GT CAPITAL
HOLDINGS, INCORPORATED

August 8, 2016

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

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director – Markets and Securities Regulation Department

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

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

Attention: **Mr. Norbert T. Moreno**
Assistant Head – Disclosure Department

Subject: Submission of 17Q Report as of June 30, 2016

Gentlemen /Mesdames:

In line with the reportorial requirements of the Securities Regulation Code and the Revised Disclosure Rules, we hereby submit the attached 2016 Second Quarter Report on SEC Form 17-Q.

Very truly yours,

Francisco H. Suarez, Jr.
Chief Finance Officer

COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

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

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

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

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

FH Suarez, Jr. / RP Manon-og

Contact Person

836-4500

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - Q

FORM/TYPE

2nd Wednesday in May of each year

Month Day

Annual Meeting

N A

Secondary License Type, If Applicable

SEC General Accountant &

C F D

Dept. Requiring this Doc.

N A

Amended Articles Number/Section

As of June 30, 2016

72

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned.

File Number

Document I.D.

LCU

Cashier

STAMPS

Remarks = pls. Use black ink for scanning

SEC Number CS200711792
File Number ___________

GT CAPITAL HOLDINGS, INC.

(Company's Full Name)

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

(Company's Address)

836-4500

(Telephone Number)

December 31

(Fiscal year ending)

17-Q

(Form Type)

(Amendment Designation, if applicable)

June 30, 2016

(Period Ended Date)

None

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **June 30, 2016**

2. Commission identification number: **CS200711792**

3. BIR Tax Identification No.: **006-806-867**

4. Exact name of issuer as specified in its charter: **GT CAPITAL HOLDINGS, INC.**

5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office: **43/F GT Tower International, Ayala Avenue corner H.V. de la Costa Street, Makati City Postal Code: 1227**

8. Issuer's telephone number, including area code: **632 836-4500; Fax No: 632 836-4159**

9. Former name, former address and former fiscal year, if changed since last report: **Not applicable**

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

Title of Each Class	Number of Shares of Outstanding Common Stock	Amount of Debt
Common Stock -Php10.00 par value	**174,300,000 shares**	**None**
Corporate Retail Bonds	-	**Php21.8 billion**

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

    The Philippine Stock Exchange, Inc., for common shares and Philippine Dealing & Exchange Corporation for corporate retail bonds

12. Indicate by check mark whether the registrant:

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

    Yes [X] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days. Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

Consolidated Results of Operations- For the Six Months Ended June 30, 2016 and For the Six Months ended June 30, 2015

GT Capital Holdings, Inc.
Consolidated Statements of Income
(In millions, except for Percentage)

	UNAUDITED Six Months Ended June		Increase (Decrease)	
	2016	**2015**	**Amount**	**Percentage**
REVENUE				
Automotive operations	**80,350**	56,497	23,853	42%
Net fees	**6,840**	8,916	(2,076)	(23%)
Real estate sales and interest income on real estate sales	**6,266**	3,533	2,733	77%
Equity in net income of associates and jointly-controlled entities	**4,951**	2,751	2,200	80%
Rent income	**443**	374	69	18%
Sale of goods and services	**282**	273	9	3%
Interest income	**352**	238	114	48%
Commission income	**105**	17	88	518%
Gain on previously-held interest	**140**	–	140	100%
Gain on sale of subsidiaries	**2,083**	–	2,083	100%
Other income	**634**	625	9	1%
	102,446	73,224	29,222	40%
COST AND EXPENSES				
Cost of goods and services	**54,260**	35,081	19,179	55%
Cost of goods manufactured	**14,566**	12,694	1,872	15%
General and administrative expenses	**7,462**	4,996	2,466	49%
Cost of real estate sales	**3,699**	2,333	1,366	59%
Power plant operation and maintenance	**3,273**	4,900	(1,627)	(33%)
Interest expense	**2,358**	1,951	407	21%
Cost of rental	**144**	143	1	1%
	85,762	62,098	23,664	38%
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**16,684**	11,126	5,558	50%
PROVISION FOR INCOME TAX	**2,640**	1,916	724	38%
NET INCOME FROM CONTINUING OPERATIONS	**14,044**	9,210	4,834	52%
NET INCOME (LOSS) FROM DISPOSAL GROUP	**(164)**	46	(210)	(457%)
NET INCOME	**13,880**	9,256	4,624	50%
ATTRIBUTABLE TO:				
Equity holders of the parent company				
Profit for the year from continuing operations	**9,273**	5,576	3,697	66%
Profit (loss) for the year from disposal group	**(164)**	46	(210)	(457%)
	9,109	5,622	3,487	62%
Non-controlling interest				
Profit for the year from continuing operations	**4,771**	3,634	1,137	31%
Profit for the year from disposal group	–	–	–	–
	4,771	3,634	1,137	31%
	13,880	9,256	4,624	50%

GT Capital Holdings, Inc. ("GT Capital" or the "Parent Company" or the "Company") consolidated net income attributable to equity holders of the Parent Company grew by 62% from Php5.62 billion for the six months ended June 30, 2015 to Php9.11 billion for the six months ended June 30, 2016. The increase was principally due to the 40% growth in consolidated revenues from Php73.22 billion to Php102.45 billion.

The revenue growth came from: (1) increase in the combined auto sales of Toyota Motor Philippines Corporation ("TMP") and Toyota Manila Bay Corporation ("TMBC") from Php56.50 billion to Php80.35 billion contributing 78% of total revenue; (2) increase in the combined real estate sales and interest income on real estate sales of Federal Land, Inc. ("Fed Land") and Property Company of Friends, Inc. ("PCFI") from Php3.53 billion to Php6.27 billion; (3) higher equity in net income of associates which grew from Php2.75 billion to Php4.95 billion; and (4) gain on sale of investment in subsidiaries amounting to Php2.08 billion.

Core net income attributable to equity holders of the Parent Company improved by 16% from Php5.35 billion for the six (6) months ended June 30, 2015 to Php6.21 billion in the same period of 2016. Core net income for 2015 amounted to Php5.35 billion after excluding the Php0.24 billion non-recurring income of Global Business Power Corporation ("GBPC") comprising collection of insurance proceeds and Php0.03 billion amortization of fair value adjustments arising from business combinations. Core net income for 2016 amounted to Php6.21 billion after excluding Php3.14 billion one-time gains from the sale of investments in subsidiaries, net of related taxes and expenses and adding back the Php0.20 billion non-recurring reinsurance cost of CPAIC and Php0.04 billion amortization of fair value adjustments arising from business combination.

The financial statements of Fed Land, TMP, PCFI and TMBC are included in the consolidated financial statements of the Group. The investments in other component companies Metropolitan Bank and Trust Company ("Metrobank"), Philippine AXA Life Insurance Corporation ("AXA Philippines"), Toyota Financial Services Philippines Corporation ("TFSPC") and Metro Pacific Investments Corporation ("MPIC") are reported through equity accounting.

In May 2016, GT Capital increased its direct stake in GBPC from 51.27% to 56.00% and subsequently sold the entire 56.00% to Beacon Powergen Holdings, Inc., a wholly-owned subsidiary of Beacon Electric Asset Holdings, Inc., a joint venture between MPIC and PLDT Communications and Energy Ventures, Inc. As a result, GT Capital relinquished control over GBPC and GBPC ceased to be a subsidiary of GT Capital effective May 31, 2016. Accordingly, GT Capital reflected the results of operations of GBPC up to May 31, 2016 and did not consolidate the income statement of GBPC starting June 1, 2016. The details of the deconsolidation are discussed in the Notes to the Financial Statements.

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

The results of operations of CPAIC are reflected as a one-line item under "Net income from disposal group" in the consolidated statement of income as required by the Philippine Financial Reporting Standards 5. The details are also discussed extensively in the Notes to the 2015 Consolidated Audited Financial Statements.

Of the eight (8) component companies, Fed Land, TMP, PCFI, TMBC, AXA Philippines and MPIC posted growth in net income for the period in review while Metrobank and TFSPC registered declines in net income.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts grew by 42% from Php56.50 billion in the first half of 2015 to Php80.35 billion in the first half of 2016 driven by a 31% growth in wholesale volume from 56,674 units to 74,461 units.

Net fees from GBPC declined by 23% from Php8.92 billion to Php6.84 billion since GT Capital ceased consolidating GBPC's results of operations starting June 1, 2016 arising from GT Capital's disposal of its investment in GBPC in May 2016.

Real estate sales and interest income on real estate sales increased by 77% from Php3.53 billion in the first half of 2015 to Php6.27 billion in the first half of 2016 with Fed Land and PCFI contributing Php3.39 billion and Php2.88 billion, respectively.

Equity in net income of associates and jointly-controlled entities increased by 80% from Php2.75 billion to Php4.95 billion due to: (1) net income contribution of MPIC for the month of June 2016 amounting to Php388.80 million arising from GT Capital's acquisition of 15.55% of MPIC in May 2016; (2) increase in the net income of AXA Philippines from Php713.75 million to Php866.75 million; (3) recognition of gains on sale of GBPC by FMIC to Orix and MGEN, previously deferred in 2013 amounting to Php1.84 billion; and (4) recognition of gain on sale of CPAIC by FMIC to GT Capital, previously deferred in 2014 amounting to Php78.22 million.

Rent income mainly from the GT Tower International office building and Blue Bay Walk increased by 18% from Php373.77 million to Php443.35 million.

Interest income increased by 48% from Php238.17 million to Php352.23 million due to an increase in cash available for short-term investments.

Commission income grew by Php87.70 million from Php16.66 million in the first half of 2015 to Php104.36 million in the first half of 2016 due to an increase in booked sales of Grand Hyatt.

Gain on previously-held interest amounted to Php140.14 million representing gain on the re-measurement of GT Capital's investment in TMBC which was previously accounted for as an investment in a jointly-controlled entity. TMBC, thus, became a subsidiary of GT Capital upon SEC's approval of the merger of TMBC and TCI with TMBC as the surviving entity in March 2016 and in accordance with the revised agreement among its shareholders.

Gain on sale of subsidiaries pertain to the gains realized from the sale of the Parent Company's investment in GBPC and CPAIC amounting to Php1.85 billion and Php0.23 billion, respectively. Such gain represent the excess of the consideration received from the sale over the carrying value of the net assets of GBPC and CPAIC.

Consolidated costs and expenses increased by 38% from Php62.10 billion to Php85.76 billion. TMP contributed Php62.15 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. TMBC contributed Php9.38 billion composed of cost of goods and services sold, general and administrative expenses and interest expenses. GBPC accounted for Php5.53 billion comprising power plant operation and maintenance expenses, general and administrative expenses and interest expenses. Fed Land contributed Php3.61 billion consisting of cost of real estate sales, cost of goods and services sold, cost of rental, general and administration expenses and interest expenses. GT Capital contributed Php2.60 billion representing general and administrative expenses and interest expenses. PCFI contributed Php2.49 billion consisting of cost of real estate sales, general and administration expenses and interest expenses.

Cost of goods and services sold increased by 55% from Php35.08 billion to Php54.26 billion with TMP's and TMBC's completely built-up units (CBU) and spare parts accounting for Php45.22 billion and Php8.85 billion, respectively.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 15% from Php12.69 billion in the first half of 2015 to Php14.57 billion in the first half of 2016.

General and administrative expenses grew by 49% from Php5.00 billion to Php7.46 billion. TMP accounted for Php2.32 billion consisting of advertisements and promotional expenses, salaries and wages, taxes and licenses and delivery and handling expenses. GT Capital contributed Php1.30 billion consisting of taxes and licenses, professional fees and salaries and wages. GBPC contributed Php1.48 billion representing salaries and wages, amortization of intangible asset, taxes and licenses, outside services, administrative and management fees, and insurance expenses. Fed Land accounted for Php0.98 billion composed of salaries and wages, commission expenses, taxes and licenses and advertising and promotions expenses. PCFI contributed Php0.86 billion consisting of salaries and wages, commission expenses, advertising and promotional expenses and taxes and licenses; and TMBC contributed Php0.53 billion representing salaries and wages, commission expenses and taxes and licenses and advertising and promotional expenses.

Cost of real estate sales grew by 59% from Php2.33 billion to Php3.70 billion due to an increase in real estate sales. Fed Land contributed Php2.23 billion while PCFI accounted for the remaining Php1.47 billion.

Power plant operations and maintenance declined by 33% from Php4.90 billion to Php3.27 billion since GT Capital ceased consolidating GBPC's results of operations starting June 1, 2016 arising from GT Capital's disposal of investment in GBPC in May 2016.

Interest expense increased by 21% from Php1.95 billion in the first half of 2015 to Php2.36 billion in the first half of 2016 with GT Capital, GBPC, PCFI, TMP, Fed Land and TMBC accounting for Php1.30 billion, Php0.78 billion, Php135 million, Php75 million, Php62 million and Php3 million, respectively.

Provision for income tax increased by 38% from Php1.92 billion to Php2.64 billion due to increase in taxable income.

GT Capital Holdings, Inc.
Consolidated Results of Operations – For the Second Quarter Ended June 30, 2016 and For the Second Quarter Ended June 30, 2015
(In millions, except for Percentage)

	UNAUDITED			
	April to June		Increase (Decrease)	
	2016	2015	Amount	Percentage
REVENUE				
Automotive operations	**49,594**	28,896	20,698	72%
Net fees	**2,957**	4,964	(2,007)	(40%)
Real estate sales and interest income on real estate sales	**2,655**	2,028	627	31%
Equity in net income of associates and jointly-controlled entities	**3,364**	1,178	2,186	186%
Rent income	**234**	178	56	31%
Sale of goods and services	**117**	141	(24)	(17%)
Interest income	**199**	114	85	75%
Commission income	**92**	1	91	9,100%
Gain on sale of subsidiaries	**2,083**	–	2,083	100%
Other income	**369**	457	(88)	(19%)
	61,664	37,957	23,707	62%
COST AND EXPENSES				
Cost of goods and services	**34,479**	18,325	16,154	88%
Cost of goods manufactured	**8,480**	6,036	2,444	40%
General and administrative expenses	**4,310**	2,508	1,802	72%
Cost of real estate sales	**1,771**	1,355	416	31%
Power plant operation and maintenance	**1,366**	2,651	(1,285)	(48%)
Interest expense	**1,151**	1,012	139	14%
Cost of rental	**73**	53	20	38%
	51,630	31,940	19,690	62%
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**10,034**	6,017	4,017	67%
PROVISION FOR INCOME TAX	**1,434**	1,106	328	30%
NET INCOME FROM CONTINUING OPERATIONS	**8,600**	4,911	3,689	75%
NET INCOME (LOSS) FROM DISPOSAL GROUP	**–**	3	(3)	(100%)
NET INCOME	**8,600**	4,914	3,686	75%
Equity holders of the parent company				
Profit for the year from continuing operations	**6,161**	2,821	3,340	118%
Profit for the year from disposal group	**–**	3	(3)	(100%)
	6,161	2,824	3,337	118%
Non-controlling interest				
Profit for the year from continuing operations	**2,439**	2,090	349	17%
Profit for the year from disposal group	**–**	–	–	–
	2,439	2,090	349	17%
	8,600	4,914	3,686	75%

Net income attributable to equity holders of the Parent Company increased by 118% from Php2.82 billion in the second quarter ending June 30, 2015 to Php6.16 billion in the second quarter ending June 30, 2016 primarily due to a 62% increase in revenues from Php37.96 billion to Php61.66 billion.

Core net income attributable to equity holders of the Parent Company improved by 32% from Php2.57 billion in the second quarter of 2015 to Php3.37 billion in the same period of 2016. Core net income for 2015 amounted to Php2.57 billion after excluding the Php0.24 billion non-recurring income of GBPC comprising collection of insurance proceeds and Php0.02 billion amortization of fair value adjustments arising from business combinations. Core net income for 2016 amounted to Php3.37 billion after excluding Php2.84 billion one-time gains from the sale of investments in subsidiaries, net of related taxes and expenses and adding back Php0.05 billion amortization of fair value adjustments arising from business combination.

Automotive operations increased by 72% from Php28.90 billion to Php49.59 billion owing to continued strong demand for the Vios, impact of full model change for Fortuner and Innova, sales volume increments across all other models, and continued expansion in dealer outlets.

Equity in net income of associates and jointly-controlled entities increased by Php2.19 billion from Php1.18 billion to Php3.36 billion primarily due to: 1) recognition of gains on sale of GBPC by FMIC to Orix and MGEN, previously deferred in 2013 amounting to Php1.8 billion; and (2) recognition of gain on sale of Charter Ping An Insurance Corporation ("CPAIC") by FMIC to GT Capital, previously deferred in 2014 amounting to Php78.22 million.

Net fees from GBPC declined by 40% from Php4.96 billion to Php2.96 billion since GT Capital ceased consolidating GBPC's results of operations starting June 1, 2016 following GT Capital's disposal of its investment in GBPC in May 2016.

Real estate sales and interest income on real estate sales rose by 31% from Php2.03 billion to Php2.66 billion mainly due to the contribution of PCFI for the quarter while none in the same period of last year.

Rent income mainly from the GT Tower International office building and Blue Bay Walk increased by 31% from Php178.10 million to Php234.11 million.

Interest income on deposits and investments rose by 75% from Php113.56 million to Php199.11 million owing to an increase in available cash for short term investments.

Sales of goods and services consisting of the sale of petroleum products, on a wholesale and retail basis, dropped by 17% from Php141.30 million to Php117.52 million due to lower fuel sales arising from successive price increases and rollbacks implemented in the quarter.

Commission income grew by Php90.70 million from Php0.24 million in the second quarter of 2015 to Php90.94 million in the second quarter of 2016 due to an increase in booked sales of Grand Hyatt.

Gain on sale of subsidiaries pertain to the gains realized from the sale of the Parent Company's investment in GBPC and CPAIC amounting to Php1.85 billion and Php0.23 billion, respectively.

Other income declined by 19% from Php456.60 million in 2015 to Php369.09 million in 2016 due to the one time insurance proceeds received by GBPC for claims on business interruption in 2015.

Consolidated costs and expenses grew by 62% from Php31.94 billion to Php51.63 billion. TMP contributed Php37.74 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. TMBC contributed Php6.66 billion comprising cost of goods and services sold, general and administrative expenses and interest expenses. GBPC accounted for Php2.29 billion comprising power plant operations and maintenance expenses, general and administrative expenses and interest expenses. GT Capital contributed Php1.96 billion consisting of general and administrative expenses and interest expenses. Fed Land contributed Php1.80 billion from cost of real estate sales, cost of goods and services sold, general and administrative expenses and interest expenses. PCFI contributed Php1.17 billion composed of cost of real estate sales, general and administrative expenses and interest expenses.

Cost of goods and services sold increased by 88% from Php18.33 billion to Php34.48 billion with TMP's and TMBC's completely built-up units and spare parts accounting for Php28.10 billion and Php6.30 billion, respectively and the balance of Php0.08 billion from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 40% from Php6.04 billion in the second quarter of 2015 to Php8.48 billion in the same period of 2016 due to an increase in sales volume for the quarter.

General and administrative expenses increased by 72% from Php2.51 billion to Php4.31 billion with GT Capital, TMP, GBPC, Fed Land, PCFI and TMBC contributing Php1.27 billion, Php1.14 billion, Php0.61 billion, Php0.50 billion, Php0.43 billion and Php0.36 billion, respectively.

Cost of real estate sales increased by 31% from Php1.36 billion to Php1.77 billion due to the increase in real estate sales.

Power plant operation and maintenance expenses from GBPC declined by 48% from Php2.65 billion to Php1.37 billion since GT Capital ceased consolidating GBPC's results of operations effective June 1, 2016.

Interest expenses increased by 14% from Php1.01 billion to Php1.15 billion with GT Capital, GBPC, PCFI, TMP and Fed Land contributing Php664.80 million, Php316.40 million, Php89.42 million, Php47.70 million, and Php31.79 million, respectively.

Cost of rental increased by Php20.00 million from Php53.00 million to Php73.00 million due to an increase in costs related to the leasing business.

Provision for income tax rose by 30% from Php1.11 billion to Php1.43 billion due to increase in taxable income.

GT Capital Holdings, Inc.
Consolidated Statements of Financial Position
(In Million Pesos, Except for Percentage)

	Unaudited June 30, 2016	Audited December 31, 2015	Increase (Decrease) Amount	Percentage
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**22,640**	37,861	(15,221)	(40%)
Short-term investments	**4,446**	1,861	2,585	139%
Receivables	**32,298**	25,417	6,881	27%
Inventories	**55,554**	53,247	2,307	4%
Due from related parties	**419**	370	49	13%
Prepayments and other current assets	**6,384**	7,674	(1,290)	(17%)
	121,741	126,430	(4,689)	(4%)
Assets of disposal group classified as held-for-sale	**–**	8,434	(8,434)	(100%)
Total Current Assets	**121,741**	134,864	(13,123)	(10%)
NON CURRENT ASSETS				
Noncurrent receivables	**9,751**	9,186	565	6%
Land held for future development	**29,756**	27,356	2,400	9%
Available-for-sale investments	**576**	3,195	(2,619)	(82%)
Investments in associates and jointly-controlled entities	**92,397**	60,265	32,132	53%
Investment properties	**10,715**	10,797	(82)	(1%)
Property and equipment	**10,102**	51,972	(41,870)	(81%)
Goodwill and intangible assets	**9,959**	17,001	(7,042)	(41%)
Deferred tax assets	**1,360**	1,771	(411)	(23%)
Other noncurrent assets	**584**	878	(294)	(33%)
Total Noncurrent Assets	**165,200**	182,421	(17,221)	(9%)
	286,941	317,285	(30,344)	(10%)
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**25,285**	22,407	2,878	13%
Short-term loans payable	**27,663**	7,318	20,345	278%
Current portion of long-term debt	**3,916**	6,757	(2,841)	(42%)
Current portion of liabilities on purchased properties	**353**	637	(284)	(45%)
Customers' deposit – current	**4,495**	3,691	804	22%
Dividends payable	**–**	2,860	(2,860)	(100%)
Due to related parties – current	**175**	174	1	1%
Income tax payable	**1,149**	1,013	136	13%
Other current liabilities	**615**	520	95	18%
	63,651	45,377	18,274	40%
Liabilities of disposal group classified as held-for-sale	**–**	6,444	(6,444)	(100%)
Total Current Liabilities	**63,651**	51,821	11,830	23%
Noncurrent Liabilities				
Long-term debt – net of current portion	**50,823**	82,021	(31,198)	(38%)
Bonds payable	**21,834**	21,801	33	0%
Liabilities on purchased properties - net of current portion	**1,976**	2,146	(170)	(8%)
Retirement benefit obligation	**1,541**	2,219	(678)	(31%)
Deferred tax liabilities	**9,961**	10,826	(865)	(8%)
Other noncurrent liabilities	**2,250**	2,609	(359)	(14%)
Total Noncurrent Liabilities	**88,385**	121,622	(33,237)	(27%)
	152,036	173,443	(21,407)	(12%)

(forward)

(In Million Pesos, Except for Percentage)	Unaudited June 30, 2016	Audited December 31, 2015	Increase (Decrease) Amount	Percentage
EQUITY				
Equity attributable to equity holders of the Parent Company				
Capital stock	**1,760**	1,760	–	0%
Additional paid-in capital	**46,695**	46,695	–	0%
Treasury shares	–	(6)	6	100%
Retained earnings				
Unappropriated	**41,170**	33,267	7,903	24%
Appropriated	**8,760**	8,760	–	0%
Other equity adjustments	**5,713**	576	5,137	892%
Other comprehensive income	**605**	(918)	1,523	166%
	104,703	90,134	14,569	16%
Non-controlling interest	**30,202**	53,708	(23,506)	(44%)
Total Equity	**134,905**	143,842	(8,937)	(6%)
	286,941	317,285	(30,344)	(10%)

The major changes in GT Capital's consolidated statement of financial position from December 31, 2015 to June 30, 2016 are as follows:

Consolidated assets of the Group declined by 10% or Php30.34 billion from Php317.28 billion as of December 31, 2015 to Php286.94 billion as of June 30, 2016. Total liabilities declined by 12% or Php21.41 billion from Php173.44 billion to Php152.03 billion while total equity decreased by 6% or Php8.94 billion from Php143.84 billion to Php134.90 billion.

The decline in the consolidated assets, liabilities and equity of GT Capital is mainly attributable to the sale of its entire investment in GBPC on May 27, 2016. Immediately after the sale, GT Capital relinquished control over GBPC and GBPC ceased to be a subsidiary of GT Capital effective May 31, 2016. Accordingly, GT Capital deconsolidated all the assets, liabilities and non-controlling interest of GBPC effective May 31, 2016. The notes to the interim condensed consolidated financial statements also presents the details of the deconsolidated assets and liabilities of GBPC.

Cash and cash equivalents declined by Php15.22 billion from Php37.86 billion to Php22.64 billion with TMP, PCFI, GT Capital-Parent Company, Fed Land, and TMBC accounting for Php13.56 billion, Php6.96 billion, Php1.08 billion, Php0.86 billion and Php0.17 billion, respectively.

Short-term investments more than doubled from Php1.86 billion to Php4.45 billion mainly from PCFI's short-term money market placements.

Receivables increased by 27% from Php25.42 billion to Php32.30 billion with: 1) GT Capital contributing Php11.08 billion consisting of receivables from Beacon Powergen Holdings, Inc. including the related accrued interest due on or before August 27, 2016 arising from the sale of its investment in GBPC; 2) PCFI contributing Php10.93 billion consisting of installment contract receivables and other receivables; 3) TMP contributing Php5.18 billion consisting of trade receivables with credit terms ranging from one (1) to thirty (30) days; 4) Fed Land contributing Php2.16 billion, majority of which were installment contract receivables, trade receivables and other receivables; 5) TMBC contributing Php2.01 billion comprising trade receivables from the sale of vehicles, spare parts and after-sales services; and 6) Php0.94 billion receivable from GBPC representing the future distribution of Vivant shares.

Due from related-parties increased by 13% from Php0.37 billion to Php0.42 billion mainly from PCFI's related-parties.

Prepayments and other current assets declined by 17% from Php7.67 billion to Php6.38 billion comprising input VAT, advances to contractors and suppliers and prepaid expenses from Fed Land (Php3.85 billion); PCFI (Php1.52 billion);TMP (Php873 million); TMBC (Php110 million) and GT Capital (Php30 million).

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

Non-current receivables increased by 6% from Php9.19 billion to Php9.75 billion mainly PCFI and Fed Land's booked real estate sales.

Non-current inventories consisting of PCFI's land held for future development increased by 9% from Php27.36 billion to Php29.76 billion.

Available-for-sale (AFS) investments declined by Php2.62 billion from Php3.20 billion to Php0.58 billion due to the deconsolidation of GBPC's AFS investments.

Investments in associates and jointly-controlled entities increased by Php32.13 billion from Php60.26 billion to Php92.40 billion primarily due to: 1) acquisition of 15.55% ownership over MPIC amounting to Php29.90 billion; 2) equity in net income amounting to Php4.95 billion; 3) equity in other comprehensive income amounting to Php2.15 billion; 4) Php0.34 billion additional investment in Metrobank and 5) Php0.02 million additional investment in Alveo Federal Land Communities, Inc. offset by 1) disposal of indirect investment in GBPC amounting to Php3.56 billion; 2) Php0.85 billion effect of business combination for TMBC from a jointly-controlled corporation to a fully consolidated subsidiary; and 3) dividends received from Metrobank amounting to Php0.81 billion.

Property and equipment declined by Php41.87 billion from Php51.97 billion to Php10.1 billion mainly due to the deconsolidation of GBPC's property and equipment.

Goodwill and intangible assets declined by Php7.04 billion from Php17.00 billion to Php9.96 billion due to the deconsolidation of GBPC's intangible assets comprising power purchase agreements.

Deferred tax assets dropped by 23% from Php1.77 billion to Php1.36 billion due to the deconsolidation of GBPC's deferred tax assets.

Other noncurrent assets declined by 33% from Php878.19 million to Php584.74 million due to the deconsolidation of GBPC's non-current input tax and non-current prepaid rent.

Accounts and other payables increased by 13% from Php22.41 billion to Php25.29 billion with TMP, Fed Land, PCFI, TMBC and GT Capital accounting for Php17.95 billion, Php3.94 billion, Php1.84 billion, Php0.96 billion and Php0.63 billion, respectively.

Short-term loans payable increased by Php20.34 billion from Php7.32 billion to Php27.66 billion due to loan availments of GT Capital-Parent Company (Php19.00 billion), Fed Land (Php0.59 billion), TMP dealership subsidiaries (Php0.01 billion) and consolidation of TMBC's short-term loans of Php1.24 billion offset by loan payments by PCFI (Php0.50 billion).

Current-portion of long-term debt decreased by 42% from Php6.76 billion to Php3.92 billion primarily due to the deconsolidation of GBPC.

Current portion of liabilities on purchased properties declined by 45% from Php636.52 million to Php352.79 million due to Fed Land's payment of scheduled annual principal amortization.

Customers' deposits increased by 22% from Php3.69 billion to Php4.50 billion mainly due to an increase in reservation sales from PCFI's horizontal development projects.

Dividends payable amounting to Php2.86 billion as of December 31, 2015 was fully paid in April 2016.

Income tax payable grew by 13% from Php1.01 billion to Php1.15 billion due to an increase in taxable income of certain subsidiaries.

Other current liabilities increased by 18% from Php520.35 million to Php614.91 million due to an increase in output tax of TMP and PCFI.

Liabilities of disposal group classified as held-for-sale comprising CPAIC's current and non-current liabilities such as Insurance Contract Liabilities was derecognized in April 2016 upon completion of the sale of the Parent Company's investment in CPAIC to AXA Philippines.

Retirement benefit obligation declined by 31% from Php2.22 billion to Php1.54 billion due to the deconsolidation of GBPC's pension liability.

Long-term debt, net of current portion, decreased by 38% from Php82.02 billion to Php50.82 billion due to the deconsolidation of GBPC's long-term debt.

Noncurrent portion of liabilities on purchased properties declined by 8% from Php2.15 billion to Php1.98 billion due to its reclassification to current portion.

Deferred tax liabilities declined by 8% from Php10.83 billion to Php9.96 billion due to the deconsolidation of GBPC's deferred tax liabilities.

Other non-current liabilities declined by 14% from Php2.61 billion to Php2.25 billion due to the deconsolidation of GBPC's decommissioning liabilities and reversal of TMP's provisions.

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

Unappropriated retained earnings increased by 24% from Php33.27 billion to Php41.17 billion due to the Php9.1 billion consolidated net income earned in the first six (6) months of 2016, offset by the 1) Php1.05 billion cash dividends declared in March 2016 and 2) Php0.16 billion effect of closing the cumulative other comprehensive income arising from the remeasurement of the retirement liabilities of GBPC, CPAIC and TMBC to retained earnings.

Other equity adjustments grew by Php5.14 billion due to GT Capital's acquisition of an additional 28.32% direct equity interest in PCFI.

Other comprehensive income improved by Php1.52 billion from an unrealized loss of Php0.92 billion to an unrealized gain of Php0.61 billion due to mark-to-market gains recorded on available-for-sale investments of GT Capital's subsidiaries and associates.

Non-controlling interest (NCI) declined by Php23.51 billion from Php53.71 billion to Php30.20 billion due to: 1) Php19.39 billion NCI of GBPC deconsolidated; 2) Php9.77 billion acquisition of 28.32% NCI in PCFI; and 3) Php4.86 billion NCI share in dividends declared by subsidiaries; offset by 1) Php4.77 billion NCI share in the net income for the six (6) months ended June 30, 2016 ; 2) Php0.50 billion NCI share in the other comprehensive income; and 3) Php0.61 billion set-up of NCI in TMBC.

Key Performance Indicators (In Million Pesos, except %)

Income Statement	**June 30, 2015**	**June 30, 2016**
Total Revenues	73,224	102,446
Net Income attributable to GT Capital Holdings	5,622	9,109
Balance Sheet	**December 31, 2015**	**June 30, 2016**
Total Assets	317,285	286,941
Total Liabilities	173,443	152,036
Equity attributable to GT Capital Holdings	90,134	104,703
Return on Equity	14.30%	15.73%*

*Annualized net income attributable to GT Capital Holdings divided by the average equity; where average equity is the sum of equity attributable to GT Capital Holdings at the beginning and end of the period/year divided by 2.

Automobile Assembly and Importation, Dealership and Financing

Toyota Motor Philippines (TMP)

	In Million Pesos, except for ratios		**Inc (Dec)**	**%**
	1H2015	**1H2016**		
Sales	53,405.1	71,266.1	17,861.0	33.4
Gross Profit	8,812.1	11,206.4	2,394.3	27.2
Operating Profit	6,830.9	8,909.5	2,078.6	30.4
Net income attributable to Parent	5,119.4	6,816.0	1,696.6	33.1
	FY2015	**1H2016**		
Total Assets	32,290.4	35,889.3	3,598.9	11.1
Total Liabilities	17,060.9	23,643.3	6,582.4	38.6
Total Equity	15,229.5	12,246.0	(2,983.5)	(19.6)
Total Liabilities to Equity ratio	1.1x	1.9x		

TMP's consolidated sales registered a 33.4% growth from Php53.4 billion in the first half of 2015 to Php71.3 billion in the first half of 2016 as wholesale volume grew by 31.4% from 56,674 units to 74,461 units. TMP retail sales volume, likewise, grew by 25.9% from 57,717 units to 72,642 units. The improvement was attributed to the continued strong sales for the Vios, Hiace, Fortuner, Wigo, Hilux and Avanza models.

Overall market share improved from 35.3% as of March 31, 2016 to 38.5% as of June 30, 2016 due to higher sales volume arising from the launching of the Full Model Change (FMC) Fortuner in March and Innova in April, respectively. These two (2) models were the second and third best sellers of TMP in the first half of 2016 accounting for 25% of total sales. For the second quarter, combined sales of the two (2) models accounted for a higher 34% of total sales.

For the month of June 2016, Toyota exhibited record retail sales of 14,886 units, of which 3,370 units came from FMC Fortuner and 1,776 units came from FMC Innova, thereby resulting to a 40.3% overall market share.

The higher sales volume, sales price increase, lower spare parts costs, and higher spare parts profit, and higher export profit was offset by unfavorable foreign exchange, increase in operating and overhead expenses and sales of low margin models exceeding sales of high margin models. This resulted in a slight decline in gross profit and operating margin from 16.5% and 12.8% to 15.7% and 12.5%, respectively. Net profit margin, on the other hand, was steady at 9.7%. Consolidated net income attributable to equity holders, however, grew by 33.1% from Php5.1 billion to Php6.8 billion mainly due to the aforementioned profit increasing factors.

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

Toyota Financial Services Philippines Corporation (TFSPC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H2015	**1H2016**		
Gross Interest Income	1,336.7	1,569.2	232.5	17.4
Net Interest Income	852.4	980.6	128.2	15.0
Net Income	302.3	267.2	(35.1)	(11.6)
Finance Receivable	30,687.0	36,378.9	5,691.9	18.5
	CY2015	**1H2016**		
Total Assets	41,430.4	47,937.7	6,507.3	15.7
Total Equity	4,145.7	4,622.3	476.6	11.5

TFSPC recorded a 15.0% growth in net interest income from Php852.4 million in the first half of 2015 to Php980.6 million in the first half of 2016, as gross loans and receivables increased by 18.5% from Php30.7 billion to Php36.4 billion on a year-on-year basis. Service fees and other income, however, declined by 86% from Php100 million to Php13.9 million.

Booking volume grew by 22.7% from 9,808 units to 12,031 units in the first half of 2016 attributed to the strong sales volume of Toyota vehicles.

Net income, however, declined by 11.6% from Php302.3 million to Php267.2 million due to: (1) a 19.9% increase in provision for impairment and credit losses caused by increases in mandatory provisions and past due accounts; and (2) a 21.6% increase in operating expenses, mainly rental, management and professional fees, and collection fees.

Toyota Manila Bay Corporation (TMBC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H2015*	**1H2016***		
Net Sales	8,771.8	11,396.5	2,624.7	29.9
Gross Profit	477.9	700.2	222.3	46.5
Net Income	59.9	168.4	108.5	180.9
	FY2015*	**1H2016**		
Total Assets	3,863.8	4,595.7	731.9	18.9
Total Liabilities	2,797.2	3,378.5	581.3	20.8
Total Equity	1,066.6	1,217.2	150.6	14.1

**pro-forma consolidated figures*

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

Consolidated sales, comprising of vehicle sales, spare parts and maintenance services, grew by 30% from Php8.8 billion in the first half of 2015 to Php11.4 billion in the first half of 2016. Vehicle sales, accounting for 93.3% of TMBC's revenues, increased by 30.8% from Php8.1 billion to Php10.6 billion. Retail sales volume grew by 19.7% from 8,585 units to 10,273 units due to strong demand of FMC Fortuner and Innova, thereby resulting to a 42.9% increase in gross profit per unit from Php28,757 to Php41,099. For the second quarter of 2016, FMC Fortuner contributed Php122.5 million out of the Php289.1 million in gross profit generated.

Sales from spare parts and maintenance services, accounting for a combined 6.7% of revenues, increased by 19.9% and 17.3%, respectively.

Consolidated net income for the first half of 2016 almost tripled, from Php59.9 million to Php168.4 million due to higher vehicle sales and increased ancillary income from financing and insurance commissions.

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

Banking

Metrobank

	In Billion Pesos, except for percentages and ratios			
	1H2015	**1H2016**	**Inc (Dec)**	**%**
Interest income	32.1	33.3	1.2	3.6
Net income attributable to equity holders	9.3	9.1	(0.2)	(2.4)
Net interest margin on average earning assets	3.6%	3.5%		
Operating efficiency ratio	56.5%	57.6%		
Return on average assets	1.2%	1.0%		
Return on average equity	11.0%	19.3%		

	CY2015	**1H2016**	**Inc (Dec)**	**%**
Total assets	1,760.7	1,730.9	(29.8)	(1.7)
Total liabilities	1,557.4	1,522.1	(35.3)	(2.3)
Equity attributable to equity holders of the parent company	193.8	198.3	4.5	2.3
Asset to equity ratio	869.4%	873.1%		
Loans to deposit ratio	61.2%	72.9%		
Debt to equity ratio	764.4%	767.8%		
Tier 1 capital adequacy ratio	16.3%	14.6%		
Total capital adequacy ratio	20.3%	17.8%		
Non-performing loans ratio	1.2%	1.1%		

Notes:

(1) **Operating efficiency ratio is the ratio of total operating expenses (excluding provisions for credit and impairment loss and income tax) to total operating income (excluding share in net income of associates and joint venture).**

(2) **Capital adequacy ratios in the first half of 2015 and 2016 were computed based on Basel III standards.**

(3) **Net non-performing loans ratio is the ratio of net non-performing loans divided by total loans – excluding interbank loans.**

Metrobank's consolidated net income dropped from Php9.3 billion in the first half of 2015 to Php9.1 billion in the first half of 2016. This was primarily due to an 11.6% increase in operating expenses from Php19.5 billion to Php21.8 billion and a 64.1% increase in provision for credit and impairment losses from Php2.0 billion to Php3.2 billion.

Net interest income grew by 7.2% from Php23.9 billion in the first half of 2015 to Php25.6 billion in the first half of 2016 mainly due to the growth in loans and receivables reaching Php920.5 billion driven by strong loan demand in the commercial and consumer segments and lower interest expenses on deposit liabilities. Net interest margin was steady at 3.5%.

Non-interest income amounted to Php12.5 billion, 14.4% higher as compared to the same period of previous year. The major components include trading and securities and foreign exchange gains, (Php3.6 billion); service charges, fees and commissions, (Php5.2 billion); and miscellaneous income (Php3.8 billion).

Total assets decreased from Php1.8 trillion as of December 31, 2015 to Php1.7 trillion as of June 30, 2016 primarily due to the decrease in available-for-sale investments offset by an increase in due from Bangko Sentral ng Pilipinas (BSP) and loans and receivables.

Likewise, total liabilities decreased by 2.3% from Php1.6 trillion to Php1.5 trillion due to lower balances in Securities Sold Under Repurchase Agreement (SSURA). CASA deposits increased by 10% while time deposits decreased by 13% contributing to lower cost of deposits.

Property Development

Federal Land (Fed Land)

	In Million Pesos, except for percentages and ratios			
	1H2015	**1H2016**	**Inc (Dec)**	**%**
Real Estate Sales *	3,533.0	3,573.8	40.8	1.2
Revenues	4,633.1	4,629.6	(3.5)	(0.1)
Net income attributable to equity holders	679.8	705.0	25.2	3.7
GP Margin	34%	37%		
	FY2015	**1H2016**	**Inc (Dec)**	**%**
Total assets	64,543.8	65,360.4	816.6	1.3
Total liabilities	29,549.3	29,732.2	182.9	0.6
Total equity	34,994.5	35,628.2	633.7	1.8
Current ratio	4.5x	4.2x		
Total Liabilities to equity ratio	0.8x	0.8x		

* Includes interest income on real estate sales

Fed Land's total revenue registered a flat performance at Php4.6 billion as of the first half of 2016 vis-a-vis the same period of the previous year as real estate sales including interest income on real estate sales grew from Php3.5 billion to Php3.6 billion as three (3) projects were launched in 2015 compared to five (5) and four (4) projects in 2013 and 2014, respectively. The company also completed two (2) vertical residential condominium projects namely Park West Tower situated in Grand Central, Bonifacio Global City, Taguig City and Marco Polo Residences Tower 2 located in Cebu City. Average overall percentage-of-completion of ongoing development projects improved from 31.0% in the first half of 2015 to 34.0% in the first half of 2016.

For the first half of 2016, Fed Land launched one (1) project, Peninsula Garden Midtown Homes (PGMH) Tower 7 (Mango), a vertical residential condominium project situated in Paco, Manila.

Reservation sales, on the other hand, declined by 17% from Php6.9 billion in the first half of 2015 to Php5.7 billion in the first half of 2016.

Rent income increased by 7.4% from Php387.5 million to Php416.3 million, with the GT Tower office tower accounting for Php202 million. Other contributors were the Blue Bay Walk retail and commercial complex located along the Bay Area, Macapagal Avenue, Pasay City, Florida Sun Estates, and the Philippine AXA Life Center Condominium.

Equity in net earnings from an associate and a jointly-controlled entity declined by 50.9% from Php233.9 million to Php114.9 million as most of the earnings contribution from the Grand Hyatt project situated in The Grand Central, Bonifacio Global City, Taguig City were recognized in the previous years.

Net income attributable to equity holders of the Parent Company improved by 3.7% from Php679.8 million in the first half of 2015 to Php705.0 million in the first half of 2016 as gross profit from real estate sales improved from 34.0% to 36.6%.

Total assets increased by 1.3% primarily due to new inventories recognized from Paseo de Roces, Palm Beach Villas Tower 1 (Boracay) and PGMH Tower 6 (Mahogany) projects, offset by a decrease in receivables owing to projects not yet completed. Accounts and other payables grew by 6.2% attributable to payments received from unit buyers that have not yet qualified for revenue recognition and payables due to contractors.

Property Company of Friends, Inc. (PCFI)

	In Million Pesos, except for percentages and ratios			
	1H2015	**1H2016**	**Inc (Dec)**	**%**
Real Estate Sales *	2,815.6	3,144.0	328.4	11.7
Revenues	2,842.9	3,168.8	325.9	11.5
Net income attributable to equity holders	411.3	750.1	338.8	82.4
GP Margin	57%	57%		
	CY2015	**1H2016**	**Inc (Dec)**	**%**
Total assets	35,881.6	46,165.4	10,283.8	28.7
Total liabilities	18,933.7	19,706.4	772.7	4.1
Total equity	16,947.9	26,459.0	9,511.1	56.1
Current ratio	2.3x	3.1x		
Total Liabilities to equity ratio	1.1x	0.7x		

* Includes interest income on real estate sales

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

The initial subscription by GT Capital of its 22.7% stake in PCFI, pursuant to the aforementioned agreement, also included ceding by the Maplecrest Group, Inc. (formerly Pro Friends Group, Inc.), then PCFI's principal shareholder, of control in favor of GT Capital. Consequently, the financial statements of PCFI have been fully consolidated into GT Capital since August 31, 2015.

Established in 1999, PCFI is one of the country's leading property developers, focusing on the country's affordable housing segments, and retail and office space leasing. PCFI has built and sold over 36,000 affordable homes in the provinces of Cavite and Iloilo. Its flagship and largest project is the Lancaster New City (LNC) which spans the municipality of Kawit and cities of Imus and General Trias in Cavite province. Aside from LNC, ongoing PCFI projects include the Bellefort Estates in Bacoor and Dasmarinas, in Cavite, the Parc Regency Residences in Iloilo province and the Carmona Estate in Carmona, Cavite.

PCFI total revenues grew by 11.5% from Php2.8 billion in the first half of 2015 to Php3.2 billion in the first half of 2016, mainly due to an increase in real estate sales as a result of catch up in construction and improvement in interest income from real estate sales. Gross profit margin was maintained at 57%.

Net income almost doubled from Php411.2 million to Php750.1 million in the first half of 2016, attributable to increases in real estate sales and interest income from real estate sales and lower expenses mainly commission, sales and marketing, taxes and licenses, depreciation and amortization, and interest on borrowings.

Total assets and equity increased by 28.7% and 56.1%, respectively, as a result of GT Capital's additional subscription of Php8.76 billion in PCFI.

Customers' deposits grew by 59.6% from Php1.1 billion to Php 1.7 billion due to additional reservations and collections from accounts waiting for revenue recognition.

Life and Non-Life Insurance

Charter Ping An Insurance Corporation (CPAIC)

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

	In Million Pesos			
	1Q2015	**1Q2016**	**Inc (Dec)**	%
Gross Premiums	828.9	1,032.1	203.2	24.5%
Gross Underwriting Contribution	138.2	(64.1)	(202.3)	(146.4%)
Net Income	44.3	(173.1)	(217.4)	(491.1%)
	FY2015	**1Q2016**	**Inc (Dec)**	%
Total Assets	7,872.9	8,111.5	238.6	3.0%
Total Liabilities	6,411.3	6,804.2	392.9	6.1%
Total Equity	1,461.6	1,307.3	(154.3)	(10.6%)

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

CPAIC, however, incurred additional reinsurance costs from property insurance of Php198 million arising from catastrophic property losses experienced in 2015 and prior years which were booked in March thereby resulting to higher premium ceded expenses which more than doubled from Php108.0 million as of the first quarter of 2015 to Php366.1 million as of the first quarter of 2016. CPAIC thereby incurred a net loss of Php173.1 million for the period in review.

On April 4, 2016, GT Capital sold its 100% direct equity stake in CPAIC to AXA Philippines. GT Capital continues to have indirect interest in CPAIC through its 25.3% interest in AXA Philippines, while First Metro Investment Corporation (FMIC) has a 28.2% interest in AXA Philippines. FMIC is a subsidiary of Metrobank in which GT Capital also has 25.4% interest.

Philippine AXA Life Insurance Corporation (AXA Philippines)

The following are the major performance measures used by AXA Philippines for the first half of 2015 and 2016.

	In Million Pesos, except ratios				
	Stand-alone				Consolidated*
	1H2015	**1H2016**	**Inc (Dec)**	%	**1H2016**
Gross Premiums	11,936.7	9,583.9	(2,352.8)	(19.7%)	10,803.4
Net income after tax	713.7	853.6	139.9	19.6%	866.7
Premium Margin	*17.6%*	*22.5%*			
Net Profit Margin	*6.0%*	*9.0%*			
	FY2015	**1H2016**	**Inc (Dec)**	%	**1H2016**
Total Assets	79,978.1	89,977.7	9,999.6	12.5%	97,049.2
Total Liabilities	74,810.4	83,737.5	8,927.1	11.9%	90,760.8
Total Equity	5,167.7	6,240.2	1,072.5	20.8%	6,288.4
Solvency ratio	*477.0%*	*309.0%*			*166%*

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

AXA Philippines posted a 2.8% decline in new business from life insurance expressed in Annualized Premium Equivalent from Php2.4 billion for the first half of 2015 to Php2.3 billion for the first half of 2016 due to lower demand for unit-linked products arising from volatile capital markets. As a result, gross premiums decreased by 19.7% from Php11.9 billion in the first half of 2015 to Php9.6 billion in the first half of 2016, mainly attributable to a decline in single premium products by 39.4% with a reported sales mix of 51%/49% from the previous 69%/31% (Single Premium vs. Regular Premium). By distribution platform, bancassurance and sales agency accounted for 70% and 30% of premium revenues, respectively. Asset management fees, however, rose by 20.2% from Php491.0 million in the first half of 2015 to Php590.0 million in the first half of 2016, consistent with the growth in Assets under Management.

Notwithstanding the decline in gross premiums, net income grew by 19.6% from Php713.7 million in the first half of 2015 to Php853.6 million in the first half of 2016 due to higher asset management fees and realized and unrealized gains on bonds and equities which grew from Php27 million to Php95 million.

Total equity at the Parent level increased by 20.8% or Php1.1 billion, driven by the acquisition of CPAIC in April 2016 which is reflected in the increase in investments in subsidiary by Php2.1 billion, partially offset by the increase in trade and other liabilities by Php394 million.

For the six-month period ended June 30, 2016, AXA Philippines, including CPAIC, as a wholly-owned subsidiary, generated consolidated gross premium of Php10.8 billion with a consolidated net income of Php866.7 million. Of consolidated net income, Php13.1 million came from CPAIC from April to June 30, 2016.

Power and Infrastructure

Global Business Power Corporation (GBPC)

The following are the major performance measures used by GBPC for the first five months of 2015 and 2016 ending May 31.

	In Million Pesos, except ratios			
	5M2015	**5M2016**	**Inc (Dec)**	**%**
Net Fees*	7,058.3	6,839.7	(218.6)	(3.1%)
Net income attributable to equity holders	839.1	859.3	20.2	2.4%
Kilowatt-hour sales (in millions)	1,402.0	1,458.5	56.5	4.0%
	FY2015	**5M2016**	**Inc (Dec)**	**%**
Total assets	74,360.8	73,771.3	(589.5)	(0.8%)
Total liabilities	43,945.7	42,020.5	(1,925.1)	(4.4%)
Total equity	30,415.2	31,750.8	1,335.6	4.4%

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

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

Power plant operation and maintenance decreased by 14.7% from Php3.9 billion to Php3.4 billion due to lower fuel costs including lower purchased power expenses. Net income attributable to equity holders slightly improved from Php839.1 million to Php859.3 million.

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

On May 27, 2016, GT Capital sold its 56% equity stake in GBPC to Beacon PowerGen Holdings, Inc., a wholly owned subsidiary of Beacon Electric Asset Holdings Inc., an associate of MPIC, for a total consideration of Php22.06 billion. Immediately after the sale, the Parent Company relinquished control over GBPC and GBPC ceased to be a subsidiary of the Parent Company effective May 31, 2016. Accordingly, the financial statements of GBPC was deconsolidated from the interim condensed consolidated financial statements of the Group at that date.

On June 30, 2016, Orix P&E Philippines Corporation exercised its tag-along rights in relation to its holdings of GBPC shares and sold its 22% ownership stake in GBPC to the Parent Company for a total consideration of Php8.67 billion. On the same day, the Parent Company sold the same shares to JG Summit Holdings, Inc. for the same amount of consideration.

Metro Pacific Investments Corporation (MPIC)

On May 27, 2016, MPIC sold 3.6 billion new common shares to GT Capital with a total subscription price of Php21.96 billion. This was received as a deposit for future stock subscription pending increases in its authorized capital stock pursuant to shareholder approvals received in 2015. On the same date, GT Capital entered into a Sale and Purchase Agreement with Metro Pacific Holdings, Inc. (MPHI), with GT Capital as the buyer and MPHI as the seller of 1.3 billion common shares of MPIC for a total consideration of Php7.93 billion. After said transactions, GT Capital's overall holding in MPIC's common share capital effectively was at 15.55%.

GT Capital's 15.55% ownership over MPIC gives GT Capital sufficient representation in the Board of Directors and Board's sub-committees of MPIC. Given this, GT Capital has the ability to exercise significant influence over the operating and financial policies of MPIC. Accordingly, GT Capital accounted for its investment in MPIC as an associate using equity method of accounting effective June 1, 2016.

MPIC is one of the largest infrastructure conglomerates in the Philippines, which has exposure in high-growth infrastructure businesses such as toll roads, water, power, railways, healthcare, and logistics.

For the one (1) month ended June 30, 2016, MPIC's share in the consolidated operating core income amounted to Php2.4 billion, primarily reflecting the following:

- Increase in the effective shareholding in Meralco from 32.48% to 41.22, and 42% effective share in GBPC beginning June 2016
- Higher contribution by the Tollway business which includes contribution from Don Muang Tollway Public Ltd (DMT)
- Growth in the Healthcare sector mainly due to an increased effective ownership in Riverside Medical Center Inc., contribution from new hospitals, Manila Doctors Hospitals and Sacred Heart Hospital of Malolos, and higher number of patients served across all hospitals

The consolidated operating core income represents MPIC's share in the stand-alone core income of its operating companies, net of consolidation adjustments. Including head office operating expenses, interest expenses and non-recurring items, reported net income for the one (1) month ended June 30, 2016 amounted to Php2.5 billion in 2016.

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, except those discussed in the 2015 17A;

(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 Item 2, Management's Discussion & Analysis of Financial Condition and Results of operationsunder Part I - Financial Information ; and

(viii) Any seasonal aspects that had a material effect on financial condition or results of operation of the Company.

PART II - OTHER INFORMATION

At the Regular Board Meeting held on June 23, 2016, the Board of Directors appointed Mr. Guillermo C. Choa as Adviser.

GT CAPITAL HOLDINGS, INC.
AGING OF ACCOUNTS RECEIVABLE
IN MILLION PESOS
AS OF JUNE 30, 2016

Number of Days	Amount
Less than 30 days	**Php2,852**
30 days to 60 days	**530**
61 days to 90 days	**176**
91 days to 120 days	**121**
Over 120 days	**312**
Current	**33,007**
Impaired	**99**
Noncurrent receivables	**3,931**
Total	**Php41,028**

GT CAPITAL HOLDINGS, INC.
LIST OF STOCKHOLDERS AND PERCENTAGE OF HOLDINGS
AS OF JUNE 30, 2016

The following stockholders own more than 5% of the total issued and outstanding common shares of the Company as of June 30, 2016:

Name Of Stockholder	Total Number Of Shares Held	Percent To Total Number Of Shares Issued
Grand Titan Capital Holdings, Inc.	94,656,110	54.306%
PCD Nominee-Non Filipino	59,881,402	34.355%
PCD Nominee-Filipino	19,158,091	10.992%
Others	604,397	0.347%
Total	174,300,000	100.000%

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **GT Capital Holdings, Inc.**

Signature and Title:

Reyna Rose P. Manon-og
Head, Accounting and
Financial Control

Francisco H. Suarez, Jr.
Chief Finance Officer

Date: August 8, 2016

GT Capital Holdings, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements

As of June 30, 2016 (Unaudited) and December 31, 2015 (Audited) and for the quarters ended June 30, 2016 and 2015 (Unaudited)

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

	Unaudited June 30, 2016	Audited December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱22,640**	₱37,861
Short-term investments	**4,446**	1,861
Receivables	**32,298**	25,417
Inventories	**55,554**	53,247
Due from related parties	**419**	370
Prepayments and other current assets	**6,384**	7,674
	121,741	126,430
Assets of disposal group classified as held-for-sale (Note 5)	**–**	8,434
Total Current Assets	**121,741**	134,864
Noncurrent Assets		
Noncurrent receivables	**9,751**	9,186
Land held for future development	**29,756**	27,356
Available-for-sale investments	**576**	3,195
Investments in associates and jointly-controlled entities (Note 3)	**92,397**	60,265
Investment properties	**10,715**	10,797
Property and equipment (Note 6)	**10,102**	51,972
Goodwill and intangible assets	**9,959**	17,001
Deferred tax assets	**1,360**	1,771
Other noncurrent assets	**584**	878
Total Noncurrent Assets	**165,200**	182,421
	₱286,941	₱317,285
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	**₱25,285**	₱22,407
Short-term debt (Note 7)	**27,663**	7,318
Current portion of long-term debt (Note 7)	**3,916**	6,757
Current portion of liabilities on purchased properties	**353**	637
Customers' deposit – current	**4,495**	3,691
Dividends payable	**–**	2,860
Due to related parties – current	**175**	174
Income tax payable	**1,149**	1,013
Other current liabilities	**615**	520
	63,651	45,377
Liabilities of disposal group classified as held-for-sale (Note 5)	**–**	6,444
Total Current Liabilities	**63,651**	51,821
Noncurrent Liabilities		
Long term debt-net of current portion (Note 7)	**50,823**	82,021
Bonds payable (Note 7)	**21,834**	21,801
Liabilities on purchased properties - net of current portion	**1,976**	2,146
Pension liability	**1,541**	2,219
Deferred tax liabilities	**9,961**	10,826
Other noncurrent liabilities	**2,250**	2,609
Total Noncurrent Liabilities	**88,385**	121,622
	152,036	173,443

(Forward)

	Unaudited June 30, 2016	Audited December 31, 2015
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock	**₱1,760**	₱1,760
Additional paid-in capital	**46,695**	46,695
Treasury shares	**–**	(6)
Retained earnings		
Unappropriated	**41,170**	33,267
Appropriated (Note 8)	**8,760**	8,760
Other equity adjustments (Note 8)	**5,713**	576
Other comprehensive income	**605**	(918)
	104,703	90,134
Non-controlling interest (Note 8)	**30,202**	53,708
Total equity	**134,905**	143,842
	₱286,941	₱317,285

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

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

	Unaudited			
	January to June		April to June	
	2016	2015	2016	2015
REVENUE				
Automotive operations	₱80,350	₱56,497	₱49,594	₱28,896
Net fees	6,840	8,916	2,957	4,964
Real estate sales	5,679	2,861	2,538	1,656
Interest income on real estate sales	587	672	117	372
Equity in net income of associates and jointly-controlled entities (Note 3)	4,951	2,751	3,364	1,178
Sale of goods and services	282	273	117	141
Rent income	443	374	234	178
Interest income on deposits and investments	352	238	199	114
Commission income	105	17	92	1
Gain on previously-held interest (Note 3)	140	–	–	–
Gain on sale of subsidiaries (Notes 3 and 5)	2,083	–	2,083	–
Other income	634	625	369	457
	102,446	73,224	61,664	37,957
COSTS AND EXPENSES				
Cost of goods and services sold	54,260	35,081	34,479	18,325
Cost of goods manufactured	14,566	12,694	8,480	6,036
General and administrative expenses	7,462	4,996	4,310	2,508
Cost of real estate sales	3,699	2,333	1,771	1,355
Power plant operation and maintenance expenses	3,273	4,900	1,366	2,651
Interest expense	2,358	1,951	1,151	1,012
Cost of rental	144	143	73	53
	85,762	62,098	51,630	31,940
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	16,684	11,126	10,034	6,017
PROVISION FOR INCOME TAX	2,640	1,916	1,434	1,106
NET INCOME FROM CONTINUING OPERATIONS	14,044	9,210	8,600	4,911
NET INCOME (LOSS) FROM DISPOSAL GROUP	(164)	46	–	3
NET INCOME	₱13,880	₱9,256	₱8,600	₱4,914
ATTRIBUTABLE TO:				
Equity holders of the parent company				
Profit for the year from continuing operations	₱9,273	₱5,576	₱6,161	₱2,821
Profit (loss) for the year from disposal group	(164)	46	–	3
	9,109	5,622	6,161	2,824
Non-controlling interest				
Profit for the year from continuing operations	4,771	3,634	2,439	2,090
Profit for the year from disposal group	–	–	–	–
	4,771	3,634	2,439	2,090
	₱13,880	₱9,256	₱8,600	₱4,914
Basic/Diluted Earnings Per Share from Continuing Operations Attributable to Equity Holders of the Parent Company (Note 10)	₱53.20	₱31.99	₱35.35	₱16.18
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 10)	₱52.25	₱32.25	₱35.35	₱16.20

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Millions)

	Unaudited			
	January to June		April to June	
	2016	2015	**2016**	2015
NET INCOME FROM CONTINUING OPERATIONS	**₱14,044**	₱9,210	**₱8,600**	₱4,911
NET INCOME (LOSS) FROM DISPOSAL GROUP	**(164)**	46	**–**	3
NET INCOME	**13,880**	9,256	**8,600**	4,914
OTHER COMPREHENSIVE INCOME (LOSS)				
CONTINUING OPERATIONS				
Items that may be reclassified to profit or loss in subsequent periods:				
Changes in fair value of available-for-sale investments	**1,053**	471	**1,049**	233
Equity in other comprehensive income of associates:				
Changes in fair value of available-for-sale investments of associates	**2,066**	125	**800**	(113)
Cash flow hedge reserve	**(4)**	–	**(3)**	–
Translation adjustment of associates	**80**	46	**18**	44
	3,195	642	**1,864**	164
Items that may not be reclassified to profit or loss in subsequent periods:				
Remeasurement of defined benefit plans	**17**	(17)	**1**	–
Equity in remeasurement of defined benefit plans of associates	**13**	(15)	**(1)**	(11)
Income tax effect	**(9)**	10	**–**	4
	21	(22)	**–**	(7)
OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	**3,216**	620	**1,864**	157
OTHER COMPREHENSIVE INCOME (LOSS) FROM DISPOSAL GROUP, NET OF TAX	**19**	12	**–**	(11)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**3,235**	632	**1,864**	146
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱17,115**	₱9,888	**₱10,464**	₱5,060
ATTRIBUTABLE TO:				
Equity holders of the GT Capital Holdings, Inc.				
Total comprehensive income for the year from continuing operations	**₱11,824**	₱6,018	**₱7,526**	₱2,869
Total comprehensive income (loss) for the year from disposal group	**19**	12	**–**	(11)
	11,843	6,030	**7,526**	2,858
Non-controlling interest				
Total comprehensive income for the year from continuing operations	**5,272**	3,858	**2,938**	2,202
Total comprehensive income for the year from disposal group	**–**	–	**–**	–
	5,272	3,858	**2,938**	2,202
	₱17,115	₱9,888	**₱10,464**	₱5,060

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
QUARTER ENDED JUNE 30, 2016 AND 2015 (UNAUDITED)
(In Millions)

	Equity Attributable to Equity Holders of the Parent Company														
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Unappropriated Retained Earnings	Appropriated Retained Earnings	Net Unrealized Gain on Available-for-Sale Investments	Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plans	Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates	Equity in Translation Adjustment of Associates	Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates	Equity in Cash flow Hedge Reserve of Jointly-Controlled Entity	Reserve of Disposal Group Classified as Held-For-Sale	Other Equity Adjustment	Non-controlling Interests	Total
At January 1, 2016	₱1,760	₱46,695	(₱6)	₱33,267	₱8,760	₱824	(₱306)	(₱969)	₱502	(₱898)	₱4	(₱75)	₱576	₱53,708	₱143,842
Total comprehensive income	–	–	–	9,109	–	552	12	2,066	80	9	(4)	19	–	5,272	17,115
Dividends declared (Note 8)	–	–	–	(1,046)	–	–	–	–	–	–	–	–	–	(4,858)	(5,904)
Effect of asset disposal (CPAIC) (Note 5)	–	–	6	(57)	–	–	–	–	–	–	–	56	–	–	5
Effect of asset disposal (GBPC) (Note 3)	–	–	–	(92)	–	(1,370)	92	–	–	–	–	–	–	(18,068)	(19,438)
Acquisition of 4.73% of GBPC shares (Note 3)	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,322)	(1,322)
Acquisition of 28.32% of PCFI shares (Note 3)	–	–	–	–	–	–	–	–	–	–	–	–	5,137	(5,137)	–
Effect of business combination	–	–	–	(11)	–	–	–	–	–	11	–	–	–	607	607
At June 30, 2016	₱1,760	₱46,695	₱–	₱41,170	₱8,760	₱6	(₱202)	₱1,097	₱582	(₱878)	₱–	₱–	₱5,713	₱30,202	₱134,905

(Forward)

	Equity Attributable to Equity Holders of the Parent Company												
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Unappropriated Retained Earnings	Appropriated Retained Earnings	Net Unrealized Gain on Available-for-Sale Investments	Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plans	Equity in Net Unrealized Gain (Loss) on Available-for-Sale Investments of Associates	Equity in Translation Adjustment of Associates	Equity in Net Unrealized Loss on Remeasurement of Defined Benefit Plans of Associates	Other Equity Adjustment	Non-controlling Interests	Total
At January 1, 2015	₱1,743	₱46,695	(₱2)	₱24,432	₱6,000	₱618	(₱419)	(₱78)	₱391	(₱615)	₱583	₱26,595	₱105,943
Total comprehensive income	–	–	–	5,622	–	258	(12)	125	46	(10)	–	3,858	9,887
Issuance of Preferred Stock - Voting	17	–	–	–	–	–	–	–	–	–	–	–	17
Dividends declared	–	–	–	(523)	–	–	–	–	–	–	–	(3,443)	(3,966)
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(7)	(5)	(12)
Reissuance of treasury shares	–	–	(4)	–	–	–	–	–	–	–	–	–	(4)
At June 30, 2015	₱1,760	₱46,695	(₱6)	₱29,531	₱6,000	₱876	(₱431)	₱47	₱437	(₱625)	₱576	₱27,005	₱111,865

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)

	Unaudited	
	For the Six Months Ended June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	**₱16,684**	₱11,126
Income (loss) before income tax from disposal group	**(159)**	54
Adjustments for:		
Interest expense	**2,358**	1,951
Depreciation and amortization	**1,762**	1,795
Pension expense	**172**	123
Unrealized foreign exchange loss (gain)	**(17)**	36
Provision for impairment losses	**7**	1
Dividend income	**–**	(33)
Gain on disposal of property and equipment	**(29)**	(19)
Gain on sale of available-for-sale investments	**–**	(18)
Gain on previously-held interest (Note 3)	**(140)**	–
Gain on sale of subsidiaries (Notes 3 and 5)	**(2,083)**	–
Interest income	**(939)**	(945)
Equity in net income of associates and jointly-controlled entities (Note 3)	**(4,951)**	(2,751)
Operating income before changes in working capital	**12,665**	11,320
Decrease (increase) in:		
Short-term investments	**(2,884)**	(365)
Receivables	**2,600**	(1,767)
Reinsurance assets	**–**	1,015
Due from related parties	**(49)**	(1)
Inventories	**(4,894)**	(7,883)
Prepayments and other current assets	**(1,196)**	(419)
Increase (decrease) in:		
Accounts and other payables	**7,848**	1,017
Insurance contract liabilities	**–**	(906)
Customers' deposits	**772**	(551)
Other current liabilities	**846**	(254)
Cash provided by operations	**15,708**	1,206
Interest received	**918**	867
Interest paid	**(2,802)**	(2,102)
Contributions to pension plan	**(231)**	(49)
Dividends received	**60**	242
Dividends paid	**(8,765)**	(6,000)
Income taxes paid	**(2,527)**	(1,570)
Net cash provided by (used in) operating activities	**2,361**	(7,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Property and equipment	**14**	80
Available-for-sale investments	**–**	227
Investment property	**86**	–
Additions to:		
Property and equipment	**(6,081)**	(4,303)
Investments in associates and jointly-controlled entities (Note 3)	**(30,254)**	(8,332)
Available-for-sale investments	**–**	(230)
Intangible assets	**(10)**	(3)
Investment properties	**(132)**	(13)
Decrease in other noncurrent assets	**65**	134
Acquisition of subsidiary, net of cash acquired (Note 3)	**177**	–
Net cash outflows from disposals of subsidiaries (Note 3)	**(3,590)**	–
Net cash used in investing activities	**(39,725)**	(12,440)

(Forward)

	Unaudited	
	For the Six Months Ended June 30	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availments	**₱30,588**	₱26,347
Payment of loans payable	**(7,727)**	(8,408)
Issuance of capital stock	**–**	17
Increase (decrease) in:		
Due to related parties	**1**	(2)
Liabilities on purchased properties	**(453)**	(414)
Other noncurrent liabilities	**(283)**	129
Net cash provided by financing activities	**22,126**	17,669
Effect of exchange rate changes on cash and cash equivalents	**17**	(36)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(15,221)**	(2,213)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**37,861**	29,702
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱22,640**	₱27,489

GENERAL NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

Group Activities

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

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

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

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

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

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

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

The Group's Audit Committee on August 2, 2016, approved the accompanying interim condensed consolidated financial statements for issue.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34 Interim Financial Reporting. Accordingly, the interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Group's annual audited financial statements as at December 31, 2015.

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

Presentation of Financial Statements

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

Basis of Consolidation

The interim condensed consolidated financial statements of the Group comprise the financial statements of the Parent Company and the following domestic subsidiaries:

		Direct Percentages of Ownership		Effective Percentages of Ownership	
	Country of Incorporation	**June 30, 2016**	December 31, 2015	**June 30, 2016**	December 31, 2015
Fed Land and Subsidiaries	Philippines	**100.00**	100.00	**100.00**	100.00
PCFI and Subsidiaries	-do-	**51.00**	22.68	**51.00**	22.68
Toyota and Subsidiaries	-do-	**51.00**	51.00	**51.00**	51.00
TMBC and Subsidiary	-do-	**58.05**	–	**58.05**	–
GTCAD (Note 15)	-do-	**100.00**	–	**100.00**	–

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

Fed Land's Subsidiaries

	Percentage of Ownership
Horizon Land Property and Development Corp. (HLPDC)	100.00
Omni – Orient Management Corp. (Previously as Top Leader Property Management Corp.) (TLPMC)	100.00
Central Realty and Development Corp. (CRDC)	75.80
Federal Brent Retail, Inc. (FBRI)	51.66

PCFI's Subsidiaries

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

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

Toyota's Subsidiaries

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

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

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

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

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

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

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

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

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

NCI are presented separately in the interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and within equity in the interim condensed consolidated statement of financial position, separately from the Parent Company's equity.

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

If the Group loses control over a subsidiary, it:

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

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

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

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

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

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

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

Business Combinations and Goodwill

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

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

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

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

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

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

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

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

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

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

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

Changes in Accounting Policies
The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those of the previous year except for the following new and amended Philippine Financial Reporting Standards (PFRS) and PAS which were adopted as of January 1, 2016.

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

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

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

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

PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture – Bearer Plants (Amendments)*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at

fair value less costs to sell. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, will apply. These amendments did not have any impact to the Group as it does not have any bearer plants.

PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendment has no impact to the Group's consolidated financial statements.

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

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The Group shall consider this amendment for future joint arrangements.

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

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

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

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

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

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

Amendments to PFRS 10, PFRS 12 and PAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under PFRS 10 Consolidated Financial Statements. The amendments to PFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to PFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to PAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

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

Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

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

Initial recognition of financial instruments

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

As of June 30, 2016 and December 31, 2015, the Group has no financial assets and financial liabilities at FVPL and HTM investments. The Group's financial instruments include loans and receivables, AFS investments and other financial liabilities.

Determination of fair value

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

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

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

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

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

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

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

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

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

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

Impairment of Financial Assets

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

Loans and receivables

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

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

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

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

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

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

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

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

<u>Derecognition of Financial Assets and Liabilities</u>
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

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

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

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

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent or a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

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

New Standards

PFRS 9, *Financial Instruments (2014 or final version)*
In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before January 1, 2015.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

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

IFRS 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. This mandatory effective date was moved to January 1, 2018. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

IFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Amendments

PFRS 10, *Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB deferred the effectivity of the amendments to PFRS 10 and PAS 28 for a broader review by the Board.

PAS 7, *Statement of Cash Flows*
The amendments to disclosures require entities to provide information about changes in their financing liabilities. This will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes such as foreign exchange gains or losses. The amendments to PAS 7 will become mandatory for annual periods beginning on or after January 1, 2017.

PAS 12, *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments to PAS 12 clarify the requirements on recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments shall be applied for annual periods beginning on or after January 1, 2017, with earlier application permitted.

3. Investments in Subsidiaries, Associates and Jointly-Controlled Entities

Investment in MPIC
On May 27, 2016, the Parent Company subscribed to 3.60 billion common shares of MPIC for a total subscription price of ₱21.96 billion. On the same day, the Parent Company entered into a Sale and Purchase Agreement with Metro Pacific Holdings, Inc. (MPHI), with the Parent Company as the buyer and MPHI as the seller of 1.3 billion common shares of MPIC for a total consideration of ₱7.93 billion. After said transactions, the Parent Company has an effective ownership interest of 15.55% in MPIC.

Also, on May 27, 2016, the Parent Company and MPHI signed a Shareholders' agreement whereby the Parent Company is entitled to nominate at least two (2) out of fifteen (15) directors of MPIC. The Parent Company is also entitled to nominate one (1) out of three (3) members in each of the Audit Committee (AC), Risk Management Committee (RMC) and Governance Committee (GC) of MPIC.

The combination of the Parent Company's 15.55% ownership over MPIC, representation in the Board of Directors (BOD), AC, RMC and GC of MPIC provides the Parent Company with the ability to exercise significant influence over the operating and financial policies of MPIC. Through its presence and participation at the BOD, AC, RMC and GC meetings, the Parent Company can influence the operating and financial policies of MPIC. Accordingly, the Parent Company accounted for its investment in MPIC as an associate using equity method of accounting.

Investment in MBTC
On various dates in January 2016, the Parent Company acquired an aggregate of 4.88 million shares of Metrobank for a total consideration of ₱338.33 million. This increased the Parent Company's ownership interest in Metrobank from 25.22% to 25.37%.

On January 21, 2015, the BOD of MBTC approved the entitlement of one (1) rights share for every 6.3045 common shares held by eligible shareholders as of record date March 18, 2015. The offer price was ₱73.50 per share and the offer period was from March 23 to 27, 2015. As of March 18, 2015, the Parent Company held 689.2 million shares and is entitled to 109.3 million shares.

In March 2015, the Parent Company exercised its stock rights and subscribed for additional shares which aggregated to 112.6 million shares with a total cost of ₱8.28 billion. This increased the Parent Company's investment in MBTC from ₱22.48 billion to ₱30.76 billion. Consequently, the Parent Company's percentage of ownership in MBTC increased from 25.11% to 25.22%.

Cash dividends from MBTC
On March 16, 2016, the BOD of MBTC approved the declaration of a 5.00% cash dividend or ₱1.00 per share based on a par value of ₱20.00 to all stockholders of record as of April 1, 2016 payable on April 8, 2016.

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

Disposal of Investment

2016
Sale of Investment in Global Business Power Corporation

On May 26, 2016, the Parent Company acquired FMIC's 4.73% direct equity stake in GBPC for a total consideration of ₱3.26 billion. This increased the Parents Company's direct ownership in GBPC from 51.27% to 56.00%. Subsequently, on May 27, 2016, the Parent Company sold its entire 56.00% investment in GBPC to Beacon Powergen Holdings, Inc. (Beacon) for a total consideration of ₱22.06 billion. Immediately after the sale, the Parent Company relinquished control over GBPC and GBPC ceased to be a subsidiary of the Parent Company effective May 31, 2016. Accordingly, the financial statements of GBPC was deconsolidated from the interim condensed consolidated financial statements of the Group at that date.

The derecognized assets and liabilities of GBPC as of May 31, 2016 follow (amounts in million pesos):

Assets	
Cash and cash equivalents	₱13,136
Short-term investments	300
Receivables	3,591
Inventories	1,523
Prepayments and other current assets	1,988
Property and equipment	47,117
Goodwill and intangible assets	7,105
Deferred tax assets	463
Other noncurrent assets	3,909
	79,132

(Forward)

Liabilities	
Accounts and other payables	₱5,200
Current portion of loans payable	3,459
Customer's deposits	1
Income tax payable	3
Other current liabilities	74
Pension liabilities	675
Long-term debt – net of current portion	33,741
Deferred tax liabilities	970
Other noncurrent liabilities	251
	44,374
Net assets	₱34,758

Remeasurement losses on defined benefit plan of GBPC amounting to ₱92.49 million were reclassified to retained earnings.

The aggregate consideration received consists of (amounts in million pesos):

Cash received	₱11,029
Non-cash consideration	29,144
	₱40,173

The non-cash consideration includes receivable from Beacon amounting to ₱11.03 billion, which is due within 90 days from the date of sale, and is interest-bearing at 4.8% per annum.

With the loss of control over GBPC, the Parent Company realized the following items arising from the sale of GBPC shares by FMIC to Orix P&E Philippines Corporation (Orix) and Meralco Powergen Corporation previously deferred in 2013:

1. share in consideration received amounting to ₱3.56 billion; and
2. share in gain on sale amounting to ₱1.84 billion.

The total gain on the sale of GBPC amounted to ₱3.69 billion, comprising ₱1.85 billion gain on sale direct ownership and ₱1.84 billion gain on sale of indirect ownership.

The gain on sale of subsidiaries presented in the interim condensed consolidated statements of income consist of:

Gain on sale of direct ownership in GBPC	₱1,851
Gain on sale of direct ownership in CPAIC (Note 5)	232
	₱2,083

The net cash outflow arising from the deconsolidation of GBPC follows (amounts in million pesos):

Cash proceeds from the sale of 56% of GBPC	₱11,029
Purchase price and related costs to increase stake in GBPC to 56%	(3,586)
Cash and cash equivalents deconsolidated	(13,136)
	(₱5,693)

On June 30, 2016, Orix exercised its tag-along rights in relation to its holdings of GBPC shares and sold its 22% ownership stake in GBPC to the Parent Company for a total consideration of ₱8.67 billion. On the same day, the Parent Company sold the same shares to JG Summit Holdings, Inc. for the same amount of consideration.

Business Combinations

2016

TMBC

On March 7, 2016, the SEC approved the merger of TMBC and TCI, with TMBC as the surviving corporation and TCI as the absorbed corporation. The merger resulted in GT Capital owning 58.05% of the merged corporation. Pursuant to the merger, GT Capital and Mitsui entered into amended shareholders' agreement wherein GT Capital has the ability to appoint majority of the BOD and the Executive Committee (ExCom). Management has assessed that it has the ability to direct the relevant activities of TMBC that most significantly affect its returns based on its ability to appoint majority of the BOD and the ExCom. As a result, the financial statements of TMBC was consolidated in the financial statements of the Parent Company. Prior to the merger, TMBC was accounted for as a jointly-controlled entity while TCI was accounted for as a subsidiary.

The consideration given to obtain control over TMBC was the fair value of the net assets of TCI, as a business. The transaction was accounted for as a business combination using the purchase method. The Parent Company's previously-held interest was remeasured at fair value and recognized ₱140.14 million gain from the remeasurement. Under PFRS 3, Business Combinations, if an acquirer holds a non-controlling equity investment in the acquiree immediately before obtaining control, the acquirer remeasures that previously-held equity investment at its acquisition-date fair value and recognizes any resulting gain or loss in profit or loss.

The Group elected to measure the non-controlling interest (NCI) in TMBC at the proportionate share of the NCI in the identifiable net assets of TMBC. The cost of consideration included the proportionate share of NCI, the fair value of previously-held interest and carrying value of existing TCI shares exchanged for new TMBC shares.

As of June 30, 2016, the purchase price allocation relating to the Parent Company's acquisition of control over TMBC has been prepared on a preliminary basis. The provisional fair values of the assets acquired and liabilities assumed as of date of acquisition is based on net book values of identifiable assets and liabilities plus certain adjustments since the Parent Company is currently finalizing the information for the purchase price allocation. The difference between the total consideration and the net assets amounting to ₱194.68 million was initially allocated to goodwill. The preliminary allocation is subject to revision to reflect the final determination of fair values. The preliminary accounting will be completed based on further valuations and studies carried out within twelve months from acquisition date.

The provisional fair values of the identifiable assets and liabilities of TMBC as of acquisition date are as follows (amounts in million pesos):

Assets	
Cash and cash equivalents	₱220
Receivables	1,536
Inventories	661
Prepayments and other current assets	97
AFS investments	1
Property and equipment	1,746
Investment properties	301
Deferred tax assets	60
Other noncurrent assets	70
	4,692

(Forward)

Liabilities	
Accounts and other payables	819
Loans payable	1,360
Customer's deposits	89
Income tax payable	22
Other current liabilities	26
Deferred tax liabilities	343
Pension liabilities	144
	2,803
Net assets	₱1,889

The aggregate consideration transferred consists of (amounts in million pesos):

Proportionate share of non-controlling interests	₱779
Fair value of previously-held interest in TMBC	1,036
Fair value of TCI's net assets	269
	₱2,084

The business combination resulted in provisional goodwill computed as follows (amounts in million pesos):

Total consideration transferred	₱2,084
Provisional fair values of identifiable net assets	1,889
Goodwill	₱195

2015

Acquisition of PCFI

On August 6, 2015, the Parent Company, Profriends Group Inc. (PGI) and PCFI entered into a Master Subscription Agreement (the MSA). Subject to the terms of the MSA, the Parent Company agreed to subscribe to PCFI's series A preferred shares representing 51% of all issued and outstanding capital stock over a three (3) year term ending on the third year from the execution of the Agreement.

The Parent Company finalized the acquisition of an initial 22.68% of PCFI for ₱7.24 billion on August 20, 2015, upon fulfillment of all Tranche 1 closing conditions. This includes the execution of an irrevocable proxy in favor of the Parent Company, covering 51% of the total issued and outstanding capital stock of PCFI ("the Irrevocable Proxy") by PGI, the selling shareholder. The Irrevocable Proxy gives the Parent Company the ability to direct the relevant activities of PCFI that will affect the amount of returns that the Parent Company will receive from its investment in PCFI. The Parent Company assessed that it has control over PCFI by virtue of the Irrevocable Proxy and payment for the 22.68% equity interest and accounted for PCFI as a subsidiary.

The acquisition was accounted for as a business combination using the acquisition method. The Group elected to measure the non-controlling interest at the proportionate share of the noncontrolling interest in the identifiable net assets of PCFI.

As of December 31, 2015, the purchase price allocation relating to the Parent Company's acquisition of control over PCFI has been prepared on a preliminary basis. Details of the preliminary purchase price allocation relating to the Parent Company's acquisition of control over PCFI are extensively discussed in the 2015 Audited Financial Statements.

On June 30, 2016, the Parent Company accelerated the subscription program in PCFI by subscribing to an additional 28.32% equity stake in PCFI for a total consideration of ₱8.76 billion. This subscription increased the Parent Company's direct ownership stake in PCFI from 22.68% to 51.00%. The subscription is accounted for as an equity transaction in the consolidated financial statements and resulted in the recognition of other equity adjustment amounting to ₱5.14 billion. Under PFRS 10, Consolidated Financial Statements, an entity shall recognize directly in equity any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid and attribute it to the owners of the Parent Company.

4. Cash and Cash Equivalents

This account consists of:

	June 30, 2016	June 30, 2015	December 31, 2015
Cash on hand	**₱22**	₱7	₱11
Cash in banks	**21,253**	13,624	16,348
Cash equivalents	**1,365**	13,858	21,502
	₱22,640	₱27,489	₱37,861

5. Assets and Liabilities of Disposal Group

On November 5, 2015, the Parent Company signed an agreement to sell 100.00% of Charter Ping An to AXA Philippines for ₱2.30 billion, subject to closing conditions that are usual and customary. As of December 31, 2015, the investment in Charter Ping An was accounted as a non-current asset held-for-sale in accordance with PFRS 5. As required by PFRS 5, the assets and liabilities of Charter Ping An, together with the results of operations of a disposal group, are classified separately from continuing operations. As a result, GT Capital reclassified all the assets, liabilities, and accumulated other comprehensive income to 'Assets of disposal group classified as held-for-sale', 'Liabilities of disposal group classified as held-for-sale' and 'Reserve of disposal group classified as held-for-sale', respectively, in the interim condensed consolidated statement of financial position.

In the interim condensed consolidated statements of income, income and expenses from disposal group are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the interim condensed consolidated statement of income. Accordingly, the interim condensed consolidated statements of income for the period ended June 30, 2015 have been restated to present the results of operation of Charter Ping An as 'Net income from disposal group".

On April 4, 2016, the Parent Company completed the sale of Charter Ping for a final consideration of ₱2.10 billion. This transaction resulted in a gain representing the excess of the cash consideration received over the carrying value of the non-current asset held-for-sale amounting to ₱231.53 million and such gain is included in the 'Gain on sale of subsidiaries'. Following the sale, the assets, liabilities and reserve of disposal group classified as held-for-sale were derecognized. Remeasurement losses from defined benefit plan amounting to ₱57.10 million were reclassified to retained earnings.

The total gain on the sale of CPAIC amounted to ₱309.75 million, comprising ₱231.53 million gain on sale direct ownership and ₱78.22 million gain on sale of indirect ownership.

6. Property and Equipment

The decline in the property and equipment account is primarily attributable to the deconsolidation of GBPC Group's property and equipment.

7. **Loans Payable**

This account consists of:

	June 30, 2016					
		Long-term debt				
	Short-term debt	**Corporate notes**	**Loans payable**	**Subtotal**	**Bonds payable**	**Total**
Parent Company	**₱19,000**	**₱–**	**₱25,000**	**₱25,000**	**₱ 22,000**	**₱66,000**
Fed Land Group	**1,330**	**4,950**	**12,595**	**17,545**	**–**	**18,875**
PCFI	**4,000**	**–**	**11,776**	**11,776**	**–**	**15,776**
Toyota Group	**1,547**	**–**	**245**	**245**	**–**	**1,792**
GBPC Group	**–**	**–**	**–**	**–**	**–**	**–**
TMBC	**1,786**	**–**	**290**	**290**	**–**	**2,076**
	27,663	**4,950**	**49,906**	**54,856**	**22,000**	**104,519**
Less: Deferred financing cost	**–**	**–**	**117**	**117**	**166**	**283**
	27,663	**4,950**	**49,789**	**54,739**	**21,834**	**104,236**
Less: Current portion of long-term debt	**–**	**2,025**	**1,891**	**3,916**	**–**	**3,916**
	₱27,663	**₱2,925**	**₱47,898**	**₱50,823**	**₱21,834**	**₱100,320**

	December 31, 2015					
		Long-term debt				
	Short-term debt	Corporate notes	Loans payable	Subtotal	Bonds payable	Total
Parent Company	₱–	₱–	₱25,000	₱25,000	₱21,980	₱46,980
Fed Land Group	740	4,950	12,395	17,345	–	18,085
PCFI	4,500	–	11,207	11,207	–	15,707
Toyota Group	1,532	–	244	244	–	1,776
GBPC Group	–	–	35,545	35,545	–	35,545
TCI	546	–	–	–	–	546
	7,318	4,950	84,391	89,341	21,980	118,639
Less: Deferred financing cost	–	–	563	563	179	742
	7,318	4,950	83,828	88,778	21,801	117,897
Less: Current portion of long-term debt	–	25	6,732	6,757	–	6,757
	₱7,318	₱4,925	₱77,096	₱82,021	₱21,801	₱111,140

Short-term loans payable increased by Php20.34 billion from Php7.32 billion to Php27.66 billion due to loan availments of GT Capital-Parent Company (Php19.00 billion), Fed Land (Php0.59 billion), TMP dealership subsidiaries (Php0.01 billion) and consolidation of TMBC's short-term loans of Php1.24 billion offset by loan payments by PCFI (Php0.50 billion).

Current-portion of long-term debt decreased by 42% from Php6.76 billion to Php3.92 billion primarily due to the deconsolidation of GBPC.

Long-term debt, net of current portion, decreased by 38% from Php82.02 billion to Php50.82 billion due to the deconsolidation of GBPC's long-term debt.

Bonds payable
This account consists of the following Peso Bonds:

			Carrying Value	
Maturity Dates	Interest rate	Par Value	**June 30, 2016**	December 31, 2015
₱10.0 billion Bonds				
February 27, 2020	4.8371%	₱3,900	**₱3,877**	₱3,874
February 27, 2023	5.0937%	6,100	**6,053**	6,031
		10,000	**9,930**	9,905
₱12.0 billion Bonds				
November 7, 2019	4.7106%	3,000	**2,979**	2,976
August 7, 2021	5.1965%	5,000	**4,960**	4,957
August 7, 2014	5.6250%	4,000	**3,965**	3,963
		12,000	**11,904**	11,896
Balances at end of year		₱22,000	**₱21,834**	₱21,801

Unamortized debt issuance costs on these notes amounted to ₱165.59 million and ₱179.17 million as of June 30, 2016 and December 31, 2015, respectively.

8. Equity

Treasury shares
As of June 30, 2016 and December 31, 2015, treasury shares of the Group amount to nil and ₱6.14 million, respectively. This pertains to the original acquisition of 5,000 shares of the Parent Company held by Ping An.

Amendment of By-laws
On March 10, 2016, the BOD of the Parent Company approved the amendment of its Amended By-laws moving the date of the annual/regular meeting of the stockholders from the second Monday of May to the second Wednesday of May.

Retained earnings
Details of the Parent Company's dividend distributions out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in millions)	Record date	Payment date
Common				
March 10, 2016	₱6.00	₱1,045.80	April 8, 2016	May 4, 2016
March 13, 2015	3.00	522.87	April 17, 2015	May 4, 2015
Preferred				
March 10, 2016	0.00377	0.66	April 8, 2016	May 4, 2016

On December 17, 2015, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱8.76 billion to be earmarked for the following:

Project Name	Timeline	Amount
Tranche 2 of PCFI Acquisition	2016	₱6.26 billion
Tranche 3 of PCFI Acquisition	2017	2.50 billion
		₱8.76 billion

Subsequent to the completion of Tranches 2 and 3 of the PCFI acquisition, the said appropriation was reversed

Other equity adjustments
In accordance with the MSA dated August 6, 2015, the Parent Company subscribed to the final 28.32% of PCFI for a total subscription price of ₱8.76 billion on June 30, 2016. This subscription increased the Parent Company's direct ownership stake in PCFI from 22.68% to 51.00%. This subscription is accounted for as an equity transaction in the consolidated financial statements and resulted in the recognition of other equity adjustments amounting to ₱5.14 billion.

9. Related Party Transactions

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

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

As of June 30, 2016 and December 31, 2015, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

10. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share from continuing operations attributable to equity holders of the Parent Company for the periods indicated were computed as follows:

	June 30, 2016	June 30, 2015	December 31, 2015
Net income attributable to equity holders of the Parent Company from continuing operations	**₱9,273**	₱5,576	₱12,069
Effect of dividends declared to voting preferred shareholders of the Parent Company	**(1)**	–	–
Net income attributable to common shareholders of the Parent Company	**9,272**	5,576	12,069
Weighted average number of shares	**174.30**	174.30	174.30
	₱53.20	₱31.99	₱69.24

The basic/diluted earnings (loss) per share from disposal group attributable to equity holders of the Parent Company for the periods indicated were computed as follows:

	June 30, 2016	June 30, 2015	December 31, 2015
Net income (loss) attributable to equity holders of the Parent Company from discontinued operations	**(₱164)**	₱46	₱50
Weighted average number of shares	**174.30**	174.30	174.30
	(₱0.94)	₱0.26	₱0.29

The basic/diluted earnings per share attributable to equity holders of the Parent Company for the periods indicated were computed as follows:

	June 30, 2016	June 30, 2015	December 31, 2015
Net income attributable to equity holders of the Parent Company	**₱9,109**	₱5,622	₱12,119
Effect of dividends declared to voting preferred shareholders of the Parent Company	**(1)**	–	–
Net income attributable to common shareholders of the Parent Company	**9,108**	5,622	12,119
Weighted average number of shares	**174.30**	174.30	174.30
	₱52.25	₱32.25	₱69.53

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

11. Operating Segments

Segment Information

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

- Real estate is engaged in real estate and leasing, development and selling of properties of every kind and description, as well as ancillary trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintenance of a petroleum service station, engaging in food and restaurant service and acting as a marketing agent for and in behalf of any real estate development company or companies;
- Financial institutions are engaged in the banking and insurance industry and financing institution;
- Power is engaged mainly in the generation and distribution of electricity;
- Automotive operations is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments;
- Infrastructure, a new segment in 2016, is engaged in the water distribution, toll operation, power distribution franchise, hospitals and rail; and
- Others pertain to other corporate activities of the Group (i.e., capital raising activities, acquisitions and investments).

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

Seasonality of Operations

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

Segment Assets

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

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

The following tables present the financial information of the operating segments of the Group as of and for the quarter ended June 30, 2016 and as of and for the year ended December 31, 2015:

	Period Ended June 30, 2016 (Unaudited)						
	Real Estate	Financial Institution	Auto motive	Power	Infra structure	Others	Total
Revenue	₱5,679	₱–	₱80,350	₱6,840	₱–	₱–	₱92,869
Other income	957	–	452	55		2,223	3,687
Equity in net income of associates and jointly-controlled entities	115	4,439	8	–	389	–	4,951
	6,751	4,439	80,810	6,895	389	2,223	101,507
Cost of goods and services sold	197	–	54,063	–	–	–	54,260
Cost of goods manufactured	–	–	14,566	–	–	–	14,566
Cost of real estate sales	3,699	–	–	–	–	–	3,699
Cost of rental	144	–	–	–	–	–	144
Power plant operation and maintenance	–	–	–	3,273	–	–	3,273
General and administrative expense	1,835	–	2,847	1,479	–	1,301	7,462
	5,875	–	71,476	4,752	–	1,301	83,404
Earnings before interest and taxes	876	4,439	9,334	2,143	389	922	18,103
Depreciation and amortization	171	–	581	1,008	–	3	1,763
EBITDA	1,047	4,439	9,915	3,151	389	925	19,866
Interest income	592	–	178	65	–	104	939
Interest expense	(197)	–	(78)	(780)	–	(1,303)	(2,358)
Depreciation and amortization	(171)	–	(581)	(1,008)	–	(3)	(1,763)
Pretax income	1,271	4,439	9,434	1,428	389	(277)	16,684
Provision for income tax	174	–	2,423	34	–	9	2,640
Net income (loss) from continuing operations	₱1,097	₱4,439	₱7,011	₱1,394	₱389	(₱286)	₱14,044
Net loss from disposal group classified as held-for-sale	–	(164)	–	–	–	–	(164)
Segment Assets	₱123,880	₱58,827	₱54,146	₱–	₱30,287	₱19,801	₱286,941
Segment Liabilities	₱56,121	₱–	₱29,532	₱–	₱–	₱66,383	₱152,036

	December 31, 2015						
	Real Estate	Financial Institution	Automotive	Power	Infra structure	Others	Total
Revenue	₱9,546	₱–	₱120,802	₱18,391	₱–	₱–	₱148,739
Other income	1,792	–	401	707	–	1	2,901
Equity in net income of associates and jointly-controlled entities	439	5,095	83	–	–	–	5,617
	11,777	5,095	121,286	19,098	–	1	157,257
Cost of goods and services sold	481	–	74,460	–	–	–	74,941
Cost of goods manufactured	–	–	27,838	–	–	–	27,838
Cost of real estate sales	6,487	–	–	–	–	–	6,487
Cost of rental	271	–	–	–	–	–	271
Power plant operation and maintenance	–	–	–	9,477	–	–	9,477
General and administrative expense	2,297	–	4,997	3,376	–	189	10,859
	9,536	–	107,295	12,853	–	189	129,873
Earnings before interest and taxes	2,241	5,095	13,991	6,245	–	(188)	27,384
Depreciation and amortization	249	–	880	2,259	–	5	3,393
EBITDA	2,490	5,095	14,871	8,504	–	(183)	30,777
Interest income	1,478	–	279	183	–	34	1,974
Interest expense	(242)	1	(119)	(1,768)	–	(1,804)	(3,932)
Depreciation and amortization	(249)	–	(880)	(2,259)	–	(5)	(3,393)
Pretax income	3,477	5,096	14,151	4,660	–	(1,958)	25,426
Provision for income tax	505	–	3,771	210	–	31	4,517
Net income (loss) from continuing operations	₱2,972	₱5,096	₱10,380	₱4,450	₱–	(₱1,989)	₱20,909
Net income from disposal group classified as held-for-sale	–	50	–	–	–	–	50
Segment Assets	₱121,730	₱62,573	₱47,228	₱78,778	₱–	₱6,976	₱317,285
Segment Liabilities	₱54,584	₱6,444	₱20,387	₱45,131	₱–	₱46,897	₱173,443

Geographical Information

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

	June 30, 2016	June 30, 2015	December 31, 2015
Domestic	**₱98,439**	₱68,297	₱149,803
Foreign	**4,007**	4,927	9,428
	₱102,446	₱73,224	₱159,231

12. Financial Risk Management and Objectives

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

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

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

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

Credit risk

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

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

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

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

As of June 30, 2016 and December 31, 2015, the maximum exposure to credit risk of the Group's financial assets is equal to its carrying value except for installment contracts receivable with nil exposure to credit risk since the fair value of the related condominium units collateral is greater than the carrying value of the installment contracts receivable.

Liquidity risk

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

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

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

	June 30, 2016 (Unaudited)			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents*	₱22,618	₱–	₱–	₱22,618
Short-term investments	4,446	–	–	4,446
Receivables	37,170	10,254	1,582	49,006
Due from related parties	419	–	–	419
AFS investments				
Equity securities				
Quoted	96	–	–	96
Unquoted	481	–	–	481
Total undiscounted financial assets	₱65,230	₱10,254	₱1,582	₱77,066
Other financial liabilities				
Accounts and other payables	₱23,462	₱1,050	₱–	₱24,512
Customer's deposit	4,495	–	–	4,495
Dividends payable	–	–	–	–
Loans payable	15,178	21,308	47,438	83,924
Bonds payable	1,126	10,918	16,343	28,387
Due to related parties	175	–	–	175
Liabilities on purchased properties	423	873	1,478	2,774
Total undiscounted financial liabilities	₱44,859	₱34,149	₱65,259	₱144,267
Liquidity Gap	₱20,370	(₱23,895)	(₱63,677)	(₱67,202)

**excluding cash on hand*

	December 31, 2015 (Audited)			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents*	₱37,850	₱–	₱–	₱37,850
Short-term investments	1,861	–	–	1,861
Receivables	28,378	7,444	3,605	39,427
Due from related parties	370	–	–	370
AFS investments				
Equity securities				
Quoted	2,714	–	–	2,714
Unquoted	481	–	–	481
Total undiscounted financial assets	₱71,654	₱7,444	₱3,605	₱82,703
Other financial liabilities				
Accounts and other payables	₱19,002	₱683	₱175	₱19,860
Customer's deposit	3,691	–	–	3,691
Dividends payable	2,861	–	–	2,861
Loans payable	16,269	38,079	63,440	117,788
Bonds payable	1,125	11,092	16,731	28,948
Due to related parties	174	–	–	174
Liabilities on purchased properties	720	893	1,689	3,302
Total undiscounted financial liabilities	₱43,842	₱50,747	₱82,035	₱176,624
Liquidity Gap	₱27,812	(₱43,303)	(₱78,430)	(₱93,921)

**excluding cash on hand*

Foreign currency risk

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

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

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

13. Fair Value Measurement

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

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

Receivables
The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 8.00% to 12.00% as of June 30, 2016 and December 31, 2015. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan and determined that the carrying amount of the loans receivable was not materially different from its calculated fair value.

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

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

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

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

Loans payable
Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. Estimated fair value of long-term loans payable with fixed interest rates are discounted based on interest rates ranging from 3.75% to 7.10% as of June 30, 2016 and December 31, 2015.

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

Liabilities on purchased properties
Estimated fair value was based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term payable was incurred on December 20, 2012 with 3.00% interest per annum.

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

		June 30, 2016 (Unaudited)			
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:					
Financial Assets					
AFS investments:					
Quoted equity securities	**₱96**	**₱96**	**₱–**	**₱–**	**₱96**
Assets of disposal group classified as held-for-sale:					
AFS investments					
Government securities	**–**	**–**	**–**	**–**	**–**
Quoted debt securities	**–**	**–**	**–**	**–**	**–**
Quoted equity securities	**–**	**–**	**–**	**–**	**–**
	₱96	**₱96**	**₱–**	**₱–**	**₱96**
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	**₱19,074**	**₱–**	**₱–**	**₱24,963**	**₱24,963**
Non-financial Assets					
Investment in associates					
Quoted equity securities	**82,681**	**106,302**	**–**	**–**	**106,302**
Investment properties	**10,715**	**–**	**–**	**14,931**	**14,931**
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Loans payable	**82,519**	**–**	**84,543**	**–**	**84,543**
Bonds payable	**21,834**	**22,321**	**–**	**–**	**22,321**
	₱104,353	**₱22,321**	**₱84,543**	**₱–**	**₱106,864**

		December 31, 2015 (Audited)			
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
AFS investments:					
Quoted equity securities	₱2,713	₱2,713	₱–	₱–	₱2,713
Assets of disposal group classified as held-for-sale:					
AFS investments					
Government securities	952	508	444	–	952
Quoted debt securities	386	386	–	–	386
Quoted equity securities	267	267	–	–	267
	₱4,318	₱3,874	₱444	₱–	₱4,318

(Forward)

	December 31, 2015 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱23,430	₱–	₱–	₱26,860	₱26,860
Non-financial Assets					
Investment in associates					
Quoted equity securities	50,222	64,553	–	–	₱64,553
Investment properties	10,797	–	–	14,931	14,931
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Loans payable	₱96,618	₱–	₱99,639	₱–	₱99,639
Bonds payable	21,801	22,302	–	–	22,302
	₱118,419	₱22,302	₱99,639	₱–	₱121,941

As of June 30, 2016 and December 31, 2015, no transfers were made among the three levels in the fair value hierarchy.

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

The fair value of the Group's investment properties has been determined based on valuations performed by third party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison. Valuation of the Group's investment properties are done every three years with the latest valuation report issued by Asian Appraisal Company and Philippine Appraisal Co. Inc. in 2014 and 2015, respectively.

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

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

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

<u>Valuation Techniques</u>

Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Cost Approach	A process of determining the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation on physical wear and tear, and obsolescence.

Significant Unobservable Inputs

Reproduction Cost New	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.
Time Element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Corner influence	Bounded by two (2) roads.

14. Contingent Liabilities

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

In addition, in order to partially guarantee the completion of Fed Land's ongoing projects, the Parent Company issued Letters of Guarantee (LG) in favor of Housing and Land Use Regulatory Board for a total guarantee amount of ₱1.69 billion and ₱1.36 billion as of June 30, 2016 and December 31, 2015, respectively.

15. Events after Financial Reporting Date

On July 4, 2016, the Parent Company filed with the SEC a Registration Statement (SEC Form 12-1) and a Preliminary Prospectus for the offering of up to Eight Million (8,000,000) Series "A" and "B" Perpetual Preferred Shares for the Base Issue and up to Four Million (4,000,000) for the Oversubscription Option.

On July 14, 2016, the SEC approved the incorporation of Toyota Subic, Inc. (TSI), a 55%-owned subsidiary of GTCAD.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIODS ENDED JUNE 30, 2016 AND JUNE 30, 2015 (UNAUDITED)

(Amounts in millions except ratio and %)	2016	2015
Liquidity Ratio		
Current ratio	**1.91**	2.64
Current assets	**₱121,741**	₱92,663
Current liabilities	**63,651**	35,063
Solvency Ratio		
Total liabilities to total equity ratio	**1.13**	1.14
Total liabilities	**152,036**	127,533
Total equity	**134,905**	111,865
Debt to equity ratio	**0.79**	0.81
Total debt	**106,566**	90,105
Total equity	**134,905**	111,865
Asset to Equity Ratio		
Asset equity ratio	**2.74**	2.82
Total assets	**286,941**	239,398
Equity attributable to Parent Company	**104,703**	84,860
Interest Rate Coverage Ratio*		
Interest rate coverage ratio	**7.68**	6.25
Earnings before interest and taxes (EBIT)	**18,103**	12,186
Interest expense	**2,358**	1,951
Profitability Ratio		
Return on average assets	**3.02%**	2.46%
Net income attributable to Parent Company	**9,109**	5,622
Total assets	**286,941**	239,398
Average assets	**302,113**	228,831
Return on Average Equity	**9.35%**	6.85%
Net income attributable to Parent Company	**9,109**	5,622
Equity attributable to Parent Company	**104,703**	84,860
Average equity attributable to Parent Company	**97,418**	82,104

*computed as EBIT/Interest Expense