Annex A

GT Capital Holdings, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements

As of September 30, 2015 (Unaudited) and December 31, 2014 (Audited) and for the period ended September 30, 2015 and 2014 (Unaudited)

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

	Unaudited September 30, 2015	Audited December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	**₱29,028**	₱29,702
Short-term investments	**2,335**	1,309
Receivables	**27,579**	16,223
Reinsurance assets	**2,814**	3,879
Inventories	**68,701**	31,426
Due from related parties	**437**	171
Prepayments and other current assets	**8,646**	5,468
Total Current Assets	**139,540**	88,178
Noncurrent Assets		
Receivables	**9,380**	4,897
Inventories	**6,089**	-
Available-for-sale investments	**4,701**	4,127
Investments in associates and jointly controlled entities	**59,892**	47,451
Investment properties	**10,772**	8,643
Property and equipment	**50,366**	44,801
Goodwill and intangible assets	**18,226**	17,806
Deferred tax assets	**1,912**	1,726
Other noncurrent assets	**699**	634
Total Noncurrent Assets	**162,037**	130,085
	₱301,577	₱ 218,263

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	**₱28,485**	₱19,280
Insurance contract liabilities	**4,768**	5,665
Short-term debt	**10,120**	2,347
Current portion of long-term debt	**10,678**	3,061
Current portion of liabilities on purchased properties	**783**	783
Customers' deposits	**2,801**	2,549
Income tax payable	**825**	476
Due to related parties	**174**	176
Dividends payable	**-**	2,034
Other current liabilities	**439**	882
Total Current Liabilities	**59,073**	37,253
Noncurrent Liabilities		
Long- term debt – net of current portion	**63,677**	42,117
Bonds payable	**21,794**	21,775
Liabilities on purchased properties – net of current portion	**2,137**	2,729
Pension liability	**2,512**	2,261
Deferred tax liabilities	**9,860**	3,532
Other noncurrent liabilities	**3,064**	2,654
Total Noncurrent Liabilities	**103,044**	75,068
	162,117	112,321

(Forward)

	Unaudited	Audited
	September 30, 2015	**December 31, 2014**
Equity		
Equity attributable to equity holders of the Parent Company		
Common Stock	**₱1,743**	₱1,743
Preferred Stock – Voting	**17**	-
Additional paid-in capital	**46,695**	46,695
Treasury shares	**(12)**	(2)
Retained earnings		
Unappropriated	**32,317**	24,432
Appropriated	**6,000**	6,000
Other equity adjustments	**576**	583
Other comprehensive income	**108**	(104)
	87,444	79,347
Non-controlling interests	**52,016**	26,595
Total equity	**139,460**	105,942
	₱301,577	₱218,263

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

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

	Unaudited			
	January to September		July to September	
	2015	2014	**2015**	2014
REVENUE				
Automotive operations	**₱86,650**	₱79,193	**₱30,153**	₱29,472
Net fees	**13,655**	14,316	**4,739**	5,118
Real estate sales	**5,331**	4,457	**2,470**	1,647
Interest income	**1,402**	1,194	**457**	510
Equity in net income of associates and jointly controlled entities	**4,087**	2,755	**1,336**	1,000
Net premium earned	**1,508**	1,306	**528**	420
Sale of goods and services	**417**	457	**144**	142
Rent income	**554**	439	**180**	129
Commission income	**126**	142	**32**	49
Other income	**1,389**	663	**797**	263
	115,119	104,922	**40,836**	38,750
COSTS AND EXPENSES				
Cost of goods and services sold	**53,231**	50,062	**18,236**	18,639
Cost of goods manufactured	**20,040**	18,283	**7,346**	6,402
General and administrative expenses	**8,947**	9,451	**3,363**	3,662
Power plant operation and maintenance expenses	**7,358**	7,791	**2,458**	2,655
Cost of real estate sales	**4,340**	3,324	**2,007**	1,317
Interest expense	**3,016**	2,441	**1,065**	841
Net insurance benefits and claims	**729**	577	**226**	227
Cost of rental	**195**	182	**52**	71
	97,856	92,111	**34,753**	33,814
INCOME BEFORE INCOME TAX	**17,263**	12,811	**6,083**	4,936
PROVISION FOR INCOME TAX	**3,084**	2,216	**1,160**	844
NET INCOME	**₱14,179**	₱10,595	**₱4,923**	₱4,092
Attributable to:				
Equity holders of the Parent Company	**₱8,408**	₱ 6,346	**₱2,786**	₱2,381
Non-controlling interest	**5,771**	4,249	**2,137**	1,711
	₱14,179	₱10,595	**₱4,923**	₱4,092
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**₱48.2**	₱36.4		

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Millions)

	Unaudited			
	January to September		July to September	
	2015	2014	**2015**	2014
NET INCOME	**₱14,179**	₱10,595	**₱4,923**	₱4,092
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified to profit or loss in subsequent periods:				
Changes in fair value of available-for-sale investments	**460**	824	**(23)**	854
Equity in other comprehensive income of associates:				
Changes in fair value of available-for-sale investments of associates	**(164)**	(122)	**(289)**	329
Translation adjustment of associates	**162**	25	**116**	162
	458	727	**(196)**	1,345
Items that may not be reclassified to profit or loss in subsequent periods:				
Remeasurement of defined benefit plans	**(17)**	2	**-**	-
Equity in remeasurement of defined benefit plans of associates	**(15)**	(1)	**-**	(1)
Income tax effect	**10**	-	**-**	-
	(22)	1	**-**	(1)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**₱436**	₱728	**(₱196)**	₱1,344
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱14,615**	₱11,323	**₱4,727**	₱5,436
Attributable to:				
Equity holders of the Parent Company	**₱8,620**	₱6,696	**₱2,590**	₱3,325
Non-controlling interest	**5,995**	4,627	**2,137**	2,111
	₱14,615	₱11,323	**₱4,727**	₱5,436

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF SEPTEMBER 30, 2015 AND 2014 (UNAUDITED)

(In Millions)

	Equity Attributable to Equity Holders of the Parent Company													
	Common Stock	**Preferred Stock - Voting**	**Additional Paid-in Capital**	**Treasury Shares**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Net Unrealized Gain on Available-for-Sale Investments**	**Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plans**	**Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates**	**Equity in Translation Adjustment of Associates**	**Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates**	**Other Equity Adjustment**	**Non-controlling Interests**	**Total**
At January 1, 2015	**₱1,743**	**₱–**	**₱46,695**	**(₱2)**	**₱24,432**	**₱6,000**	**₱618**	**(₱420)**	**(₱78)**	**₱391**	**(₱615)**	**₱583**	**₱26,595**	**₱105,942**
Total comprehensive income	–	–	–	–	**8,408**	–	**236**	**(12)**	**(164)**	**162**	**(10)**	–	**5,995**	**14,615**
Issuance of Preferred Stock - Voting	–	**17**	–	–	–	–	–	–	–	–	–	–	–	**17**
Dividends declared	–	–	–	–	**(523)**	–	–	–	–	–	–	–	**(3,449)**	**(3,972)**
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	**(7)**	**(5)**	**(12)**
Effect of acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	**22,880**	**22,880**
Acquisition of treasury shares, net of reissuance	–	–	–	**(10)**	–	–	–	–	–	–	–	–	–	**(10)**
At September 30, 2015	**₱1,743**	**₱17**	**₱46,695**	**(₱12)**	**₱32,317**	**₱6,000**	**₱854**	**(₱432)**	**(₱242)**	**₱553**	**(₱625)**	**₱576**	**₱52,016**	**₱139,460**

(Forward)

	Equity Attributable to Equity Holders of the Parent Company												
	Capital Stock	**Additional Paid-in Capital**	**Treasury Shares**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Net Unrealized Gain on Available-for-Sale Investments**	**Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plans**	**Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates**	**Equity in Translation Adjustment of Associates**	**Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates**	**Other Equity Adjustment**	**Non-controlling Interests**	**Total**
At January 1, 2014	**₱1,743**	**₱46,695**	**(₱6)**	**₱21,802**	**₱–**	**₱80**	**(₱216)**	**₱5**	**₱417**	**(₱723)**	**₱729**	**₱22,038**	**₱92,564**
Total comprehensive income	–	–	–	**6,346**	–	**447**	**1**	**(122)**	**25**	**(1)**	–	**4,627**	**11,323**
Dividends declared	–	–	–	**(523)**	–	–	–	–	–	–	–	**(2,262)**	**(2,785)**
Movement in non-controlling interest of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	**2,677**	**2,677**
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	**(376)**	**(336)**	**(712)**
Sale of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	**194**	**105**	**299**
Effect of acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	**24**	**24**
Disposal of treasury shares	–	–	**(4)**	–	–	–	–	–	–	–	–	–	**(4)**
Acquisition of new treasury shares	–	–	**4**	–	–	–	–	–	–	–	–	–	**4**
Appropriation of retained earnings	–	–	–	**(3,000)**	**3,000**	–	–	–	–	–	–	–	–
Effect of change in direct ownership in existing subsidiaries	–	–	–	–	–	–	–	–	–	–	**36**	**(37)**	**(1)**
At September 30, 2014	**₱1,743**	**₱46,695**	**(₱6)**	**₱24,625**	**₱3,000**	**₱527**	**(₱215)**	**(₱117)**	**₱442**	**(₱724)**	**₱583**	**₱26,836**	**₱103,389**

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	Unaudited	
	Period Ended September 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱17,263**	₱12,811
Adjustments for:		
Equity in net income of associates and a joint venture	**(4,087)**	(2,755)
Interest expense	**3,016**	2,441
Depreciation and amortization	**2,706**	2,064
Interest income	**(1,402)**	(1,194)
Pension expense	**176**	141
Gain on sale of property and equipment	**(30)**	(90)
Gain on sale of available-for-sale investments	**(17)**	(8)
Dividend income	**(48)**	(53)
Allowance for doubtful accounts	**13**	2
Unrealized foreign exchange loss	**42**	
Operating income before changes in working capital	**17,632**	13,359
Decrease (increase) in:		
Short-term investments	**(12)**	170
Receivables	**(3,560)**	(4,932)
Reinsurance assets	**1,066**	(413)
Inventories	**(8,719)**	(4,911)
Due from related parties	**(266)**	251
Prepayments and other current assets	**(1,589)**	(589)
Increase (decrease) in:		
Accounts and other payables	**5,661**	3,791
Insurance contract liabilities	**(897)**	573
Customers' deposits	**(423)**	(334)
Other current liabilities	**(445)**	353
Cash provided by operations	**8,448**	7,318
Contribution to pension fund	**(35)**	(56)
Interest received	**1,371**	1,190
Interest paid	**(2,883)**	(2,674)
Dividends received	**287**	533
Dividends paid	**(6,005)**	(4,751)
Income taxes paid	**(2,773)**	(1,228)
Net cash provided by (used in) operating activities	**(1,590)**	332
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of:		
Available-for-sale investments	**235**	370
Property and equipment	**171**	156
Additions to:		
Available-for-sale investments	**(341)**	(501)
Investment in associates and joint ventures	**(8,913)**	(2,822)
Property and equipment	**(7,189)**	(3,559)
Intangible assets	**(6)**	(8)
Investment properties	**(15)**	(25)
Acquisition of subsidiary through business combination	**(6,902**)	(282)
Decrease (increase) in other noncurrent asset	**(80)**	(7,407)
Net cash used in investing activities	**(23,040)**	(14,078)

(Forward)

	Unaudited	
	Period Ended September 30	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment	**₱33,671**	₱9,079
Proceeds from bond issuance	–	11,877
Payment of loans payable	**(9,466)**	(7,327)
Issuance of capital stock	**17**	–
Increase (decrease) in:		
Liabilities on purchased properties	**(592)**	(470)
Due to related parties	**(2)**	(6)
Other noncurrent liabilities	**370**	(136)
Noncontrolling interest	–	2,677
Net cash provided by financing activities	**23,998**	15,694
Effect of exchange rate changes on cash and cash equivalents	**(42)**	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(674)**	1,948
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**29,702**	27,167
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱29,028**	₱29,115

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

GENERAL NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

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

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

Group Activities

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

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

The primary purpose of the PCFI Group is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment, real estate of all kinds, including buildings, houses, apartments and other structures.

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

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

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

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

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

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

The accompanying interim condensed consolidated financial statements of the Company were approved for issue by the Company's Audit Committee on November 9, 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34 Interim Financial Reporting. Accordingly, the interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Group's annual audited financial statements as at December 31, 2014.

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

Presentation of Financial Statements

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

Basis of Consolidation

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

		Direct Percentages of Ownership		Effective Percentages of Ownership	
	Country of Incorporation	**September 30, 2015**	December 31, 2014	**September 30, 2015**	December 31, 2014
Fed Land and Subsidiaries	Philippines	**100.00**	100.00	**100.00**	100.00
Charter Ping An	-do-	**100.00**	100.00	**100.00**	100.00
GBPC and Subsidiaries	-do-	**51.27**	51.27	**52.45**	52.45
TCI and Subsidiary	-do-	**53.80**	52.01	**53.80**	52.01
Toyota and Subsidiaries	-do-	**51.00**	51.00	**51.00**	51.00
PCFI and Subsidiaries	-do-	**22.68**	-	**22.68**	-

As of September 30, 2015 and December 31, 2014, the Parent Company has effective ownership over GBPC of 52.45% (51.27% direct interest and 1.18% indirect interest). The Parent Company's indirect interest comes from its direct interest in MBTC, 25.22% as of September 30, 2015 and 25.11% as of December 31, 2014, which has 99.23% direct interest in First Metro Investments Corporation (FMIC). FMIC, in turn, has 4.73% direct interest in GBPC as of September 30, 2015 and December 31, 2014.

On June 1, 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 (see Note 8).

Fed Land's Subsidiaries

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

**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 merger was approved by the Philippine SEC on March 20, 2015.*

PCFI's Subsidiaries

	Percentage of Ownership
Micara Land, Inc.	100.00
Firm Builders Realty Development Corporation	100.00

GBPC's Subsidiaries

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

***GBPC acquired 51% of GLEDC from Meralco PowerGen Corporation by virtue of a Deed of Assignment dated 30 October 2014. Registration in the name of GBPC was completed in July 2015.*

Toyota's Subsidiaries

	Percentage of Ownership
Toyota Makati Inc.	100.00
Toyota Sta. Rosa Laguna Inc. (TSRLI)*	100.00
Toyota San Fernando Inc.	55.00
Lexus Manila Inc.	75.00

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

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

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

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

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

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

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

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

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

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

Business Combinations and Goodwill

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

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

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

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

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

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

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

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

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

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

<u>Changes in Accounting Policies</u>
The accounting policies adopted in preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited annual consolidated financial statements as of and for the year ended December 31, 2014 except for the following new and amended Philippine Financial Reporting Standards (PFRS), PAS and Philippine Interpretations which were adopted as of January 1, 2015.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>
The Annual Improvements to PFRSs (2011-2013 cycle) which took effect on July 1, 2014 contain non-urgent but necessary amendments to the following standards:

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The Group will consider this amendment for future joint arrangements.

PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. The amendment has no significant impact on the Group's financial position or performance.

PAS 40, *Investment Property*
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment has no significant impact on the Group's financial position or performance.

The Group will consider the amendments to the following standards as applicable to future transactions:

PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be

attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January1, 2015. It is not expected that this amendment would be relevant to the Group, since it has noncontributory defined benefit plan.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) which took effect on January 1, 2015, contain non-urgent but necessary amendments to the following standards:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively, revised the definitions of vesting and market conditions and added the definitions of performance and service conditions to clarify various issues. This amendment does not apply to the Group as it has no share-based payments.

PFRS 3, *Business Combinations –Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted). The Group shall consider this amendment for future business combinations.

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that an entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. These amendments are applied retrospectively and affect disclosures only.

PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment has no impact on the Group's financial position or performance.

PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

Except as otherwise indicated, the impact of the revised standards adopted effective January 1, 2015 has been reflected in the interim condensed consolidated financial statements, as applicable.

Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of September 30, 2015 and December 31, 2014, the Group's financial assets are of the nature of loans and receivables and AFS investments while financial liabilities are of the nature of other financial liabilities. The Group made no reclassifications in its financial assets in 2015 and 2014.

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

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

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

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

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

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

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

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

This accounting policy applies primarily to the Group's "Accounts and other payables", "Loans payable", "Bonds payable", "Liabilities on purchased properties", "Due to related parties" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

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

New Standards

PFRS 9, *Financial Instruments – Classification and Measurement* (2010 version)
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, Financial Instruments: Recognition and Measurement. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

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

Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. The standard would not apply to the Group since it is an existing PFRS preparer.

Amendments

PAS 1*, Presentation of Financial Statements – Initiative to improve presentation and disclosure in financial reports*
The amendments to PAS 1 further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. It clarifies that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosure.

PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets– Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group since it does not use a revenue-based method to depreciate its non-current assets.

PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture – Bearer Plants* (Amendments)
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

PAS 27, *Separate Financial Statements* **-** *Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or

after January 1, 2016, with early adoption permitted. It is not expected that the amendment would be relevant to the Group's consolidated financial statements.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Group shall consider this amendment for future joint arrangements.

<u>Annual Improvements to PFRSs (2012-2014 cycle)</u>
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016.

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits – regional market issue regarding discount rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

PFRS 9, *Financial Instruments – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39* (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before January 1, 2015.

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 Group is currently assessing the impact of adopting this standard.

IFRS 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. This mandatory effective date was moved to January 1, 2018.

3. **Investment in subsidiaries, associates and jointly controlled entities**

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%.

Investment in Alveo-Federal Land Communities Inc.
On April 29, 2015, Fed Land and Alveo Land Corp. executed a joint venture agreement for the organization of a joint venture, Alveo-Federal Land Communities Inc. (AFLCI), to manage the development of a 45-hectare property along Laguna Boulevard in Binan, Laguna. AFLCI was incorporated on June 16, 2015.

Cash dividends from MBTC
On January 27, 2015, the BOD of MBTC approved the declaration of a 5.00% cash dividend or ₱1.00 per share based on a par value of ₱20.00 to all stockholders of record as of March 26, 2015 payable on March 31, 2015. The BSP approved such dividend declaration on March 12, 2015.

Investment in Fed Land Preferred Shares–Series B
On January 20, 2015 and February 16, 2015, the Parent Company disbursed funds totaling ₱3.50 billion and ₱2.50 billion, respectively representing its deposit for future stock subscription of Fed Land's Preferred Shares–Series B.

Business Combinations

2015
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 the PCFI's series A preferred shares representing 51% 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 an initial 22.68% of PCFI for ₱7.24 billion on August 20, 2015, upon fulfillment of all closing conditions, including the execution of an irrevocable proxy in favor of the Parent Company, covering 51% 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.

As of September 30, 2015, the purchase price allocation relating to the Parent Company's acquisition of control over PCFI has been prepared on a preliminary basis. The provisional fair values of the assets acquired and liabilities assumed as of date of acquisition is based on net book values of identifiable assets and liabilities plus certain adjustments since the Parent Company currently is finalizing the information for the purchase price allocation. The difference between the total consideration and the net assets amounting to ₱755 million was initially allocated to goodwill. The preliminary allocation is subject to revision to reflect the final determination of fair values. The preliminary accounting will be completed based on further valuations and studies carried out within twelve months from acquisition date.

As of September 30, 2015, the provisional fair values of the identifiable assets and liabilities of PCFI are as follows (amounts in million pesos):

Assets	
Cash and cash equivalents	₱338
Short-term investments	1,014
Receivables	11,810
Inventories	34,664
Prepayments and other current assets	1,589
Available-for-sale investments	1
Property and equipment	727
Intangible assets	16
Investment properties	2,391
Deferred tax assets	8
Other noncurrent assets	163
	52,721
Liabilities	
Accounts and other payables	3,071
Customer's deposits	676
Income tax payable	38
Current liabilities-Others	2
Long-term debt	13,113
Deferred tax liabilities	6,359
Pension Liabilities	97
	23,356
Net assets	₱29,365

The aggregate consideration transferred consists of:

Cash consideration	₱7,240
Fair value of non-controlling interests	22,880
	₱30,120

The business combination resulted in provisional goodwill computed as follows:

Total Consideration transferred	₱30,120
Less: Provisional fair value of identifiable net assets	29,365
Goodwill	₱755

If the business combination with PCFI has taken place at the beginning of the year, total revenues and net income attributable to equity holders of the Parent Company for the period ended September 30, 2015 would have been ₱119.2 billion and ₱8.6 billion, respectively.

2014

Acquisition of TCI

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

The acquisition of TCI was accounted for as a business combination using the acquisition method. The Group engaged a third party valuer to conduct the purchase price allocation. The Group elected to measure the non-controlling interest in TCI at the proportionate share of the non-controlling interest in the identifiable net assets of TCI.

In December 2014, the fair values of the identifiable assets and liabilities of TCI as of acquisition date were finalized. Details of final the purchase price allocation relating to the Parent Company's acquisition of control over TCI are extensively discussed in the 2014 Audited Financial Statements.

4. Cash and cash equivalents

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Cash on hand	**₱12**	₱8	₱32
Cash in banks	**5,697**	6,220	17,170
Cash equivalents	**23,319**	22,887	12,500
	₱29,028	₱29,115	₱29,702

5. Receivable and Inventories

Additional current and noncurrent receivables in 2015 is related to 1) the consolidation of PCFI's receivables amounting to ₱13.17 billion consisting of current and noncurrent installment contract receivables, receivable from finance company and other receivables and 2) increase in Fed Land's noncurrent installment contract receivables amounting to ₱2.56 billion.

Additional current and non-current inventories in 2015 mainly pertain to 1) the consolidation of PCFI's inventories amounting to ₱34.5 billion comprising landbank, land for future development, materials inventory, land development, ongoing construction for house inventory and condominium units for sale; and 2) Fed Land's acquisition of landbank amounting to ₱8.7 billion located in Macapagal, Pasay City, Bonifacio Global City, Taguig City, Ortigas, Pasig City and Iloilo City; offset by Fed Land's sale of condominium units amounting to ₱0.9 billion.

6. Property and Equipment and Other Noncurrent Assets

The significant increase in the property and equipment account is primarily attributable to 1) Php4.0 billion of GBPC's ongoing construction in Panay Energy Unit 3 Plant Expansion, net of depreciation; 2) Php0.8 billion of TMP's ongoing capital expenditure projects, net of depreciation; and 3) Php0.7 billion from PCFI's fixed assets.

7. Loans Payable and Bonds Payable

Short-term loans payable
The increase in the Group's short-term loans payable in 2015 is primarily due to the consolidation of PCFI short term debt amounting to ₱2.0 billion and availment of short-term loans by the Parent Company, Fed Land, TMP subsidiaries and TCI amounting to ₱6.0 billion, ₱0.4 billion, ₱0.4 billion and ₱0.4 billion, respectively, offset by loan payments made by Fed Land, TMP subsidiaries and TCI amounting to ₱0.01 billion, ₱0.8 billion and ₱0.6 billion, respectively.

The increase in current portion of long-term debt is due to the consolidation of PCFI's current portion of long-term debt (₱5.6 billion), reclassification of Fed Land's debt (₱2.0 billion) and GBPC's debt (₱40 million) from non-current to current.

Long-term loans payable
The increase in long-term debt is due to 1) GT Capital's availment of ₱13.0 billion bilateral fixed-rate term loans to finance its investment in the Metrobank stock rights offering and increase in the land bank of Fed Land, 2) PEDC's ₱4.0 billion drawdown on its ₱11.0 billion project loan to partially finance construction of PEDC Unit 3 Plant, 3) Fed Land's availment of ₱2.0 billion long-term loan to finance working capital requirements, and 4) PCFI's long-term loans consolidated to GT Capital starting August 2015 offset by a 1) ₱2.0 billion reclassification of Fed Land's long-term loans from non-current to current, 2) ₱1.9 billion debt service payment, 3) ₱0.2 billion amortization of deferred financing cost and 4) ₱0.4 billion amortization of fair value adjustment in GBPC's long-term debt.

Bonds payable
This account consists of the following Peso Bonds:

			Carrying Value	
Maturity Dates	Interest rate	Par Value	**September 30, 2015**	December 31, 2014
₱10.0 billion Bonds				
February 27, 2020	4.8371%	₱3,900	**₱3,873**	₱3,869
February 27, 2023	5.0937%	6,100	**6,029**	6,025
		10,000	**9,902**	9,894
₱12.0 billion Bonds				
November 7, 2019	4.7106%	3,000	**2,975**	2,971
August 7, 2021	5.1965%	5,000	**4,955**	4,950
August 7, 2014	5.6250%	4,000	**3,962**	3,960
		12,000	**11,892**	11,881
Balances at end of year		₱22,000	**₱21,794**	₱21,775

Unamortized debt issuance costs on these notes amounted to ₱185.82 million and ₱205.28 million as of September 30, 2015 and December 31, 2014, respectively.

8. **Equity**

Treasury shares
As of September 30, 2015 and December 31, 2014, treasury shares of the Group pertain to 5,000 shares of the Parent Company held by Ping An with original acquisition cost of ₱12.27 million and ₱2.28 million, respectively.

Amendment of Articles of Incorporation to Create Voting Preferred Shares of Stock
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 by creating 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 and Issuance
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 Ten Centavos (₱0.10) 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.

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 SEVENTH of its Amended Articles of Incorporation to create a new class of shares (Perpetual Preferred Shares). The authorized capital stock of the Corporation of Five Billion Pesos (₱5,000,000,000.00) in lawful money of the Philippines, will be divided into Two Hundred Ninety

Eight Million, Two Hundred Fifty Seven Thousand (298,257,000) Common Shares with a par value of Ten Pesos (₱10.00) per share, Twenty Million (20,000,000) Perpetual Preferred Shares with a par value of One Hundred Pesos (₱100.00) per share and One Hundred Seventy Four Million Three Hundred Thousand (174,300,000) Voting Preferred Shares with a par value of Ten Centavos (₱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.

The Amended Articles of Incorporation to create perpetual preferred shares of stock was approved by the Securities and Exchange Commission on June 3, 2015.

Retained earnings
On December 15, 2014, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱6.00 billion to be earmarked for the additional investments in Series B Perpetual Preferred Shares of Fed Land within 2015.

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

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

Said appropriation was reversed in 2014 upon completion of the expansion and acquisition.

Details of the Parent Company's dividend distributions 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
March 13, 2015	₱3.00	₱522.90	April 17, 2015	May 4, 2015
March 11, 2014	₱3.00	₱522.90	April 8, 2014	May 2, 2014

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

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

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

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

In June 2015, the Parent Company acquired 2,705,295 shares of TCI for a total consideration of ₱13.5 million, resulting to 53.80% ownership over TCI. This acquisition was accounted for as an equity transaction and resulted in the recognition of other equity adjustments amounting to negative ₱7.1 million

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

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

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

9. Related Party Transactions

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

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

As of September 30, 2015 and December 31, 2014, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

10. Basic/Diluted Earnings Per Share

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

	September		December 31,
	2015	**2014**	2014
	Unaudited		Audited
Net income attributable to equity holders of the Parent Company	**₱8,408**	₱6,346	₱9,153
Weighted average number of shares outstanding	**174.3**	174.3	174.3
	₱48.2	₱36.4	₱52.51

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

11. Operating Segments

Segment Information

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

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

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

Seasonality of Operations

The operations of the Group are not materially affected by seasonality, except for the mall leasing operations of the real estate segment which experiences higher revenues during the holiday seasons. This information is provided to allow for a proper appreciation of the results of the

Group's operations. However, management concluded that the aforementioned discussions of seasonality do not constitute "highly seasonal" as considered in PAS 34.

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

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

In 2015, the Group changed its presentation of operating segment assets, particularly for the Group's investments in subsidiaries, associates and jointly controlled entities which are previously reported under others segment. Beginning January 1, 2015, the Group's investments in subsidiaries, associates and jointly controlled entities are presented under the respective segment to which the investee entity belongs. The presentation of operating segment assets as of December 31, 2014 has been updated to reflect this change.

The following tables present the financial information of the operating segments of the Group as of and for the nine month period ended September 30, 2015 and as of and for the year ended December 31, 2014:

	Period Ended September 30, 2015 (Unaudited)					
	Real Estate	**Financial Institution**	**Automotive**	**Power**	**Others**	**Total**
Revenue	**₱5,725**	**₱1,508**	**₱86,650**	**₱13,655**	**₱-**	**₱107,538**
Other income	**1,207**	**176**	**141**	**567**	**1**	**2,092**
Equity in net income of associates and joint ventures	**402**	**3,627**	**58**	**-**	**-**	**4,087**
	7,334	**5,311**	**86,849**	**14,222**	**1**	**113,717**
Cost of goods and services sold	**333**	**-**	**52,898**	**-**	**-**	**53,231**
Cost of goods manufactured	**-**	**-**	**20,040**	**-**	**-**	**20,040**
Cost of rental	**195**	**-**	**-**	**-**	**-**	**195**
Cost of real estate sales	**4,340**	**-**	**-**	**-**	**-**	**4,340**
Power plant operation and maintenance	**-**	**-**	**-**	**7,358**	**-**	**7,358**
Net insurance benefits	**-**	**729**	**-**	**-**	**-**	**729**
General and administrative expense	**1,797**	**928**	**3,591**	**2,541**	**90**	**8,947**
	6,665	**1,657**	**76,529**	**9,899**	**90**	**94,840**
Earnings before interest and taxes	**669**	**3,654**	**10,320**	**4,323**	**(89)**	**18,877**
Depreciation and amortization	**197**	**34**	**632**	**1,839**	**4**	**2,706**
EBITDA	**866**	**3,688**	**10,952**	**6,162**	**(85)**	**21,583**
Interest income	**1,008**	**53**	**198**	**121**	**22**	**1,402**
Interest expense	**(168)**	**-**	**(88)**	**(1,490)**	**(1,270)**	**(3,016)**
Depreciation and amortization	**(197)**	**(34)**	**(632)**	**(1,839)**	**(4)**	**(2,706)**
Pretax income	**1,509**	**3,707**	**10,430**	**2,954**	**(1,337)**	**17,263**
Provision for income tax	**372**	**24**	**2,614**	**46**	**28**	**3,084**
Net Income (Loss)	**₱1,137**	**₱3,683**	**₱7,816**	**₱2,908**	**(₱1,365)**	**₱14,179**
Segment Assets	**₱117,943**	**₱61,749**	**₱46,699**	**₱73,625**	**₱1,561**	**₱301,577**
Segment Liabilities	**₱52,512**	**₱6,708**	**₱21,595**	**₱40,320**	**₱40,982**	**₱162,117**

	December 31, 2014					
Results of Operations	Real Estate	Financial Institution	Automotive	Power	Others	Total
Revenue	₱6,424	₱1,751	₱108,816	₱18,973	₱–	₱135,964
Other income	1,420	191	430	105	(3)	2,143
Equity in net income of associates and joint ventures	358	2,988	74	–	–	3,420
	8,202	4,930	109,320	19,078	(3)	141,527
Cost of goods and services sold	540	–	70,057	–	–	70,597
Cost of goods manufactured	–	–	24,213	–	–	24,213
Cost of real estate sales	4,334	–	–	–	–	4,334
Cost of rental	270	–	–	–	–	270
Power plant operation and maintenance	–	–	–	8,572	–	8,572
Net insurance benefits	–	784	–	–	–	784
General and administrative expense	1,834	1,110	5,021	5,103	183	13,251
	6,978	1,894	99,291	13,675	183	122,021
Earnings before interest and taxes	1,224	3,036	10,029	5,403	(186)	19,506
Depreciation and amortization	246	40	588	2,324	5	3,203
EBITDA	1,470	3,076	10,617	7,727	(181)	22,709
Interest income	1,170	75	192	140	19	1,596
Interest expense	(472)	–	(121)	(1,848)	(800)	(3,241)
Depreciation and amortization	(246)	(40)	(588)	(2,324)	(5)	(3,203)
Pretax income	1,922	3,111	10,100	3,695	(967)	17,861
Provision for income tax	426	(598)	2,767	111	4	2,710
Net Income (Loss)	₱1,496	₱3,709	₱7,333	₱3,584	(₱971)	₱15,151
Segment Assets	₱53,223	₱50,442	₱42,433	₱70,191	₱1,974	₱218,263
Segment Liabilities	₱24,966	₱7,039	₱18,064	₱40,324	₱21,928	₱112,321

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:

	September 30, 2015	September 30, 2014	December 31, 2014
Domestic	**₱ 107,825**	₱96,161	₱131,359
Foreign	**7,294**	8,761	11,764
	₱115,119	₱104,922	₱143,123

12. **Financial Risk Management and Objectives**

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

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

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

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

Credit risk

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

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

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

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

As of September 30, 2015 and December 31, 2014, the maximum exposure to credit risk of the Group's financial assets is equal to its carrying value except for installment contracts receivable with nil exposure to credit risk since the fair value of the related condominium units collateral is greater than the carrying value of the installment contracts receivable.

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

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

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

	September 30, 2015 (Unaudited)			
(Amounts in millions)	**< 1 year**	**> 1 to < 5 years**	**> 5 years**	**Total**
Financial assets				
Cash and cash equivalents*	**₱29,016**	**₱–**	**₱–**	**₱29,016**
Short-term investments	**2,335**	**–**	**–**	**2,335**
Receivables	**28,000**	**9,048**	**1,675**	**38,723**
Due from related parties	**438**	**–**	**–**	**438**
AFS investments				
Equity securities				
Quoted	**3,027**	**–**	**–**	**3,027**
Unquoted	**481**	**–**	**–**	**481**
Debt securities	**96**	**348**	**781**	**1,225**
Total undiscounted financial assets	**₱63,393**	**₱9,396**	**₱2,456**	**₱75,245**
Financial liabilities				
Accounts and other payables	**₱25,130**	**₱631**	**₱175**	**₱25,936**
Customer's deposit	**2,802**			**2,802**
Loans payable	**16,005**	**30,075**	**39,959**	**86,039**
Bonds payable	**1,126**	**16,923**	**11,182**	**29,231**
Due to related parties	**174**	**–**	**–**	**174**
Liabilities on purchased properties	**871**	**893**	**1,689**	**3,453**
Total undiscounted financial liabilities	**₱46,108**	**₱48,522**	**₱53,005**	**₱147,635**
Liquidity Gap	**₱17,285**	**(₱39,126)**	**(₱50,549)**	**(₱72,390)**

(Amounts in millions)	December 31, 2014 < 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents	₱29,702	₱–	₱–	₱29,702
Short-term investments	1,309	–	–	1,309
Receivables	16,771	3,743	522	21,036
Due from related parties	171	–	–	171
AFS investments				
Equity securities				
Quoted	2,549	–	–	2,549
Unquoted	481	–	–	481
Debt securities	26	349	722	1,097
Total undiscounted financial assets	₱51,009	₱4,092	₱1,244	₱56,345
Other financial liabilities				
Accounts and other payables	₱19,948	₱508	₱175	₱20,631
Dividends payable	2,034	–	–	2,034
Loans payable	7,929	32,981	16,993	57,903
Bonds payable	1,126	12,217	16,731	30,074
Due to related parties	176	–	–	176
Liabilities on purchased properties	783	1,982	747	3,512
Total undiscounted financial liabilities	₱31,996	₱47,688	₱34,646	₱114,330
Liquidity Gap	₱19,013	(₱43,596)	(₱33,402)	(₱57,985)

Foreign currency risk

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

Interest rate risk

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

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

13. Fair Value Measurement

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

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

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

Receivables
The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 8.00% to 12.00% as of September 30, 2015 and December 31, 2014. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan and determined that the carrying amount of the loans receivable was not materially different from its calculated fair value.

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

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

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

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

Loans payable
Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. The interest rates used ranged from 3.75% to 7.10% for the year ended September 30, 2015 and December 31, 2014.

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

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

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

		September 30, 2015 (Unaudited)			
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Loans and receivables					
Installment contracts receivable	**₱18,786**	**₱–**	**₱–**	**₱22,384**	**₱22,384**
AFS investments					
Government securities	**838**	**–**	**838**	**–**	**838**
Quoted debt securities	**354**	**354**	**–**	**–**	**354**
Quoted equity securities	**3,027**	**3,027**	**–**		**3,027**
Total Financial Assets	**₱23,005**	**₱3,381**	**₱838**	**₱22,384**	**₱26,603**
Non-Financial Assets					
Investment properties	**₱10,772**	**₱–**	**₱–**	**₱13,571**	**₱13,571**
Financial Liabilities					
Loans payable	**₱84,886**	**₱–**	**₱88,066**	**₱–**	**₱88,066**
Bonds payable	**21,794**	**22,162**	**–**	**–**	**22,162**
Total Financial Liabilities	**₱106,680**	**₱22,162**	**₱88,066**	**₱–**	**₱110,228**

		December 31, 2014			
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Loans and receivables					
Installment contracts receivable	₱7,545	₱–	₱–	₱11,056	₱11,056
AFS investments					
Government securities	781	–	781	–	781
Quoted debt securities	316	316	–	–	316
Quoted equity securities	2,549	2,549	–	–	2,549
Total Financial Assets	₱11,191	₱2,865	₱781	₱11,056	₱14,702
Non-Financial Assets					
Investment properties	₱8,643	₱–	₱–	₱11,141	₱11,141
Financial Liabilities					
Loans payable	₱47,525	₱–	₱49,162	₱–	₱49,162
Bonds payable	21,775	21,517	–	–	21,517
Total Financial Liabilities	₱69,300	₱21,517	₱49,162	₱–	₱70,679

As of September 30, 2015 and December 31, 2014, no transfers were made among the three levels in the fair value hierarchy.

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

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

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

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

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

<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.

14. Contingent Liabilities

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

In addition, in order to partially guarantee the completion of Fed Land's ongoing projects, the Parent Company issued Letters of Guarantee (LG) in favor of Housing and Land Use Regulatory Board for a total guarantee amount of ₱1.36 billion as of September 30, 2015 and December 31, 2014.

15. Events after Financial Reporting Date

On November 5, 2015, the Parent Company signed an agreement to sell 100% of Ping An to AXA Philippines for ₱2.3 billion, subject to closing conditions.

Annex B

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2014 (UNAUDITED)

(Amounts in millions except ratio and %)	**2015**	2014
Liquidity Ratio		
Current ratio	**2.36**	1.97
Current assets	**₱139,540**	₱82,548
Current liabilities	**59,073**	41,833
Solvency Ratio		
Total liabilities to total equity ratio	**1.16**	1.12
Total liabilities	**162,117**	115,726
Total equity	**139,460**	103,389
Debit to equity ratio	**0.78**	0.71
Total debt	**109,189**	73,169
Total equity	**139,460**	103,389
Asset to Equity Ratio		
Asset equity ratio	**3.45**	2.86
Total assets	**301,577**	219,115
Equity attributable to Parent Company	**87,444**	76,553
Interest Rate Coverage Ratio*		
Interest rate coverage ratio	**6.26**	5.76
Earnings before interest and taxes (EBIT)	**18,877**	14,058
Interest expense	**3,016**	2,441
Profitability Ratio		
Return on average assets (Year-to-date)	**3.23%**	3.08%
Net income attributable to Parent Company	**8,408**	6,346
Total assets	**301,577**	219,115
Average assets	**259,920**	205,738
Return on Average Equity (Year-to-date)	**10.08%**	8.63%
Net income attributable to Parent Company	**8,408**	6,346
Equity attributable to Parent Company	**87,444**	76,553
Average equity attributable to Parent Company	**83,396**	73,539

*computed as EBIT/Interest Expense