodwill	8,467	236	–	–	(24)	8,679
Customer relationship	3,883	–	–	–	–	3,883
Software cost and license - net	115	192	(55)	–	(14)	238
Franchise - net	2	–	–	–		2
	₱19,727	₱428	(₱246)	₱–	(₱7,107)	₱12,802

Schedule E. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Bonds payable	₱10,000	₱–	₱9,936
Bonds payable	12,000	–	11,912
	22,000	–	21,848
Note Facility Agreement	4,925	25	4,900
Loans payable	2,000	–	1,991
Loans payable	200	–	199
Loans payable	536	–	533
Loans payable	300	–	299
Loans payable	200	–	199
Loans payable	6,600	–	6,600
Loans payable	2,200	–	2,200
Loans payable	800	–	800
Loans payable	200	–	200
Loans payable	335	–	335
Loans payable	140	–	140
Loans payable	120	–	120
Loans payable	200	–	199
Loans payable	250	–	249
TAP	79	–	79
TRP	91	–	91
HKR	76	–	76
Loans payable	1,500	–	1,492
Loans payable	2,000	667	–
Loans payable	500	167	–
Loans payable	500	167	–
Loans payable	10,000	555	8,416
Loans payable	2,500	–	2,469
Loans payable	7,000	–	6,970
Loans payable	6,000	–	5,974
Loans payable	2,000	–	1,991
Loans payable	4,000	–	3,981
Loans payable	2,000	–	1,991
Loans payable	4,000	–	3,981
	61,252	1,581	56,475
	₱83,252	₱1,581	₱78,323

Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
Metropolitan Bank & Trust Co.	₱6,121	₱–
Metropolitan Bank & Trust Co.	3,500	1,500
Metropolitan Bank & Trust Co.	2,000	3,236
First Metro Investment Corporation	683	–
First Metro Investment Corporation	350	–
Toyota Autoparts Philippines, Inc.	79	79
First Metro Investment Corporation	50	–

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
None				

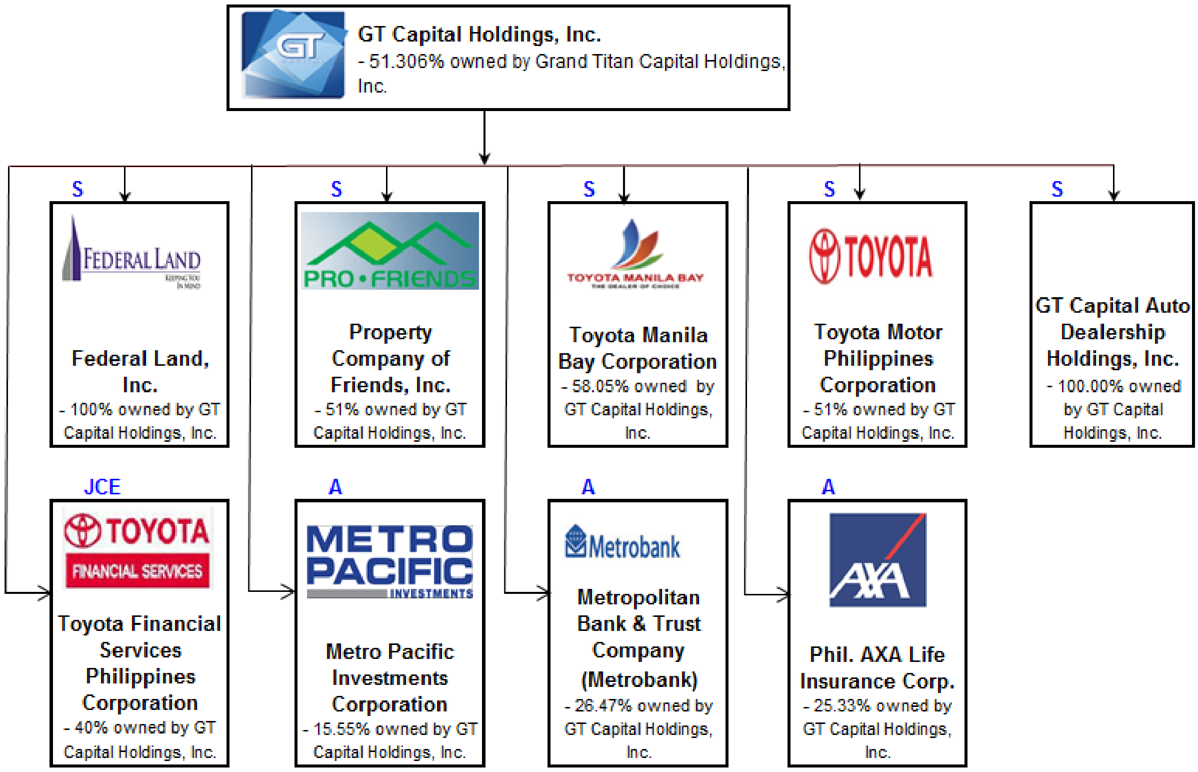
Schedule H. Capital Stock (in absolute amounts)

Title of issue	Number of Shares authorized	Number of Shares issued and outstanding and shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	298,257,000	174,300,000	–	89,427,110	496,543	–
Voting preferred stock	174,300,000	174,300,000	–	170,490,640	720,448	–
Perpetual preferred stock	20,000,000	12,000,000	–	–	4,400	–

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

MAP OF RELATIONSHIP BETWEEN AND AMONG THE PARENT COMPANY AND ITS ULTIMATE PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

FOR THE YEAR ENDED DECEMBER 31, 2016



LEGEND:

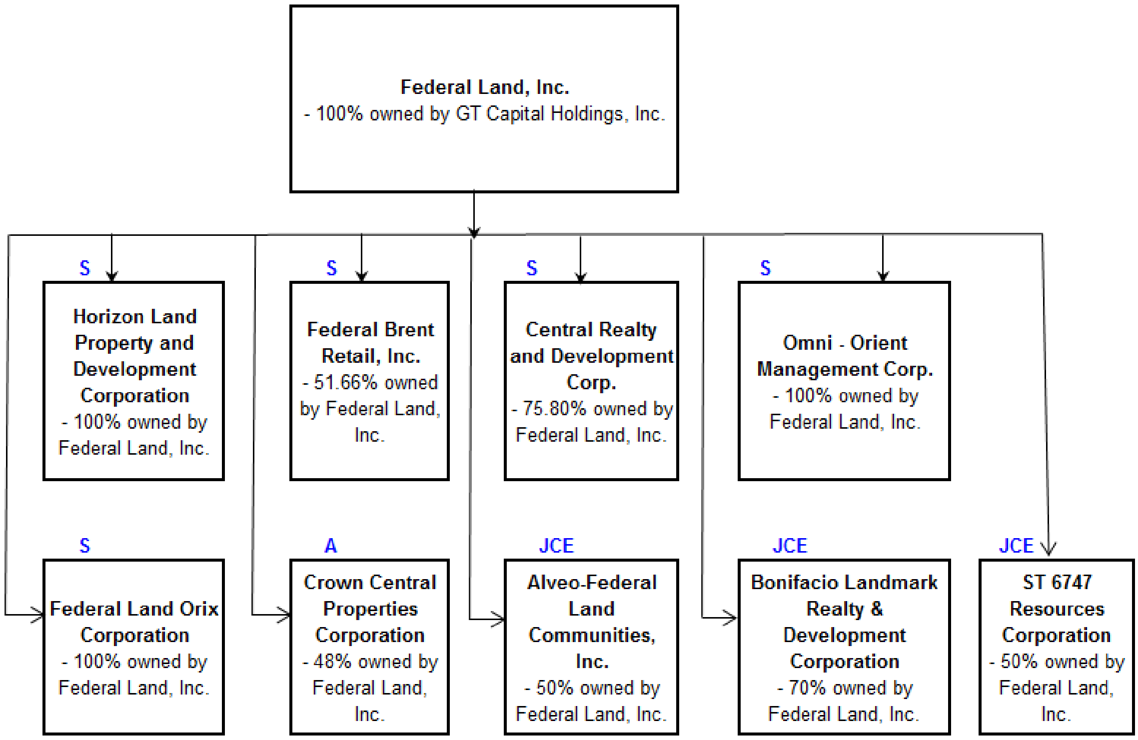
Subsidiary (S)

Associate (A)

Jointly Controlled Entity (JCE)

FEDERAL LAND, INC.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE
AS OF DECEMBER 31, 2016

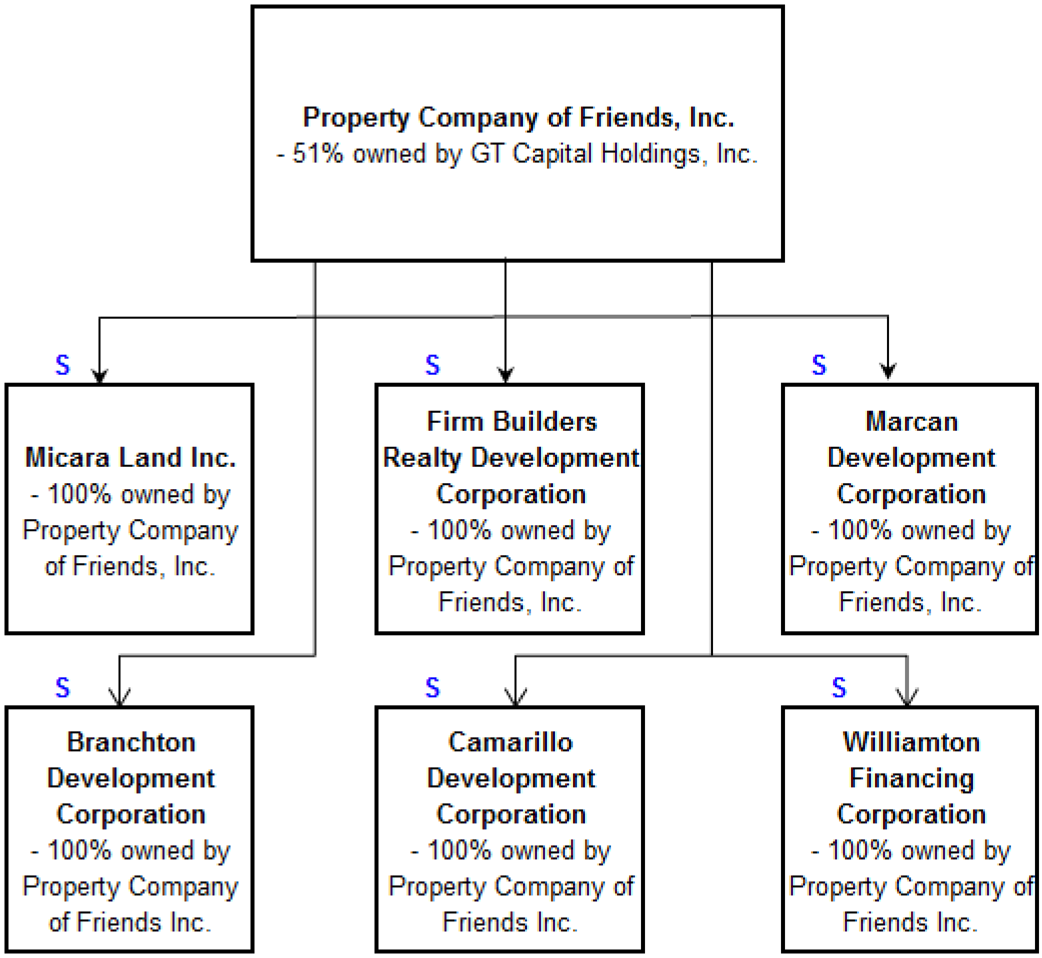


LEGEND:
Subsidiary (S)
Associate (A)
Jointly Controlled Entity (JCE)

PROPERTY COMPANY OF FRIENDS, INC.

SUBSIDIARIES

AS OF DECEMBER 31, 2016



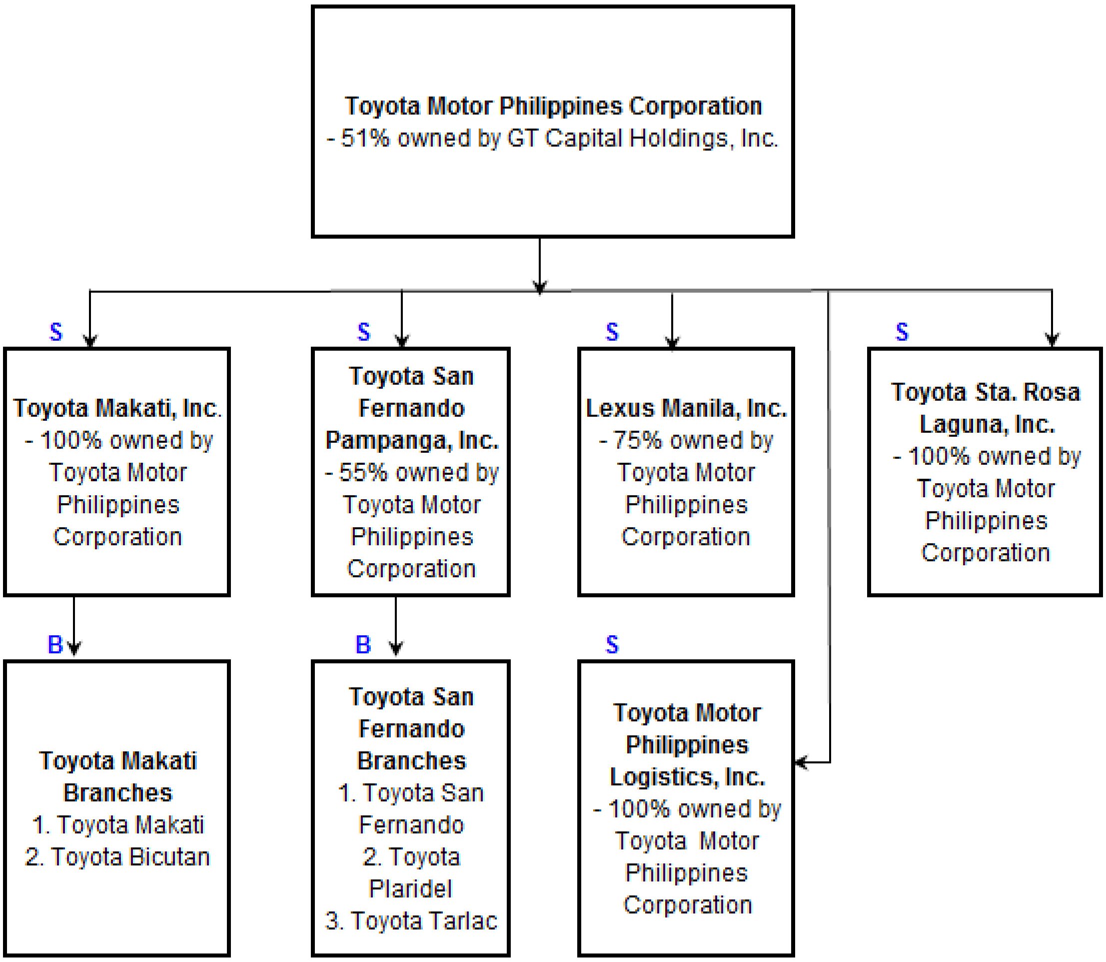
LEGEND:

Subsidiary (S)

TOYOTA MOTOR PHILIPPINES CORPORATION

SUBSIDIARIES

AS OF DECEMBER 31, 2016

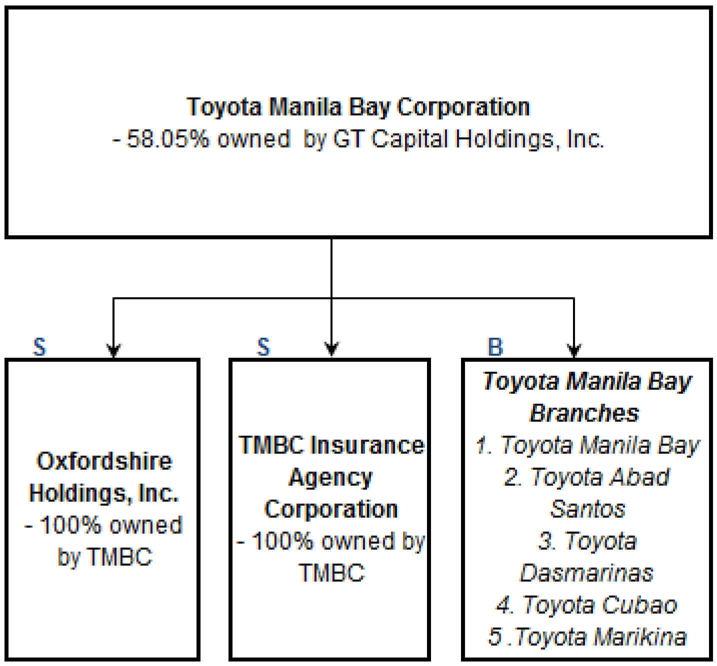


LEGEND:
Subsidiary (S)
Branch (B)

TOYOTA MANILA BAY CORPORATION

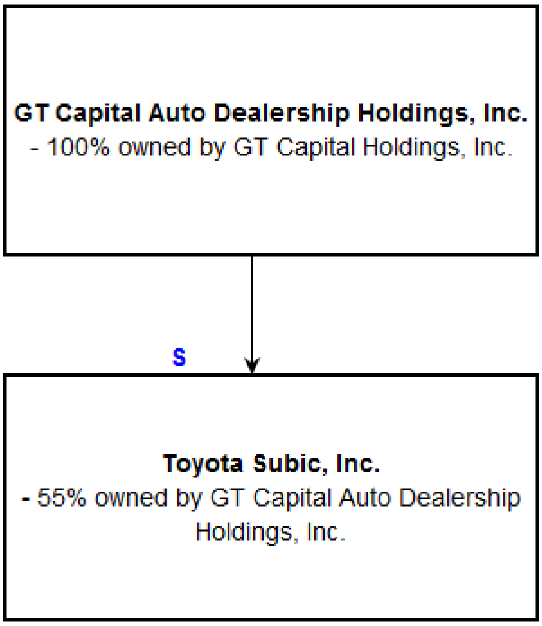
SUBSIDIARIES

AS OF DECEMBER 31, 2016



LEGEND:
Subsidiary (S)
Branch(B)

GT CAPITAL AUTO DEALERSHIP HOLDINGS, INC.
SUBSIDIARY
AS OF DECEMBER 31, 2016

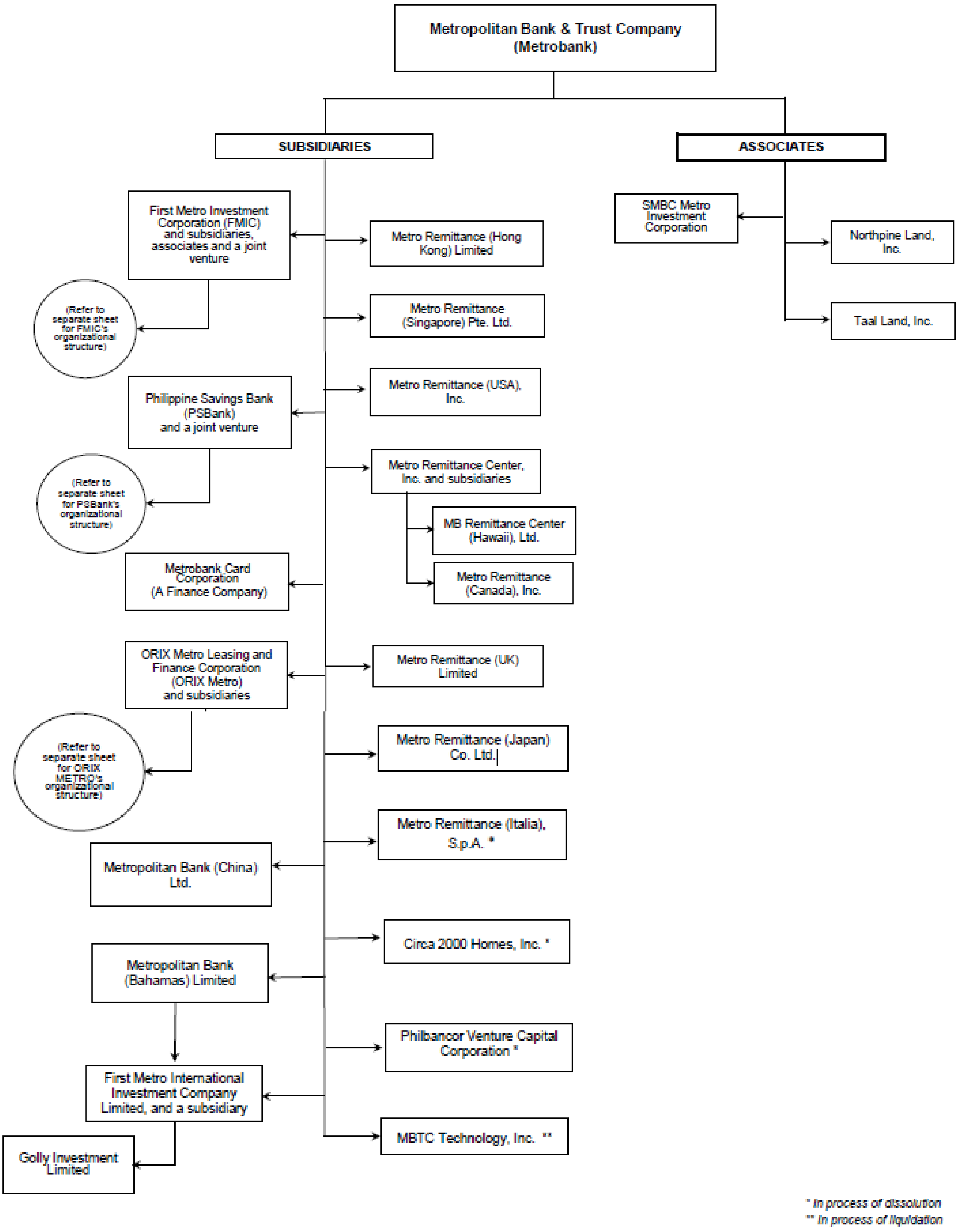


LEGEND:
Subsidiary (S)

METROPOLITAN BANK AND TRUST COMPANY

SUBSIDIARIES AND ASSOCIATES

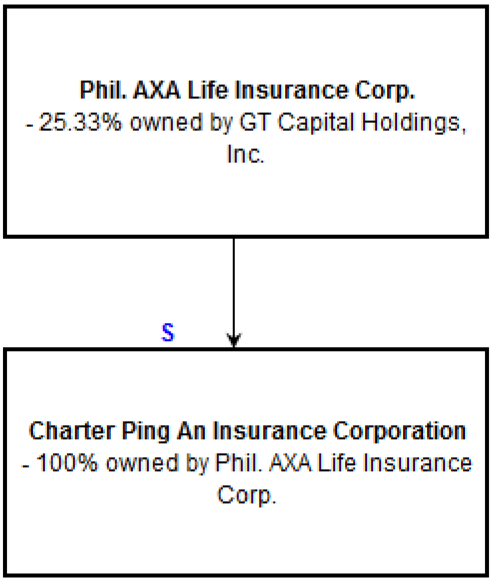
AS OF DECEMBER 31, 2016



PHIL. AXA LIFE INSURANCE CORPORATION

SUBSIDIARY

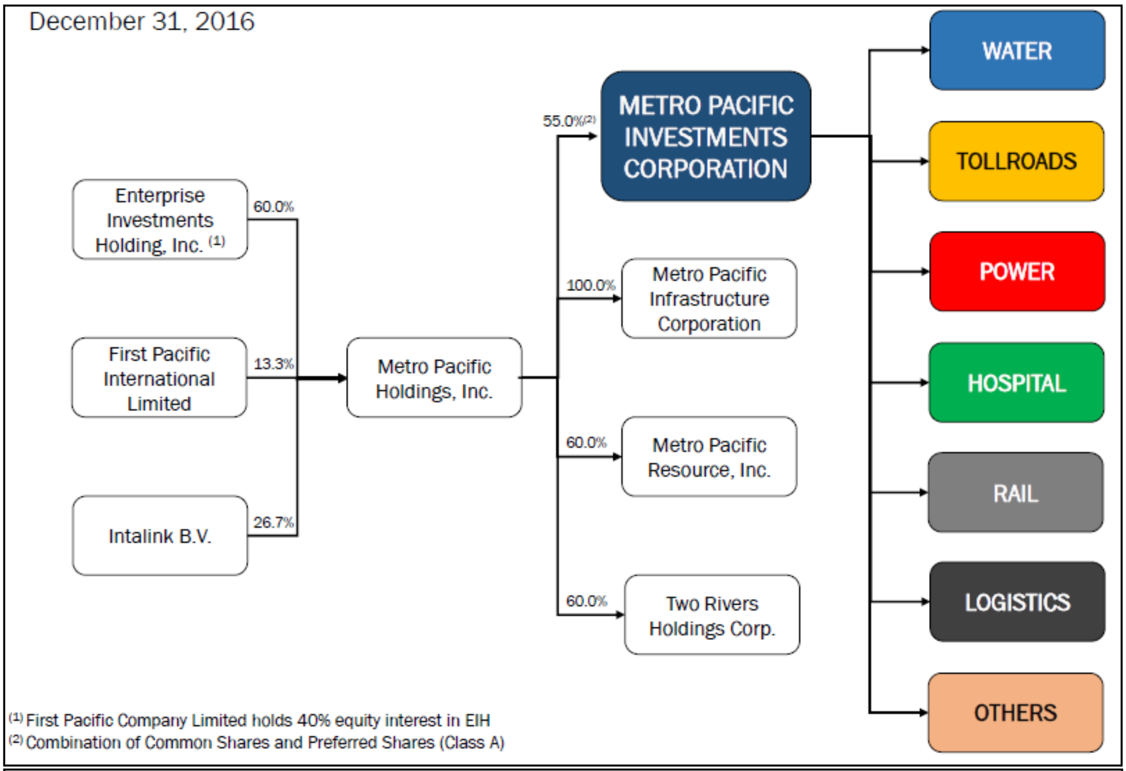
AS OF DECEMBER 31, 2016

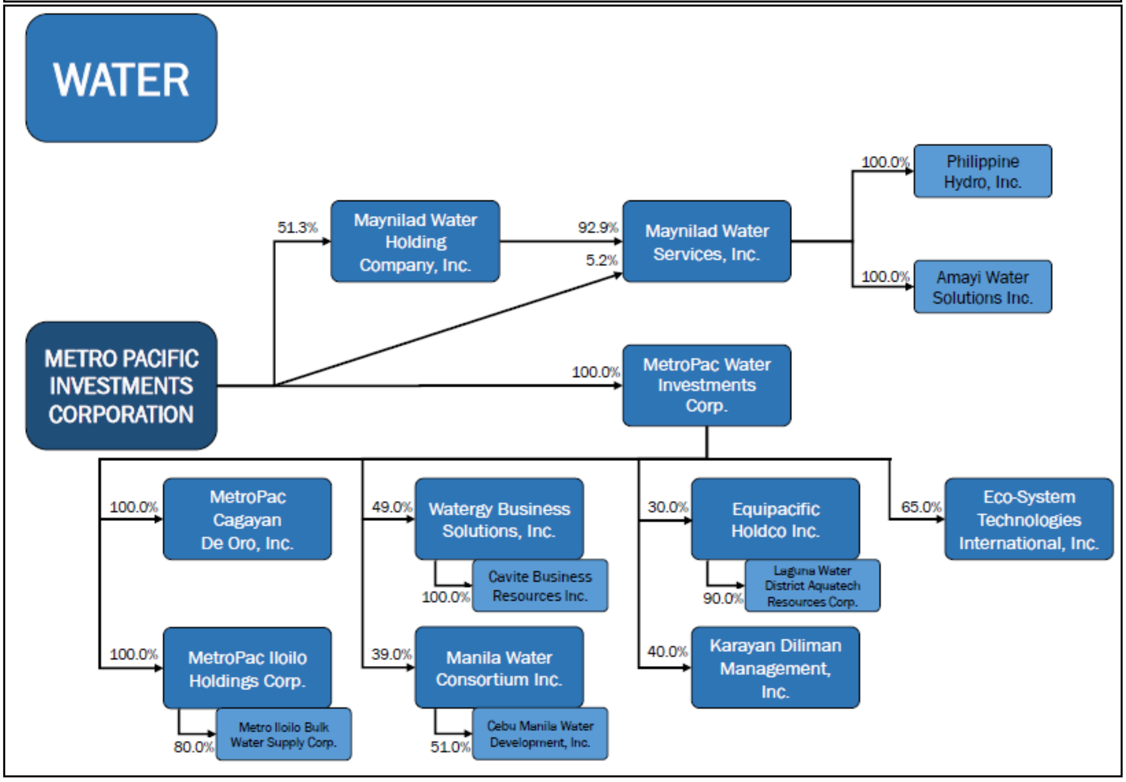


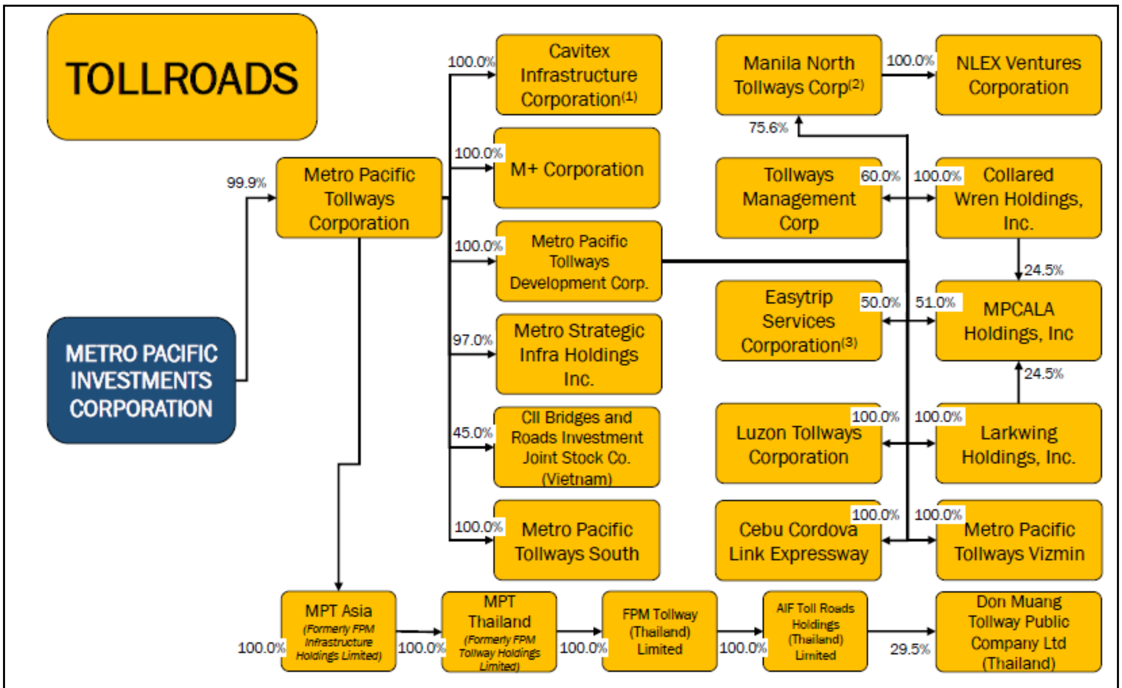
LEGEND:
Subsidiary (S)

METRO PACIFIC INVESTMENTS CORPORATION

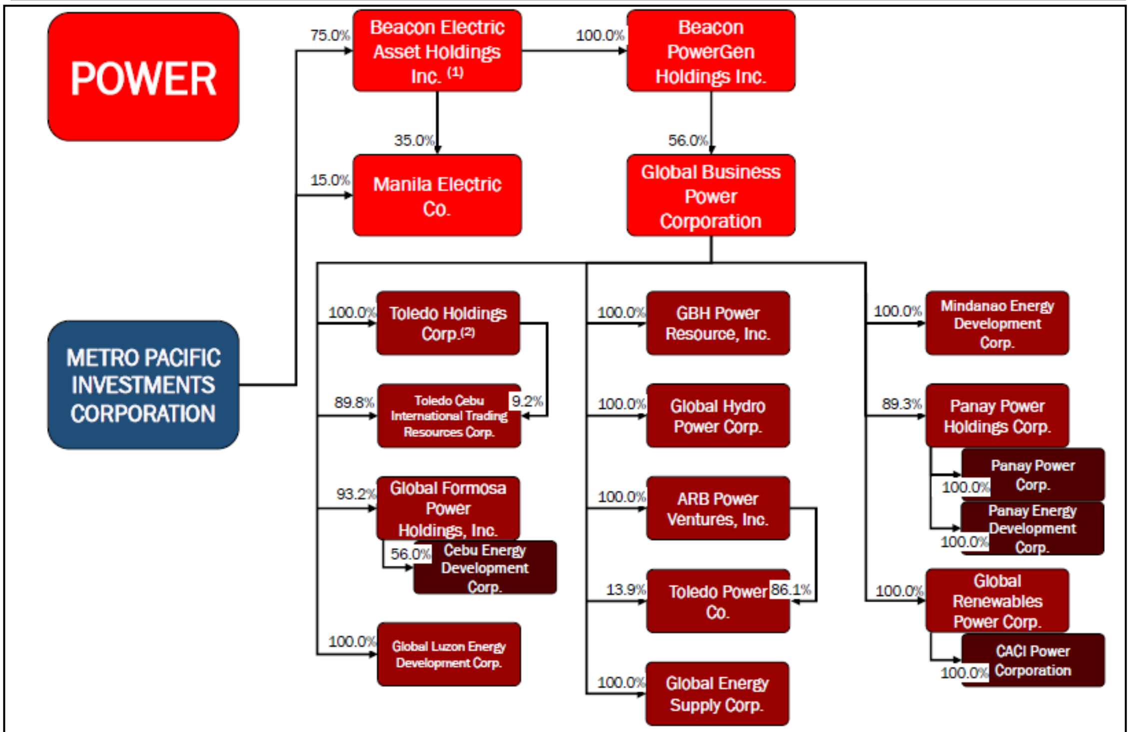
SUBSIDIARIES
AS OF DECEMBER 31, 2016



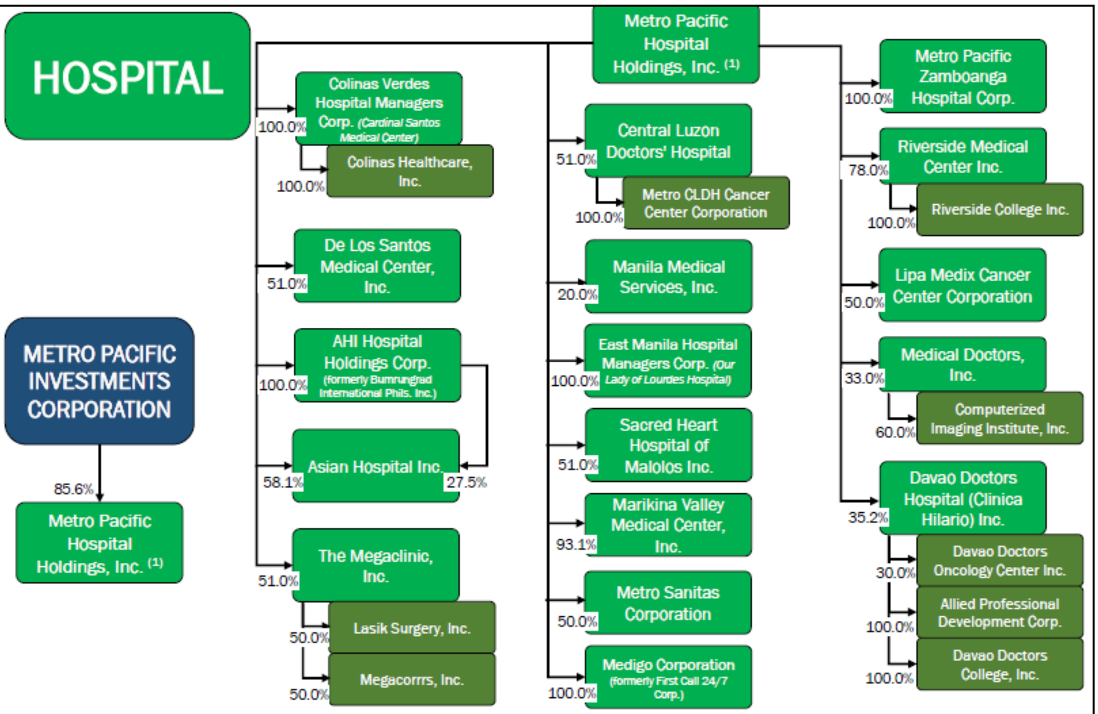




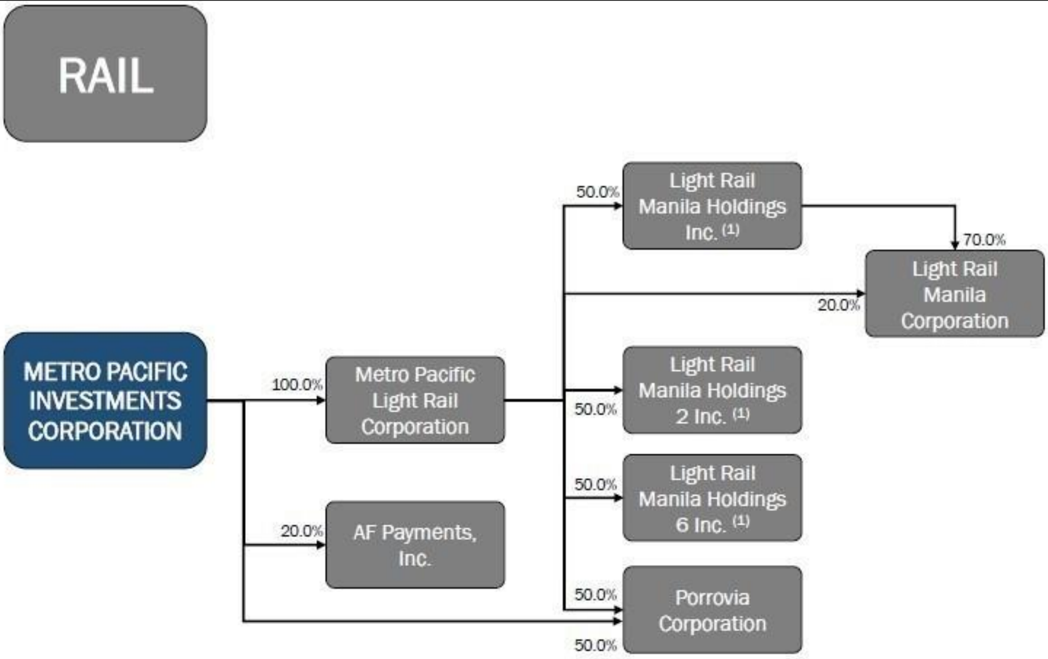
(1) By virtue of the Management Letter-Agreement, MPTC acquired control over CIC effective Jan 2, 2013.
(2) 4.6% is owned through 46% ownership in Egis Investment Partners Philippines Inc.
(3) ESC is a Joint venture between MPTDC and EGIS. Equity interest of 50% plus one share.



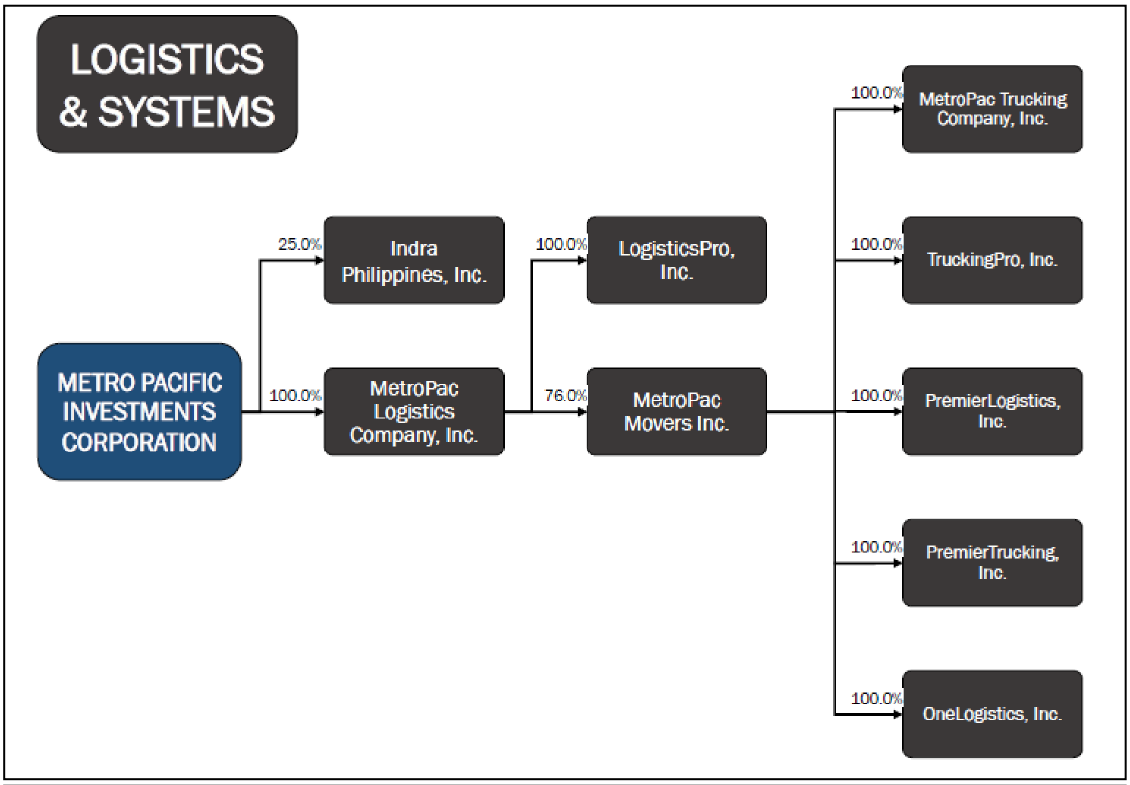
(1) MPIC's ownership of common and preferred shares at 75% but voting rights remain at 50% as per Omnibus Agreement between MPIC and PCEV.
(2) Includes beneficial ownership of the 16% share of GBH Cebu Limited Duration Company, which was dissolved in December 2014.

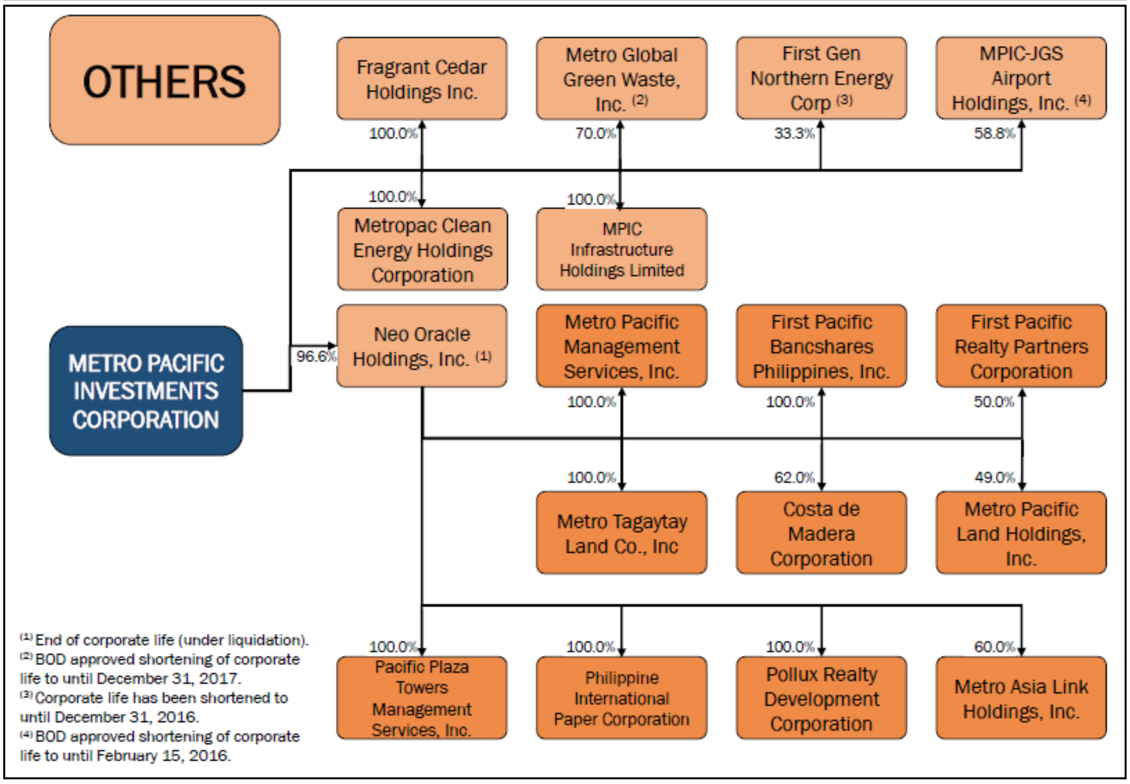


(1) GIC also holds an Exchangeable Bond issued by MPIC which can be exchanged into a 25.5% stake in NSHI in the future, subject to certain conditions.



(1) Controlling interest in LRMHI, LRMH2 and LRMH6. Equity interest of 50% plus one share.


LOGISTICS & SYSTEMS
METRO PACIFIC INVESTMENTS CORPORATION
25.0%
Indra Philippines, Inc.
100.0%
MetroPac Logistics Company, Inc.
100.0%
LogisticsPro, Inc.
76.0%
MetroPac Movers Inc.
100.0%
MetroPac Trucking Company, Inc.
100.0%
TruckingPro, Inc.
100.0%
PremierLogistics, Inc.
100.0%
PremierTrucking, Inc.
100.0%
OneLogistics, Inc.


OTHERS
METRO PACIFIC INVESTMENTS CORPORATION
Fragrant Cedar Holdings Inc.
100.0%
Metro Global Green Waste, Inc. (2)
70.0%
First Gen Northern Energy Corp (3)
33.3%
MPIC-JGS Airport Holdings, Inc. (4)
58.8%
100.0%
Metropac Clean Energy Holdings Corporation
100.0%
MPIC Infrastructure Holdings Limited
96.6%
Neo Oracle Holdings, Inc. (1)
Metro Pacific Management Services, Inc.
100.0%
First Pacific Bancshares Philippines, Inc.
100.0%
First Pacific Realty Partners Corporation
50.0%
100.0%
Metro Tagaytay Land Co., Inc
62.0%
Costa de Madera Corporation
49.0%
Metro Pacific Land Holdings, Inc.
100.0%
Pacific Plaza Towers Management Services, Inc.
100.0%
Philippine International Paper Corporation
100.0%
Pollux Realty Development Corporation
60.0%
Metro Asia Link Holdings, Inc.
(1) End of corporate life (under liquidation).
(2) BOD approved shortening of corporate life to until December 31, 2017.
(3) Corporate life has been shortened to until December 31, 2016.
(4) BOD approved shortening of corporate life to until February 15, 2016.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	2016	2015 (As restated)
Liquidity Ratio		
Current ratio	**3.01**	2.61
Current assets	**₱105,766**	₱134,745
Current liabilities	**35,084**	51,711
Solvency Ratio		
Total liabilities to total equity ratio	**0.88**	1.23
Total liabilities	**124,208**	167,834
Total equity	**141,238**	136,532
Debt to equity ratio	**0.63**	0.88
Total debt	**88,761**	120,674
Total equity	**141,238**	136,532
Asset to Equity Ratio		
Asset equity ratio	**2.31**	3.38
Total assets	**265,446**	304,366
Equity attributable to Parent Company	**114,805**	90,131
Interest Rate Coverage Ratio*		
Interest rate coverage ratio	**6.99**	9.76
Earnings before interest and taxes (EBIT)	**23,261**	21,114
Interest expense	**3,326**	2,164
Profitability Ratio		
Return on average assets	**5.14%**	4.64%
Net income attributable to Parent Company	**14,634**	12,115
Average assets	**284,906**	261,315
Return on Average Equity	**14.28%**	14.30%
Net income attributable to Parent Company	**14,634**	12,115
Average equity attributable to Parent Company	**102,468**	84,739
Income before income tax	**22,197**	20,740
Interest expense	**3,326**	2,164
Interest income	**2,262**	1,790
EBIT	**23,261**	21,114

*computed as EBIT/Interest Expense

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

DETAILS OF THE PROCEEDS OF THE COMPANY'S PERPETUAL PREFERRED SHARES
FOR THE PERIOD OCTOBER 27, 2016 TO DECEMBER 31, 2016
(In millions)

Gross proceeds	₱12,000
Less: Offer-related fees and expenses	84
Net Proceeds	11,916
Use of Proceeds	
Refinancing of short-term loans	7,520
Acquisition of additional investment in Metropolitan Bank & Trust Company	1,442
Total	8,962
Balance of the Net Offering Proceeds as of December 31, 2016	₱2,954