GT CAPITAL
HOLDINGS, INCORPORATED

April 15, 2013

THE PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Mr. Norberto T. Moreno
Assistant Head, Disclosure Department

Subject: SEC Form 17-A

Gentlemen:

Please see the attached SEC Form 17-A of GT Capital Holdings, Inc. which we filed today with the Securities and Exchange Commission.

Very truly yours,

JOSELITO V. BANAAG
Vice President and Head
Legal and Compliance Division

cc:

Ms. Ma. Concepcion M. Magdaraog
Head – Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

GT Capital Holdings, Inc.

SEC Form 17-A

Annual Report
Pursuant to Section 17 of the Securities Regulation Code
and Section 141 of the Corporation Code of the Philippines

COVER SHEET

CS200711792

SEC Registration Number

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Atty. Joselito Banaag
(Contact Person)

836-4500
(Company Telephone Number)

12 31
Month *Day*
(Fiscal Year)

17-A
(Form Type)

05 14
Month *Day*
(Annual Meeting)

NONE
(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

41
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number CS200711792
File Number ___________

GT CAPITAL HOLDINGS, INC.

(Company's Full Name)

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

(Company's Address)

836-4500

(Telephone Number)

December 31

(Fiscal year ending)

17-A

(Form Type)

(Amendment Designation, if applicable)

December 31, 2012

(Period Ended Date)

None

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2012**

2. SEC Identification Number: **CS200711792**

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

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

5. Province, country or other jurisdiction of incorporation or organization: **METRO MANILA, PHILIPPINES**

6. Industry Classification Code: [ ] (SEC Use Only)

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

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

9. Former name, former address, former fiscal year: **Not Applicable**

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

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding (Unpaid Subscription)
Common Shares	**158,000,000**	**None**

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

    Yes [X] No [ ]

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

    THE PHILIPPINE STOCK EXCHANGE, INC.

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [X] No [ ]

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

    Yes [X] No [ ]

13. Aggregate market value of voting stock held by non-affiliates based on closing price as of December 31, 2012: **PhP 29.070 billion**

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **Not Applicable**

Yes [ ]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

(a) 2012 Audited Consolidated Financial Statements of GT Capital Holdings, Inc. and Subsidiaries (incorporated as reference for item 1,7, and 8 of SEC Form 17-A)

(b) 2012 Audited Consolidated Financial Statements of Metropolitan Bank and Trust Corporation (incorporated as reference for item 1 of SEC Form 17-A)

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PART I.

BUSINESS AND GENERAL INFORMATION

Item 1. **Business**

GT Capital Holdings, Inc. (the "Company" or "GT Capital") was incorporated in the Republic of the Philippines on July 26, 2007. The Company's registered office address and principal place of business is 43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City, Metro Manila, Philippines. The Company is a publicly listed company which is 70.324% owned by Grand Titan Capital Holdings, Inc., its directors, officers and affiliates, and the rest is owned by the public.

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

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

- Banking - GT Capital conducts banking services through its 25.1% interest in Metropolitan Bank & Trust Company ("MBT" or "Metrobank"), a universal bank that offers corporate and commercial banking products and services throughout the Philippines. MBT has been listed on the Philippine Stock Exchange since 1981. The MBT Group offers corporate and commercial banking products and services throughout the Philippines. The MBT Group's corporate banking services consists of banking services provided to corporate customers (generally recognized by MBT as the top 1,000 Philippine companies, multinational companies and government-owned and controlled companies). The MBT Group's commercial banking services consists of banking services provided to small and medium-sized businesses.

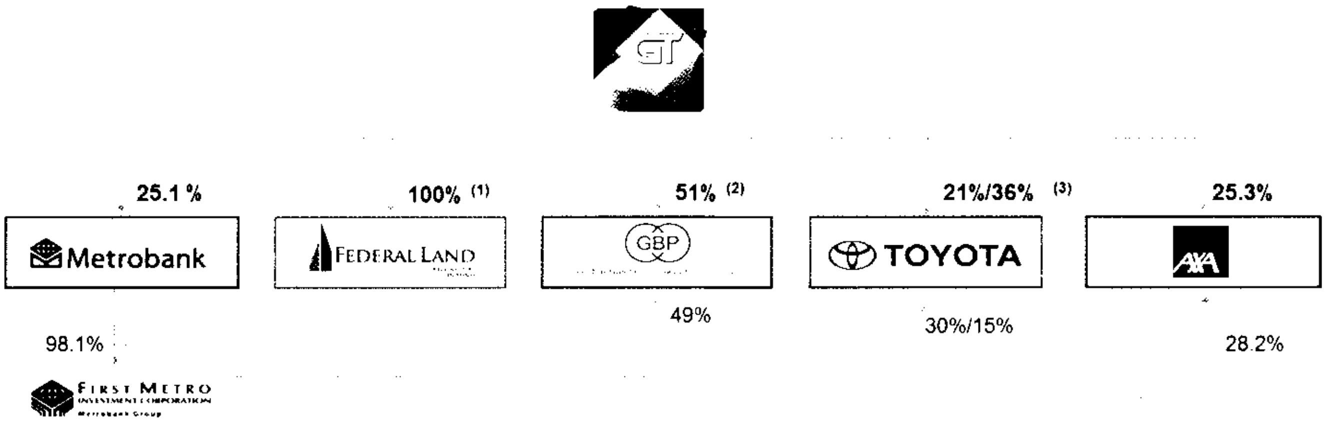
- Real estate development - GT Capital conducts its real estate development business through its 100% interest in its fully-consolidated subsidiary Federal Land, Inc. ("Fed Land" or "Federal Land"), which develops residential and commercial projects. Fed Land is today the sole Philippine real estate development company of the Ty family established over the years in the residential segment with principal focus on the residential space, particularly in condominium developments in key urban and suburban communities, as well as retail and commercial project developer.

- Power generation - GT Capital conducts its power generation business through its 51.0% direct ownership in Global Business Power Corporation ("GBP"), a holding company that through its subsidiaries, is a leading independent power producer in the Visayas region, with a combined gross dependable capacity of 627 MW (480 MW attributable to GBP, net of minority interests in its subsidiaries).

- Automotive - GT Capital conducts its automotive business through its 36% interest in Toyota Motor Philippines ("TMP"). TMP is engaged in the manufacture, importation, and wholesale distribution of Toyota brand motor vehicles in the Philippines, and is also engaged in the sale of motor vehicle parts and accessories both within the Philippines and through exports. TMP is also engaged in the distribution of Lexus brand motor vehicles in the Philippines.

- Insurance - GT Capital conducts its insurance business through its 25.3% interest in Philippine AXA Life Insurance Corporation ("AXA" or "AXA Philippines"), which offers personal and group insurance products in the Philippines, including life insurance and investment-linked insurance products. AXA distributes its products through a multi-channel distribution network comprised of agents, bancassurance, corporate solutions and direct marketing/telemarketing.

In addition to the direct ownership stakes set out above, GT Capital owns additional indirect stakes in GBP, TMP and AXA, as set out in the chart below.



Note:

1. *On May 3, 2012, GT Capital executed a Deed of Absolute Sale with various selling shareholders of Fed Land to acquire the remaining 20% equity stake in Fed Land for an aggregate consideration of Php2.7 billion. The acquisition increased the direct holdings of GT Capital from 80% to 100%.*
2. *On May 2, 2012, the Company exercised its option to acquire an additional 4.6% of GBP at a fixed price of Php35.00 per share. On September 12, 2012, GT Capital acquired an additional 12% of GBP at a fixed price of Php35.13 per share. The acquisitions increased GT Capital's direct equity stake in GBP to 51%.*
3. *On December 3, 2012, GT Capital and MBT executed a Sale and Purchase Agreement whereby GT Capital acquired 15% of TMP for a consideration of Php4.5 billion. This effectively increased the direct equity stake of GT Capital to TMP to 36%.*

Services/Customers/Clients

Not applicable as the Company is a holding company.

Competition

Many of GT Capital's activities are carried on in highly competitive industries. Given the diversity of GT Capital's businesses, GT Capital companies compete based on product, service and geographic area. While GT Capital is one of the largest conglomerates in the Philippines, the GT Capital companies compete against several companies in various sectors, some of which possess greater manufacturing, financial, research and development and market resources than the GT Capital companies.

The table below sets out GT Capital's principal competitors in each of the principal industry segments in which the GT Capital companies operate.

Industry Segment	Principal Competitors
Banking	Banco de Oro and Bank of the Philippine Islands
Real Estate Development	Ayala Land, Inc., Filinvest Land, Inc., Megaworld Corporation and Robinsons Land Corporation
Power	Kepco Salcon Power Corporation, Salcon Island Power Corporation, Green Core, and Unified Leyte Geothermal
Automotive	Hyundai, Honda, Mitsubishi, Isuzu, Nissan and Ford
Insurance	Philippine American Life, Sun Life of Canada, Insular Life, Pru Life of the U.K. and Manufacturers Life

Transaction with Related Parties
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 the 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, capital infusion, leasing agreements, management agreements and dividends received from associates. Transactions with related parties are made on an arm's length basis.

Related party transactions are also discussed in the accompanying financial statements of the Company.

Developmental and Other Activities
Being a holding company, the Company has no material patent, trademark, or intellectual property right to its products. The Company's operating companies, however, may have these material intellectual property rights, but the dates and terms of their expiration or renewal is not perceived to have a material adverse effect on the Company. The Company complies with all existing government regulations and environmental laws, the costs of which are not material. As a holding company, it has no material development activities.

Employees
As of December 31, 2012, the GT Capital companies had a combined 12,971 full-time employees (excluding contract and temporary employees), broken down by operating company or division as follows:

Operating Company	Number of Employees
GT Capital	18
MBT	10,198
Federal Land	236
GBP	766
TMP	1,392
AXA	361
Total	**12,971**

GT Capital's management believes that labor relations are generally good between management and employees at each of the GT Capital companies. GT Capital currently has no plans of hiring additional employees, except where necessary to complement its legal and compliance, finance and accounting, investor relations, and corporate planning and business development. As of December 31, 2012, GT Capital has 20 full-time employees. The Company expects to more or less maintain its number of employees in the next 12 months.

Risk
The Group's risk management policies are summarized below:

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.

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

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

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

The Audit Committee of the Board meets regularly and exercises an oversight role in managing the risks involved in the operations of the company.

For further details on the company's financial condition and operations, please refer to the 2012 Audited Financial Statements which is incorporated in the accompanying index to exhibits.

Metropolitan Bank and Trust Company

Services/Customers/Clients

Metrobank offers a complete range of commercial and investment banking services. The Bank's customer base covers a cross section of the top Philippine corporate market, but has always been particularly strong in the middle market corporate sector of the economy, a significant proportion of which consists of Filipino-Chinese business.

The Bank's principal business activities involve deposit-taking and lending, trade finance, remittances, treasury, investment banking and thrift banking. The Bank is also a major participant in the foreign exchange market in the Philippines. It is accredited by the SEC as a Government Securities Eligible Dealer (GSED) and has played an active role in the development of the domestic money and capital markets. The Bank provides investment banking services through First Metro Investment Corporation (FMIC) and retail banking through Philippine Savings Bank (PSBank).

Contribution to Sales/Revenues

The net interest income derived from lending, investment and borrowing activities represents 52.48%, 58.33% and 54.86% of the Group's revenue net of interest and finance charges in 2012, 2011 and 2010, respectively. Other operating income (consisting of service charges, fees and commissions; net trading and securities gains; net foreign exchange gain; gain on sale of non-current asset held for sale; leasing income; profit from assets sold; income from trust operations; dividend income; and miscellaneous income) and share in net income of associates and a joint venture account for 47.52%, 41.67% and 45.14% of the Group's revenue net of interest and finance charges in 2012, 2011 and 2010, respectively.

Contribution of Foreign Offices

The contributions of the Group's offices in Asia, the United States and Europe to the Group's revenue, net of interest and finance charges, and external net operating income for the years 2012, 2011 and 2010 are as follows:

Offices in	Year	Percentage Contribution to	
		Revenue, Net	External Net Operating Income
Asia (other than Philippines)	2012	2.88	3.07
	2011	3.64	3.94
	2010	3.61	4.15
United States	2012	0.66	0.71
	2011	0.82	0.89
	2010	0.80	0.90
Europe	2012	0.25	0.27
	2011	0.40	0.44
	2010	0.70	0.83

Distribution Methods of Products and Services

To remain strongly positioned and retain its leadership, Metrobank continued to upgrade and expand its distribution channels:

1. Branches

Metrobank ended 2012 with 608 branches as compared with 585 in 2011. Selected branches in Metro Manila and the countryside were relocated to maximize visibility and greater reach to its clients. Branch renovations were undertaken and continued to reflect the Bank's customer centric and sales oriented focus to its existing and potential clients.

2. Remittance Centers

To further expand the remittance business of the Bank and its presence in the international market, remittance alliances were established between the Bank and several well-established businesses in the country.

<u>International Remittance Tie-Ups</u>

METREX SERVICE CO., also known as METREX, is a licensed manpower company in Taiwan with other affiliated services such as remittance, wholesale and retail distribution of cosmetics and dry goods and other Philippine products. Metrex has five (5) branches in Taiwan, all of which are offering money transfer.

WCT EXPRESS REMITTANCE SERVICES (WCT) is a remittance company established on July 28, 2005 and accredited by the BSP a Remittance Agent.

LMI EXPRESS DELIVERY INC. (LMI) is a licensed Remittance Agent and Foreign Exchange Dealer of the BSP. The company was incorporated and registered with the Securities and Exchange Commission (SEC) on September 16, 2011. LMI is the delivery arm of Lucky Money whose presence are in USA, Canada, United Kingdom, Taiwan, Hong Kong, Australia, Malaysia and Cambodia.

UNILINK EXPRESS PAYMENTS PHILS. INC. was incorporated and registered with the SEC on January 10, 2012. It was also registered with the BSP as Foreign Exchange Dealer/Money Changer and Remittance Agent on May 17, 2012.

AFIMA EXPRESS is a licensed Remittance Company in Brunei Darussalam. It was established in 2011 with Indonesia and Malaysia as the initial corridors. In 2003, it expanded its operation to other countries such as the Philippines, Bangladesh and Singapore and to India and Nepal in year 2007 and 2008, respectively. Its company address is at Shop No. 1 and 2, Ground Floor, Dar Takaful IBB2, Jalan Pemancha, Bandar Seri Begawan, BS8511, Brunei/Muara, Negara Brunei Darussalam.

UNITED EUROPHIL EP SAU is a Spanish company founded in 1989. During the initial years of operations headed by Mr. Francisco Moreno Delgado, they started servicing remittances from Filipino immigrants until they saw the opportunity to expand their network coverage to other countries as well.

TRANSCASH INTERNATIONAL AUSTRALIA (TCI-AU) was established on December 05, 2010. On the same year, the company obtained the license from the Australian Securities and Investments Commission and the Australian Transaction Reports and Analysis Center to conduct money transfer business in Australia. The 70% shares of the company is owned by TransCash Investment Pte. Ltd. Singapore and the remaining shares of 30% is owned by Australian national Mr. Manohar Tiwari. Its principal place of business is in New South Wales in Sydney, Australia.

PK EXCHANGE CO. LLC is a traditional Indian business family firm that was established since 1920 as a textile and foodstuff merchant until it was diversified to money exchanging business in 1972. Its main office is located in Muscat, Oman and is headed by Mr. Maheshchandra Purshottam Pawani, an Indian national businessman. It has also a registered liaison office in Mumbai, India.

NATIONAL FINANCE AND EXCHANGE CO. WLL was founded in March 2001 by Bahraini brothers Mr. Haron Cohen and Mr. Eli Cohen. Both have extensive experiences in the money transfer business in Europe and Middle East market. In years of operations, from one (1) branch in BAB Al Bahrain Souq, they have already grown to 23 branches across the Kingdom. The Company is registered as a limited company under the Ministry of Industry and Commerce and operates under the license issued by the Central Bank of Bahrain.

Local Remittance Tie-Ups

New Bills Payment Tie-up

PIONEER LIFE INC. was established in 1964. It is the life insurance arm of the Pioneer Group which offers products such as the traditional life protection insurance for individuals, group insurance, and variable life or investment-laced products.

HORIZON LAND PROPERTY DEVELOPMENT INC. is a real-estate developer with clients residing and/or working in the Philippines and abroad. It is a subsidiary of Federal Land Inc. and is a developer of low-cost residential estates.

CENTURY LIMITLESS CORPORATION is a real-estate developer engaged in the development of high-rise residential buildings with clients residing and/or working in the Philippines and/or abroad. It is a subsidiary of Century Properties Group, Inc., one of the few publicly-owned property firms that offers a full-range of services, including property development, sales and marketing, and property management.

NTRUST CORP. is engaged in the business of transmitting money in behalf of another person or entity through the use of a secure online money transfer system. Its peer-to-peer network provides payment processing solutions and allows the transmittal of funds from across the globe.

LOYOLA PLANS CONSOLIDATED, INC. is a pre-need company with services ranging from first-call transactions to issuance of plan benefits. The company is the first in the industry to issue plan benefits in advance, particularly in its educational plans. It has also been involved with the comprehensive introduction of such products to the local government and thus, this has thoroughly informed the public about the importance of pre-need plans.

STA.LUCIA REALTY AND DEVELOPMENT, INC. is one of the Philippines' biggest real estate companies with over 10,000 hectares of land through 200 development projects throughout the country. The Company engages in the development of residential subdivisions and expanded its business by venturing into vertical residential developments.

New Payout Partners

PALAWAN PAWNSHOP is a pioneer in the pawnshop business in the province of Palawan. It was established in 1985 and has expanded its operations all throughout the Philippines. Today, it has grown its business beyond pawning services and has begun to offer domestic and international money transfer services in over 700 branches nationwide. It offers money transfer services through its "Express Pera Padala" Brand.

G-EXCHANGE INC. is a wholly owned subsidiary of Globe Telecom, Inc. It is engaged in the delivery of remittances and utility payments through the use of electronic channels and various telecommunication systems. It uses Globe Telecom's network as a transport channel to carry out its payment and remittance business under the GCash Brand. It provides its customers the convenience of receiving remittances from various remittance tie-ups.

LBC EXPRESS, INC. is engaged in the business of acceptance and remittance of money. With over 900 branches strategically located all over the country, the company offers instant cash pick-up and bills payment at any LBC branch nationwide. LBC Express also conducts door-to-door delivery of money. Aside from money remittance, it also engages in messengerial, express deliver and forwarding; either by sea, air, or land, of parcels and merchandise to destinations within and outside the country.

New Shipping Tie-ups

SOUTHFIELD AGENCIES, INC. was formed by Southwest Maritime Corporation and Patt Manfield Co., Ltd. As an in-house center for seafarer resource development to complement the main business of operating their respective fleets. It has continuously developed a pool of professional seafarers through Southfield Maritime Training Foundation, Inc. (SMTFI), offering cadet training and in-house courses to suit the individual needs of each seafarer. To date, it has been awarded twice by POEA as one of the top performers in the country's manning industry.

MULTINATIONAL MARITIME INC. was established by Meiji Shipping Group of Japan in 2003 as its manning arm in the Philippines. In providing the best services for its principals, it has secured an ISO certification from Nippon Kaiji Kyokai of Japan. Some of its managed vessels are from the biggest charterers in the manning industry worldwide.

SPLIETHOFF GROUP MANILA, INC. is part of the Amsterdam-based Spliethoff Group, the largest shipowner in the Netherlands. The Spliethoff Group owns and operates a large and modern fleet of well over 100 multi-purpose vessels and plays a leading role worldwide in the transport market for forest products, projects, super heavy-lift, general cargo and yachts. They also engage in services ranging from optimum stowage plans to on-the-spot supervision of complex cargo operations. The group maintains global network offices, with one of their crewing operations based in Manila.

STRADA MARITIME CORPORATION handles the crewing operations of Star Cruises, the third largest cruise line in the world. It has established the cruise industry and increased the tourism traffic in the Asia-Pacific region within 10 years since its inception. It is presently operating a combined fleet of 20 ships with cruises to destinations and islands in Asia-Pacific, Europe, Mediterranean, Bermuda, and the Antarctica under the Star Cruises, Norwegian Cruise Line, and Orient Lines & Cruise Ferries brands.

OSTE CREWING PHILS., INC. is part of "K" Line (Philippines), Inc. alongside with Ventis Maritime Corporation, one of the country's largest manning agency. "K" Line (Philippines), Inc. was founded by Kawasaki Kisen Kaisha, Ltd. ("K" Line), the sixteenth largest container transportation and shipping company in the world. Aside from marine transportation, their business lines also include insurance agency, warehousing, land and air intermodal transportation.

TRIOCEANIC MANNING & SHIPPING INC. is a duly licensed sea-based corporation engaged in manning, shipping, recruitment, selection and deployment of Filipino seafarers. In its very short history, Trioceanic was able to deploy thousands of seafarers over the said region and in Indian Ocean.

DOHLE-SEAFRONT CREWING (MANILA), INC. is an ISO certified manning agency affiliated with the Peter Dohle Group of Companies, one of the leading providers of shipping services worldwide. Presently, the company has 75 vessels and approximately 750 crewmembers onboard that is continuously growing. Dohle Seafront specializes in various cadetship and career development programs, in-house contract processing system, web based crewing system, in-house PDOS and training programs, and it is also a certified agent for flag state certificates.

MMSPHIL MARITIME SERVICES, INC. was originally established as Philasia Shipping Corporation in June 1982. The company changed its name to MMSPhil Maritime Services in September 2004 to honor its long-time affiliation with MMS Co., Ltd. of Tokyo, Japan. For more than 24 years in the manning industry, MMSPhil has catered its services to ship owners/managers based in Singapore, Japan, Hong Kong, and United Kingdom.

3. ATMs

As of end of 2012, Metrobank deployed a total of 1,228 ATMs in strategic locations nationwide. Of this total, 683 are located onsite and 545 offsite. In the BancNet consortium, Metrobank consistently leads with a total share of 15.37% out of the 7,991 network's ATM population and carves up 9.40% of the 21.5 million network's cardholder base as of December 31, 2012.

Existing functionality of ATM includes balance inquiry, withdrawal, checkbook and statement request, intra- and inter- bank funds transfer, purchase of prepaid internet and phonecard PINs and bills payment.

4. Metrophone

The Metrophone banking facility continues to be the most convenient alternative for clients to do basic banking transactions as exhibited by the highest patronage rate in terms of enrollees and transactions.

5. Mobile Banking

Metrobank has been continuously improving its mobile banking channel to enhance customer experience. The channel allows clients to inquire balance, transfer funds, pay bills and purchase prepaid load.

6. Metrobankdirect

Metrobankdirect has shown significant growth for the past year as transactions and enrollees increased and is continuously undergoing enhancements such as the hardware and software upgrade. This allows clients to have complete access to their accounts conveniently, anytime, anywhere.

Innovation and Promotion

The Bank piloted extended banking hours of 9:00 a.m. to 4:30 p.m. on weekdays for Metro Manila branches.

After a three-month assessment period, the Bank implemented the extended hours on a permanent basis and on nationwide scale.

- On the international front, the Bank secured approval from the China Banking Regulatory Commission to open a branch in Quanzhou, Fujian province, to cater to SMEs and further boost local economic development. This follows the recent opening of the Changzhou National Hi-Tech District branch in East Jiangsu. The two offices raise Metrobank (China)'s presence in the mainland, which includes branches in Nanjing and Shanghai, as well as a sub-branch in Pudong District.

- In pursuit of operational efficiency, the Bank opened the Cash Management Services Unit - Metropolitan Technological Park (CMSU-Metro Tech) in May 2012. This now is the main hub of all CMSU operations. The hub shall also addressed the cash management requirements of our clients based in Pasay, Makati, Manila, and Parañaque.

- The Bank launched the Cash Pick-up Anywhere remittance service, which allows beneficiaries to claim their remittance in seconds through more than 3,500 Metrobank branches, Cebuana Lhuillier, and M. Lhuillier outlets nationwide.

- The Bank launched its new MetroCar loan promo in order to get new loan bookings, push production to reach full-year targets and create a more competitive presence in the market. Qualified applicants received free comprehensive insurance coverage with Acts of Nature for the 1st year, a one-time fuel incentive of as much as P5 Thousand, and a 2-month grace period on principal and interest payments.

- The Bank forged a direct-to-account service with Dallas-based MoneyGram. This allows Filipinos from more than 30 countries to send funds directly into their family and friends' bank accounts. Previously, the service was available only for customers sending funds from the U.S. to the Philippines. Today, customers can remit from the usual strong remitters like Hong Kong, Singapore, Japan, and the United Kingdom, and from exotic places such as Aruba, the Bahamas, the British Virgin Islands, the Cayman Islands, Haiti, the Maldives, and the Marshall Islands.

- The Bank's public site www.metrobank.com.ph was re-launched in December 2012. The design rationale was based on inputs from retail and corporate customers from a study to understand online banking drivers, behavior, and needs. Links to the Metrobankdirect online banking portals are also prominently featured.

Competition

The Philippine banking industry is characterized by intense regulations and competitive price and service offerings. All banks have generic products and compete via differentiation in servicing and targeting specific niches. Mergers, acquisitions and closures reduced the number of players in the industry from a high of 50 to 38 universal and commercial banks in 2009. The Philippine banking system is composed of a total of 21 universal banks of which 12 are local private universal banks, 3 are government banks and 6 are branches/subsidiaries of foreign banks. Six local private universal banks have branches and/or remittance offices abroad while the Bank and the rest of the banks in the industry compete primarily in the domestic market, serving their respective mix of corporate, middle market and retail clients.

The Bank faces competition not only from domestic banks but also from foreign banks, in part, as a result of the liberalization of the banking industry by the Government. Since 1994, a number of foreign banks, which have greater financial resources than the Bank, have been granted licenses to operate in the Philippines. Such foreign banks have generally focused their operations on the larger corporations and selected consumer finance products, such as credit cards. The foreign banks have not only increased competition in the corporate market, but have as a result caused more domestic banks to focus on the commercial middle-market, placing pressure on margins in both markets.

Corporate loan demand remained largely for working capital requirements. Some corporations also decided to access the debt market instead of seeking funds from the financial institutions. Corporate lending thus remained competitive resulting in even narrower spreads especially under a low interest rate environment. Pockets of growth were, however, seen in the middle corporate market and SMEs. The soft demand for corporate loans prompted banks to venture more extensively into consumer lending.

The Overseas Filipinos ("OF") continued to show significant potential, and banks are increasingly focusing on this segment. The Bank is actively cross-selling products other than the remittance service and exhibited growth in OF deposits and housing loans. Over the years, redeployment and migration is seen to be a preferred option for Filipino workers and professionals as long as the domestic economy cannot provide meaningful employment.

Transactions with and/or Dependence on Related Parties

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Note 31 of the audited financial statements of the Metrobank as presented in the accompanying index to exhibits.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

The Bank's major products and service lines are sold through Metrobank trade names or trademarks, among others:

1. For ATMs: Metrobank Electronic Touch or Metrobank E.T.
2. For credit cards: Metrobank Visa/MasterCard Classic; Visa/MasterCard Gold; Femme Visa; Platinum MasterCard; Platinum Dollar MasterCard; World MasterCard; M Cards; Robinson-Cebu Pacific MasterCard; Toyota MasterCard; and Value MasterCard. Features: Bills2Pay, Shopping Perks & Privileges, Balance Transfer, Cash2Go/Cash Rush, Design My Card; and Rewards.
3. For phone banking: Metrophone Banking
4. For internet banking: Metrobank*Direct*
5. For mobile banking: Metrobank Mobile Banking
6. For remittance services: Metrobank Superbilis Padala, World Cash Card
7. For consumer lending: Metrohome; Metrocar
8. For special current account: MetroChecking Extra, Account One
9. For special savings account for kids below 18 yrs.: Fun Savers Club
10. For Trust products: Metro Money Market Fund; Metro Max-3 Bond Fund; Metro Wealth Builder Fund; Metro Max-5 Bond Fund; Metro Balanced Fund; Metro Equity Fund; Metro $ Money Market Fund; Metro $ Max-3 Bond Fund; and Metro $ Max-5 Bond Fund
11. Metrobank and logo (new and old logo)

Corporate licenses include the following:

1. For Metrobank: expanded commercial banking license, FCDU license, license for trust operations, type 2 limited dealer authority, government securities eligible dealer (GSED) and Broker-Dealer of Securities
2. For PSBank: savings bank license, license for trust operations, GSED-non market maker, type 3 limited user authority
3. For FMIC: investment house, quasi banking and trust licenses
4. For ORIX Metro: financing company and quasi-banking license
5. For MCC: quasi-banking license and finance company
6. For TFSPC: quasi-banking license
7. For MBCL: business license to expire on January 13, 2040

All the Bank's trademark registrations, except for Metrobank E.T., are valid for 10 years with expiration dates varying from 2017 to 2018. Metrobank E.T. Registration is valid for 20 years and will expire in 2015. The Bank closely monitors the renewal dates of registrations to protect and secure its rights to these trademarks. Corporate licenses issued by different regulatory bodies have no specific expiration dates except for the GSED licenses of Metrobank and PSBank and FMIC's investment house license which will expire in 2014.

Government Approval of Principal Products or Services

The Group regularly obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Government Regulations

Capital Adequacy

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS in some respects.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both stand-alone basis (head office and branches) and consolidated basis (the Bank and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on BSP regulations. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. On August 4, 2006, BSP issued Circular No. 538 which revised the risk based capital adequacy framework for the Philippine Banking system to conform with BASEL II recommendation effective on July 1, 2007. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The issuance of BSP Circular No. 639 covering the Internal Capital Adequacy Assessment Process (ICAAP) in 2009 supplements the BSP's risk-based capital adequacy framework under Circular No. 538. In compliance with this circular, the Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget; as well as regulatory edicts. BSP requires submission of an ICAAP document every January 31. The Group has complied with this requirement.

Applicable Tax Regulations

Under Philippine tax laws, the RBU of the Bank and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include 30% regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Bank and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. The regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's income tax liability and taxable income, respectively, over a threeyear period from the year of inception.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 7.50%. Income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

The applicable taxes and tax rates for the foreign branches of the Bank are discussed in Note 28 of the audited financial statements of Metrobank as presented in the accompanying index to exhibits.

Research and Development Costs

For the last three fiscal years, the Bank has not incurred any expenses for research and development.

Employees

Metrobank had 10,198 employees as of December 31, 2012. By year-end 2013, the Bank projects to have 10,691 employees.

	Officers	Rank and File	Total
As of year-end 2012:			
AVPs and up:	284		284
Senior Managers and down:	3,942	5,972	9,914
	4,226	5,972	10,198

By year-end 2013 (projected):			
AVPs and up:	404		404
Senior Managers and down:	4,269	6,018	10,287
	4,673	6,018	10,691

Majority of the registrant's rank and file employees are members of the employees' union. Benefits or incentive arrangements of the rank and file employees are covered by the Collective Bargaining Agreement (CBA) that is effective for three years. The Bank continues to ensure that its employees are properly compensated. Management and the employees' union have signed a new CBA that is effective for three years beginning January 2013 until December 2015. The Bank has not experienced any labor strikes and the management of the Bank considers its relations with its employees and the Union to be harmonious.

Risk Management

The Group has exposures to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks. Detailed discussions and analysis on Risk Management of the Group are disclosed in Note 4 of the Audited Financial Statements as presented in the accompanying index to exhibit.

Risk Management Framework

The BOD has overall responsibility for the oversight of the Bank's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. Supporting the BOD in this function are certain Board-level committees such as Risk Management Committee (RMC), Audit Committee (AC) and senior management committees through the Executive Committee, Asset and Liability Committee (ALCO) and Policy Committee.

The Bank and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management processes but are structured similar to that of the Bank. To a certain extent, the respective risk management programs and objectives are the same across the Group. Risk management policies adopted by the subsidiaries and affiliates are aligned with the Bank's risk policies. To further promote compliance with Philippine Financial Reporting Standards and Basel II, the Bank created a Risk Management Coordinating Council (RMCC) composed of the risk officers of the Bank and its financial institution subsidiaries.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, for market segmentation, and industry concentrations, and by monitoring exposures in relation to such limits. For risk management purposes, credit risk emanating from treasury activities is managed independently, but reported as a component of market risk exposure. Each business unit is responsible for the quality of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by Internal Audit Group (IAG) and Risk Management Group (RSK).

Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due. The Group manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning. Specifically for the Bank, it utilizes a diverse range of sources of funds, although short-term deposits made with its network of domestic branches comprise the majority of such funding. To ensure that funding requirements are met, the Bank manages its liquidity risk by holding sufficient liquid assets of appropriate quality. It also maintains a balanced loan portfolio that isrepriced on a regular basis. Deposits with banks are made on a short-term basis.

In Metrobank, the Treasury Group uses liquidity forecast models to estimate its cash flow needs based on its actual contractual obligations under normal and extraordinary circumstances. RSK prepares monthly Maximum Cumulative Outflow (MCO) reports, which measure the liquidity mismatch risk. In addition, the Bank performs liquidity stress testing on a regular basis. The Group's financial institution subsidiaries (excluding insurance companies) similarly prepare their respective MCO reports. These are reported to the Bank's ALCO and RMC monthly.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market factors. The Bank's market risk originates from its holdings in foreign currencies, debt securities and derivatives transactions. The

Bank manages market risk by segregating its balance sheet into a trading book and a banking book. ALCO, chaired by the Bank's Chairman is the senior review and decision-making body for the management of all related market risks. The Bank enforces a set of risk limits to properly monitor and manage the market risks. The risk limits are approved by the BOD. The RSK serves under the RMC and performs daily market risk analyses to ensure compliance with the Bank's policies. The Treasury Group manages asset/liability risks arising from both banking book and trading operations in financial markets.

Market Risk - Trading Book
In measuring the potential loss in its trading portfolio, the Bank uses Value-at-Risk (VaR) as a primary tool. The VaR method is a procedure for estimating portfolio losses exceeding some specified proportion based on a statistical analysis of historical market price trends, correlations and volatilities. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given "confidence level" over a specified holding period. The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to the bank, even before the VaR limit is hit.

Metrobank and PSBank perform stress testing quarterly while FMIC performs stress testing daily to complement the VaR methodology. The stress testing results of the Bank are reported to the ALCO and subsequently to the RMC and the BOD.

Market Risk - Banking Book
The Group follows a prudent policy in managing its assets and liabilities to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

Interest Rate Risk
The Bank measures its interest rate risk exposures through repricing/maturity schedule that distributes rate-sensitive assets, liabilities and off-balance sheet positions into predefined time bands according to their maturity or time remaining to their repricing. The sum of rate-sensitive assets per time band is referred to as rate-sensitive assets (RSA). While the sum of all rate-sensitive liabilities per time band is called rate-sensitive liabilities (RSL).

Gap analysis provides an approximation of the magnitude of balance sheet exposed to changes in interest rates. To evaluate the earnings exposure, the RSL in each time band are subtracted from corresponding RSA to produce a repricing gap for that time band.

Earnings-at-risk is an interest rate risk measure of the earnings decline as a result of a change in the level of interest rates. It is a tool used to evaluate the sensitivity of the accrual portfolio to a change in interest rates over next 12 months.

Foreign Currency Risk
Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the current foreign currency exchange rates on its financial performance and cash flows. Foreign currency liabilities generally consist of foreign currency deposits in the Group's FCDU account. Foreign currency deposits are generally used to fund the Group's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held in FCDUs. In addition, the BSP requires a 30.00% liquidity reserve on all foreign currency liabilities held in the FCDU. Outside the FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

Federal Land, Inc.

Products and Services/Customers/Clients

Federal Land's primary products and services are residential sales and commercial leasing. Below is a list of Fed Land's projects.

Property Development Projects
Fed Land has a diverse portfolio of property development projects that focus on master-planned communities and residential developments. Many of Fed Land's residential development projects are components of Fed Land's master-planned communities. However, Fed Land also develops stand-alone residential projects. Residential properties are developed and sold while commercial and retail properties are generally developed and leased to generate recurring income. Prior to its formation, the Ty family real estate companies were historically focused on developing stand-alone residential condominiums and commercial properties.

Master-planned Community Developments
Fed Land and its affiliates own substantial tracts of land in prime areas in Metro Manila and its periphery. Fed Land develops these properties into fully master-planned communities consisting of residential condominium towers, supporting amenities and complementing commercial, retail and institutional establishments. Fed Land believes that by creating a core mix of residential and commercial properties, it can create self-sustaining communities that are attractive places in which to live, work and enjoy recreational activities.

Residential Developments
Fed Land has historically focused on the development of upper-middle and high end market residential condominiums. Taking into consideration factors such as location, competitive landscape and target market in the areas where a project will be located, Fed Land's current and future planned residential projects focus on three types of residential developments: township condominium, stand-alone condominium and house and lot subdivision.

Commercial Developments
Fed Land's commercial developments tend to complement Fed Land's residential offerings by providing a commercial element to its master-planned communities.

Commercial Real Estate
Fed Land has a portfolio of commercial buildings and properties that include office properties and retail outlets that Fed Land leases to tenants. Fed Land is also the property manager for these projects. The leases and management fees provide Fed Land with recurring income that enhances its revenues and strengthens its cash flows. Fed Land intends to increase its recurring income with the leasing and management of its ongoing commercial developments once they are completed.

Retail Buildings
Fed Land has developed, owns and operates retail properties in Pasay City and Marikina City under the "Blue Wave" brand name. In 2013, Fed Land plans to open its new retail properties in Pasay City under the "Bluebay Walk" brand name.

Office Buildings
The major office properties that generate lease income for Fed Land are the GT Tower International and the Philippine AXA Life Centre. Both are high rise office buildings located in Metro Manila's Makati central business district.

Contribution to Sales/Revenues

Fed Land recorded revenues from real estate sales of Php2.1 billion in 2012 while interest income on real estate sales had reached Php728 million . Rent income for 2012 amounted to Php233 million. Overall, net income after tax at Php2.0 billion or a 230% increase from last year due to the extraordinary gain from deconsolidation of subsidiary amounting to Php1.4 billion.

Competition

The Philippine real estate development industry is highly competitive. With respect to township developments in Metro Manila and high rise condominiums, Fed Land's major competitors are Ayala Land, Inc., Megaworld

Corporation, Century Properties Group, Inc., SM Development Corporation and DMCI. Fed Land believes that it is a strong competitor in the mid-high end market due to the quality of its products and the materials used in construction and finishing. Fed Land also believes that its association with the MBT Group allows it to reach a wide network of potential customers, including the lucrative overseas-based investor market.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

	Name of Contractor	Nature of Works
1	EEI Corporation	General Construction
2	C-E Construction	General Construction
3	Steel Asia	Owner Supplied Rebars
4	Torque Builders	Electrical
5	Millennium Erectors	General Construction
6	Golden Fortune Techno Built	General Construction
7	Aga & Sons Construction	General Construction
8	S & H Electrical	Electrical
9	Irvine Construction	Sanitary/Plumbing
10	Armstrong Plumbing Corp	Sanitary/Plumbing

Transactions with and/or Dependence on Related Parties

Fed land, in its regular conduct of its business, has entered into transactions with its associate and other related parties principally consisting of cash advances and reimbursement of expenses, leasing agreements, acquisition of undeveloped land and management agreements.

Effect of Existing or Probable Government Regulations

Fed Land ensures compliance with the new and existing government regulations. The effect of government regulations in Fed Land's operations has been taken into consideration in making business decisions.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

Fed Land has intellectual property rights on the use of the various trademark and names for its development projects, including Florida Sun Estates; Tropicana Garden City; Four Season Riviera; Embarcadero - The Fiesta Town; One Paris; Riverview Mansion Where New Beginnings Flow; my HOBS; One Lilac Place; Park West of Hyatt; Shanghai Park Towers; Six Senses Resort; The Big Apple; CLUB MET; Paseo de Roces; SixSenses Resort; Park East Residences; One Xavier Mansion; Shanghai Park; Park Metro; Club Le Pav; Peninsula Garden Midtown Homes; Park West; Central Park West; One Liberty Place; One Bloomberg Place; Bluebay Walk; Federal Land GT Capital Holdings Keeping You In Mind; Bonifacio Landmark Realty Dev't Corp.; Veritown; Kew; Rio Tower; Madison Park West; The Grand Midori w/ Device; Marquinton Garden Terraces w/ Device; Metropolitan; The Capital Towers (Your Own Big Space) w/ Device; The Oriental Place Where Everything is Just Around the Corner and Design; Global Finance Center w/ Device; Oriental Garden Residences w/ Device; Oriental Garden Makati w/ Device and Marquinton Residences w/ Device (Oriental Garden Residences, Oriental Gardens Makati, Marquinton Residences, Bay Gardens, Blue Wave at Metropolitan Park and Blue Wave at Marikina City). Most of Fed Land's projects have been issued a Certificate of Registration by the Intellectual Property Office. Fed Land believes that its trademark and the names of its development projects play a significant role in its effort to create brand recall and strengthen its position in the real estate industry.

Fed Land has applications pending for intellectual property rights relating to its various development and projects. Several applications have already been processed but await the release of the certificate of registration from the Philippine Intellectual Property Office. Among the project names currently submitted for certification include: The Plaza; Next Wave; Greenhills South; Park Metro (New); Tropicana Promenada; Palm Beach Villas; Le Parc; Santa Monica South and One Wilson (FEDS City, Four Season Riviera, Shanghai Gardens, The MET, Embarcadero, my HOBS, Six Senses Resort, The Big Apple, One Xavier Mansion, Marco Polo Parkview and Very Town Fort), among others.

Government Approval of Principal Products or Services

Fed Land secures various government approvals such as the BOI registrations, development permits, license to sell, etc. as part of the normal course of its business.

Research and Development Costs

Fed Land's research and development activities focus on construction materials, engineering and sales and marketing research. Fed Land does not consider the expense for such research and development activities to be material.

Employees

As of December 31, 2012, the full-time employees of Fed Land totaled 236. The following table provides a breakdown of Fed Land's employees for the periods indicated. Operational employees include project managers and designers. Technical employees include engineers and architects. Administrative employees include human resources, accounting and information technology staff.

Type of Employee	Number of Employees
Operations	82
Technical	44
Administrative	110
Total	236

Risks

Substantially all of Fed Land's business activities are conducted in the Philippines and all of its assets are located in the Philippines, which exposes Fed Land to risks associated with the Philippines, including the performance of the Philippine economy.

- Fed Land's focus on residential property development exposes Fed Land to sector-specific risks.
- Fed Land faces risks relating to its commercial and residential property development business, including risks relating to project cost and completion.
- Fed Land faces certain risks related to the cancellation of sales involving its residential projects and if Fed Land were to experience a material number of sales cancellations, Fed Land's historical revenues would be overstated.
- Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Fed Land's and its customers' ability to obtain financing.
- Titles over land owned by Fed Land may be contested by third parties.
- Fed Land's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.
- Independent contractors may not always be available, and once hired by Fed Land, may not be able to meet Fed Land's quality standards or may not complete projects on time and within budget.
- Fed Land operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.
- Environmental laws applicable to Fed Land's projects could have a material adverse effect on its business, financial condition and results of operations.
- A growing portion of the demand for Fed Land's products is expected to come from OFWs, expatriate Filipinos and former Filipino residents who have returned to the Philippines ("Balikbayans"), which exposes Fed Land to risks relating to the performance of the economies of the countries where these potential customers are based.
- Given the current geographic concentration of Fed Land's real estate sales, Fed Land's results of operations would suffer if the residential development industry in Fed Land's current markets should decline.
- Natural or other catastrophes, including severe weather conditions, may materially disrupt Fed Land's operations, affect its ability to complete projects and result in losses not covered by its insurance.
- Fed Land is exposed to risks associated with its in-house financing activities customers, including the risk of customer default, and it may not be able to sustain its in-house financing program.
- Property development in the Philippines is capital intensive, and Fed Land may be unable to readily raise necessary amounts of funding.

- Construction defects and other building-related claims may be asserted against Fed Land, and Fed Land may be subject to liability for such claims.
- Fed Land has a number of related-party transactions with affiliated companies.
- Fed Land is highly dependent on certain directors and members of senior management.
- Fed Land may be unable to attract and retain skilled professionals, such as architects and engineers.
- Fed Land is exposed to risks associated with the operation of its commercial and retail leasing businesses.
- Infringement of Fed Land's intellectual property rights would have a material adverse effect on Fed Land's business.
- Adoption of new accounting rules on revenue on construction of real estate may result in a restatement of Fed Land.

Global Business Power Corporation

Products and Services/Customers/Clients

GBP is a holding company that, through its subsidiaries, is a leading independent power producer in the Visayas region and Mindoro island, with a combined gross dependable capacity of 627 MW comprising 619.5 MW of power supplied to the Visayas grid and 7.5 MW of power supplied to Mindoro island.

GBP owns nine power generation facilities. The largest is the 246 MW-rated clean coal-fired power plant in Toledo City, Cebu, which is operated by Cebu Energy Development Corporation (CEDC). CEDC is a joint venture between GBP and the Aboitiz Vivant Group, in which GBP holds a 52.1% beneficial interest. This facility is the first commercial clean coal power plant in the Philippines.

The second largest power generation facility is the 164 MW-rated, clean coal-fired power plant in Iloilo City, Panay, which is operated by Panay Energy Development Corporation (PEDC), in which GBP holds a 89.3% beneficial interest.

The CEDC and PEDC projects began commercial operations on February 26 and March 26, 2011, respectively. Both the CEDC and PEDC plants utilize circulating fluidized bed boiler technology that produces very low levels of sulfur dioxide and nitrogen oxide and captures most solid emissions.

GBP's other power generation facilities consist of a 60 MW coal facility and a 40 MW fuel oil facility operated by Toledo Power Company (TPC), a 72 MW fuel oil facility, a 20 MW fuel oil facility, a 12.5 MW fuel oil facility and a 5 MW fuel oil facility operated by Panay Power Corporation (PPC), and a 7.5 MW fuel oil facility operated by GBH Power Resources Inc. (GPRI). TPC is an indirectly wholly owned subsidiary of GBP.

Contribution to Sales/Revenues

GBP achieved 39.42% increase in profits as it registered a consolidated net income of Php2.2 billion for its operations in Cebu, Iloilo, Aklan and Mindoro.

Comparative amounts of revenue, profitability, assets and stockholder's equity are as follows:

FOR THE YEAR	2012	2011
Gross Revenues	19,180,488,228	16,786,078,857
Total Expenses	16,977,575,098	15,206,089,294
Net Income	2,202,913,130	1,579,989,563
AT YEAR END		
Total Assets	58,217,597,792	56,845,318,065
Total Liabilities	36,517,468,895	34,998,123,248
Stockholders' Equity	21,700,128,897	21,847,194,817

Distribution Methods of Products and Services

GBP, through its Generation Companies, sell electricity through its bi-lateral power supply agreements or through the WESM.

GBP enters into bi-lateral off-take arrangements through Electric Power Purchase Agreements (EPPA) between its Generation Subsidiaries and the power-off-takers like distribution utilities, electric cooperatives and other industrial off-takers. The EPPAs provide for a specific amount of capacity to be allocated to each customer, with provisions that allow for the periodic revision of the amounts in the agreement.

New Products and Services

Other than the ongoing construction of the 82 MW expansion project of TPC, GBP has no new product, service or additional generation facility.

Competition

GBP's power generation facilities face competition from existing and future power generation plants that supply electricity to the Visayas grid. Several of these competitors may have greater financial resources than GBP, giving them the ability to respond to operational, financial and other challenges more quickly than GBP. GBP believes that its experience in designing, building and operating power plant projects in Visayas and Mindoro is stronger than any of its competitors in the region.

A key competitor in the region is the Leyte Geothermal Power Plant, which is operated by the Government through NAPOCOR. However, this project is undergoing a process of privatization. The Leyte plant services both the Luzon and Visayas grids. Geothermal power plants are significant competitors because they can produce power at a relatively lower cost than fossil fuel and coal-based producers.

GBP will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as competition for financing for these activities. Factors such as the performance of the Philippine economy and the potential for a shortfall in the Philippines' energy supply have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the expected long-term economic growth of the Philippines.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

The Company has local and offshore long-term contracts with selected suppliers. GBPC gets majority of local coal supplies from Semirara Mining while back up coal come from International partners in Indonesia.

Coal Sources	Principal Suppliers
Semirara	Semirara Mining
Indonesia	PT ADARO COAL ORBIS AG SAMTAN CO., LTD. PT SION ANUGRAH MANDIRI PT QR TAMANG MAKMUR

Coal prices under the agreements are indexed to Global Newcastle Coal prices and are adjusted if the guaranteed coal qualities are not met but within the rejection limits. These are calorific value, moisture, sulphur, ash and volatile matter. Coal procurement is handled through GBP's fuel management group.

Meanwhile, for its fuel oil requirements, the company has fuel oil supply agreements with Pilipinas Shell Petroleum Corporation and Petron Corporation. The price of the fuel oil is indexed to the Mean of Platt's Singapore with additional charges for premium, duties, taxes and delivery.

Major Customers

Ninety percent (90%) of GBP's total electricity sales in 2012 were earned from its contracted power off-taker customers.

A summary of power off-taker customers having EPPAs with the Generation Subsidiaries as of December 31, 2012 are follows:

CEDC

Visayan Electric Company, Inc. (VECO)
Philippine Economic Zone Authority -MACTAN Economic Zone (PEZA-MEZ I)
Mactan Electric Company (MEC)
Bohol I Electric Cooperative, Inc. (BOHECO)
CEBU III Electric Cooperative, Inc. (CEBECO 3)
CEBU II Electric Cooperative, Inc. (CEBECO 2)

Balamban Enerzone Corporation (BEZ)
CEBU I Electric Cooperative, Inc. (CEBECO 1)

PEDC
Panay Electric Company, Inc. (PECO)
Aklan Electric Cooperative, Inc. (AKELCO)
Iloilo II Electric Cooperative, Inc. (ILECO 2)
Capiz Electric Cooperative, Inc. (CAPELCO)
Antique Electric Cooperative, Inc. (ANTECO)
Iloilo I Electric Cooperative, Inc. (ILECO 1)
Iloilo III Electric Cooperative, Inc. (ILECO 3)
Philippine Phosphate Fertilizer Corporation
Iloilo Provincial Capitol

TPC
Carmen Copper Corporation (Carmen Copper)
CEBECO 3

PPC
PECO[1]
ILECO 1[1]
National Grid Corporation of the Philippines
AKELCO

GPRI
Oriental Mindoro Electric Cooperative, Inc.

Note:

(1) EPPA is for peak power only.

Transactions with and/or Dependence on Related Parties

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under the common control with the reporting enterprises and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following are significant transactions entered by GBP and its subsidiaries with related parties:

a. Metropolitan Bank and Trust Company (MBTC) Loans

   - On June 18, 2009, CEDC entered into an Omnibus Agreement with various lenders in the aggregate principal amount of up to Php16 billion to partially finance the construction of its power plant. Php6 billion was financed by MBTC and payable in 12 years.

   - On February 26, 2010, PEDC entered into an Omnibus Agreement with various lenders in the aggregate principal amount of up to Php14 billion to partially finance the on-going construction of the Panay Expansion Project. Php3.2 billion was financed by MBTC while Php1 billion was financed by FMIC. Both loans are payable in 12 years.

   - On September 30, 2010, PPC entered into a Php90.00 million loan with MBTC, a related party, for its working capital requirements. The principal shall be paid via lump sum payment on March 12, 2012 and interest of the loan shall be paid quarterly.

Interest charged to operations amounted to Php2.15 and Php2.87 million in 2012 and 2011, respectively. The loan was paid in full in October 2012.

- On November 6, 2009, PPC entered into a Php300.00 million, 7-Year Term Loan Agreement with MBTC. Proceeds from the loan were used to settle the BDO loan in 2009. This loan bears interest at the 3-month T-bill rate published in PDST-F plus 2% spread and is covered by a Mortgage Trust Indenture. PPC's power plant is mortgaged for the aforementioned obligations.

- On August 24, 2006, PPC entered into a Php1.20 billion, 10-Year Term Loan Agreement with MBTC, for its general corporate requirements. This loan is covered by a Mortgage Trust Indenture. In March 2007, Section 1.01 of the Php1.20 billion, 10-Year Term Loan Agreement was amended increasing loan facility from Php1.20 billion to Php1.36 billion and changing the reference rate from MART1 rate to PDST-F rate.

b. First Metro Investment Corporation (FMIC) Loans

- PPC's FMIC loan agreements consist of ten-year promissory notes. The proceeds from these peso-denominated loans were used to fund the construction of the power plant. PPC's power plant is mortgaged for the aforementioned obligations.

  Of the Php865.00 million principal loans from FMIC, the payment of Php350.00 million was secured by way of pledge or mortgage of any asset or property of the Corporation. The Php515.00 million was secured by a chattel mortgage.

  On September 30, 2011, the loan rate was amended from a floating to fixed rate equivalent to 6.38% per annum (inclusive of GRT).

- In August 2007, TPC obtained a Php129.00 million, 7-year loan from FMIC. The loan bears interest based on a three month MART1 rate plus 4% spread. The principal is payable in 20 equal quarterly installments, commencing on May 13, 2009. Total interest charged to operations amounted Php1.91 million and Php4.85 million in 2012 and 2011, respectively. TPC's power plant is mortgaged as collateral to at least 200% of the fair market value of the loan.

c. Notes Payable to Solidbank Corporation Properties, Inc. (SBCPI)

- Notes payable amounting to Php100.00 million was obtained from SBCPI, a related party, to support TPC's working capital requirements. This loan is covered by a promissory note, bearing interest based on a three - month MART1 rate plus 4% spread. The original loan agreement stated that the principal is payable on or before December 4, 2009. In 2009, the Company and SBCPI amended the term of the notes payable extending its maturity to December 4, 2012. Total interest charged to operations amounted to Php2.33 million and Php5.64 million in 2012 and 2011, respectively. The loan was paid in full in July 2012.

d. Lease Agreements

- TPC leases various parcels of land from THC for a period of one year, renewable every year and under such terms and conditions as may be agreed upon by both parties. Rent charged to operations amounted to Php6.55 million and Php6.68 million in 2012 and 2011, respectively. In addition, TPC extended noninterest-bearing advances payable in lump sum at a certain period of time to a third party. In 2002, the third party assigned its rights over certain foreshore leases and sold several parcels of land to THC in settlement of its long-term advances from TPC. Accordingly, THC became indebted to TPC for the value of these foreshore leases and parcels of land determined using the NRV of the third party's advances from TPC.

- Interest earned from the sale of land to THC amounted to Php8.79 million in 2012. In addition, PPC leases back parcels of land from THC for a period of one year commencing on January 1, 2004, renewable every year and under such terms and conditions as may be agreed upon by both parties. Related rent expense charged to operations amounted to Php10.47 million from January 1 to September 24, 2012.

- CEDC has a lease agreement with THC for the latter's parcels of land where CEDC's power plant is situated. CEDC and THC agreed that the former will purchase the parcels of land in the near future. Rental in 2011 amounted to Php3.89 million.

e. The Group has cash and cash equivalents with MBTC, FMIC and ORIX. Interests earned from these deposits are based on the respective bank deposit rates. MBTC is the parent company of FMIC. FMIC owns 49.11% of GBPC. ORIX is a joint venture between MBTC and ORIX Corporation of Japan.

f. Due to related parties amounting to Php378,463,323 as of December 31, 2012 represents advances from Abovant, a stockholder of CEDC.

Effect of Existing or Probable Government Regulations on the Business

The following regulations have significant impact on GBP's business operations:

Wholesale Electricity Spot Market

The WESM provides a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. In June 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly) trading period. These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

GBP's subsidiaries, PEDC, CEDC, PPC and TPC, are registered participants of the WESM since 2011.

Retail Competition and Open Access

The EPIRA likewise provides for a system of open access on transmission and distribution wires, whereby NGCP, as the concessionaire, and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution and wheeling charges. Conditions for the commencement of the Open Access system are as follows:

- establishment of the WESM;
- approval of unbundled transmission and distribution wheeling charges;
- initial implementation of the cross-subsidy removal scheme;
- privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators.

In a decision dated June 6, 2011, the ERC declared that all conditions to retail competition and open access have been complied with and stated that open access will start on December 26, 2011 in Luzon. However, as certain issues still needed to be resolved for a smooth implementation of open access, the Government postponed the implementation of open access and declared December 26, 2012 as the new open access date, with the first six months from the open access date of December 26, 2012 up to June 25, 2013 as the transition period. Commercial operations of the retail competition and open access will thus commence on June 26, 2013.

A wholly owned subsidiary of GBP, Global Energy Supply Corporation (GESC), holds a retail electricity supplier license (RES). This allows GBP to participate in the retail open access initiative once fully implemented and directly supply power to end users, including major industrial customers.

Reduction of Taxes

To equalize prices between imported and indigenous fuel, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to , natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the implementing rules and regulations, President Arroyo enacted Executive Order No. 100 on May 3, 2002, to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

Renewable Energy Act of 2008

The Renewable Energy Act of 2008 (the "RE Law") is landmark legislation and is considered the most comprehensive renewable energy law in Southeast Asia. The RE Law was signed into law by President Gloria M. Arroyo on December 16, 2008 and took effect on January 30, 2009.

One of the main objectives of the RE Law is to accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve synergy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy.

The RE Law also offers key fiscal and non-fiscal incentives to developers of renewable energy facilities, including hybrid systems, subject to certification from DOE and in consultation with the BOI. All fiscal incentives apply to all RE capacities upon the RE Law becoming effective. Key incentives are as follows:

- income tax holiday for the first seven years of operation;
- duty-free importations of RE machinery, equipment and materials, effective within ten years upon issuance of certification, provided that the said machinery, equipment and materials are directly, exclusively and actually used in the RE facilities;
- special realty property tax rates on equipment and machinery not exceeding 1.5% of the net book value;
- net operating loss carry-over for a period of seven years;
- corporate income tax rates of 10% after the income tax holiday;
- accelerated depreciation for the purposes of computing taxable income;
- zero percent value-added tax on the sale of fuel or power generated from emerging energy sources and purchases of local supply of goods, properties and services of renewable energy facilities;
- cash incentives for renewable energy developers for missionary electrification;
- tax exemption, applicable to both value-added tax and corporate income tax, on carbon emission credits; and
- tax credits on domestic purchases of capital equipment and services.

The non-fiscal incentives or market mechanism include the Renewable Portfolio Standard, which sets a minimum percentage of generation from eligible renewable energy resources; the Feed-in Tariff System, which authorizes a fixed tariff for electricity produced from emerging renewable energy resources; the Renewable Energy Market, which will operate in the WESM to facilitate compliance with the Renewable Portfolio Standard; and the Green Energy Option, which allows end-users to contract their energy requirements directly from renewable energy facilities.

To address the projected growth in power demand across the country, GBP is reviewing opportunities in renewable energy facilities, such as hydroelectric and geothermal facilities, to complement its existing portfolio and bring down its average cost of generation.

Licenses

Under the EPIRA, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a Certificate of Compliance (COC) from the ERC to operate facilities used in the generation of electricity.

The generation companies of GBP possess the following COCs:

Title of Document	Issued under the name of:	Power Plant					Date of Issuance
		Type	Location	Capacity	Fuel	Years of Service	
COC No. 11-01-GN 64-17088V	Panay Energy Development Corporation	Coal Fired Thermal	Brgy. Ingore, La Paz, Iloilo City	167.4007 MW	Coal	25	January 24, 2011
COC No.08-09-GXT 8-0008	Panay Power Corporation	Oiesel	Brgy. Ingore, La Paz, Iloilo City	74.88 MW	Bunker C / Diesel	-	September 04, 2008
COC No. 12-08-GN 09-13351V	Panay Power Corporation (Plant 2)	Diesel Engine	Brgy. Ingore, La Paz, Iloilo City	20 MW	Diesel	15	August 28, 2012
		Blackstart		500 kW	Diesel	15	
COC No. 10-09-GN10 13352-13371	Panay Power Corporation (New Washington Diesel Power Plant)	Bunker C Fired	Brgy. Mabilo, New Washington, Aklan	5.00 MW	Bunker C / Diesel	20	September 27, 2010
		Blackstart		483 kW	Oiesel	20	
COC No. 10-09-GN11 13353-13372	Panay Power Corporation (Nabas Diesel Power Plant)	Bunker C Fired	Brgy. Unidos, Nabas, Aklan	12.50 MW	Bunker C / Diesel	20	September 27, 2010
		Blackstart		456 kW	Diesel	20	
COC No. 10-02-GN 53-16751	Cebu Energy Development Corporation	Coal-Fired Thermal	Brgy. Oaanlungsod, Toledo City, Cebu	251.10 MW	Coal	25	February 22, 2010
		Blackstart		1.50 MW	Oiesel	-	
COC No. 09-11-GXT 61-0066	Toledo Power Company	Coal	Sangi, Toledo City, Cebu	66.50 MW	Coal	10	November 16, 2009
		Oiesel	Sigpit, Toledo City, Cebu	45.80 MW	Bunker C	10	
		Blackstart	Sigpit, Toledo City, Cebu	0.30 MW	Diesel	10	
CDC No. 09-03-GXT 41-0041	GBH Power Resources, Inc.	Diesel	Pinamalayan, Oriental Mindoro	7.50 MW	Diesel / Bunker Fuel	25	March 09, 2009
		Blackstart		456.00 kW	Diesel	-	

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a certificate of compliance from the ERC to operate facilities used in the generation of electricity. A certificate of compliance is valid for a period of five years from the date of issuance.

In addition to the certificate of compliance requirement, a generation company must comply with technical, financial and environmental standards. A generation company must ensure that its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued "Guidelines for the Financial Standards of Generation Companies," which sets the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its certificate of compliance. For certificate of compliance applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements, a schedule of liabilities, and a five-year financial plan. For the duration of the certificate of compliance, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be grounds for the imposition of fines and penalties.

Upon the introduction of retail competition and open access, the rates charged by a generation company will no longer be regulated by the ERC, except rates for Captive Markets (which are determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction and operation, including environmental licenses and permits.

Research and Development Costs

GBP has no budget spending for research and development in 2012.

Costs and Effects of Compliance with Environmental Laws

The operation of GBP's power generation facilities are subject to broad range of safety, health and environmental laws and regulations. These laws and regulations impose controls on air and water discharges, on the storage, handling, discharge and disposal of fuel, chemicals and wastes, employee exposure to hazardous substances and other aspects of the operations of these facilities and businesses. GBP has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, GBP has made and expects to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations.

GBP has undertaken carbon sink projects and has allocated funds for Energy Regulation 1-94 to finance reforestation, watershed management, health and environment enhancement projects.

Employees

As of December 31, 2012, GBP and its consolidated subsidiaries had 766 employees. The following table provides a breakdown of GBP's employees by subsidiary and function as of December 31, 2012.

	Executive Officers	Operations	Administrative	Total
GBP Headquarters	13	–	87	1D0
CEDC	1	100	47	148
PEDC	1	94	40	135
TPC	2	182	46	230
PPC	1	103	28	132
GPRI	–	21	0	21
Total	**18**	**500**	**248**	**766**

Risks

Financial Risk

a. If the power off-takers experience financial difficulties or regulatory constraints and are unable to meet, or are late in meeting, their payment obligations to the Generation Subsidiaries, GBP would be materially and adversely affected. 90% of GBP's total electricity sales in 2012 were earned from its contracted power off-taker customers. These off-takers are committed to pay the Generation Subsidiaries for availability and energy under their respective off-take agreements. GBP expects to continue to receive the majority of its revenues from these off-takers at least until the expiration of their existing off-take agreements.

   Although GBP's off-takers have historically met their payment obligations under the off-take agreements, there can be no assurance that they will continue to do so in the future or that they will continue to do so in a timely manner. Any difficulty, inability or delay on the part of the off-takers to meet their payment obligations under the off-take agreements, including payments intended to cover costs for operation and maintenance and debt service, would require each of the Generation Subsidiaries to obtain funds from other sources to meet these obligations. There can be no assurance that such alternative funding would be available, or, if the funding were available, that it would be on commercially reasonable terms. This could materially and adversely affect GBP's business, financial condition and results of operations.

   The failure by the Generation Subsidiaries to meet their payment obligations under their contracts with third parties could also lead to the termination of such agreements or constitute an event of default under their loans. This may lead to an acceleration of such loans, which in turn could materially and adversely affect GBP's business, financial condition and results of operations.

b. Significant and unpredictable price fluctuations and other market factors beyond GBP's control could have a material and adverse effect on the future financial performance of GBP. The operating results of GBP are expected to fluctuate once GBP's existing EPPAs expire and GBP's future power plant projects become operational. Unlike most other commodities, electric power cannot be stored and must be used concurrently with its generation. As a result, power prices are subject to significant volatility from supply and demand imbalances, especially in the forward and spot markets.

Competition Risk

Increased competition in the power industry, including competition resulting from legislative, regulatory and industry restructuring efforts, could have a significant adverse impact on GBP's future operations and financial performance. In recent years, the Government has sought to implement measures designed to establish a competitive energy market. These measures include the planned privatization of substantially all NPC-owned power generation facilities and all Government-owned and operated transmission facilities. In addition, renewable energy is provided priority dispatch as well as Government incentives, making such forms of energy a competitor against non-renewable forms of energy such as coal and fuel oil. The move towards a more competitive environment could result in the emergence of new competitors. Some of these competitors may have greater financial resources and have more extensive operational experience than GBP, giving them the ability to respond to operational, technological, financial and other challenges more quickly than GBP. These competitors may therefore be more successful than GBP in acquiring existing power generation facilities or in obtaining financing for and the construction of new power generation facilities. The varying types of fuel used by GBP's competitors could allow them to sell electricity at a lower price or, as compared to certain of GBP's existing or future power generation facilities, produce electricity at a lower cost. The impact of this ongoing restructuring of the Philippine power industry may affect GBP's financial position, results of operations and cash flows in a variety of ways. GBP may not be able to compete effectively against its competitors or maintain its market share and profit margins. Failure by GBP to maintain its competitive position could materially and adversely affect GBP's business, financial condition and results of operations.

Operational Risk

GBP's financial performance depends on the successful operation of its power generation facilities, which are subject to various operational risks. Both the cost of operations and the operating performance of GBP's power generation facilities may be adversely affected by a variety of operating factors. For example, the facilities may require unexpected maintenance or replacement, thereby requiring substantial capital expenditure. GBP is exposed to the risk of malfunctions and interruptions in service resulting from events outside of its control, including accidents, natural disasters, defects or failures in machinery or control systems and transmission related disturbances. Any such events could result in economic losses or an increase in GBP's cost of operations. Additionally, service interruptions, malfunctions or other significant events could result in GBP being exposed to litigation, which could result in obligations to pay damages.

There is no assurance that GBP's key equipment or processes will not break down or fail, which may result in the suspension of operations or a shutdown of any of GBP's facilities. GBP may experience a breakdown or failure of power generation equipment, pipelines, transmission lines or other equipment or processes and performance below expected levels of output or efficiency.

Some of the equipment that GBP uses in its operations are sufficiently large and project-specific so that replacement units may not be readily available. Any extended period of time needed to obtain, manufacture or transport replacement units could give rise to delays in replacement beyond that for which GBP may have purchased insurance coverage for lost revenues. The occurrence or continuance of any of these risks could increase GBP's cost of operating the facilities, reduce the payments due from its customers under the off-take agreements or otherwise materially and adversely affect GBP's business, financial condition and results of operations.

Fuel Supply Risk
Certain Generation Subsidiaries are reliant upon a small number of suppliers for their supply of coal and any decrease in the availability, or increase in the cost, of raw materials could materially affect their production output and earnings.

The operations of the Generation Subsidiaries depend heavily on the availability of various raw materials, including coal. The CEDC facilities, PEDC facilities and TPC's Sangi coal facility depend on the availability of coal to fuel the facilities. For locally-sourced coal supply, these three generation facilities depend on Semirara Mining Corporation. For coal supply coming from Indonesia, CEDC depends on PT Adaro Indonesia and Coal Orbis AG while PEDC sources supply from Samtan Co. Ltd., Lucent Aminto Inc. and PT Sion Anugrah Mandiri. Similar with PEDC, TPC also sources out coal supply from PT Sion Anugrah Mandiri. In the past, certain of the Generation Subsidiaries' coal suppliers have not been able to meet all of the Generation Subsidiaries' coal requirements. In the future, if any or all of the coal suppliers are unable to provide CEDC, PEDC and TPC with sufficient amounts of coal and as per specified quality standards, such Generation Subsidiaries may encounter delays in securing or may be unable to secure alternative supplies of coal on favorable terms or at all. As a result, such Generation Subsidiaries may not be able to maximize their production capacity at the CEDC facilities, PEDC facilities and TPC's Sangi plant, which could materially and adversely affect GBP's business, financial condition and results of operations.

The availability of raw materials and energy resources may decrease. Raw materials and energy resources prices are likely to be volatile as a result of, among other things, changes in overall supply and demand levels and new laws or regulations. Disruption in the supply of the Generation Subsidiaries' raw materials or energy resources could temporarily impair their ability to generate power or require them to pay higher prices in order to obtain these raw materials or energy resources from other sources. In the event that raw material and energy costs increase and the Generation Subsidiaries are unable to pass on these higher costs to their customers in full or at all, any increase in the prices for raw materials or energy resources could materially increase GBP's costs and therefore lower GBP's earnings.

Project Risk
GBP faces risks relating to its future greenfield development projects, including risks relating to project cost, completion time frame and development rights. GBP's future plans for the power generation business involve significant risks distinct from those involved in the ownership and operation of established power generation facilities, including the risk that GBP may invest significant time and money in a greenfield power project that may take substantially more time and resources than anticipated or construction of the projects may not be completed on schedule or at all and/or within budget. In addition, GBP may face difficulties obtaining the required government permits and approvals.

The time and costs involved in completing the development and construction of power generation projects can be adversely affected by many factors, including but not limited to shortages of materials, equipment and labor, such as a limited supply of skilled labor, adverse weather conditions, Peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, GBP may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect GBP's business and financial condition. This may also result in sales and resulting profits from a particular power project not being recognized for the year. GBP cannot provide any assurance that such events will not occur in a manner that could materially and adversely affect GBP's business, financial condition or results of operations.

Toyota Motor Philippines Corporation

Principal Products or Services and their Markets Indicating the Relative Contribution to Sales/Revenues

TMP is authorized to distribute Toyota products that are approved for distribution in the Philippines by TMC and TMAP according to their Toyota Distributor Agreement. TMP's products are divided into three categories: (1) vehicle sales, (2) local sales of service parts and (3) export sales of original equipment manufacturer ("OEM") parts and service parts.

Vehicle Sales
Vehicle sales are divided into locally manufactured vehicles using both imported and locally manufactured parts and components, as well as CBU vehicles, which are wholly imported. TMP sells two models of locally manufactured vehicles, the passenger car Vios and the commercial vehicle Innova. All other vehicle models sold by TMP are imported CBU vehicles. In addition to the compact-sized Vios, the other Toyota passenger car models sold in the Philippines are the sub-compact Yaris, compact-sized Prius, Prius c and Corolla, the mid-sized Camry and the specialty 86. The Lexus passenger car line-up includes the LS, GS, ES, IS, IS-C, and CT.

Aside from the Innova, TMP's commercial vehicles include pick-ups, SUVs, multi-purpose vehicles, vans and minibuses such as Hilux, Fortuner, RAV4, Land Cruiser Prado, LC200, Avanza, Hiace, Previa, Alphard and Coaster. The Lexus sells the LX, GX and RX models.

Local Sales of Service Parts
TMP offers a wide range of after-sales parts consisting of service parts, oils and chemicals and accessories. A substantial portion of the service parts that TMP sells locally are sourced from TMC and TMAP, with the remaining portion manufactured by both TMP and local suppliers.

Export Sales
TMP exports parts manufactured by TMP and its local suppliers through TMAP for distribution primarily to Toyota subsidiaries and affiliates within the Asia Pacific region.

The table below shows the sales breakdown by vehicle sales, local sales of service parts and export sales, and their respective contribution to total revenue, for each of the last three years:

Category	2010		2011		2012	
	Sales (Php Mil)	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*
Vehicle Sales						
Locally Manufactured Vehicles	18,507.0	32%	17,243.6	31%	20,301.1	29%
Imported CBU Vehicles	27,520.6	47%	25,762.4	47%	37,288.1	52%
Local Sales of Service Parts	2,297.6	4%	2,247.7	4%	2,583.5	4%
Export sales of OEM and Service Parts	10,211.9	17%	9,751.5	18%	10,837.1	15%
TOTAL	**58,537.1**	**100%**	**55,005.2**	**100%**	**71,009.8**	**100%**

Distribution Methods of Products and Services

The table below sets out the geographic breakdown of TMP's vehicle sales for the periods indicated.

	As of December 31,					
	2010		2011		2012	
	Units	*%*	*Units*	*%*	*Units*	*%*
Metro Manila	38,553	68%	36,812	67%	44,019	67%
Outside Metro Manila	18,302	32%	17,781	33%	21,377	33%
TOTAL	**56,855**	**100%**	**54,593**	**100%**	**65,396**	**100%**

As of December 31, 2012, the Toyota and Lexus dealer network in the Philippines consisted of 32 dealers, of which 17 dealers were in Metro Manila. TMP owns direct interests in three dealerships: 100% of Toyota Makati, Inc., 55% of Toyota San Fernando Pampanga, Inc. and 75% of Lexus Manila, Inc. Approximately 67% of TMP's sales in 2012 were in Metro Manila while 33% of total sales in 2012 were made outside of Metro Manila. TMP enters into dealership agreements based on criteria set out in the Toyota Distributor Agreement. TMP provides each Toyota dealer with periodic performance reviews, training and education. In addition, TMP sets individual sales and operational targets for each dealership.

Competition

Industry Trends
Automotive sales in the Philippines can be classified either as sales of locally manufactured vehicles or imported CBU vehicles. The overall market growth has been reflected in positive absolute trends for both segments, but over the past five years imported CBU vehicles have captured an increasingly larger share of the market. CBU market share was 61% in 2012 as compared to 44% in 2006 according to CAMPI and AVID. This trend is attributable to increasing number of imported models available versus locally produced models, which is expected to continue with further tariff reduction on imported Korean and Chinese CBU vehicles under the ASEAN-Korea and ASEAN-China Free Trade Agreements.

New vehicles have recently accounted for an increasingly larger share of the Philippine automotive market. Rising income levels and changing consumption preferences have contributed to this shift. The regulation is also considered to have supported the trend over recent years, such as the stricter implementation of the prohibition on importation of second-hand vehicles.

Part of industry/geographic area in which the business competes
Please see **Distribution Methods of the Products or Services.**

Principal methods of competition (price, service, warranty or product performance)
Competition has a direct effect on selling price of vehicles. In general, vehicle price setting is based on specification differences. However, upward or downward price adjustments may be made to respond to competitors' pricing strategy and the target market's purchasing behavior. It may sometimes be necessary to maintain the current prices of some vehicle models despite increasing costs in order to narrow the gap with competitors or maintain market share. In an effort to mitigate the effects of competitive pricing, TMP pushes high-profit models or variants and introduces limited or special edition models.

In after-sales, main competitors of Toyota are three-star workshops like; Rapide, Goodyear Serviteks and to some extent, gasoline stations. These workshops offer services that are, on the average, 15% to 30% lower than Toyota rates primarily due to the use on non-genuine parts and lower overhead expense.

Compared to other brands, Toyota still offers the lowest service rates, i.e., Php300/hour for Periodic Maintenance and Php350/hour General Job (GJ). These rates are at least 30% lower than the service centers of other brands. In terms of service parts, average prices of Toyota Genuine Parts are 13% lower than other brands, based on 2012 survey.

Principal Competitors (including relative size and financial and market strengths of competitors)
Based on industry data compiled by CAMPI and AVID, the top six automotive companies in the Philippines accounted for 86.2% of total vehicles sold in 2012. Toyota remains the leading automotive brand in the Philippines, with a 2012 market share of 35.8%, which is 17 percentage points higher than its closest competitor, Mitsubishi. Hyundai and Honda had market shares of 12.0% of 6.9% in 2012, respectively. Aside from Toyota, other multinational automotive companies also have manufacturing and assembly plants in the Philippines, such as Honda, Isuzu, Mitsubishi, and Nissan. Ford recently closed its manufacturing and assembly plant in December 2012.

Advantage over competitors
Given the tight competition in the Philippine automotive market, TMP believes that four key factors have contributed to TMP being the most preferred car manufacturer in the Philippines:

- Product: quality, durability and reliability;
- Value for money: affordable vehicles that command high resale values in the market;
- Worry-free ownership: personalized maintenance programs and high standards of customer care; and
- Pioneering technologies: sustainable innovation from a global leader in manufacturing technology.

Raw Materials

Sources and availability of raw materials and dependence on one/limited number of suppliers
The parts and components requirement of TMP are sourced from Japan and ASEAN countries through TMAP and from local suppliers. TMP purchases raw materials, parts, components, equipment and other supplies from TMC,

foreign subsidiaries of TMC, affiliates and other foreign and local suppliers authorized by TMC. TMP has full responsibility to ensure compliance of all localized parts and components in accordance with TMC's standards.

The top five suppliers accounted for 79%, 75%and 78%, respectively, of total material purchases in 2010, 2011 and 2012. The table below shows the sources of parts for each of the last three years:

Source	2010	2011	2012
TMC/TMAP			
Japan-sourced	18%	19%	19%
Multi-sourced	53%	52%	50%
Local Suppliers	29%	29%	25%
TOTAL	100%	100%	100%

TMP established its supply chain based on Toyota standards in terms of supplier capability, cost competitiveness and economies of scale, which are the reasons for single-sourced commodities. Being aware of the supply chain risks in the auto parts manufacturing industry, TMP has put in place supply risk management programs such as a back-up supply database to immediately identify back-up source (local or regional) for each part, financial risk management and labor risk management.

Names of principal suppliers
TOYOTA MOTOR ASIA PACIFIC PTE., LTD.

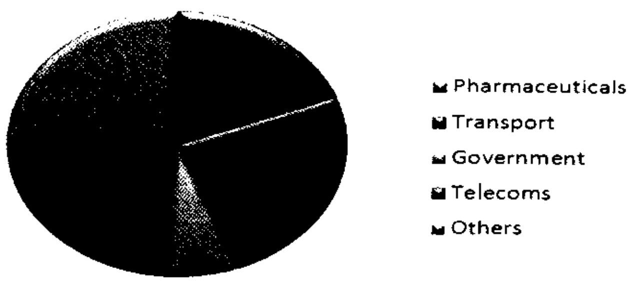
Major existing supply contracts
Overseas OE parts Import Agreements

Customers

In addition to general consumer sales, TMP's products are also sold to fleet accounts such as pharmaceutical companies, taxi companies and government entities. In 2012, 21% of TMP's products were sold to fleet account customers.

The chart below provides a breakdown of TMP's fleet account customers by category for the year ended December 31, 2012:

2012 Fleet Sales



Major existing sales contracts
Not applicable

Transactions with and/or Dependence on Related Parties

As a member of GT Capital, TMP continues to benefit from this affiliation in several ways. MBT has a 34% effective interest in TFSPH, which is a joint venture between MBT and Toyota Financial Services Corporation of Japan. TFSPH provides financing to both the general public and Toyota dealerships for the purchase of cars and the acquisition of vehicle inventories, respectively. While TMP does not have any ownership interest in TFSPH, TFSPH's financing promotions for retail and wholesale customers help to support sales of TMP's products. MBT's credit card subsidiary, MCC, and TMP have also developed a Toyota Mastercard, a loyalty and credit card in one, where rewards earned on purchases made with the Toyota Mastercard can be used to purchase items at any Toyota dealership. In addition, certain GT Capital companies maintain fleet accounts for the purchase of Toyota cars for their business operations. In terms of management, TMP is also able to draw upon the significant managerial experience of the GT Capital companies to complement its own managerial resources.

Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licences, Franchises, Concessions and Royalty Agreements Held

TMP acquired the rights to use the "Toyota" and "Lexus" brand names through the Toyota Distributor Agreement and Lexus Distributor Agreement, respectively with TMC and TMAP.

These distributor agreements were last renewed on December 1, 2012 with an expiration date of November 30, 2015. According to the distributor agreements: (i) TMC and TMAP have agreed to grant TMP an exclusive distributorship of Toyota and Lexus products in the Philippines, thereby supplying TMP with Toyota and Lexus vehicles, parts and accessories, non-exclusive rights to use Toyota and Lexus trademarks and service marks, including the use of such trademarks by local Toyota and Lexus dealerships, solely in connection with the distribution, sale and service of Toyota and Lexus products; and (ii) TMP has agreed to continuously purchase Toyota and Lexus products from TMC, TMAP, and/or other such suppliers designated by TMC, and to obtain any governmental approvals or certifications necessary for the import, sales, service, use, registration, and/or homologation of Toyota and Lexus products in the Philippines.

TMP has also entered into a Technical Assistance Agreement with TMC, whereby TMP is licensed to manufacture Toyota vehicles and parts of proper and specified quality and obtain technical assistance from TMC. This agreement will expire on April 30, 2014 unless renewed. Under this agreement, TMP pays TMC royalties on all licensed products. Under the current Technical Assistance Agreement, TMP possesses licenses for the manufacture of the Innova, Vios, Camry, Corolla and Tamaraw models.

Government Approval of Principal Products or Services

TMP regularly obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Governmental Regulations on the Business

The Philippine automotive industry is subject to various laws and government regulations. These regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities and vehicle performance. The Government also imposes tariffs, taxes and levies. TMP has incurred, and expects to incur in the future, significant costs in complying with these regulations.

Employees

Number of present employees and projected number of employees for the next 12 months (by type)
The following table provides a breakdown of TMP's employees for the periods indicated.

	As of December 31,		
	2010	2011	2012
Regular			
President's Office	1	1	1
Affiliate Operations Support & Audit Group			2
Corporate Affairs Group /Info Systems Department	24	26	30
General Administration	70	71	76
Treasury	7	7	7
Manufacturing	900	953	944
Comptrollership	63	63	59
Marketing	171	178	205
Production Control & Logistics	66	69	68

Outside Contractors			
Production (on-the job trainees)[1/]	318	282	**251**
Production Contractual[2/]	112	138	**174**
Office Contractual[3/]	-	-	**54**
TOTAL	**1,732**	**1,788**	**1,871**

Notes:

[1/] Students, typically on a 5-10 manth on the jab training agreement

[2/] Contracted fram a workers' cooperative and hired on a temporary basis

[3/] Contracted from service cantractors an a temporary bosis

Expiration dates of Collective Bargaining Agreements (CBA)

TMP has two certified and recognized labor unions, one for rank and file employees known as Toyota Motor Philippines Corporation Labor Organization ("TMPCLO") and one for supervisory employees known as Toyota Motor Philippines Corporation Supervisory Union ("TMPCSU").

The new 5-year Collective Bargaining Agreement negotiations with TMPCO were concluded on December 16, 2011 and with TMPCSU on January 26, 2012.

Reasons for employee strike/dispute

Not Applicable.

Supplemental benefits or incentive arrangements

TMP applies a progressive benefit structure with a set of base benefits applicable to all employees and a supplementary, variable scheme where individual employees choose a package of benefits that are appropriate to their individual circumstances, subject to their entitlement. TMP has also funded a non-contributory defined benefit retirement plan covering all of its regular and permanent employees. The plan is administered by trustees. The benefits are based on the years of service and percentage of final basic salary. TMP's normal retirement age is 55 years. Early retirement is allowed at 50 years.

Major Risks

The Philippine automotive industry is highly volatile.

The Philippine automotive market has been subject to considerable volatility in demand and TMP's business is highly sensitive to sales volume. Demand for vehicles depends to a large extent on general, social, political and economic conditions in the Philippines. Demand may also be affected by factors directly impacting vehicle prices or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, and the cost of fuel, exchange rates and governmental regulations (including tariffs, import regulations and other taxes). Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses per vehicle and could materially and adversely affect TMP's business, financial condition and results of operations.

The Philippine automotive market is highly competitive.

The Philippine automotive market is highly competitive. TMP faces strong competition from vehicle manufacturers and importers in the Philippines. TMP's competitors also have relationships with joint venture partners and recognized international auto brands. Factors affecting competition include product quality and features, innovation and development time, production capacity, pricing, reliability, safety, fuel economy, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses and may adversely affect TMP's financial condition and results of operations. Further, under the ASEAN-Korea free trade agreement, tariffs on vehicles from Korea will be gradually reduced beginning in 2012, leading to greater competition from Korean brands. Competition has a direct effect on selling prices of vehicles. In general, vehicle price setting is based on specification differences. However, upward or downward price adjustments may be made to respond to competitors' pricing strategy and the target market's purchasing behavior. TMP's ability to maintain its competitiveness will be fundamental to its future success in existing and new markets and its market share. In addition, under the terms of the Toyota Distributor Agreement with TMC and TMAP, TMP is required to meet certain business targets including, among others, annual sales plan and market share. Should TMP fail to meet its expected business targets, its right to distribute Toyota brands in the Philippines may be terminated. There can be no assurance that TMP will be able to compete successfully in the future, which could materially and adversely affect TMP's business, financial condition and results of operations.

The Philippine automotive industry is subject to various governmental regulations.
The Philippine automotive industry is subject to various laws and government regulations. These regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities and vehicle performance. The Government also imposes tariffs, taxes and levies. TMP has incurred, and expects to incur in the future, significant costs in complying with these regulations. New legislation or changes in existing legislation may also subject TMP to additional expense in the future and could materially and adversely affect TMP's business, financial condition and results of operations.

TMP's success depends on its ability to continue offering innovative, new, price-competitive products and services that meet and satisfy customer demand an a timely basis.
Meeting and satisfying customer demand with attractive new vehicles and reducing product development time are critical elements to the success of automotive manufacturers. The timely introduction of new vehicle models at competitive prices and meeting rapidly changing customer preferences and demands are fundamental to TMP's success. There is no assurance that TMP may adequately perceive and identify changing customer preferences and demands with respect to quality, styling, reliability, safety and other features in a timely manner. Even if TMP succeeds in perceiving and identifying customer preferences and demands, there is no assurance that TMP will be capable of manufacturing and introducing new, price-competitive products in a timely manner with its available technology, intellectual property, sources of raw materials and parts and components, and production capacity. Further, there is no assurance that TMP will be able to implement capital expenditures at the level and periods planned by management. TMP's inability to develop and offer products that meet customer demand in a timely manner could result in a lower market share and reduced sales volumes and margins, and could materially and adversely affect TMP's business, financial condition and results of operations.

TMP's success depends on its ability ta market and distribute effectively, and to maintain its brand image.
TMP's success in the sale of vehicles depends on its ability to market and effectively distribute based on distribution networks and sales techniques tailored to the needs of its customers, as well as its ability to maintain and further cultivate the Toyota brand image. There is no assurance that TMP will be able to develop sales techniques and distribution networks that effectively adapt to customer preferences or changes in the regulatory environment in the Philippines. Nor is there assurance that TMP will be able to cultivate and protect the Toyota brand image. Toyota's inability to maintain well-developed sales techniques and distribution networks or a positive brand image may result in decreased sales and market share and could materially and adversely affect TMP's business, financial condition and results of operations.

TMP's ongaing success depends on the non-termination and repeated renewal of distributor agreements with TMC and TMAP.
TMP acquired the rights to use the "Toyota" and "Lexus" brand names through the Toyota Distributor Agreement and the Lexus Distributor Agreement, respectively, with TMC and TMAP. These distributor agreements were last renewed on December 1, 2012 with an expiration date of November 30, 2015. According to the distributor agreements: (i) TMC and TMAP have agreed to grant TMP an exclusive distributorship of Toyota and Lexus products in the Philippines, thereby supplying TMP with Toyota and Lexus vehicles, parts and accessories, non-exclusive rights to use Toyota and Lexus trademarks and service marks, including the use of such trademarks by local Toyota and Lexus dealerships, solely in connection with the distribution, sale and service of Toyota and Lexus products; and (ii) TMP has agreed to continuously purchase Toyota and Lexus products from TMC, TMAP, and/or other such suppliers designated by TMC, and to obtain any governmental approvals or certifications necessary for the import, sales, service, use, registration, and/or homologation of Toyota and Lexus products in the Philippines.

The distributor agreements are terminable at the option of TMC upon the occurrence of various events which include:

- breach of any material provision of the distributor agreement by TMP;
- discontinuation of a material part of the business activities of TMP as a Toyota or Lexus authorized distributor;
- issuance of an order by any relevant government authority for TMP to discontinue, or the cancellation or withdrawal of any license or permission to operate, a material part of TMP's business activities as a Toyota or Lexus authorized distributor;
- the election by TMC to terminate the agreement, after consultation with TMAP, in the event that: (a) TMP fails in any material respect to achieve any of the business targets; and (b) TMP fails to make significant progress in achieving such business targets within six months after TMAP has given guidance or advice to TMP to improve its performance; and (c) TMAP deems that there is no justifiable reason for such failure;
- the election by TMC to terminate a distributor agreement in the event that:

(a) TMP has implemented, without prior notification to TMC and TMAP, any of the following significant changes in its organization: (i) merger or acquisition of any company or organization; (ii) assignment or disposition of all or a substantial portion of its assets or business to any third party; (iii) change of its executives or high-ranked employees, such as department/division general managers and above; (iv) relocation, expansion, reduction, or closing down of its head offices or other important facilities; (v) change of its main shareholders or any person or entity which has substantial control over TMP as well as listing all or a part of its shares on any stock exchange; and (vi) any other significant change in its business or organization; or

(b) failure by TMP to satisfy the request of TMC and/or TMAP for TMP to suspend such significant changes or to modify the contemplated organization scheme such as to prevent or reduce possible impairment of TMC and/or TMAP's interests or TMP's performance or the ability to perform as a Toyota or Lexus authorized distributor.

If either of the Toyota Distributor Agreement or Lexus Distributor Agreement were to be terminated, TMP shall be required to: (i) immediately and fully settle all of its outstanding liabilities to the other parties in relation to the relevant agreement; (ii) immediately terminate all dealership agreements and any other contracts concluded between TMP and any third party in relation to the relevant agreement; (iii) collect and remove all data, facility signs, signboards, posters, advertising or technical materials and printed matters related to Toyota or Lexus products, software for the sale and service of Toyota or Lexus products, and all tools and implements designed for servicing Toyota or Lexus products located in the facilities of TMP and/or the dealers, and deliver at its own cost and expense to TMC and/or TMAP or dispose of a part or a whole of them in accordance with the instructions of TMC and/or TMAP; (iv) remove from its facilities and cease using the name of TMC and any of the trademarks, service marks, and any mark confusingly similar thereto, cancel the relevant registrations thereof, and cause all dealers to do the same; (v) refrain from conducting itself and cause each dealer to refrain from conducting itself in such manner as would lead a third party to believe that TMP or any dealer is still an authorized distributor or dealer of Toyota or Lexus brand products in the Philippines; (vi) in the event that TMP fails to comply with the above obligations, TMP shall allow TMC and TMAP to enter its premises at any time for the removal and disposal of all items bearing Toyota or Lexus trademarks and any marks confusingly similar thereto, as well as all items that should have been delivered to TMC and/or TMAP or disposed of by TMP, wherein TMP shall reimburse TMC and TMAP for all expenses incurred in exercising such right if so requested by TMC and TMAP; (vii) allow TMC and TMAP to repurchase Toyota or Lexus products which are new, unused, undamaged, and in good and saleable condition or dispose of such products in accordance with instructions of TMC and/or TMAP in the event that the products are not repurchased.

Further, any decreases in product quality, negative allegations or negative events associated to the Toyota group of companies outside of the Philippines could tarnish the image of the brands and may cause consumers to choose other vehicles. Further, there can be no assurance that these brand names will not be adversely affected in the future by events such as actions that are beyond TMP's control and which could materially and adversely affect TMP's business, financial condition and results of operations.

A third party could inappropriately use the trademark and trade name "Tayata" or any of the trademarks and trade names that TMP uses.

TMP has a license to use the "Toyota" name and logo in the Philippines. There is no assurance that the steps taken by TMP or TMC will prevent misappropriation or infringement of the intellectual property rights of TMC. In addition, policing unauthorized use of intellectual property rights is difficult and sometimes practically infeasible. The Philippine automotive industry has experienced unauthorized copies of vehicles and auto parts from time to time. Such misappropriation or infringement could materially and adversely affect TMP's business, financial condition and results of operations.

Product recalls could materially adversely affect TMP's reputation and financial condition.

TMP may recall its products to address performance, compliance, or safety-related issues. While no recalls on TMP manufactured automobiles have occurred in the past, there can be no assurance that such recalls will not occur in the future. The costs TMP would incur in connection with such recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. If the defective part or vehicle is the fault of TMP, it will be responsible for such costs. Otherwise, costs are claimed from TMAP. In addition, if not handled properly by TMP, TMAP and TMC, product recalls can harm TMP's reputation and cause it to lose customers, particularly if those recalls cause consumers to question the safety or reliability of TMP's products. Any costs incurred or lost sales caused by future product recalls could materially and adversely affect TMP's business, financial condition and results of operations. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm TMP's reputation and cause it to lose customers.

Dealer misconduct is difficult to detect and could harm TMP's reputation or lead to litigation costs.
TMP sells its vehicles to a dealer network consisting primarily of third-party dealers over which it has limited direct supervision. Dealer misconduct could result in negative publicity for TMP and the other dealers in the network and result in reputational or financial harm to TMP and the other dealers. Misconduct could include:

- engaging in misrepresentation or fraudulent activities and statements when marketing or selling vehicles, parts or services to customers;
- hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; or
- not complying with laws or TMP's control policies or procedures.

TMP cannot always deter or detect dealer misconduct, and the precautions it takes to detect and prevent these activities may not be effective in all cases. There can be no assurance that agent or employee misconduct will not materially and adversely affect TMP's business, financial condition and results of operations.

TMP may be unable to maintain its current distributor network or attract new distributors.
TMP is heavily dependent on its distribution network. The success of TMP's business depends on maintaining good relations with existing distributors as well as attracting new ones. Although TMP believes it has good relations with its existing distributors, there can be no assurance that its distributors will continue to do business with TMP or that TMP will be able to attract new quality distributors. If TMP does not succeed in maintaining its current distribution network or in attracting new distributors to support future growth, TMP's market share may decline and could materially and adversely affect TMP's business, financial condition and results of operations.

The continued competitiveness of TMP may be adversely affected if it fails to successfully reduce its costs.
TMP believes that competition has led to, and will likely continue to lead to, an increase in selling expenses. At the same time, prices of raw materials, including steel, as well as energy costs, are increasing due to high demand. Therefore, despite relatively high levels of consumer demand for vehicles in the Philippines, it has become necessary for automotive manufacturers in the Philippines to reduce costs in order to remain competitive. TMP has taken various measures to reduce costs in connection with its operations. However, the effectiveness of such measures is not assured. If TMP is unable to reduce overall costs, its competitive position may suffer, which in turn could materially and adversely affect TMP's business, financial condition and results of operations. TMP's ability to maintain its competitiveness will be fundamental to its future success in existing and new markets. There can be no assurance that TMP will be able to compete successfully in the future.

Foreign currency rate fluctuations would have an adverse impact upon TMP's financial condition and results of operations.
A significant amount of the components and raw materials used by TMP are imported. The costs of such imported components and raw materials are mainly denominated in Japanese Yen and U.S. dollars. This could materially and adversely affect TMP's business, financial condition and results of operations, as financing and purchasing raw materials and components will become more expensive for TMP if the values of these other foreign currencies increase against the Peso in the currency markets.

TMP is subject to a number of risks associated with its supply chain.
Any interruption in the supply of raw materials, parts and components from any key suppliers could materially and adversely affect TMP's business, results of operations and financial condition. TMP obtains a significant proportion of its raw materials from a limited number of suppliers in the Philippines and abroad. For example, Calamba Steel Center Corp. and Toyota Tsusho Philippines Corp. supplied substantially all of TMP's steel plates that TMP purchased in 2012, representing approximately 0.5%of TMP's total manufacturing costs in 2012. In addition, certain components used in TMP's vehicles are available only from a single supplier and cannot be quickly or inexpensively re-sourced from another supplier due to long lead times and new contractual commitments that may be required by another supplier in order to provide the components or materials.

In 2011, TMP's supply chain was impacted by the earthquake and tsunami that struck Japan in March 2011 as well as the floods in Thailand which occurred during the second half of 2011. Both of these events impacted TMP's ability to source parts and imported vehicle units, thereby reducing TMP's production and sales figures for 2011. TMP also experienced an increase in costs for its supplies as a result of these two natural disasters. While TMP believes production and sales forecasts have since returned to normal following these two events, there can be no assurance that similar supply chain disruptions following natural disasters will not occur in the future. Any future supply chain disruptions caused by natural disasters could have a material adverse impact on TMP's business, financial condition and results of operations. Increases in prices for raw materials that TMP and its suppliers use in manufacturing their products or parts and components, such as steel and plastic parts, may lead to higher production costs for parts and components. This could, in turn, negatively impact TMP's future profitability because TMP may not be able to pass all those costs on to its customers or require its suppliers to absorb such costs. Due to the increasingly competitive market environment, automobile manufacturers may be forced to increase efficiency by further reducing costs of their supply of parts which may result in additional cost and pricing pressure on suppliers. Pricing pressure on suppliers, however, may affect product quality, the decline of which could materially and adversely affect TMP's business, financial condition and results of operations.

The manufacturing activities and operations of TMP could be adversely affected if it fails to obtain raw materials and spare parts in a timely fashion or at a reasonable price.
Raw materials and spare parts used by TMP are, and will continue to be, sourced from suppliers located in the Philippines, Japan and other ASEAN countries, including TMC and TMAP. If TMP's suppliers fail to meet their commitments or to enter into agreements with TMP on commercially reasonable terms, and TMP is unable to locate alternative suppliers in a timely fashion, the manufacturing activities and operations of TMP could be materially adversely affected. This may be the case where TMP is dependent on a sole supplier or a limited number of suppliers for a critical input, and it may find it difficult to replace such supplier in a timely manner and at a reasonable market price.

TMP relies heavily on the technology and processes of TMC which TMP uses under its Toyota Technical Assistance Agreement with TMC.
TMP has acquired the right to use TMP's Toyota Production System ("TPS"), which is based on just-in-time production and quality control processes and feedback mechanisms. Under the Technical Assistance Agreement, which was last renewed on May 1, 2009 and is valid until April 30, 2014, TMP may request assistance for technical know-how on manufacturing, engineering and other know-how and information relating to licensed products. TMC is paid royalties based on the value added by TMP in the manufacture of each vehicle or part. If the Technical Assistance Agreement were to expire, or if TMP or TMC were to terminate the agreement, TMP would no longer be permitted to use TMC's processes or produce the licensed vehicles or parts, which would materially and adversely affect TMP's business, financial condition and results of operations.

TMP's success depends on its ability to attract and retain senior management and key technical personnel.
TMP relies on experienced, capable and talented senior managers and highly-skilled technical personnel to operate its business. TMP expects increased competition for such employees not only from other automotive companies but also from other industries in the Philippines and abroad. TMP's business, results of operations and financial condition could be adversely affected if such experienced and talented senior managers and skilled technical personnel are not retained by TMP.

Philippine AXA Life Insurance Corporation

AXA Philippines is borne out of the formidable synergy between Metrobank, the country's strongest bank (by The Asian Banker) and the best bank in the Philippines (by Euromoney), and AXA Group, one of the world's largest financial protection and wealth management companies with 102 million customers in 57 countries.

Who We Are
AXA Philippines is redefining the market by challenging the present and always looking for solutions that better meet the financial needs of our customers or modify services to adjust to their changing preferences. This quest made us the innovator behind the development of bancassurance and behind the introduction of variable life products into the market.

AXA Philippines is determined to give you what you need, the way you want it.

Currently AXA Philippines is offering financial security to more than 350,000 individuals through its group and individual life insurance products. As the pioneer in the market, AXA Philippines is offering the second generation variable life products that provide clients even better financial security and improved returns.

AXA Philippines has a nationwide coverage through 600 Metrobank branches, which are being serviced by 470 financial executives and 28 AXA branch offices that are the home to its growing network of 1,750 exclusive financial advisors.

Our Global Family
For the past four consecutive years, AXA has been recognized as the Best Global Insurance Brand by Interbrand (the world's leading brand consultancy) based on financial performance, the role of the brand and brand strength. The AXA Group's growing international presence and wide range of quality products and services have established AXA as one of the few successful global brands in the financial services industry.

AXA's strategic focus is global, aimed at developing a single worldwide brand, being powerful in every one of its markets and developing synergies across the Group. The AXA Group is committed to international expansion and has already established a strong presence in the Asia-Pacific Region, maximizing opportunities for future growth. At present, AXA had over 102 million customers worldwide, 163,000 employees and exclusive distributors, 1 trillion Euros in assets under management, and 4.3 billion Euros in underlying earnings.

Headquartered in Paris and active across all five continents in 57 countries, AXA is focused on the world's major markets, in particular Europe, North America and the fast-growing economies in Asia Pacific.

A global leader in Financial Protection, the Group supports its clients, both individuals and businesses, at every stage in their lives by providing products and services to meet their needs, including insurance, personal protection, savings and wealth management.

Our Domestic Partner
AXA Philippines is an affiliate of the Metrobank Group, one of the country's biggest conglomerates with diverse interests in the banking, insurance, real estate and transportation industries among others.

Metrobank Group's flagship company, the Metropolitan Bank & Trust Company (Metrobank), is one of the largest private banks in the Philippines, and is recognized as the strongest bank in the country by The Asian Banker, the Best Domestic Bank in the Philippines by The Asia Money Awards, and Best Bank in the Philippines for three consecutive years (2010 to 2012) by Euromoney.

A recognized leader in the country's banking industry; Metrobank has become regarded as the trusted banking partner, staying true to its brand promise of "You're in Good Hands."

AXA Philippines is a provider of personal and group insurance in the Philippines, including life insurance and investment-linked insurance products.

Life insurance contracts offered by AXA primarily include: (i) traditional whole life participating policies (with and without anticipated endowments) and a wide range of non-participating riders (i.e. accidental death and dismemberment, critical illness, hospital income and term life); (ii) investment-linked products, both regular premium and single premium with non-participating riders, including the only regularly offered principal guaranteed product in the Philippines; (iii) various non-participating products mostly catering to start-up life protection and savings needs; and (iv) U.S. dollar denominated single-premium products. In addition, AXA offers group yearly renewable term, credit life and personal accident insurance.

Products

Life Exentials is your start-up income protection plan that ensures you and your family is "covered" for life's little surprises. It provides insurance coverage until age 54, with guaranteed Monthly Income Benefit payments for your beneficiaries for up to 5 years in case something happens to you. In the event you become terminally ill, you can also start receiving your Monthly Income Benefit after the 3rd policy year, even without full payment of your plan.

Savings Exentials is your easy and alternative savings plan that allows you to seize your dreams while you secure your future. It is available in 4 Savings Plans with a flexible One Time Income Benefit payment based on a 15 to 20 year maturity period of your choice. In case of total and permanent disability during the first 5 years, your payments are waived and you will receive your One Time Income benefit based on the maturity period you have chosen.

Assure Health is a convenient health and insurance plan that allows you to live life in a secure and worry-free way. It continues to provide coverage where HMOs stop. It includes Basic Life Insurance until age 99, Daily Hospital Income and Critical Illness Coverage for 20 years. It also offers an Emergency Health Fund where you can loan up to 85% of your policy's cash value for any emergency medical needs until age 99.

Assure Max is your ultimate life insurance plan that has exceptional features to protect you and your family from life's uncertainties. It is available in 3 Assure Max Packages with up to a maximum of 4x more protection on the first 20 years of your policy. It provides family protection against loss of income in case of untimely death with full coverage until you reach age 99 and additional Accident Protection Benefits in case you experience an accident.

Academic Exentials is your easy education savings plan that helps you secure your child's dreams for the future. It is available in 3 easy and affordable plans: Plan 1500, Plan 3000, and Plan 4500. You may enjoy receiving Annual Education Benefits in cash for 4 years, plus an Achiever's Gift to be given a year after all the Annual Education Benefits have been paid out.

Personalized Salutions Offerings
Your needs are evolving as much as your family is growing. With your kids progressing in their education, your small business being ready for expansion, or your retirement coming soon, you just can't leave to chance the charge of safe-guarding your financial future. You need the help of a professional financial partner who will show you the way to achieving your goals. AXA Philippines gives you what you need through financial solutions as they are customized with you with the use of our proprietary FNA tool by our expert Financial Advisors in our branch offices, or Financial Executives in Metrobank branches.

Investment-linked Life Insurance Products

Life BasiX provides your family Financial Protection, while at the same time, builds up your long-term investments for future expenses. Because for the first 5 years, around 65% of your premium payments goes to AXA Investment Funds, then on the 6th year and onwards, all your payments* will go to investments. And based on your risk preference, you can choose the AXA investment fund that fits your needs.

aXelerator allows you to rev up your goals and take the fast track to your dreams with a plan that is designed to build up investments earlier and faster than regular insurance. Around 65% of your premium payments for the first 3 years goes to the AXA Investment Fund of your choice and as early as the 4th year onwards, all your payments (net of cost of insurance and other charges, if any) go to investments as well.

Ambitian X is a single-pay product that offers long-term growth through variable returns from professionally-managed funds, to help you achieve your long-term plans.

3G-Xceed is a single-pay product that provides security for your investment through guaranteed capital and returns plus potential for growth through variable upsides from actively-managed funds, to secure your long-term goals.

academiX, a special offer of aXelerator packaged with Bright Rider Plus, is designed to provide for education expenses through high-earning potential AXA investment funds and guaranteed contingency education fund in case of the parent's untimely demise.

Traditional Life Insurance Products

XpresDegree is a savings plan for parents like you who want to secure a guaranteed education fund for your child in case anything happens to you. You only need to save for 5 years to get access to yearly withdrawable cash for the next 10 years, and receive a lump-sum amount on the 15th year. Guaranteed.

XpresPension is a savings plan simply designed to provide you a guaranteed retirement fund and at the same time, provide your family with financial coverage in case you suddenly pass away. It provides you access to yearly withdrawable cash as early as 1 year after the end of your payment period.

Assure is a lifetime coverage plan that has guaranteed cash value that accumulates over time as well as possible dividend earnings that you can enjoy during your lifetime.

Supplements You Can Add
Increase your life insurance coverage and get enhanced financial protection with supplements and riders that you can add to your basic life insurance plan. With our wide range of supplements and riders, you receive additional benefits for you and your loved ones, at a very minimal cost.

Secure provides for a pre-determined cash benefit for injuries sustained in an accident.

Protector provides additional insurance coverage upon death. Renewable options: 1-year, 5-year, and 10-year terms. This can be converted to a permanent whole life or investment-linked plan without proof of insurability required.

Shield provides a lump sum benefit in the event that the insured is diagnosed with any of the 31 Critical Illnesses in AXA's list.

Care provides daily hospital income (DHI) in the event that the insured is confined to the hospital due to an illness or injury. It provides for twice the DHI benefit in the event that the insured is confined in the intensive care unit (ICU).

Waiver of Premium If the insured becomes totally and permanently disabled prior to the attainment of age 60, all future premiums (except health supplements) will be waived.

Payor's Clause If the Payor passes away or becomes totally and permanently disabled prior to age 60, or prior to the Insured's attainment of age 21 (whichever comes first) all future annual basic premiums will be waived until the Insured reaches age 21.

Wealth Management Solutions
Wealth Management is particularly important to a select group of clients who want the ability to continue to grow their wealth, and at the same time prepare their estate for their loved ones. AXA's Wealth Management portfolio is designed for these particular needs.

Wealth Accumulation
The challenge of growing wealth is finding the right balance within the risk/return spectrum. Realizing the diverse profiles of discerning investment clients, AXA introduces a range of unit-linked life insurance products to match their yield objectives and risk appetites. These include solutions specially designed to provide both guaranteed return and variable upside potential.

Variable life insurance offers for wealth accumulation:

Xelect, a special Ambition X offer, is a single-pay variable life insurance product with guaranteed life insurance coverage, at the same time, provides the flexibility to optimize investment returns from a selection and/or a mix of bond and equity funds. This is available in Peso and US Dollar denominations.

aXcess, a special 3G-Xceed offer, is a single-pay variable life insurance product with guaranteed life insurance coverage plus capital guarantee and the opportunity to invest in AXA's exceptional equity fund/s to maximize upside potential. This is available in Peso and US Dollar denominations.

Choose from a variety of premium funds:

The Icon Funds (available for aXcess and 3G-Xceed)

The Spanish/American Legacy Fund
The portfolio will be mainly invested in blue-chip stocks of companies with Spanish or American lineage belonging to the Philippine Stock Exchange. Majority of these companies are characterized with long corporate history, significant market dominance in their respective industries and have made utilities, telecoms, broadcast media, shipping, beverage and food industries into massive sources of wealth.

The Chinese Tycoon Fund
The portfolio will be mainly invested in blue-chip stocks of companies belonging to the Philippine Stock Exchange owned and/or controlled by Chinese-Filipino Tycoons/families. The Chinese, known for their impeccable business acumen, are also known for their ability to grow businesses which have shown or are showing sustained growth in size and market share and have become dominant players in their respective industries.

Global Advantage Fund (available for dollar aXcess and dollar life basiX)
A first U.S. dollar-denominated equity fund invested in the NASDAQ 100 index that is available in the Philippine life insurance market. The NASDAQ 100 comprises 100 of the largest non-financial companies listed in the NASDAQ.

Wealth Preservation
Wealth preservation is about the preparing for the proper transfer of wealth to love ones to prevent loss and conflicts and ensure that taxes and obligations are met according to the rule of law.

Estate Planning solutions for wealth preservation and distribution:

Assure is a whole life insurance product that gives you lifetime protection payable in 5, 10, or 20 years so you can take advantage of your income stream, age, and health. Assure ensures that you have the right amount of funds needed to cover your tax liability when it is due.

FlexiProtect is a term-life insurance plan packaged to provide you additional coverage for the most common worries like accidents, unexpected illness and hospitalization. All FlexiProtect packages automatically come with a Waiver of Premium so you enjoy continuous coverage on your term-life insurance in the event you are unable to pay due to disability.

Corporate Solutions

Group Yearly Renewable Term Life (GYRT) insurance plan covers eligible members of the institution against loss of life due to illness, accident, or natural causes.

Group Personal Accident (GPA) insurance plan provides 24-hour protection against accidental death and permanent disablement.

Group Credit Life (GCL) provides protection to financial institutions by covering the outstanding loan amount in case of the borrower's death prior to the full payment of the loan.

Corporate Investment Plan combines the benefits of life insurance and the upside growth potential of an investment.

Contribution to Sales/Revenues

AXA Philippines posted Sales at Php2.7million and Gross revenue at Php12.3 million for 2012.

Distribution Methods of Products and Services

The distribution network is the starting point of AXA's relationship with its customers. AXA's distribution strategy focuses on strengthening traditional channels and developing new ones, such as the internet and strategic partnerships. Staff hiring, retention, market conduct, streamlined sales techniques and presentations, and sales performance metrics are the main initiatives to strengthen distribution channels. AXA believes the diversification of its distribution channels can help develop new relationships with potential AXA customers.

AXA distributes its products through four main channels: traditional agency, bancassurance, corporate solutions (group insurance) and direct marketing/telemarketing (DMTM) that include brokers and in-house distribution channels for corporate accounts.

Competition

AXA faces competition in the Philippines for its products. Competition in the life insurance industry is based on many factors. AXA believes the principal competitive factors that affect its business are distribution channels, quality of sales force and advisors, price, investment management performance, historical performance of investment-linked insurance contracts and quality of management. AXA's major competitors in the Philippines are also affiliated with international insurance companies. Many insurance companies in the Philippines offer products similar to those offered by AXA and in some cases, use similar marketing techniques and banking partnership support. AXA's principal competitors are Philam Life, Sun Life of Canada, Pru Life UK and ManuLife.

Transactions with and/or Dependence on Related Parties

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are 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.

Related party transactions consist mainly of the following:

	Terms	Conditions
Entities with joint control over the Company		
MBTC		
Savings, current and time deposits accounts	90 days, 0.10 % to 2.75%	Unsecured, no impairment
Interest income	90 days, 0.10 % to 2.75%	Unsecured, no impairment
Service fees	0.10% to 0.30% of NAV	Unsecured, no impairment
Commission expense	Interest-free, settlement in cash	Unsecured, no impairment
Pension liability	Interest-free, settlement in cash	Unsecured, no impairment
Trust fees	Interest-free, settlement in cash	Unsecured, no impairment
Rent expense	Interest-free, settlement in cash	Unsecured, no impairment
Rent income	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
FMIC		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Sale of debt securities	Interest-free, settlement in cash	Unsecured, no impairment
Purchase of debt securities	Interest-free, settlement in cash	Unsecured, no impairment
AXA S.A.		
Shared service costs	Interest-free, settlement in cash	Unsecured, no impairment
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
Unit-linked funds		
Asset management fees	1.30% to 2.10% of NAV	Unsecured, no impairment
Derivative asset	Php51.62 pre-agreed forward rate	Unsecured, no impairment
Redemptions	Interest-free, settlement in cash	Unsecured, no impairment

(forward)

Other related parties		
Philippine Savings Bank		
Savings, current and time deposits accounts	90 days, 0.50 % to 4.00%	Unsecured, no impairment
Interest income	90 days, 0.50 % to 4.00%	Unsecured, no impairment
Rent expense	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
Federal Land		
Settlement of receivable	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Charter Ping An Insurance Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund		
Orix Metro Leasing and Finance Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Toyota Motor Philippines Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
AXAAPHL		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA Malaysia		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA HK		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
Key management personnel		
Compensation and benefits	-	-
Directors' fees	-	-
Due from officers and employees	6% to 12% interest bearing, settlement in cash or salary deduction	Secured, with impairment

Effect of Existing or Probable Government Regulations

Senate Bill 3280 (House Bill 4867) was approved on its third reading last 4 February 2013. The bill seeks to revise Presidential Decree 612 or the Insurance Code by formulating a legal framework to allow the insurance industry to adequately address the various issues and challenges arising from domestic and foreign insurance markets.

A key point of the approved bill touches on capitalization requirements. Instead of the current Minimum Paid-up Capital, the new basis will be Net Worth defined as paid-up capital plus retained earnings plus unimpaired surplus plus revaluation of assets. The following build-up schedule has been noted:

By 30 June 2013 - Php 250m networth
By 30 June 2016 - Php 550m networth
By 30 June 2019 - Php 900m networth
By 30 June 2022 - Php 1.3b networth

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

Under the terms of the joint venture agreement between AXA SA and other shareholders, AXA has the right to use the 'AXA' name in the Philippines and does not own any intellectual property rights.

Government Approval of Principal Products or Services

The development of new products is organized, managed and coordinated primarily within AXA in the Philippines and with the Regional Office in Hongkong and duly approved by the Insurance commission.

Research and Development Costs

The development of new products is organized, managed and coordinated primarily within AXA in the Philippines.

Employees

As of December 31, 2012, AXA had 361 full-time employees, 454 bancassurance employees and 23 corporate solution employees. AXA has no collective bargaining agreements with its employees and none of its employees belong to a labor union. AXA believes its relationships with its employees are generally good. Currently, AXA has no plans for additional hiring except in the ordinary course of business expansion.

Risks

Enumerated below are the risks related to AXA's business:

- AXA's growth is dependent on its ability to attract and retain individual agents;
- If AXA is unable to develop other distribution channels for its products, its growth may be materially and adversely affected;
- AXA's business and prospects would be materially and adversely affected to the extent its bancassurance activities are impaired;
- Agent and employee misconduct may be difficult to detect and deter and could harm AXA's reputation or lead to regulatory sanctions or litigation costs;
- AXA's inability to properly manage its investment portfolio by matching its assets and liabilities could have an adverse effect on AXA's profitability;
- AXA's business and prospects may be adversely affected by changes in consumers' preferences or purchasing power;
- Defaults on AXA's debt investments may materially and adversely affect its profitability;
- Economic and financial markets may change to affect the relative attractiveness of AXA's products;
- Economic and financial market volatility may reduce the demand for investment-linked products;
- Fund manager performance may reduce the return on investment-linked products and this the demand for such products;
- Future actual claims may not be consistent with the assumptions used in pricing AXA's products and establishing reserves for its obligations, which could materially and adversely affect its earnings;
- AXA's risk management and internal reporting systems, policies and procedures may leave it exposed to unidentified or unanticipated risks, which could materially and adversely affect its business or result in losses;
- AXA requires certain regulatory approvals in the ordinary course of its business and the failure to obtain such approvals in a timely manner or at all may adversely affect its business and results of operations;
- AXA may be exposed to various risks as AXA expands its range of products and services;
- AXA's business is dependent on its ability to attract and retain key personnel, including senior management, underwriting personnel, actuaries, information technology specialists, investment managers and other professionals;
- AXA depends on efficient, uninterrupted and secure operation of its information technology system;
- AXA may need additional capital in the future, and there is no assurance that it will be able to obtain such capital on acceptable terms or at all.

Item 2. **Properties**

As of December 31, 2012, GT Capital leases its office space at GT Tower International located at 43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City, Metro Manila, Philippines. Currently, GT Capital has no plans to acquire properties. Description of the properties of each of the GT Capital companies are listed below.

Metrobank

MBT's head office is located at Metrobank Plaza, Sen Gil J. Puyat Avenue, 1200 Makati City. MBT owns the premises occupied by its head office, including most of its branches. The following table provides a geographic breakdown of the Philippine branch network owned by MBT as of December 31, 2012:

Location	Number of Owned Branches
Metro Manila	129
Countryside	153

MBT holds clean titles to these properties except for one branch. MBT also lease premises occupied by the rest of its branches. Generally, lease contracts are for periods ranging from one year to 25 years and are renewable under certain terms and conditions. The following table provides a geographic breakdown of the Philippine branches that occupy leased premises:

Location	Number of Leased Branches
Metro Manila	167
Countryside	159

Federal Land

Land Bank

Fed Land Owned Land	(in hectares)	Location	Condition	Lien/Encumbrance/Restrictions
Macapagal	13.5	Pasay City	Real Estate	Clean Title
Macapagal	1.0	Pasay City	Real Estate	With encumbrance
Fort Boni Taguig	4.0	Taguig	Real Estate	Clean Title; with Floor Area Ratio of 10
Marikina	15.4	Marikina	Real Estate	Clean Title
Mandaluyong	2.1	Mandaluyong	Real Estate	Clean Title
Paco Manila	2.2	Paco Manila	Real Estate	Clean Title
Ermita, Manila	0.6	Ermita, Manila	Real Estate	Clean Title
Binondo, Manila	0.9	Binondo, Manila	Real Estate	Clean Title
Makati City	0.5	Makati City	Real Estate	Clean Title
Quezon City	0.2	Quezon City	Real Estate	0.2 has with encumbrance
Biñ an Laguna	43.5	Biñ an Laguna	Real Estate	Clean Title
General Trias Cavite	18.3	General Trias Cavite	Real Estate	Clean Title
Sta Rosa Laguna	5.3	Sta Rosa Laguna	Real Estate	Clean Title
Total (in hectares) Owned	**107.4**	**As of December 31, 2012**		

With Option Purchase Agreement			
Pasay City	1.02	Pasay City	Real Estate
Biñ an, Laguna	63.60	Biñ an, Laguna	Real Estate
Lease Option Purchase	**64.62**		

Fed Land's major real properties that generate lease income from lease of commercial and office space are the GT International Tower and the Philippine AXA Life Centre (Phil Axa). Fed Land owns eight floors in Phil AXA while in

December 2012, Fed Land acquired the whole building of GT International Tower. Both are high-rise office buildings located in Metro Manila's Makati central business district.

GT International Tower has 41 floors, and five hundred thirty six 536 parking slots, with an aggregate area of 46,458.21 sq. m. One floor is used as Fed Land's principal headquarters, measuring 1,168 sq. m. The other floor is rented to FMIC, a 98.1% subsidiary of MBT, on an arm's length basis, based on a floor area of 1,247 sq. m.

The office property at Philippine AXA Life Centre measures 7,479 sq. m. of floor area, comprising 26 units. The units are owned by Horizon Land, a wholly owned subsidiary of Fed Land. Leases at the Philippine AXA Life Centre are typically for periods ranging from three to five years and generally require tenants to supply a three-month security deposit. Rent is paid on a fixed per sq. m. basis. Lease contracts also provide for a pre-agreed annual increase over the term of the lease. As of December 31, 2012, approximately 33% of Fed Land's office leases at the Philippine AXA Life Centre were scheduled to expire within one year and most are currently being reviewed for contract renewal.

The office property at Philippine AXA Life Centre is included in the Mortgage Trust Indenture ("MTI") agreement with MBTC Trust Banking Group and is used to secure a Horizon Land loan with China Bank.

Global Business Power

As of December 31, 2012, GBP Generation Subsidiaries owned power generation facilities, buildings, other land improvements and property and equipment for the operation of its power generation business. The power plant complexes of CEDC, PEDC and PPC have been mortgaged and/or pledged as security for their long-term debt in the amount of Php28.7 billion as of December 31, 2012.

The Generation Subsidiaries lease the parcels of land where their power generation facilities are located from Toledo Holdings Corp. (THC). Each of TPC and PPC leases land from THC for a period of one year, renewable every year and under such terms and conditions as may be agreed upon by the respective parties. Each of the lease agreements of TPC and PPC with THC are in the process of being renewed for 2013. CEDC and PEDC each have lease agreements with THC for a period of five years, renewable every end of the lease term and under such terms and conditions as may be agreed upon by the respective parties. CEDC's lease agreement with THC will expire on May 31, 2014, while PEDC's lease agreement, which has an option to purchase on the part of the lessee, has been converted to a deed of sale after PEDC exercised its option on March 26, 2011.

Toyota Motor Philippines

TMP owns the land and buildings occupied by its manufacturing facility located in the TSEZ at Santa Rosa-Tagaytay Highway, Santa Rosa City, Laguna 4026, Philippines. TMP leases its marketing office at 31/FGT Tower International, Ayala Avenue corner H.V. dela Costa St., Makati City, Manila 1226, Philippines.

TMP also owns the former manufacturing facility along the South Luzon Expressway in Bicutan, Parañaque City, Philippines. The Parañaque City property is currently used by the Toyota Bicutan and Toyota Makati dealerships as stockyard for inventory of new vehicles.

AXA Philippines

AXA owns the premises occupied by its corporate office at the ground floor of the Philippine AXA Life Centre in Makati. AXA leases additional space in the Philippine AXA Life Centre from PSBank and Unionseal Plastic, Inc.

AXA owns certain investment properties including office space, seven condominium units and 16 parking slots at the Skyland Plaza in Makati. AXA also owns 24 adjacent lots in Don Enrique Heights Subdivision, Antipolo Rizal and a house and lot at Royale Tagaytay Estates, Buck Estate, Alfonso, Cavite.

Item 3. **Legal Proceedings**

Except as disclosed herein or in the Information Statements of the Company and its subsidiaries and affiliates, there have been no material pending legal proceedings, bankruptcy petitions, convictions by final judgment, orders, judgments or decrees, or violations of a securities or commodities law for the past five years and the preceding years to which GT Capital or any of its subsidiaries or affiliates or its directors or executive officers is a party or of which any of its material properties are subject in any court or administrative government agency.

In any event, below are the legal proceedings involving the Company and its subsidiaries and affiliates that may be significant:

Metrobank

In September 2008, the Bank filed petitions for rehabilitation against two Philippine subsidiaries of Lehman Brothers Holdings, Inc. (Lehman) in connection with a combined Php 2.4 billion loan exposure. These came as a result of the declaration of bankruptcy filed by Lehman, a surety under the loan agreements. The rehabilitation plans were duly approved by the Rehabilitation Court (RC). A Management Committee was created for each of the two (2) Lehman subsidiaries and these Management Committees oversaw and managed the company assets until their abolition in July 2012. In lieu thereof, the RC appointed a Comptroller who was nominated by the Bank. Earlier, in April 2012, the RC resolved to recognize the new equity holder in Philippine Investment One (SPV-AMC), Inc. (PI One) and Philippine Investment Two (SPV-AMC), Inc. (PI Two). On October 31, 2012, the Bank and PI One and PI Two (thru the new equity holder) entered into a universal compromise agreement to settle the issues among the parties. Said compromise bears the conformity of the Rehabilitation Receiver.

Also, on October 17, 2011, a consortium of eight banks including the Bank filed a petition for Certiorari, Prohibition and/or Mandamus (with Urgent Application for a Temporary Restraining Order (TRO) and/or Writ of preliminary Injunction) with the Supreme Court (SC) against respondents the ROP, Bureau of Internal Revenue (BIR) and its Commissioner, the Department of Finance and its Secretary and the Bureau of Treasury (BTr) and the National Treasurer, asking the Court to annul BIR Ruling No. 370-2011 which imposes a 20-percent final withholding tax on the 10-year Zero-Coupon Government Bonds (also known as the PEACe Bonds) that matured on October 18, 2011 and command the respondents to pay the full amount of the face value of the PEACe Bonds. On October 18, 2011, the SC issued the TRO enjoining the implementation of the said BIR riling on the condition that the 20-percent final withholding tax be withheld by the petitioner banks and placed in escrow pending resolution of the Petition. However, to date, the respondents have not complied with the said TRO, i.e., they have not credited the banks' escrow accounts with the amount corresponding to the questioned 20-percent final tax. The case is still pending resolution with the SC.

Several suits and claims relating to the Group's lending operations and labor-related cases remain unsettled. In the opinion of the Bank, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

Global Business Power

GBP is involved in various legal actions arising in the ordinary course of business. GBP believes that these legal actions or any losses from these matters, if any, would not have a material adverse effect on GBP's financial position, operating results and cash flows.

Panay Power Corporation (PPC) is a party to a proceeding before the Philippine Energy Regulatory Commission (ERC). On October 2, 2002, consumer protection groups from Iloilo City filed a petition against PPC, National Power Corporation (NPC) and Panay Electric Company, Inc. (PECO) for the refund of Php12.12 million representing a Php0.30/kWh discount due to PECO customers. The petitioners alleged that the power purchased by PPC from NPC, which it sold to PECO (and eventually charged to Iloilo consumers) from June 2001 to July 2002 was subject to the discount. GBP acquired PPC as part of its acquisition of Mirant's holdings in 2003. The management team at PPC during the period subject of the petition no longer works for GBP. GBP maintains policies which ensure that it consistently and accurately bills its customers and supplies power at the agreed-upon price.

Toyota Motor Philippines

In the normal course of business, TMP is subject to labor and customer claims. TMP believes that there are no outstanding claims against it that would have a material adverse effect on TMP's financial position, operating results or cash flows if adversely adjudicated.

Federal Land and *AXA Philippines* are not involved in any significant pending legal proceedings.

Item 4. **Submission of Matters to a Vote of Security Holders**

On October 26, 2012, at a special meeting of the stockholders of the Corporation, the stockholders, by an affirmative vote of two-thirds (2/3) of the outstanding capital stock of the Corporation, approved the amendment of the Articles of Incorporation denying holders of capital stock the pre-emptive right to any issue or disposition of any share of any class of the Corporation.

PART II.

OPERATIONAL AND FINANCIAL INFORMATION

Item 5. **Market for Issuer's Common Equity and Related Stockholder Matters**

Market Information

The Company's common shares have been listed and traded at the PSE since April 20, 2012. The high and low sales prices for each period since the listing of the common shares are as follows:

	2012	
(In Php)	High	Low
2nd Quarter (April 20 to June 30)	520.00	455.40
3rd Quarter (July 1 to Sept 30)	565.00	499.00
4TH Quarter (Oct 1 to Dec 31)	690.00	521.00
	2013	
1st Quarter (Jan 1 to Mar 31)	805.00	631.00

**Source: Bloomberg*

As of December 31, 2012, the closing price of the Company's shares of stock is Php620.00/share.

Holders

As of December 31, 2012, the Corporation has 41 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign).

The top 20 Stockholders (common shares) as of December 31, 2012:

Common Shares:

NAME	NO. OF SHARES	% OF TOTAL
1. Grand Titan Capital Holdings, Inc.	110,095,110	69.680
2. PCD Nominee (Non-Filipino)	35,225,246	22.294
3. PCD Nominee (Filipino)	12,073,726	7,642
4. Ty, George Siao Kian	200,000	0.127
5. Ty, Alfred	100,000	0.063
Ty, Arthur	100,000	0.063
6. Ty, Mary Vy	99,000	0.063
7. De Castro, Salud D.	30,000	0.019
8. Gotianse, Vincent Lee	10,000	0.006
9. Century Savings Bank Corp	8,000	0.005
Ting, Arvin Vy	8,000	0.005
10. Chua Co Kiong, William N.	6,500	0.004
11. Co Chien, Susan Y.	6,000	0.004
12. Gotianse, Paul Lee	5,000	0.003
Ting, Elizabeth H.	5,000	0.003
13. Choi, Anita C.	4,000	0.003
14. Chua, Josephine Ty	3,000	0.002
Mar, Peter or Annabelle C.	3,000	0.002
15. Puno, Regis Villanueva	2,200	0.001
16. Baguyo, Dennis G.	2,000	0.001
Choi, Davis C.	2,000	0.001
Choi, Dennis C.	2,000	0.001
Choi, Diana C.	2,000	0.001
17. Paterno, Roberto L.	1,100	0.001
18. Ang, Gerry G.	1,000	0.001

	Bautista, Ma. Carmelo Luza	1,000	0.001
	Belmonte, Miguel	1,000	0.001
	Bengson, Manuel Quintos	1,000	0.001
	Cua, Solomon	1,000	0.001
	Puno. Roderico	1,000	0.001
	Valencia, Renato C.	1,000	0.001
19.	Kapweng, Christopher C.	500	0.000
	Kapweng, Daniel C.	500	0.000
	Kapweng, David C.	500	0.000
	Kapweng, Edwin C.	500	0.000
	Kapweng, Tomas C.	500	0.000
20.	Limoanco, Alejandro C.	300	0.000

Dividends

It shall be the policy of the Company to declare dividend whenever there are unrestricted retained earnings available. Such declaration will take into consideration factors such as restrictions that may be imposed by current and prospective financial covenants; projected levels of operating results, working capital needs and long-term capital expenditures; and regulatory requirements on dividend payments, among others.

The Company paid cash dividends to its shareholders in 2011 and 2012 in the amounts of Php500 million and Php500.9 million, respectively.

Recent Sale of Unregistered or Exempt Securities

On November 23, 2010, GT Capital signed a notes facility agreement for the issuance of three and five year fixed rate Php5,000,000,000.00 corporate notes to a consortium composed of less than 20 lenders.

Item 6. **Management's Discussion and Analysis or Plan of Operation**

CALENDAR YEAR ENDED DECEMBER 31, 2012 COMPARED TO YEAR ENDED DECEMBER 31, 2011

RESULTS OF OPERATIONS

GT Capital Consolidated Income Statement	Audited Year-End December 31		Increase (Decrease)	
(In Million Php, except for percentages)	2012	2011	Amount	Percentage
REVENUE				
Net fees	**12,845**	-	12,845	100.0%
Equity in net income of associates and joint venture	**3,904**	3,568	336	9.4%
Real estate sales	**2,414**	2,708	(294)	(10.9%)
Gain from loss of control of subsidiary	**1,448**	-	1,448	100.0%
Interest income	**583**	402	181	45.0%
Sale of goods and services	**731**	764	(33)	(4.4%)
Gain on bargain purchase	**428**	-	428	100.0%
Rent income	**233**	238	(5)	(1.9%)
Commission income	**184**	96	88	92.2%
Other income	**263**	189	74	39.2%
	23,033	7,965	15,068	189.2%
COSTS AND EXPENSES				
Power plant operation and maintenance	**6,711**	-	6,711	100.0%
General and administrative expenses	**3,638**	1,110	2,528	227.8%
Interest expense	**1,749**	990	759	76.8%
Cost of real estate sales	**1,342**	1,554	(212)	(13.6%)
Cost of goods and services	**681**	709	(28)	(4.1%)
	14,121	4,363	9,758	223.7%
INCOME BEFORE INCOME TAX	**8,912**	3,602	5,310	147.4%
PROVISION FOR INCOME TAX	**298**	148	150	100.5%
NET INCOME	**8,614**	3,454	5,160	149.4%
Attributable to:				
Equity holders of the GT Capital Holdings, Inc.	**6,555**	3,325	3,230	97.2%
Non-controlling interest	**2,059**	129	1,930	1,492.0%
	8,614	3,454	5,160	149.4%

As an investment holding company, GT Capital generates its revenues from equity in net income from the following component companies namely: Metropolitan Bank and Trust Company ("Metrobank"), Toyota Motor Philippines Corporation ("TMP") and Philippine AXA Life Insurance Corporation ("AXA Philippines"). Net fees are generated from Global Business Power Corporation ("GBP"). Real estate sales, interest income on real estate sales, sales of goods and services, commission income, rent income and finance and other income are generated from Federal Land, Inc. ("Fed Land"). As of December 31, 2012, Fed Land and GBP are consolidated in the financial statements of the Company. Metrobank, TMP and AXA Philippines are reflected in the financial statements through equity accounting.

GT Capital reported a net income attributable to shareholders of Php6.5 billion in 2012 representing a 97.2% growth over the Php3.3 billion registered in the same period last year. The increase in net income was principally due to the improvement in consolidated revenues by 189.2% to Php23 billion from Php8 billion.

The revenue growth came from the following sources: (1) consolidation of GBP as of May 1; (2) higher equity in net income of associates; and (3) non-recurring income(s) realized from Fed Land and GBP.

The non-recurring income(s) came from the following: (1) Php1.4 billion from Fed Land due to revaluation gain from the conversion of a wholly-owned subsidiary into a jointly-controlled entity; and (2) Php427.5 million gain from GBP arising from acquiring effective control of the company as of May 1, 2012 as the fair value of the net assets acquired was greater than total consideration or purchase price.

The Company also incurred extraordinary expenses aggregating to Php695 million broken down as follows: (1) pro-rata share of one-time expenses incurred by Metrobank related to the TMP share sale to GT Capital and other manpower expenses, (Php452 million); (2) GT Capital IPO-related expenses, (Php165 million); and (3) pro-rata share of TMP seed money for the TMP Technical School, (Php78 million).

Excluding the non-recurring income and extraordinary expenses, core net income amounted to Php5.4 billion, representing a 63% increase from Php3.3 billion in 2011.

Of the five (5) component companies, only AXA Philippines exhibited a 5.4% decrease (Php52.1 million reduction) in its net income in 2012 chiefly due to the 26% surge in new business in Annualized Premium Equivalent to Php2.8 billion which resulted in the corresponding front loading of legal policy reserves, commissions and bonuses. The other component companies registered double digit growth in net income.

Net fees from GBP comprising energy fees from the energy supplied by the power plants contributed Php12.8 billion equivalent to 55.8% of total revenues.

Equity in net income of associates rose by 9.4% to Php3.9 billion from Php3.6 billion. The increase was primarily attributable to the growth in equity in net earnings of TMP to Php3 billion from Php2.2 billion in 2011 and Metrobank amounting to Php12 billion from Php11 billion in 2011.

Real estate sales and interest income on real estate sales declined by 10.9% to Php2.4 billion from Php2.7 billion in 2011 as Fed Land launched 13 new projects in 2012 thereby increasing its ongoing vertical residential projects to 32 as of year-end. Reservation sales grew by 90.4% to Php14.9 billion from Php7.8 billion. Fed Land also completed three (3) projects in 2012 as compared to five (5) projects completed in 2011. As a result, the average percentage-of-completion of ongoing projects dropped to 38% from 58% in 2011.

Gain from loss of control of subsidiary amounted to Php1.4 billion arising from the conversion of a wholly-owned subsidiary of Fed Land into a jointly-controlled entity.

Interest income grew by 45% to Php583.3 million from Php402.3 million in 2011 largely due to interest income realized from money market placements.

Sales of goods and services, consisting of the sale of petroleum products, on a wholesale and retail basis, at the Blue Wave malls situated in Macapagal Avenue, Pasay City and Marikina City, dropped by 4.4% to Php730.7 million from Php764.7 million primarily due to lower fuel sales arising from successive price increases and rollbacks implemented throughout the year.

Gain on bargain purchase of GBP amounted to Php427.5 million arising from acquiring effective control by GT Capital of GBP as of May 1, 2012 as the fair value of the net assets acquired was greater than the total consideration or purchase price.

Rent income declined by 1.9% to Php233.4 million from Php238 million as the increase in occupancy levels and the rental rates at the Blue Wave malls was offset by the conversion of rent-generating properties into property development projects.

Commission income almost doubled to Php184.5 million from Php96 million in 2011. The increase was due to sales commissions earned from units owned by Federal Land Orix Corporation in the Grand Midori project.

Other income grew by 39.2% to Php262.5 million from Php188.5 million consisting of real estate forfeitures, (Php88.1 million); management fees, (Php41.1 million); and dividend income, (Php23 million); among others.

Consolidated costs and expenses grew by 3.2x to Php14.1 billion from Php4.4 billion in 2011. GBP contributed Php9.6 billion of costs and expenses comprising power plant operations and maintenance, general and administrative expenses and interest expenses. Fed Land contributed Php3.6 billion consisting of cost of real estate sales, cost of goods and services, general administrative expenses and interest expenses. GT Capital Parent Company accounted for the balance of Php873.8 million, a major portion of which were interest expenses.

Power plant operation and maintenance expenses from GBP amounted to Php6.7 billion for the period in review.

General and administrative expenses rose by 3.3x to Php3.6 billion from Php1.1 billion largely from GBP and Fed Land amounting to Php2 billion and Php1.2 billion, respectively. The balance of Php276.4 million came from GT Capital Parent Company of which Php165 million were IPO-related expenses.

Interest expenses grew by 76.8% to Php1.7 billion from Php989.7 million with GBP and GT Capital accounting for Php825.5 million and Php597.4 million. The balance of Php326.9 million originated from Fed Land.

Cost of real estate sales declined by 13.6% to Php1.3 billion from Php1.6 billion principally due to the decrease in booked real estate sales.

Provision for income tax rose by 100.5% to Php298.3 million from Php148.8 million in 2011 with GBP, Fed Land and GT Capital contributing Php222 million, Php60.9 million and Php15.4 million, respectively.

Consolidated net income attributable to shareholders rose by 97.1% to Php6.5 billion from Php3.3 billion in 2011.

Equity in net unrealized losses on available-for-sale financial assets of associates amounted to Php478 million. This gain arose from marked-to market gains realized from available-for-sale financial assets. Equity in translation adjustments of associates, on the other hand, recorded a loss of Php224.7 million. In spite of the loss, other comprehensive income from associates registered an aggregate gain of Php243.2 million.

FINANCIAL POSITION

GT Capital Consolidated Balance Sheet	Audited Year-End December 31		Increase (Decrease)	
(In Million Php, except for percentages)	2012	2011	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**11,553**	454	11,099	2,442.4%
Receivables	**6,505**	3,934	2,571	65.4%
Inventories	**12,275**	11,338	937	8.3%
Due from related parties	**489**	939	(450)	(47.9%)
Prepayments and other current assets	**6,000**	1,906	4,094	214.9%
Total Current Assets	**36,822**	18,571	18,251	98.3%

Noncurrent Assets				
Noncurrent receivables	**3,159**	1,115	2,044	183.3%
Investments and advances	**43,364**	38,113	5,251	13.8%
Investment properties	**7,816**	5,227	2,589	49.5%
Available-for-sale investments	**1,060**	10	1,050	10,584.5%
Property and equipment	**33,661**	396	33,265	8,392.4%
Deposits	**2,085**	4,085	(2,000)	(49.0%)
Intangible assets	**8,691**	8	8,683	102,170.2%
Long-term cash investments	-	2,440	(2,440)	(100.0%)
Deferred tax asset	**238**	4	234	6,186.7%
Other noncurrent assets	**571**	94	477	511.3%
Total Noncurrent Assets	**100,645**	51,492	49,153	95.5%
	137,467	70,063	67,404	96.2%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**7,377**	4,573	2,804	61.3%
Loans payable - current	**16,565**	7,649	8,916	116.6%
Customers' deposits	**974**	458	516	112.9%
Dividends payable	**1,949**	-	1,949	100.0%
Due to related parties	191	403	(212)	(52.6%)
Income tax payable	**26**	-	26	100.0%
Other current liabilities	**1,370**	58	1,312	2,267.2%
Total Current Liabilities	**28,452**	13,141	15,311	116.5%
Noncurrent Liabilities				
Loans payable - noncurrent	**39,188**	19,600	19,588	99.9%
Liabilities on purchased properties	**2,581**	-	2,581	100.0%
Pension liability	**204**	28	176	627.5%
Deferred tax liability	**936**	81	855	1,060.5%
Other noncurrent liabilities	**242**	63	179	285.4%
Total Noncurrent Liabilities	**43,151**	19,772	23,379	118.2%
	71,603	32,913	38,690	117.6%
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital stock	**1,580**	1,250	330	26.4%
Additional paid-in capital	**36,752**	23,072	13,680	59.3%
Retained earnings	**13,856**	7,802	6,054	77.6%
Other comprehensive income	2,984	2,805	179	6.4%
Other equity adjustment	(681)	-	(681)	(100.0%)
	54,491	34,929	19,562	56.0%
Non-controlling interests	**11,373**	2,221	9,152	412.1%
Total Equity	**65,864**	37,150	28,714	77.3%
	137,467	70,063	67,404	96.2%

The major changes in the balance sheet items of the Company from December 31, 2011 to December 31, 2012 are as follows:

Total assets of the Group more than doubled from Php70.1 billion as of December 31, 2011 to Php137.5 billion as of December 31, 2012 as GBP was consolidated as of May 1, 2012. Total liabilities increased by 117.6% or Php38.7 billion from Php32.9 billion to Php71.6 billion while total equity almost doubled from Php37.2 billion to Php65.9 billion.

Cash and cash equivalents increased by Php11.1 billion reaching Php11.6 billion with GBP, Fed Land and GT Capital Parent accounting for Php10.6 billion, Php857.6 million and Php58.1 million, respectively. The reduction in GT Capital's cash level was chiefly due to the full utilization of the IPO proceeds for its intended application.

Receivables - current increased by 65.4% to Php6.5 billion from Php3.9 billion with GBP accounting for Php3.9 billion representing outstanding billings for energy fees and passed through fuel costs arising from the delivery of electricity while Fed Land accounted for the balance of Php2.6 billion, a majority of which were installment contract receivables and trade receivables.

Inventories increased by 8.3% or Php936.7 million to Php12.3 billion with Php11.2 billion coming Fed Land comprising real estate inventory and the balance from GBP consisting of spare parts and supplies, coal, fuel and lubricants.

Due from related parties decreased by 47.9% or Php449.8 million to Php489.0 million due to collections received from various Fed Land and GBP subsidiaries.

Prepayments and other current assets increased by 3.1x to Php6.0 billion mainly from GBP with Php3.5 billion and Fed Land with Php2.5 billion. This represented input VAT which can be applied against output VAT in the succeeding periods. Fed Land's share included Php894.5 million in advances from contractors/suppliers pertaining to the purchase of construction materials and contractor services.

Noncurrent receivables reached Php3.2 billion with Php1.7 billion originating from the unit buyers of Fed Land who opted for long-term payment packages for equity build up and Php738.5 million from various electric cooperatives of GBP.

Investment and advances increased by 13.8% or Php5.3 billion to Php43.4 billion. About Php4.5 billion was used to purchase 15% of Metrobank's direct equity stake in TMP and Php3.3 billion went to the joint venture investment by Fed Land in Bonifacio Landmark Realty Development Corporation, developer of the The Grand Hyatt-Metrobank Financial Center, situated in Veritown, Bonifacio Global City. These investments partially offset the full settlement of the Php3.4 billion advances of GT Capital to GBP.

Investment properties grew by 49.5% or Php2.6 billion to Php7.8 billion. Fed Land accounted for the increase as it acquired the GT Tower office building from Philippine Securities Corporation effectively increasing its investment properties to Php7.8 billion.

Available-for-sale investments amounted to Php1.1 billion mainly from available-for-sale investments of GBP.

Property and equipment rose 85x to Php33.7 billion from Php396.4 million with the inclusion of the power generation assets of GBP.

Deposits for the purchase of land representing option money declined by 49% or Php2.1 billion as Fed Land opted to purchase land earmarked for its land bank.

Intangible assets from GT Capital amounted to Php8.7 billion representing the fair value at acquisition date of existing power purchase agreements from GBP's operating subsidiaries acquired under business combination, net of amortization for the year.

The Php2.4 billion long-term cash investment of Fed Land was terminated and the funds were used to partially settle a portion of Fed Land's outstanding short term loans.

Deferred tax assets mostly from GBP reached Php238.4 million representing provision for retirement benefits and unrealized foreign exchange losses.

Other noncurrent assets increased by 6.1x to Php571 million from Php94 million. This represented rental and other deposits.

Accounts and other payables increased by 61.3% or Php2.8 billion to Php7.4 billion with GBP and Fed Land each accounting for Php3.5 billion and Php3.7 billion, respectively, and GT Capital accounting for the balance of Php59.7 million.

Loans payable - current more than doubled to Php16.6 billion from Php7.6 billion as GT Capital increased its short term loans by Php4.7 billion, a bulk of which was used to fund the purchase of a 15% direct equity stake in TMP. This effectively increased GT Capital's outstanding short term loans and current portion of long-term debt to Php11.8 billion for the period. GBP and Fed Land accounted for Php3.2 billion and Php1.6 billion of total loans payable - current.

Customer deposits, representing reservation payments from Fed Land's unit buyers, increased by 112.9% to Php974.3 million from Php457.6 million in 2011.

Dividends payable to holders of non-controlling interests of GBP reached Php1.9 billion in 2012.

Due to related parties declined by 52.6% to Php191.3 million from Php403.6 million in 2011 due to payments made by various Fed Land subsidiaries.

Income tax payable reached Php25.8 million of which Php22.2 million came from GBP and Php3.6 million came from Fed Land.

Other current liabilities increased 23.6x to Php1.4 billion representing uncollected output VAT, (Php635.6 million); due to holders of non-controlling interest, (Php378.5 million); and withholding tax payable, (Php326.9 million).

Loans payable - noncurrent increased by 99.9% to Php39.2 billion as the Php28 billion project loans of GBP were included which offset the Php4 billion loan prepayment of GT Capital.

Liabilities on purchased properties reached Php2.6 billion arising from Fed Land's purchase of the GT Tower International building from Philippine Securities Corporation.

Pension liability grew by 7.3x to Php204.5 million from Php28.1 million in 2011 chiefly due to the consolidation of GBP.

Deferred tax liability grew by 11.6x to Php935.5 from Php80.6 million in 2011 with GBP accounting for Php807.3 million representing deferred tax liability on fair value adjustments of long-term borrowings, property plant and equipment, intangible asset contracts and non-current receivables.

Other noncurrent liabilities grew by 3.9x to Php242.6 million from Php62.9 million with Php183.5 million accounted for by GBP representing decommissioning liability accounts.

Capital stock increased by 26.4% or Php330 million to Php1.6 billion representing the new primary shares issued from the IPO of the Company.

Additional paid-in-capital increased by 59.3% or Php13.7 billion representing the IPO proceeds received by the Company, net of direct offer expenses.

Retained earnings increased by 77.6% or Php6.1 billion to Php13.9 billion, principally due to the consolidated net income realized by the Company for the year, net of Php501million cash dividends declared by GT Capital Parent Company.

Other comprehensive income increased by 6.4% or Php178.4 million to Php3 billion due to marked-to-market gains realized on available-for-sale financial assets and equity in translation adjustments.

Other equity adjustments reached Php681.1 million representing the difference between the acquisition cost and carrying value of the non-controlling interest to: (1) acquire the 20% non-controlling interest of Fed Land, (Php513.4 million); (2) acquire the 4.59% of GBP, (Php54.8 million); and (3) acquire the 11.89% of GBP, (Php112.9 million).

Equity before non-controlling interests grew by 56.0% or Php19.6 billion to Php54.5 billion with GT Capital accounting for the increase arising from the primary shares issued during the IPO, the IPO proceeds received, net of direct offer expenses and the net income realized for the year.

Non-controlling interests reached Php11.4 billion representing the setup of the non-controlling interest of GBP offset by the reversal of the non-controlling interest in Fed Land.

Key Performance Indicators

The following are the key performance indicators of the Company for the years end December 31, 2012 and 2011.

	In Million Pesos, except for percentages	
Income Statement	**December 31, 2011**	**December 31, 2012**
Total Revenues	7,965	23,033
Net Income attributable to GT Capital Holdings	3,324	6,555
Balance Sheet		
Total Assets	70,063	137,467
Total Liabilities	32,913	71,603
Equity attributable to GT Capital Holdings, Inc.	34,929	54,491
Return on Equity *	10.3%	14.7%

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

Financial Soundness Indicators

The following are the financial soundness indicators of the Company for the years ended December 31, 2012 and 2011.

	2011	**2012**
Liquidity Ratio		
Current Ratio	1.4x	1.3x
Solvency Ratio		
Total Liabilities to Equity	0.9x	1.1x
Asset-to-Equity Ratio		
Asset to Equity Ratio	2.0x	2.5x
Interest Rate Coverage Ratio*		
Interest Rate Coverage Ratio	4.6x	6.1x
Profitability Ratio		
Return on Average Assets	5.5%	6.3%
Return on Average Equity	10.3%	14.7%

- Computed as EBIT / Interest Expenses

Component Companies Financial Performance

Metrobank

Metrobank registered a 40% growth in net income to Php15.4 billion from Php11 billion in 2011. This resulted in a significant improvement in the Bank's return on average equity to 13.4% in 2012 from 11.2% in 2011.

Net interest income grew by 4.8% to Php30.8 billion chiefly due to the growth in corporate and consumer loans. Other operating income rose by 28% to Php25.1 billion driven by the steady increase in fee-based revenues, earnings from treasury and investment activities, and higher profit realized from the sale of assets. The sale of assets included a Php3.4 billion one-time gain arising from the sale of Metrobank's 15% direct equity stake in TMP to GT Capital.

Consolidated resources breached the Php1 trillion level. The improvement in resources came from the 8% expansion in deposit liabilities resulting in a 15% expansion in the Bank's loan portfolio.

Federal Land

Fed Land's total revenue declined by 4.6% to Php4.3 billion in 2012 from Php4.5 billion in 2011. Real estate sales and interest income on real estate sales, a major component of total revenue, dropped by 10.9% to Php2.4 billion from Php2.7 billion as the Company launched 13 new projects in 2012 thereby increasing ongoing real estate projects to 32 as of end-2012. Reservation sales grew by 90.4% to Php14.9 billion from Php7.8 billion in 2011. Fed Land also completed three (3) projects in 2012 as compared to five (5) projects completed in 2011. As a result, average percentage-of-completion declined to 38% from 58% in 2011. The decrease in real estate sales was offset by a Php1.4 billion non-recurring income arising from the conversion of a wholly-subsidiary of Fed Land into a jointly-controlled entity. Net income attributable to equity holders grew by 235% to Php2 billion from Php589.7 million in 2011. Core net income grew by 5.5% to Php621.9 million from Php589 million in 2011.

Global Business Power

GBP's net income rose by 39.4% from Php1.6 billion in 2011 to Php2.2 billion in 2012 as net fees grew by 14.3% from Php16.8 billion to Php19.2 billion mainly due to the full-year commercial operations of the Cebu and Panay coal-fired plants with a combined installed capacity of 410 megawatts and participation in the Wholesale Electricity Spot Market. Excluding the Php393.4 million impairment loss, 2012 core net income amounted to Php2.6 billion, representing a 64% growth.

Toyota Motor Philippines

TMP's net income increased by 38% to Php3 billion from Php2.2 billion as revenues increased by 29.1% to Php71 billion from Php55 billion in 2011 due to an increase in volume, normalization of vehicle parts and supply, favorable model mix and aggressive sales and promotion. In 2012, TMP's unit sales increased by 19.8% which exceeded the 10.6% increase in industry sales and equivalent to an overall market share of 35.8%. In October alone, the Company sold 6,946 units its highest monthly sales since 1989.

AXA Philippines

In 2012, AXA Philippines generated a 26% increase in new business in terms of Annualized Premium Equivalent of Php2.8 billion. This translated to a 23% increase in premium revenues of Php12.3 billion from Php10 billion in the previous year. Bancassurance represented 59% of AXA Philippines value of new business in 2012. The Company's net income for the period amounted to Php915.4 million from Php967 million in 2011 as the 101% surge in regular premium linked sales resulted in the corresponding front loading of legal policy reserves and commissions and bonuses.

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

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

The GT Capital Group's 2013 capital expenditures ("capex") budget is presented as follows:

Component Company	2013 Capex (In Billion Pesos)	Nature	Source of Funding
Metrobank	3.000	IT systems, ATM installation, renovation, investment in new / renovation and relocation of branches	Internally generated funds
Fed Land	9.320	Residential projects: High end (Php4 billion); Middle (Php2.2 billion); and Low Middle (Php320 million); and retail and commercial (Php2.8 billion)	Residential projects: project sales and internally generated funds. Retail and commercial projects: bank loans and internally generated funds
GBP	22.278	Toledo expansion (Php8.96 billion); Panay expansion (Php13 billion); and existing power plants, (Php318 million)	Toledo expansion: Php1.96 billion equity and Php7 billion project loan from banks. Panay expansion: Php3.9 billion equity and Php9.1 billion project loan from banks. Existing power plants - internally generated funds
TMP	0.700	Replacement capex and launch of new models	Internally generated funds
AXA Philippines	0.100	New branches, fit out of new offices	Internally generated funds
GT Capital (Parent)	4.500	Acquisition of 15% of Metrobank's direct equity stake in TMP	Equity placement
Total	39.898		

(v) Any known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;
(vi) Any significant elements of income or loss that did not arise from the Company's continuing operations;
(vii) The causes of any material change from period to period including vertical and horizontal analysis of any material item, the causes of material changes are discussed in the MD & A; and
(viii) Any seasonal aspects that had a material effect on financial condition or results of operation of the Company.

CALENDAR YEAR ENDED DECEMBER 31, 2011 COMPARED TO YEAR ENDED DECEMBER 31, 2010

RESULTS OF OPERATIONS

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

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

The Company reported a net income attributable to shareholders of Php3.3 billion for the year ended December 31, 2011, representing a 10.8% growth over the Php3.0 billion recorded in the same period last year. The net income improvement was principally due to the increase in consolidated revenues by 26.3% to Php8 billion from Php6.3 billion a year ago. The major contributors to revenue growth came from equity in net income from associates, real estate sales, sale of goods and services, rent income, commission income and interest and other income.

GT Capital registered an equity in net income of associates of Php3.6 billion in 2011, an increase of 21.0% from Php2.9 billion in 2010. This increase was primarily attributable to the growth in equity in net earnings from Metrobank amounting to Php795.1 million due to the higher net income registered for the year.

Real estate sales rose by 16.3% to Php2.5 billion in 2011 from Php2.2 billion in 2010 mainly due to a higher percentage of completion from ongoing Fed Land high end and middle market development projects.

Sale of goods and services increased by 18.6% to Php764 million in 2011 from Php645 million in 2010 primarily due to the increase in the sale of petroleum and petroleum products at the Blue Wave Malls arising from higher volumes and increased prices. The higher volumes were primarily the result of the increased vehicle traffic in and around the Mall of Asia.

Commission income more than doubled and increased by 103.8% to Php96 million in 2011 from Php47 million in 2010. The increase was primarily due to sales commissions earned from units owned by Federal Land Orix Corporation at the Grand Midori project.

Rent income rose by 20.2% to Php238 million in 2011 from Php198 million in 2010. The increase was primarily due to higher occupancy and increased rental rates at both of the Blue Wave Malls resulting from the full year recognition of rent from a call center anchor tenant that began its tenancy in May 2010 as well as the acquisition of one (1) floor in the GT Tower International building in November 2010 which Fed Land leased out.

Interest and other income, comprising interest income on real estate sales, interest income and other income more than doubled and increased by 156.4% to Php787 million in 2011 from Php307 million in 2010. The improvement was due to the following: (1) reimbursement of interest expense from option money granted to affiliates for land purchases of Fed Land amounting to Php337.1 million; (2) substantial increase in money market placements due to the corporate notes proceeds received by GT Capital in the last quarter of 2010 and by Fed Land in the first quarter of 2011; and (3) higher accumulation of interest income arising from various buyers of Fed Land projects.

Cost of real estate sales increased by 13.8% to Php1.6 billion in 2011 from Php1.4 billion in 2010 chiefly due to an increase in real estate sales.

Cost of goods and services increased by 21.4% to Php709 million in 2011 from Php585 million in 2010 due to the increase in the volume of petroleum and petroleum products sold at the Blue Wave Malls as well as higher costs incurred for the purchase of petroleum products.

General and administrative expenses increased by 24.2% to Php1.1 billion in 2011 from Php893 million in 2010. A significant portion of the increase was the rise in commission expense due to higher sales, administrative and management fees, salaries and wages (as a result of an overall increase in head count and general wage increases due to higher sales), professional fees, and advertising and promotions for the greater number of new projects launched by Fed Land in 2011, amounting to Php54.2 million, Php49.4 million, Php44.7 million, Php37.4 million and Php32.9 million, respectively.

Interest expense rose by 251.1% to Php990 million in 2011 from Php282 million in 2010 primarily due to the increase in loans availed in 2011 by Fed Land for land bank acquisition and by the Company to fund its equity investments in GBP.

Provision for income tax more than doubled to Php148 million in 2011 from Php70 million in 2010 due to the substantial increase in taxable income during the year.

As a result of the foregoing, GT Capital's net income increased by 10.8% to Php3.4 billion in 2011 from Php3.1 billion in 2010.

FINANCIAL POSITION

GT Capital Consolidated Balance Sheet	Audited Year-End December 31		Increase (Decrease)	
(In Million Php, except for percentages)	2011	2010	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**454**	3,065	(2,611)	-85.2%
Receivables	**4,864**	1,176	3,688	313.6%
Inventories	**11,338**	7,889	3,449	43.7%
Due from related parties	**939**	558	381	68.3%
Prepayments and other current assets	**976**	752	224	29.7%
Total Current Assets	18,571	13,440	5,131	38.2%
Noncurrent Assets				
Noncurrent receivables	**1,115**	909	206	22.7%
Long-term cash investment	**2,440**	-	2,440	100.0%
Deposits	**4,085**	-	4,085	100.0%
Investments and advances	**38,113**	31,123	6,990	22.5%
Investment properties	**5,227**	5,299	(72)	-1.4%
Property and equipment	**396**	431	(35)	-8.1%
Deferred tax assets	**4**	7	(3)	-42.9%
Other noncurrent assets	**112**	94	18	19.1%
Total Noncurrent Assets	**51,492**	**37,863**	**13,629**	**36.0%**
	70,063	**51,303**	**18,760**	**36.6%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**4,573**	1,936	2,637	136.2%
Current portion on purchased land	**-**	119	(119)	-100.0%
Short term loans payable	**7,649**	7,182	467	6.5%
Customers' deposits	**458**	417	41	9.8%
Due to related parties	**403**	321	82	25.5%
Income tax payable	**-**	2	(2)	-100.0%
Other current liabilities	**58**	24	34	141.7%
Total Current Liabilities	13,141	10,001	**3,140**	**31.4%**
Noncurrent Liabilities				
Pension liabilities	**28**	24	4	16.7%
Loans payable - non-current portion	**19,600**	9,000	10,600	117.8%
Non-current portion on purchased land	**-**	398	(398)	-100.0%
Deferred tax liabilities	**81**	7	74	1,057.1%
Other noncurrent liabilities	**63**	53	10	18.9%
Total Noncurrent Liabilities	19,772	**9,482**	**10,290**	**108.5%**
	32,913	**19,483**	**13,430**	**68.9%**
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital Stock	**1,250**	1,250	-	0.0%
Additional paid-in capital	**23,072**	23,072	-	0.0%
Retained earnings	**7,802**	5,377	2,425	45.1%
Other comprehensive income	**2,805**	(90)	2,895	3,216.7%
	34,929	**29,609**	**5,320**	**18.0%**
Non-controlling interest	**2,221**	**2,211**	**10**	**0.5%**
Total Equity	37,150	31,820	**5,330**	**16.8%**
	70,063	51,303	18,760	36.6%

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

Total assets of GT Capital increased by 36.6% or Php18.8 billion; from Php51.3 billion as of December 31, 2010 to Php70.1 billion as of December 31, 2011. Total liabilities also increased by 68.9% or Php13.4 billion; from Php19.5 billion to Php32.9 billion. Total equities also increased by 16.8% or Php5.3 billion; from Php31.8 billion to Php37.2 billion.

Cash and cash equivalents decreased by 85.2% or Php2.6 billion due a loan provided to a third party.

Receivables increased substantially by 313.6% or Php3.7 billion. This was mostly attributed to increases in loans receivable (Php2.6 billion); installment contracts receivable, (Php536.0 million); and advances to contractors and suppliers (Php410.6 million) of Fed Land.

Inventories consisting of condominium units held for sale, land for development, materials and supplies and gasoline retail and petroleum products increased by 43.7% or Php3.4 billion mainly due to an increase in real estate properties for development.

Due from related parties increased by 68.3% or Php380.7 million due to advances provided to various subsidiaries of Fed Land.

Prepayment and other current assets increased by 29.7% or Php222.5 million due to the increase in creditable withholding taxes of Php144.3 million, and input value-added tax of Php69.4 million arising from real estate sales.

Noncurrent installment contract receivables increased by 22.7% or Php206 million as Fed Land unit buyers availed of long-term payment packages for equity build up.

Long-term cash investment from Fed Land amounted to Php2.4 billion in 2011 representing cash investment with a local bank in exchange for a loan obtained by an affiliate.

Deposits from Fed Land amounted to Php4.1 billion in 2011. This deposits pertains to option money granted by a third party for the exclusive rights for three (3) years to either (1) to purchase the property; (2) to purchase shares of stock of the third party which own the property; (3) to develop the property as developer in joint venture with the third party; or (4) to undertake a combination of any of the foregoing, as may be agreed upon by the parties.

Investment and advances increased by 22.5% or Php7 billion due to: (1) the exercise of stock rights and additional subscription of shares amounting to Php2.6 billion in MBT; (2) entered into a Subscription Agreement with GBP for a total consideration of Php3.4 billion; and (3) increased subscription in AXA amounting to Php14.6 million.

Property and equipment decreased by 8.1% or Php34.5 million due to an increase in accumulated depreciation and amortization.

Deferred tax assets decreased by 42.9% or Php3.1 million due to a decrease in accrued expenses and unearned income, principally.

Other noncurrent assets increased by 19.1% or Php18 million due to the increase in rental and other deposits for leased offices and deposits for set-up of services required by utility companies of Php44 million, which was offset by a decrease in AFS financial assets of Php17.6 million and a decrease in deferred charges and guaranteed deposits of Php8.9 million.

Accounts and other payables increased by 136.2% or Php2.6 billion mainly due to the increase in trade payables pertaining to billings received from contractors and construction costs incurred by Fed Land.

Short term loans payable increased by 6.5% or Php466.5 million to Php7.6 billion due to an increase in working capital requirements by Fed Land and GT Capital.

Customer deposits increased by 9.8% or Php41 million due to an increase in cash payments arising from reservation sales generated by Fed Land.

Due to related parties increased by 25.5% or Php82 million arising from Fed Land intercompany advances.

Other current liabilities increased by 141.7% or Php34.1 million mainly due to the increase in withholding taxes payable from Php11.2 million to Php39.3 million.

Pension liabilities increased by 16.7% or Php3.7 million chiefly due to an increase in unfunded obligations.

Long-term loans payable increased by 117.8% or Php10.6 billion, arising from loan availments of GT Capital and Fed Land.

Deferred tax liabilities increased by 1,057.1% or Php74 million due to an increase in deferred tax liabilities principally capitalized borrowing cost and excess of book basis over tax basis of deferred gross profit.

Other noncurrent liabilities increased by 18.9% or Php10 million due to increase in finance lease obligation amounting to Php11.9 million and in unearned rental income amounting to Php13.9 million; which were offset by a decrease in refundable and other deposits amounting to Php15.5 million.

Retained earnings increased by 45.1% or Php2.4 billion due to an increase in total comprehensive income of Php3.3 billion which was offset by the dividends declaration of Php564.0 million and acquisition of subsidiary under common control of Php336 million.

Other comprehensive income increased by Php2.9 billion due to net unrealized gain on AFS securities of associates amounting to Php2.8 billion and translation adjustment of Php133.1 million.

LIQUIDITY AND CAPITAL RESOURCES

In 2010, 2011 and 2012, GT Capital's principal source of liquidity was cash dividends received from the investee companies and loans. As of December 31, 2012, GT Capital's cash and cash equivalents reached Php11.5 billion.

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

	In Million Pesos		
	2010	2011	2012
Net cash provided by (used in) operating activities	(413.4)	(4,186.5)	878.4
Net cash provided by (used in) investing activities	(7,323.8)	(9,067.0)	(615.2)
Net cash provided by (used in) financing activities	10,603.7	10,643.0	10,835.7
Net increase (decrease) in cash and cash equivalents	2,866.5	(2,610.5)	11,098.9
Cash and cash equivalents at the beginning of the period	198.4	3,064.9	454.4
Cash and cash equivalents at end of the period	3,064.9	454.4	11,553.3

Cash flows from operating activities

Cash flows from (used in) operating activities amounted to (Php413.4 million) in 2010, (Php4.2 billion) in 2011 and Php878.4 million in 2012. In 2010, operating cash amounted to Php408.7 million which was used to increase receivables by Php1.1 billion and real estate inventories by Php820.9 million. In 2011, operating cash amounted to Php514 million which was used to increase receivables by Php4.2 billion and real estate inventories by Php3.2 billion. In 2012, operating cash amounted to Php5.9 billion which was used to increase prepayments and other current assets by Php4 billion, partially settle accounts and other payables by Php581 million and due to related parties by Php212.3 million.

Cash flows used in investing activities

Cash flows from (used in) investing activities amounted to (Php7.3 billion) in 2010, (Php9.1 billion) in 2011 and (Php615.2 million) in 2012. In 2010, cash flows used in investing activities went to investments and advances by Php5.9 billion and investment properties by Php1.4 billion. In 2011, cash flows used in investing activities were earmarked for long-term deposit by Php4.1 billion, long term investment by Php2.4 billion and investment and advances by Php2.6 billion. In 2012, cash flows used in investing activities went to additions to investments and advances by Php4.5 billion, increase in investment properties by Php3.0 billion and increase in property and equipment by Php1.2 billion.

Cash flows from financing activities

Cash flows from financing activities amounted to Php10.6 billion in 2010, Php10.6 billion in 2011 and Php10.8 billion in 2012. In 2010, cash flows from financing activities came from loan proceeds of Php14.0 billion, partially offset by payment of loans payable of Php3.9 billion. In 2011, cash flows from financing activities originated from loan proceeds of Php19.3 billion, partially offset by loan payments of Php8.2 billion. In 2012, cash flows from financing activities came from IPO proceeds of Php14 billion which was used to partially settle loans by Php5.8 billion and increase liabilities on purchased property of Php2.6 billion.

KEY PERFORMANCE INDICATORS OF COMPONENT COMPANIES

Metrobank

	2010	2011	2012
Dividend Payout Ratio	13.0%	19.1%	18.9%
Cost to average assets	5.5%	5.2%	3.3%
Tier 1 Capital Adequacy ratio	12.0%	13.7%	13.7%
Total Capital Adequacy ratio	16.4%	17.4%	16.3%
Net non-performing assets ratio	2.8%	2.1%	1.8%
NPL coverage ratio	92.3%	99.5%	116.8%

Notes:

(1) Dividend payout ratio is the ratio of cash dividends to net income after tax (excluding non-controlling interest).
(2) Cost to average assets is the ratio of operating expenses (including interest expenses but excluding depreciation and amortization) to average total assets.
(3) Net non-performing assets ratio is the ratio of net non-performing assets divided by total assets.
(4) Allowance as a percentage of gross non-performing assets is the ratio of non-performing asset provisions made to the gross non-performing assets.

The following table presents selected financial ratios for the periods indicated:

	In Million Pesos, except for percentages		
	2010	2011	2012
Net income attributable to equity holders	8,366	11,031	15,399
Average total assets	809,558	922,854	999,482
Average shareholders' equity (attributable to equity holders)	81,430	98,716	114,908
Return on Average Assets	1.0%	1.2%	1.5%
Return on Average Equity	10.3%	11.2%	13.4%
Average shareholders' equity as a percentage of average total assets	9.4%	10.7%	11.5%

Federal Land

The following are the major performance measures used by Fed Land for 2010, 2011 and 2012.

	In Million Pesos, except for ratios		
	2010	2011	2012
Revenues	3,393.3	4,478.6	5,723.0
Net income after tax	530.3	601.1	1,988.3

Net income attributable to equity holders	524.9	589.7	1,976.1
Total assets	17,862.8	29,543.5	34,240.6
Total liabilities	7,067.0	18,746.6	17,660.7
Total equity	10,795.8	10,796.9	16,579.8
Current ratio	1.6x	1.6x	2.6x
Total Liabilities to equity ratio	0.7x	1.7x	1.1x

Global Business Power

The following are the major performance measures used by GBP for 2010, 2011 and 2012.

	In Million Pesos, except for ratios		
	2010	**2011**	**2012**
Net income	487.2	2,229.5	3,359.2
Net income attributable to equity holders	522.3	1,580.0	2,202.9
Total assets	55,709.8	56,840.8	58,607.3
Total liabilities	32,404.9	34,993.6	36,517.5
Total equity	23,304.9	21,847.2	22,089.8
Current ratio	2.6x	3.4x	1.7x
Total Liabilities to equity ratio	1.4x	1.6x	1.7x

Toyota Motor Philippines

The following are the major performance measures used by TMP for 2010, 2011 and 2012.

	In Million Pesos, except for ratios		
	2010	**2011**	**2012**
Net income	3,110.5	2,178.2	2,994.1
Total assets	17,790.7	16,072.6	18,913.4
Total liabilities	9,946.0	9,294.7	11,290.4
Total equity	7,844.7	6,777.9	7,623.0
Total Liabilities to Equity ratio	1.3x	1.4x	1.5x

AXA Philippines

The following are the major performance measures used by AXA Philippines for 2010, 2011 and 2012.

	In Million Pesos		
	2010	**2011**	**2012**
Gross Premiums	8,354	10,007	12,312
Net insurance benefits and claims	1,021	1,347	1,317
Total expenses	2,567	3,198	3,533
Net income after tax	796	967	915
Total assets	35,554	38,943	44,851

Item 7. **Financial Statements**

The consolidated financial statements and schedules as listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this SEC Form 17-A.

Item 8. **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There are no disagreements with SGV & Co. on accounting and financial disclosure.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards (PFRS) and the Philippine Interpretations of International Financial Reporting Interpretation Committee (IFRIC) which became effective beginning January 1, 2012.

The Group will also adopt several amended and revised standards and interpretations in 2013 and 2014.

Please refer to Note 2 of the attached Company's audited financial statements on the Summary of Significant Accounting Policies for the accounting of the new PFRS and IFRIC which became effective in 2012 and new PFRS and IFRIC that will be effective in 2013 and 2014.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2010, 2011 and 2012 have been audited by SGV & Co. (a member firm of Ernst & Young Global Limited), independent auditors, as stated in their reports appearing herein.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, its Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of the Company's policies, controls, processes and activities; (ii) ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors; (iii) ensure the Company's compliance with acceptable auditing and accounting standards and regulations; and (iv) approve all related fees paid to the independent auditors.

The following table sets out the aggregate fees billed for each of the years ended December 31, 2010, 2011 and 2012 for professional services rendered by SGV & Co. to the Company, excluding fees directly related to the Offer.

	For the year ended December 31		
	2010	2011	2012
	(in Php thousands)		
Audit and Audit-Related Services	110	300	1,440
Non-Audit Services	-	-	30,000
Total	110	300	31,440

In 2013 SGV & Co. rendered other professional services relating to the Bond Offering of GT Capital Holdings, Inc. The professional fees amounted to P12,500,000.00 inclusive of VAT and out-of-pocket expenses. There were no other professional services rendered by SGV & Co. during the period.

PART III.

CONTROL AND COMPENSATION INFORMATION

Item 9. **Directors and Executive Officers of the Issuer**

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

Board of Directors

Office	Name	Age	Citizenship
Group Chairman	Dr. George S.K. Ty	80	Filipino
Chairman	Arthur Vy Ty	46	Filipino
Vice Chairman	Alfred Vy Ty	45	Filipino
Director/President	Carmelo Maria Luza Bautista	55	Filipino
Director	Roderico V. Puno	49	Filipino
Director	Solomon S. Cua	57	Filipino
Director	Manuel Q. Bengson	68	American
Independent Director	Jaime Miguel G. Belmonte	49	Filipino
Independent Director	Renato C. Valencia	71	Filipino

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

Dr. George S.K. Ty served as GT Capital's Chairman since its inception in July 2007 until July 11, 2012. Dr. Ty is also the founder of Metrobank and served as its Chairman from 1975 until 2006 when he became Group Chairman of the Metrobank Group of Companies. Dr. Ty graduated from the University of Santo Tomas. He is concurrently Chairman of the Board of Trustees of the Metrobank Foundation, Inc. and of the Board of Directors of Toyota Motor Philippines.

Arthur Vy Ty served as the Company's Vice Chairman since its inception in July 2007 before assuming his current position as Chairman in 2012. He was the President of MBT from 2006 to 2012 and was appointed as its Chairman in May 2012. He headed MBT's Consumer Lending Group from 2000 to 2004 and served as Vice Chairman of the Bank from 2004 to 2006. He also serves as the Chairman of Metropolitan Bank (China) Ltd., Inc., Vice Chairman of PSBank and First Metro Investment Corporation. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York in 1991.

Alfred Vy Ty has been Vice Chairman of the Company since February 14, 2012 and has served as a Director of the Company since July 2007. He is also the current President of Federal Land Inc. and the Vice-Chairman of Toyota Motor Phils. Corp. He graduated from the University of Southern California with a degree major in Business Administration in 1989. Some of his other current roles and positions include: Corporate Secretary, MBTC; Chairman, Lexus Manila, Inc.; Director, Philippine Long Distance Telephone Company; Chairman, Asia Pacific Top Management; Director, Global Business Power Corp.; President, GT-Metro Foundation, Inc.; Board of Trustee, Metrobank Foundation, Inc.; Honorary Consul, Consulate of Uruguay; and Former Special Envoy of the President to China.

Carmelo Maria Luza Bautista assumed the role of Director and President of GT Capital in August 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation in April of 2008 as Executive Director and was appointed as the Head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 35 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank Manila; Vice President Real Estate Finance Group Citibank N.A. Singapore branch; Vice President Structured Finance Citibank N.A. Singapore Regional Office; Country Manager ABN AMRO Bank Philippines; and President and CEO Philippine Bank of Communications. Mr. Bautista has a Masters in Business Management degree from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelors degree major in Economics from the Ateneo de Manila University.

Roderico V. Puno has been a director of the Company since August 5, 2011 and is a Senior Partner of Puno & Puno Law Offices. He earned his Bachelor of Laws degree from Ateneo de Manila University in 1989 and is a widely recognized expert in energy law and also specializes in general corporate law, banking, corporate and project finance, real estate, utilities regulation, securities and infrastructure. He is currently a Director of Global Business Power Corporation; Corporate Secretary of Atlas Consolidated and Mining and Development Corporation, First Philippine Industrial Park and Rustan Supercenters, Inc.; and Assistant Corporate Secretary of Metropolitan Bank & Trust Company. He served as Vice-President- Legal for First Philippine Holdings Corporation and First Generation Corporation.

Solomon S. Cua has served as Director of GT Capital Holdings, Inc. since July 11, 2012. With more than 20 years of experience in general management, banking and finance, Mr. Cua holds several other positions in other companies, among which are Director of First Metro Investment Corporation (since 2001) and Chairman of Philippine AXA Life Insurance Corporation (since 2010). He graduated from the University of Melbourne and the University of Queensland where he earned degrees in Bachelor of Arts in Mathematical Sciences and Economics and Bachelor of Laws, respectively. He obtained his Masters of Law from the London School of Economics and Political Sciences. Mr. Cua also holds the following positions: Director and Vice Chairman of Philippine Racing Club, Inc.; Director of Grand Titan Capital Holdings, Inc.; member of the Board of Trustees of GT Foundation, Inc.; Director of Greenhills West Association, Inc.; Director and Treasurer of Palm Integrated Commodities, Inc.; and Director of Philippine Newtown Global Solutions. Mr. Cua also served as Undersecretary of Finance from 1998 to 2000.

Manuel Q. Bengson has been a director of GT Capital since July 11, 2012 and is the Chairman of the Corporate Governance Committee. He has also served as a member of the Board of Governance of the Philippine Dealing and Exchange Corporation since 2011. He is a member of MBT's Trust Committee and was Chairman of the Legal and Tax Committee and member of the Overseas Banking Committees. He was an independent director of MBT from 2011 until October 22, 2012. From 1969 to 2003, he assumed senior executive functions in several entities such as Ayala Corporation, Ayala Life-FGU, Ayala Life Fixed Income Fund, Bank of the Philippine Island Group and Citibank branches in Manila, Jakarta and San Francisco, U.S. He finished his BBA major in Accounting and worked as CPA for several years. He was recently elected director of Greenergy Capital Holdings and Two Salcedo Place Condominium Corporation.

Jaime Miguel G. Belmonte* was elected as Independent Director of GT Capital on July 11, 2012. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); President and Publisher of Pilipino Star Ngayon (since 1994) and PM-Pang Masa (since 2003); and President of Pilipino Star Printing Company (since 1994). Mr. Belmonte is also the President of Cebu-based The Freeman and Banat News (since 2004), Director of Stargate Media Corporation (since 2000), and member of the Board of Advisers of Manila Tytana College (since 2008). He earned his undergraduate degree from the University of the Philippines-Diliman.

Renato C. Valencia* was elected as an independent director of GT Capital on July 11, 2012 and is the Chairman of the Audit Committee. At present, he concurrently holds the following positions: director of MBT (since 1998), President and CEO of Roxas Holdings, Inc. (since 2011), Chairman of i-People (since 2007) and Board Adviser of Philippine Veterans Bank (since 2005). At MBT, he serves as the chairman of the Audit Committee, Related Party Transaction Committee and Nominations Committee; and is a member of the Risk Management Committee. From 1963 to 2011, he assumed different executive and non-executive roles in various entities including the Armed Forces of the Philippines, Ayala Investment and Development Corporation, Far East Bank and Trust Company, Manila Electric Company, Philex Mining Corporation, PSBank, Philippine Long Distance Telecommunications, San Miguel Corporation, Philippine Coca-Cola System, Union Bank of the Philippines and the Social Security System. He finished his master's degree in Business Management at the Asian Institute of Management.

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

Period of Directorship

Name	Date Elected
Dr. George S.K. Ty	June 3, 2011
Arthur V. Ty	June 3, 2011
Alfred V. Ty	February 14, 2012

Carmelo Maria Luza Bautista	August 5, 2011
Roderico V. Puno	August 5, 2011
Solomon S. Cua	June 3, 2011
Jaime Miguel G. Belmonte	December 2, 2011
Manuel Q. Bengson	February 14, 2012
Renato C. Valencia	February 14, 2012

Executive Officers

Name	Office	Age	Citizenship
Carmelo Maria Luza Bautista	President	55	Filipino
Francisco H. Suarez, Jr.	SVP/Chief Financial Officer	53	Filipino
Mary Vy Ty	Treasurer	72	Filipino
Anjanette T. Dy Buncio	Assistant Treasurer	44	Filipino
Alesandra T. Ty	Assistant Treasurer	33	Filipino
Antonio V. Viray	Corporate Secretary	73	Filipino
Jocelyn Y. Kho	Assistant Corporate Secretary	58	Filipino
Joselito V. Banaag	VP/Head, Legal and Compliance	42	Filipino
Jose B. Crisol, Jr.	VP/Head, Investor Relations and Corporate Communications	46	Filipino
Susan E. Cornelio	VP/Head, Human Resources and Administration	41	Filipino
Reyna Rose P. Manon-Og	AVP/Head, Accounting and Financial Control	31	Filipino

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

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

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

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

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

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

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

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

Susan E. Cornelio joined the Company on July 4, 2012 as the Head of the Human Resources Division. Prior to this, she served as Vice President and Head of the Compensation and Benefits Department of Sterling Bank of Asia. Before this she was Assistant Vice President and Head of the Compensation and Benefits Department of United Coconut Planters Bank. She holds a degree of Bachelor of Science major in Accounting from the Sta. Isabel College and a Master Certificate in Human Resources from Cornell University's School of Industrial and Labor Relations.

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

Period of Officership

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

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

Nomination of Independent Directors shall be conducted by the Nomination Committee prior to the stockholders' meeting. The Nomination Committee shall prepare a Final List of Candidates from those who have passed the Guidelines, Screening Policies and Parameters for nomination of independent directors and which list shall contain all the information about these nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee; otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

(b) **Significant Employees**

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

Directorships in Other Reporting Companies

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

Name of Corporation	Position
George S.K. Ty	
Toyota Motor Philippines	Director
Arthur Vy Ty	
Metropolitan Bank & Trust Company	Chairman
Philippine Savings Bank	Vice-Chairman
Alfred Vy Ty	
Toyota Motor Philippines	Vice-Chairman
Federal Land, Inc.	President/Director
Global Business Power Corporation	Director
Philippine Long Distance Telephone Company	Director
Roderico V. Puno	
Global Business Power Corporation	Director
Solomon S. Cua	
Philippine AXA Life Insurance Corporation	Chairman
Philippine Racing Club, Inc.	Vice-Chairman
Manuel Q. Bengson	
Metropolitan Bank & Trust Company	Director
Renato C. Valencia	
Roxas Holdings, Inc.	President and CEO/Director
Metropolitan Bank & Trust Company	Independent Director
Antonio V. Viray	
Metropolitan Bank & Trust Corporation	Director

The members of the Audit and Risk Management Committee are:

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

The members of the Compensation Committee are:

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

The members of the Nominations Committee are:

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

The members of the Corporate Governance Committee are:

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

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

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

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

Jaime Miguel G. Belmonte
Renato C. Valencia

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

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

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

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

Office	Name
Group Chairman	Dr. George S. K. Ty
Chairman	Arthur V. Ty
Vice Chairman	Alfred V. Ty
Director and President	Carmelo Maria Luza Bautista
Treasurer	Mary Vy Ty

Assistant Treasurer	Anjanette T. Dy Buncio
Assistant Treasurer	Alesandra T. Ty
Corporate Secretary	Antonio V. Viray
Assistant Corporate Secretary	Margaret T. Cham
Assistant Corporate Secretary	Jocelyn Y. Kho
Chief Financial Officer	Francisco H. Suarez, Jr.
Head, Legal and Compliance	Joselito V. Banaag
Head, Accounting and Financial Control	Reyna Rose P. Manon-Og

(c) Family Relationships

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

(d) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 26 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

(e) Involvement in Legal Proceedings

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

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

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

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

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

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

Item 10. **Executive Compensation**

Executive Compensation of GT Capital Holdings

Summary compensation table

The following table identifies the Company's President and four most highly-compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2011, 2012 and 2013. The amounts (in P millions) set forth in the table below have been prepared based on what the Company paid its executive officers in 2010 and 2011 and what the Company expects to pay in 2012.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Named Executive Officers*.........................	2011	1.90	0.59	-
	2012	15.85	5.70	-
	2013**	18.65	4.66	-
All other Officers as a Group	2011	0.26	0.04	-
	2012	1.02	0.26	-
	2013**	7.16	1.791	-

* *Named executive afficers include: Carmelo Maria Luza Bautista (President), Francisco H. Suarez, Jr. (Chief Financial Officer), Joselito V. Banaag (Head, Legal and Compliance), Jose B. Crisal (Head, Investor Relations and Corparate Cammunications), and Susan E. Cornelio (Head, Human Resaurces).*

** *Figures for the year 2013 are estimates.*

Employment contracts between the Company and named executive officers

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

Warrants and options outstanding

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

Stock option plan

The Company has no employee stock option plan.

Item 11. **Security Ownership of Certain Beneficial Owners and Management**

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

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (%)
Common	Grand Titan Capital Holdings, Inc. 4th Floor Metrobank Plaza, Sen. Gil Puyat Ave., Makati City	Same as the Record Owner **Arthur Vy Ty** is authorized to vote the shares held by Grand Titan Capital Holdings, Inc.	Filipino	110,095,110	69.680%
Common	PCD Nominee Corp. (Non-Filipino)	Various Clients[1]	Foreign	35,225,246	22.294%
Common	PCD Nominee Corp. (Filipino)	Various Clients[1]	Filipino	12,073,723	7.642%

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

Security Ownership of Management as of December 31, 2012

Title of Securities	Name of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership (D) direct/(I) indirect	Citizenship	Percent of Class
Common	Dr. George S. K. Ty	200,000 (D)	Filipino	0.1266%
Common	Arthur V. Ty	100,000 (D)	Filipino	0.0633%
Common	Alfred V. Ty	100,000 (D)	Filipino	0.0633%
Common	Mary Vy Ty	99,000 (D)	Filipino	0.0627%
Common	Anjanette T. Dy Buncio	40,000 (D)	Filipino	0.0252%
Common	Solomon S. Cua	1,000 (I) 20,000 (D)	Filipino	0.0006% 0.0126%
Common	Carmelo Maria Luza Bautista	1,000 (I) 10,000 (D)	Filipino	0.0006% 0.0063%
Common	Francisco H. Suarez, Jr.	5,000 (D)	Filipino	0.0032%

Common	Jocelyn Y. Kho	2,200 (I)	Filipino	0.0014%
Common	Roderico V. Puno	1,000 (I)	Filipino	0.0006%
Common	Jaime Miguel G. Belmonte	1,000 (I)	Filipino	0.0006%
Common	Manuel Q. Bengson	1,000(I)	American	0.0006%
Common	Renato C. Valencia	1,000 (I)	Filipino	0.0006%
Common	Joselito V. Banaag	900 (D)	Filipino	0.0005%
Common	Alesandra T. Ty	0	Filipino	0.0000%
Common	Antonio V. Viray	0	Filipino	0.0000%
Common	Susan E. Cornelio	0	Filipino	0.0000%
Common	Jose B. Crisol	0	Filipino	0.0000%
Common	Reyna Rose P. Manon-Og	0	Filipino	0.000%
Total		**574,900 (D)** **8,200(I)** **583,100 (D) and (I)**		**0.3687%**

Voting Trust Holders of 5% or More

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

Change in Control

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

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

Item 12. **Certain Relationships and Related Transactions**

The Group, in their regular conduct of business, have entered into transactions with associates, jointly controlled entities and other related parties principally consisting of advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made at normal market prices.

No other transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

To date, there are no complaints received by the Company regarding related-party transactions.

Transactions with Promoters

There are no transactions with promoters within the past five (5) years.

Events after the Reporting Period

Top-up equity placement
On January 10, 2013, the Parent Company conducted an overnight placement of 23,027,000 shares to institutional investors, where Grand Titan is the selling entity. The placement, which was priced at Php620.00 per share, raised approximately Php10.11 billion of primary proceeds for the Parent Company and Php4.17 billion secondary proceeds for Grand Titan. The placement was realized via a top-up structure, whereby Grand Titan concurrently subscribed 16,300,000 new shares. This decreased Grand Titan's interest in the Parent Company from 69.68% as of December 31, 2012 to 59.30% as of January 10, 2013.

Acquisition of TMPC shares from MBTC
On January 17, 2013, the Parent Company and MBTC executed a Sale and Purchase Agreement for the acquisition of 2,324,117 common shares of stock of TMPC from MBTC under the second tranche as provided in the MOU for a total consideration of Php4.50 billion. This represented 15.00% of TMPC's outstanding capital stock and increased the Parent Company's shareholdings in TMPC to 51.00% (see Note 8). In addition, option deposit amounting to Php20.00 million was returned by MBTC to the Parent Company.

Cash dividends from MBTC
On January 23, 2013, the BOD of MBTC approved the declaration of a 5.00% cash dividend or Php1.00 per share based on a par value of Php20.00 to all stockholders of record as of March 8, 2013 which shall be payable on April 3, 2013. The BSP approved such dividend declaration on February 8, 2013.

Php10.00 billion band issue
On February 13, 2013, the Parent Company issued a Php10.00 billion worth of 7-year and 10-year worth of bonds with an interest rate of 4.84% and 5.09% respectively. The net proceeds will be utilized for general corporate requirements which may include, but shall not be limited to the following:

Funding of various equity calls	
Toledo plant, to be completed within 2013	₱1,900,000,000
Panay plant, to be completed within 2014	3,900,000,000
Refinancing of corporate notes due on November 25, 2013	4,200,000,000
	₱10,000,000,000

Said bonds were listed on February 27, 2013.

Equity call from GBPC
On February 15, 2013 and March 15, 2013, the Parent Company disbursed Php763.35 million and Php230.77 million, respectively, as its pro rata share in response to equity calls from GBPC upon its stockholders.

Cash dividends from Fed Lond
On February 18, 2013, BOD of Fed Land approved and authorized the declaration of cash dividends amounting to Php100.00 million to stockholders on record as of December 31, 2012 payable on or before February 28, 2013.

PART IV.

EXHIBITS AND SCHEDULES

Item 13. **Exhibits and Reports on SEC Form 17-C**

(a) Exhibits - see accompanying Index to Exhibits

(b) Reports on SEC Form 17-C

Reports on SEC Form 17-C were filed during the last six month period covered by this report and are listed below:

Date	Particulars
September 12, 2012	GT Capital acquired 12% of GBPC's outstanding capital stock, a total of 66,145,700 shares at a fixed price of Php35.13 per share. The acquisition increases the Company's direct holdings in GBPC to 51%.
September 12, 2012	The Board of Directors of GT Capital approved the declaration of cash dividend of Php3.17 per share. Record date is set as September 28, 2012, and payment date is on October 22,2012
September 27, 2012	Special Stockholders' Meeting was held on October 26, 2012
October 22, 2012	The Boards of Directors of Metrobank and GT Capital, upon the endorsement of their respective Related Party Transaction committees, have approved in principle the sale of Metrobank's 30% ownership of Toyota Motor Philippines to GT Capital at a consideration of Php9 billion.
November 7, 2012	GT Capital's first nine months' core net income of increased 51% to Php 3.9 billion
December 3, 2012	GT Capital and Metrobank executed a Sale and Purchase Agreement whereby GT Capital will acquire 2,324,118 common shares of stock of Toyota Motor Philippines (TMP)from Metrobank for a total consideration of Php 4.5 billion. The shares represent 15% of TMP's issued and outstanding capital stock.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 15, 2013.

GT Capital Holdings, Inc.

By:

Arthur V. Ty
Chairman

Carmelo Maria L. Bautista
President

Francisco H. Suarez, Jr.
Chief Financial Officer

Atty. Antonio V. Viray
Corporate Secretary

Reyna Rose P. Manon-og
Comptroller

Atty. Joselito V. Banaag
Head, Legal and Compliance

SUBSCRIBED AND SWORN to before me this 15 day of April 2013 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Arthur V. Ty	EA0021497	January 6, 2010	Manila
Carmelo Maria L. Bautista	XX4905567	November 6, 2009	Manila
Francisco H. Suarez, Jr.	EB6058232	July 31, 2012	Manila
Antonio V. Viray	EB0352971	June 7, 2010	Manila
Reyna Rose P. Manon-og	EB6020710	July 25, 2012	Legazpi
Joselito V. Banaag	EB2838103	June 29, 2011	Manila

Notary Public

Doc. No. 180;
Page No. 37;
Book No. 3;
Series of 2013.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

GT CAPITAL
HOLDINGS, INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of GT Capital Holdings, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012 and 2011, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

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

Signature: ______________________
Carmelo Maria L. Bautista, President

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

March 20, 2013

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

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

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

ATTY. AMANDA R. ABRERA BENGSON
Notary Public for Makati City
Commission No. M-151
Until December 31, 2013
22nd Flr. GT Tower International
cor. H.V. Dela Costa St., Salcedo Village Makati City
Roll No. 46163
PTR No. 3685192/01-16-2013/Makati City
IBP Lifetime No. 05696/Makati

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