



111132019001532



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

The following document has been received:

**Receiving Officer/Encoder** : Mark Jason L. Orcine - COS

**Receiving Branch** : SEC Head Office

**Receipt Date and Time** : November 13, 2019 03:29:24 PM

**Received From** : Head Office

Company Representative

---

Doc Source

Company Information

---

SEC Registration No. CS200711792  
Company Name GT CAPITAL HOLDINGS, INC.  
Industry Classification Financial Holding Company Activities  
Company Type Stock Corporation

### Document Information

---

Document ID 111132019001532  
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
Document Code 17-Q  
Period Covered September 30, 2019  
No. of Days Late 0  
Department CFD  
Remarks



**GT CAPITAL**  
HOLDINGS, INCORPORATED

November 13, 2019

**Securities and Exchange Commission**

Ground Floor Secretariat Building  
PICC Complex, Roxas Boulevard  
Pasay City, 1307

Attention: **Atty. Rachel Esther J. Gumtang-Remalante**  
OIC, Director - Corporate Governance and Finance Department

**Philippine Stock Exchange, Inc.**

6/F PSE Tower  
5th Avenue corner 28th Street  
Bonifacio Global City, Taguig City

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

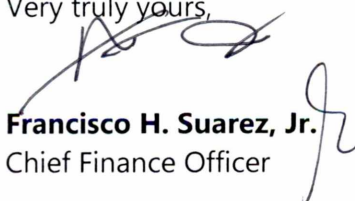
Attention: **Mr. Norbert T. Moreno**  
Assistant Head – Disclosure Department

**Subject: Submission of 17Q Report as of September 30, 2019**

Gentlemen /Mesdames:

In line with the reportorial requirements of the Securities Regulation Code and the Revised Disclosure Rules, we hereby submit the attached 2019 Third Quarter Report on SEC Form 17-Q.

Very truly yours,

  
**Francisco H. Suarez, Jr.**  
Chief Finance Officer

# COVER SHEET

**C S 2 0 0 7 1 1 7 9 2**

S.E.C. Registration Number

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

**S U B S I D I A R I E S**

\_\_\_\_\_

(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

**8836-4500**

Company Telephone Number

**1 2**

Month

**3 1**

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 September 30, 2019  
**86**

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

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: **September 30, 2019**
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 8836-4500; Fax No: 632 8836-4159**
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

a) Shares of Stock

Title of Each Class	Number of Shares of Outstanding Common Stock
<b>Common Stock -Php10.00 par value</b>	<b>215,284,587 shares</b>
<b>Series A Perpetual Preferred Shares (GTPPA)</b>	<b>4,839,240 shares</b>
<b>Series B Perpetual Preferred Shares (GTPPB)</b>	<b>7,160,760 shares</b>

b) Debt Securities: Php19 Billion Bonds\*

Title of Each Class	Amount of Debt Outstanding
<b>Corporate Retail Bonds</b>	<b>Php18.9 billion</b>

\*amount represents only the debt of GT Capital Holdings, Inc. registered with Philippine SEC

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

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

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports). Yes  No

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

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Please see attached Interim Condensed Consolidated Financial Statements and General Notes to Interim Condensed Consolidated Financial Statements (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 Nine Months Ended September 30, 2019 and For the Nine Months Ended September 30, 2018

GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME  (In millions, except for Percentage)	UNAUDITED Nine Months Ended September		Increase (Decrease)	
	2019	2018	Amount	Percentage
<b>REVENUE</b>				
Automotive operations	138,181	132,923	5,258	4%
Equity in net income of associates and joint ventures	10,129	9,131	998	11%
Real estate sales and interest income on real estate sales	7,032	8,803	(1,771)	(20%)
Rent income	1,021	833	188	23%
Sale of goods and services	582	579	3	1%
Interest income	366	354	12	3%
Commission income	182	68	114	168%
Other income	1,640	1,219	421	35%
	<b>159,133</b>	<b>153,910</b>	<b>5,223</b>	<b>3%</b>
<b>COST AND EXPENSES</b>				
Cost of goods and services sold	95,124	95,777	(653)	(1%)
Cost of goods manufactured	26,989	23,569	3,420	15%
General and administrative expenses	9,063	7,998	1,065	13%
Cost of real estate sales	4,267	6,256	(1,989)	(32%)
Interest expense	4,004	3,274	730	22%
Cost of rental	345	348	(3)	(1%)
	<b>139,792</b>	<b>137,222</b>	<b>2,570</b>	<b>2%</b>
<b>INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS</b>	<b>19,341</b>	<b>16,688</b>	<b>2,653</b>	<b>16%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>3,721</b>	<b>2,926</b>	<b>795</b>	<b>27%</b>
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>15,620</b>	<b>13,762</b>	<b>1,858</b>	<b>14%</b>
<b>NET INCOME FROM DISPOSAL GROUP</b>	<b>3,610</b>	<b>991</b>	<b>2,619</b>	<b>264%</b>
<b>NET INCOME</b>	<b>19,230</b>	<b>14,753</b>	<b>4,477</b>	<b>30%</b>
<b>ATTRIBUTABLE TO:</b>				
<b>Equity holders of the parent company</b>				
Profit for the year from continuing operations	11,841	10,433	1,408	13%
Profit for the year from disposal group	3,491	505	2,986	591%
	<b>15,332</b>	<b>10,938</b>	<b>4,394</b>	<b>40%</b>
<b>Non-controlling interest</b>				
Profit for the year from continuing operations	3,779	3,329	450	14%
Profit for the year from disposal group	119	486	(367)	(76%)
	<b>3,898</b>	<b>3,815</b>	<b>83</b>	<b>2%</b>
	<b>19,230</b>	<b>14,753</b>	<b>4,477</b>	<b>30%</b>

GT Capital Holdings, Inc. ("GT Capital" or the "Parent Company" or the "Company") consolidated net income attributable to equity holders of the Parent Company increased by 40% from Php10.94 billion for the nine months ended September 30, 2018 to Php15.33 billion for the nine months ended September 30, 2019. The increase was principally due to the income from the redemption of PCFI shares in exchange for selected assets and 3% increase in consolidated revenues.

Core net income attributable to equity holders of the Parent Company increased by 20% from Php10.31 billion for the nine (9) months ended September 30, 2018 to Php12.39 billion in the same period of 2019. Core net income for 2018 amounted to Php10.31 billion after deducting Php0.62 billion which is net of the share in the net income of PCFI for nine months 2018, amortization of fair value adjustments arising from business combinations and taxes related to lot sales and non-recurring gains. Core net income for 2019 amounted to Php12.39 billion after the following: 1) deducting Php3.49 billion income from the redemption of PCFI shares and the share in the net income of PCFI for six months of 2019, net of amortization of fair value adjustments, 2) adding back Php0.11 billion non-recurring expenses of MPIC, 3) adding back Php0.31 billion amortization of fair value adjustments arising from business combinations, and 4) adding back the Php0.13 billion cost incurred in the redemption of PCFI shares.

The financial statements of Federal Land, TMP, TMBC and GT Capital Auto Dealership Holdings, Inc. ("GTCAD") are consolidated in the 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"), Metro Pacific Investments Corporation ("MPIC") and Sumisho Motor Finance Corporation ("SMFC") are reported through equity accounting.

Of the nine (9) component companies, Metrobank, Federal Land, TMP, SMFC, GTCAD, and TMBC posted growths in its net income for the period in review, while MPIC, TFSPC, and AXA Philippines, reported declines in their respective net income.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts increased by Php5.26 billion from Php132.92 billion in the first nine months of 2018 to Php138.18 billion in the same period of 2019 due to a 0.4% slight increase in wholesale volume from 117,080 units to 117,597 units. TMP's retail sales volume increased by 4.3% versus industry of 1.7%.

Equity in net income of associates and joint ventures grew by 11% from Php9.13 billion in the first nine months of 2018 to Php10.13 billion in the same period of 2019 primarily due to increases in the:

- (1) net income of Metrobank from Php16.75 billion to Php21.58 billion; and
- (2) net income of SMFC from Php0.18 billion to Php0.28 billion.

Real estate sales and interest income on real estate sales declined by Php1.77 billion from Php8.80 billion in the first nine months of 2018 to Php7.03 billion in the same period of 2019.

Rent income increased by 23% from Php0.83 billion to Php1.02 billion driven by the increase in the number of tenants in iMET , Blue Bay Walk and MET Live, all located in Pasay City, Metro Manila.

Commission income increased by Php113.84 million from Php68.38 million in the first nine months of 2018 to Php182.22 million in the same period of 2019 due to an increase in reservation sales from

Grand Hyatt Residences 2 and The Seasons Residences of Federal Land, both located in Fort BGC, Taguig City.

Other income grew by 35% from Php1.22 billion to Php1.64 billion with: (1) TMP contributing Php0.62 billion consisting of ancillary income, gain on sale of fixed assets and other income; (2) Federal Land contributing Php0.39 billion comprising real estate forfeitures, management fees and other income; (3) GT Capital contributing Php0.30 billion comprising dividend income from TMC and gain on FVTPL investments; and (4) TMBC contributing Php0.30 billion consisting of ancillary income earned from finance and insurance commissions and other income. The remaining balance of Php0.03 billion came from GTCAD.

Consolidated costs and expenses increased by 2% from Php137.22 billion to Php139.79 billion. TMP contributed Php111.10 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. TMBC contributed Php16.26 billion composed of cost of goods and services sold, general and administrative expenses and interest expenses. Federal Land contributed Php7.58 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 and GTCAD contributed Php3.64 billion and Php1.21 billion, respectively, representing general and administrative expenses and interest expenses.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP increased by 15% from Php23.57 billion in the first nine months of 2018 to Php26.99 billion in the same period of 2019.

General and administrative expenses grew by 13% from Php8.00 billion to Php9.06 billion. TMP accounted for Php5.43 billion consisting of advertisements and promotional expenses, salaries and wages, taxes and licenses, and delivery and handling expenses. Federal Land accounted for Php2.05 billion composed of salaries and wages, commission expenses, taxes and licenses and repairs and maintenance expenses. TMBC contributed Php1.16 billion representing salaries and wages, commission expenses and taxes and licenses and advertising and promotional expenses. GT Capital and GTCAD contributed Php0.32 billion and Php0.10, respectively, consisting of salaries and wages, professional fees and administrative and management fees.

Cost of real estate sales decreased by 32% from Php6.26 billion to Php4.27 billion arising from the sale of lots to joint venture partners in Sunshine Fort and North Bonifacio Land Realty and Development, Inc. in 2018, both located in Fort BGC, Taguig City.

Interest expenses increased by 22% from Php3.27 billion in the first nine months of 2018 to Php4.00 billion in the same period of 2019 with GT Capital, Federal Land, TMP and TMBC accounting for Php3.32 billion, Php0.42 billion, Php0.18 billion and Php0.08 billion, respectively.

Provision for income tax increased by 27% from Php2.93 billion to Php3.72 billion due to a higher level of taxable income for the first nine months of 2019 vis-à-vis the same period of the previous year.



Consolidated Results of Operations- For the Third Quarter Ended September 30, 2019 and For the Third Quarter Ended September 30, 2018

<b>GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME</b>	<b>UNAUDITED</b>		<b>Increase (Decrease)</b>	
	<b>July to September</b>		<b>Amount</b>	<b>Percentage</b>
(In millions, except for Percentage)	<b>2019</b>	<b>2018</b>		
<b>REVENUE</b>				
Automotive operations	<b>51,189</b>	47,944	3,245	7%
Equity in net income of associates and joint ventures	<b>3,649</b>	3,261	388	12%
Real estate sales and interest income on real estate sales	<b>2,459</b>	4,711	(2,252)	(48%)
Rent income	<b>401</b>	274	127	46%
Sale of goods and services	<b>252</b>	203	49	24%
Interest income	<b>101</b>	103	(2)	(2%)
Commission income	<b>45</b>	41	4	10%
Other income	<b>484</b>	421	63	15%
	<b>58,580</b>	56,958	1,622	3%
<b>COST AND EXPENSES</b>				
Cost of goods and services sold	<b>34,848</b>	35,183	(335)	(1%)
Cost of goods manufactured	<b>9,986</b>	8,156	1,830	22%
General and administrative expenses	<b>3,209</b>	2,916	293	10%
Cost of real estate sales	<b>1,384</b>	3,618	(2,234)	(62%)
Interest expense	<b>1,370</b>	1,290	80	6%
Cost of rental	<b>123</b>	118	5	4%
	<b>50,920</b>	51,281	(361)	(1%)
<b>INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS</b>	<b>7,660</b>	5,677	1,983	35%
<b>PROVISION FOR INCOME TAX</b>	<b>1,506</b>	1,160	346	30%
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>6,154</b>	4,517	1,637	36%
<b>NET INCOME FROM DISPOSAL GROUP</b>	<b>3,367</b>	603	2,764	458%
<b>NET INCOME</b>	<b>9,521</b>	5,120	4,401	86%
<b>ATTRIBUTABLE TO:</b>				
<b>Equity holders of the parent company</b>				
Profit for the year from continuing operations	<b>4,623</b>	3,499	1,124	32%
Profit for the year from disposal group	<b>3,367</b>	298	3,069	1030%
	<b>7,990</b>	3,797	4,193	110%
<b>Non-controlling interest</b>				
Profit for the year from continuing operations	<b>1,531</b>	1,018	513	50%
Profit (loss) for the year from disposal group	<b>-</b>	305	(305)	(100%)
	<b>1,531</b>	1,323	208	16%
	<b>9,521</b>	5,120	4,401	86%

Consolidated net income attributable to equity holders of the Parent Company more than doubled from Php3.80 billion in the third quarter of 2018 to Php7.99 billion in the third quarter of 2019. The increase was principally due to the income from the redemption of PCFI shares in exchange for selected assets, consolidated revenue growth from automotive operations, equity in net income of associates and joint ventures, rent income and other income.

Core net income attributable to equity holders of the Parent Company grew by 43% from Php3.47 billion for the third quarter of 2018 to Php4.97 billion in the same period of 2019. Core net income for the third quarter of 2019 amounted to Php4.97 billion after the following: 1) deducting Php3.43 billion gain on redemption of PCFI shares, 2) adding back Php0.02 billion non-recurring expenses of MPIC, 3) adding back Php0.26 billion amortization of fair value adjustments arising from business combinations, and 4) adding back the Php0.13 billion cost incurred in the redemption of PCFI shares. Core net income for the third quarter of 2018 amounted to Php3.47 billion after deducting Php0.33 billion which is net share in the net income of PCFI for the third quarter of 2018, amortization of fair value adjustments arising from business combinations and taxes related to lot sales and non-recurring gains.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts increased by Php3.25 billion from Php47.94 billion in the third quarter of 2018 to Php51.19 billion in the third quarter of 2019 due to a 0.4% slight increase in wholesale volume. TMP's retail sales volume increased by 4.3% versus industry of 1.7%.

Equity in net income of associates and joint ventures grew by 12% from Php3.26 billion in the third quarter of 2018 to Php3.65 billion in the third quarter of 2019 primarily due to increases in the:

- (1) net income of Metrobank from Php5.74 billion to Php8.55 billion; and
- (2) net income of SMFC from Php0.06 million to Php0.10 million.

Real estate sales and interest income on real estate sales decreased by Php2.25 billion from Php4.71 billion in the third quarter of 2018 to Php2.46 billion in the third quarter of 2019 primarily due Federal Land's sale of lots to Sunshine Fort and North Bonifacio Land Realty and Development, Inc., both located in Fort BGC, Taguig City.

Rent income increased by 46% from Php0.27 billion to Php0.40 billion driven by the increase in the number of tenants in iMET, Blue Bay Walk, and MET Live, all located in Pasay City, Metro Manila.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, in the Blue Wave and Blue Baywalk malls situated in Pasay City and Marikina City, increased by 24% from Php0.20 billion to Php0.25 billion.

Commission income increased by Php4 million from Php41 million in the third quarter of 2018 to Php45 million in the third quarter of 2019 due to an increase in reservation sales from Grand Hyatt Residences 2 and The Seasons Residences of Federal Land.

Other income grew by 15% from Php0.42 billion to Php0.48 billion with: (1) TMP contributing Php0.13 billion consisting of ancillary income, gain on sale of fixed assets and other income; (2) GT Capital contributing Php0.08 billion comprising dividend income from TMC and gain on FVTPL investments; (3) Federal Land contributing Php0.15 billion comprising real estate forfeitures, management fees and other income; and (5) TMBC contributing Php0.12 billion consisting of ancillary income earned on financing and insurance commissions and other income.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP increased by 22% from Php8.16 billion in the third quarter of 2018 to Php9.99 billion in the third quarter of 2019.

General and administrative expenses grew by 10% from Php2.92 billion to Php3.21 billion. TMP accounted for Php1.97 billion consisting of salaries and wages, taxes and licenses, advertisements and

promotional expenses, and delivery and handling expenses. Federal Land accounted for Php0.70 billion composed of salaries and wages, commission expenses, and taxes and licenses. TMBC contributed Php0.42 billion representing salaries and wages, commission expenses, taxes and licenses and advertisements and promotional expenses. GT Capital contributed Php0.08 billion representing salaries and professional fees. The remaining balance of Php0.04 billion came from GTCAD's salaries and wages, commission expenses, depreciation expense and advertisements and promotional expenses.

Cost of real estate sales decreased by 62% or Php2.23 billion relative to the land costs incurred in the sale of lots to joint venture partners in Sunshine Fort and North Bonifacio Realty and Development, Inc., situated in Fort BGC, Taguig City.

Interest expenses increased by 6% from Php1.29 billion in the third quarter of 2018 to Php1.37 billion in the third quarter of 2019 with GT Capital, Federal Land, TMP and TMBC accounting for Php1.11 billion, Php0.14 billion, Php0.09 billion and Php0.03 billion, respectively.

Provision for income tax increased by Php0.35 billion from Php1.16 billion to Php1.51 billion due to the higher taxable income in the third quarter of 2019 vis-à-vis the same period of 2018.

Consolidated Statements of Financial Position- As of September 30, 2019 and As of December 31, 2018

(In Million Pesos, Except for Percentage)

	Unaudited	Audited	Increase (Decrease)	
	September 2019	December 2018	Amount	Percentage
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	13,887	14,353	(466)	(3%)
Short-term investments	-	65	(65)	(100%)
Financial assets at fair value through profit or loss	2,505	3,181	(676)	(21%)
Receivables - net	16,081	15,153	928	6%
Contract assets	4,770	8,329	(3,559)	(43%)
Inventories	59,465	77,469	(18,004)	(23%)
Due from related parties	819	666	153	23%
Prepayments and other current assets	31,358	9,790	21,568	220%
<b>Total Current Assets</b>	<b>128,885</b>	<b>129,006</b>	<b>(121)</b>	<b>(0%)</b>
<b>Noncurrent Assets</b>				
Receivables – net of current portion	1,008	932	76	8%
Contract assets – net of current portion	5,551	6,886	(1,335)	(19%)
Financial assets at fair value through other comprehensive income	12,307	10,948	1,359	12%
Investment properties	15,022	17,728	(2,706)	(15%)
Investments in associates and joint ventures	174,086	163,739	10,347	6%
Property and equipment	12,817	13,638	( 821)	(6%)
Goodwill and intangible assets	10,037	12,955	(2,918)	(23%)
Deferred tax assets	925	1,024	(99)	(10%)
Other noncurrent assets	3,268	2,894	374	13%
<b>Total Noncurrent Assets</b>	<b>235,021</b>	<b>230,744</b>	<b>4,277</b>	<b>2%</b>
	<b>363,906</b>	<b>359,750</b>	<b>4,156</b>	<b>1%</b>

(In Million Pesos, Except for Percentage)

	Unaudited	Audited	Increase (Decrease)	
	September 2019	December 2018	Amount	Percentage
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts and other payables	31,381	25,411	5,970	23%
Contract liabilities	5,367	8,787	(3,420)	(39%)
Short-term debt	16,900	10,500	6,400	61%
Current portion of long-term debt	320	820	(500)	(61%)
Current portion of liabilities on purchased properties	416	416	-	0%
Current portion of bonds payable	6,896	2,994	3,902	130%
Customers' deposits	656	563	93	17%
Dividends payable	147	1,198	(1,051)	(88%)
Due to related parties	112	204	(92)	(45%)
Income tax payable	1,012	601	411	68%
Other current liabilities	2,786	843	1,943	230%
<b>Total Current Liabilities</b>	<b>65,993</b>	<b>52,337</b>	<b>13,656</b>	<b>26%</b>
<b>Noncurrent Liabilities</b>				
Long-term debt – net of current portion	87,816	94,349	(6,533)	(7%)
Bonds payable	15,035	18,913	(3,878)	(21%)
Liabilities on purchased properties - net of current portion	2,751	2,877	(126)	(4%)
Pension liabilities	751	859	(108)	(13%)
Deferred tax liabilities	3,461	5,959	(2,498)	(42%)
Other noncurrent liabilities	2,225	2,169	56	3%
<b>Total Noncurrent Liabilities</b>	<b>112,039</b>	<b>125,126</b>	<b>(13,087)</b>	<b>(10%)</b>
	<b>178,032</b>	<b>177,463</b>	<b>569</b>	<b>0%</b>
<b>EQUITY</b>				
Equity attributable to equity holders of the Parent Company				
Capital stock	3,370	3,211	159	5%
Additional paid-in capital	98,827	85,592	13,235	15%
Retained earnings				
Unappropriated	71,414	53,459	17,955	34%
Appropriated	400	17,000	(16,600)	(98%)
Other comprehensive loss	(1,679)	(4,207)	2,528	60%
Other equity adjustments	2,322	2,322	-	0%
	<b>174,654</b>	<b>157,377</b>	<b>17,277</b>	<b>11%</b>
Non-controlling interest	11,220	24,910	(13,690)	(55%)
<b>Total Equity</b>	<b>185,874</b>	<b>182,287</b>	<b>3,587</b>	<b>2%</b>
	<b>363,906</b>	<b>359,750</b>	<b>4,156</b>	<b>1%</b>

The major changes in GT Capital's consolidated balance sheet from December 31, 2018 to September 30, 2019 are as follows:

Consolidated assets increased by Php4.16 billion from Php359.75 billion as of December 31, 2018 to Php363.91 billion as of September 30, 2019. Total liabilities grew by Php569 million from Php177.46 billion to Php178.03 billion while total equity increased by Php3.59 billion from Php182.29 billion to Php185.87 billion.

Short-term investments decreased by 100% from Php65.25 million as of September 30, 2018 to nil mainly due to the termination of short-term money market placements of TMP.

Financial assets at fair value through profit or loss declined by Php0.68 billion from Php3.18 billion to Php2.51 billion due to withdrawal of investments in UITF.

Receivables - current portion increased by 6% from Php15.15 billion to Php16.08 billion with TMP, TMBC, GT Capital, Federal Land and GTCAD accounting for Php10.97 billion, Php2.09 billion, Php1.88 billion, Php1.02 billion and Php0.12 billion, respectively.

Contract assets - current decreased by 43% from Php8.33 billion to Php4.77 billion due to deconsolidation of PCFI.

Inventories declined by 23% from Php77.47 billion to Php59.47 billion mainly due to the deconsolidation of PCFI's inventories. Federal Land's contributions to current year balance amounted to Php40.84 billion comprising land and improvements, condominium units for sale and inventory under construction-in-progress; TMP contributing Php17.42 billion mostly finished goods; and the balance of Php1.21 billion coming from TMBC and GTCAD's automobiles and spare parts.

Due from related parties increased by Php0.15 billion from Php0.67 billion to Php0.82 billion mainly from Federal Land's related parties.

Prepayments and other current assets grew by 3.2x from Php9.79 billion to Php31.36 billion mostly attributable to the following: 1) recognition of the value of the land to be transferred by PCFI (Php22.4 billion, including VAT); 2) Php1.04 billion advances to suppliers and contractors of Federal Land; and 3) Php1.05 billion increase in TMPs Ad Valorem tax on purchases. Offset by Php2.89 billion impact of PCFI deconsolidation.

Non-current receivables increased by Php0.08 billion from Php0.93 billion to Php1.01 billion mainly Federal Land's booked real estate sales.

Contract assets - net of current portion decreased by 19% from Php6.89 billion to Php5.55 billion mainly attributable to the deconsolidation of PCFI.

Financial assets at fair value through other comprehensive income grew by 12% from Php10.95 billion to Php12.31 billion due to the Php1.35 billion increase in valuation of TMC shares (Php1.19 billion MTM gain and Php0.15 billion translation gain) and Php0.01 billion increase in TMP.

Investment properties decreased by 15% from Php17.73 billion to Php15.02 billion due to the deconsolidation of PCFI.

Investments in associates and joint ventures increased by 6% or Php10.35 billion attributable to the Php10.13 billion equity in net income from associates, Php1.47 billion equity in other comprehensive income of associates, Php0.20 billion impact of intragroup eliminations, and Php0.56 billion additional investments during the year. This is mitigated by Php2.01 billion dividends received.

Property and equipment decreased by 6% from Php13.64 billion to Php12.82 billion mostly due to the deconsolidation of PCFI.

Goodwill and intangible assets declined by 23% or Php2.92 billion mainly attributable to the deconsolidation of PCFI.

Deferred tax assets declined by 10% from Php1.02 billion to Php0.93 billion arising from realized deferred taxes on accruals and effect of excess of realized gross profit on real estate sales per books over per tax.

Other non-current assets increased by 13% from Php2.89 billion to Php3.27 billion comprising long-term deposits, non-current input tax, derivative asset, non-current prepaid rent and other assets from TMP, (Php2.45 billion); Federal Land, (Php0.70 billion); GTCAD, (Php0.08 billion); TMBC, (Php0.02 billion); and GT Capital, (Php0.02 billion).

Accounts and other payables increased by 23% from Php25.41 billion to Php31.38 billion with TMP, Federal Land, TMBC, GT Capital and GTCAD accounting for Php22.51 billion, Php6.48 billion, Php2.00 billion, Php0.31 billion and Php0.08 billion, respectively.

Contract liabilities - current decreased by 39% from Php8.79 billion to Php5.37 billion mainly attributable to the deconsolidation of PCFI.

Short-term debt increased by 61% from Php10.50 billion to Php16.90 billion due to loan availments from TMP, (Php22.50 billion); and Federal Land, (Php5.60 billion); offset by loan payments by TMP, (Php16.30 billion); Federal Land, (Php1.80 billion); and offset by the deconsolidation of PCFI (Php3.60 billion).

Current portion of long-term debt decreased by Php0.50 billion from Php0.82 billion to Php0.32 billion mainly attributable to the deconsolidation of PCFI.

Bonds payable - current portion increased by Php3.90 from Php2.99 billion to Php6.90 billion due to a reclassification from long term portion.

Customers' deposits grew by 17% from Php0.56 billion to Php0.66 billion mainly due to higher customers' deposits of TMP.

Dividends payable declined by Php1.05 billion from Php1.20 billion to Php0.15 billion due to the payment of cash dividends on perpetual preferred shares in the first nine months of 2019.

Due to related parties declined by 45% from Php0.20 billion to Php0.11 billion attributable to Federal Land's due to related parties.

Income tax payable grew by 68% from Php0.60 billion to Php1.01 billion due to an increase in taxable income.

Other current liabilities increased by 3.3x from Php0.84 billion to Php2.79 billion primarily due to the recognition of VAT payable on the land to be transferred by PCFI.

Long-term debt – net of current portion decreased by Php6.53 billion from Php94.35 billion to Php87.82 billion mainly due to the deconsolidation of PCFI.

Bonds payable – long term portion decreased by Php3.88 billion due to a reclassification to current portion.

Pension liabilities declined by 13% or Php108 million attributable to the deconsolidation of PCFI.

Deferred tax liabilities declined by 42% from Php5.96 billion to Php3.46 billion mostly due to the deconsolidation of PCFI.

Capital stock grew by 8% from Php3.21 billion to Php3.37 billion due to the distribution of 8% stock dividends declared (15,947,003 shares at Php10 par value per share).

Additional paid-in capital increased by 15% or Php13.24 billion to distribution of 8% stock dividends declared (15,947,003 shares issued at Php840 per share).

Unappropriated retained earnings increased by Php17.96 billion from Php53.46 billion to Php71.41 billion mainly due to the Php15.33 billion consolidated net income earned in the first nine months of 2019 and the Php16.60 billion reversal of appropriated retained earnings for the strategic investment in financial services, offset by Php13.38 billion stock dividends and Php0.59 billion cash dividends declared on common and voting preferred shares in March 2019.

Retained earnings - appropriated of Php16.60 billion as the investment in property development was reversed and reclassified into unappropriated.

Non-controlling interest declined by 55% or Php13.69 billion attributable to Php13.49 billion deconsolidated NCI on PCFI, Php4.14 billion NCI on dividends declared by TMP, and Php0.10 billion NCI on other comprehensive income. This is mitigated by NCI on net income during the year amounting to Php3.90 billion and Php0.15 billion NCI on acquisition of new subsidiaries (GTCAD-GTMV and GTMV-JBAP).

#### Key Performance Indicators (In Million Pesos, except %)

<b>Income Statement</b>	<b>September 30, 2018</b>	<b>September 30, 2019</b>
Total Revenues	153,910	159,133
Net Income attributable to GT Capital Holdings	10,938	15,332
<b>Balance Sheet</b>	<b>December 31, 2018</b>	<b>September 30, 2019</b>
Total Assets	359,750	363,906
Total Liabilities	177,463	178,032
Equity attributable to GT Capital Holdings	157,377	174,654
Return on Equity	9.32%*	10.31%*

\* Core net income attributable to GT Capital's common stockholders divided by the average equity; where average equity is the sum of equity attributable to GT Capital's common stockholders at the beginning and end of the period/year divided by 2. December 31, 2018 is full year while September 30, 2019 is annualized.

## **Automobile Assembly and Importation, Dealership and Financing**

### **Toyota Motor Philippines (TMP)**

	<b>In Million Pesos, except for ratios</b>		<b>Inc (Dec)</b>	<b>%</b>
	<b>9M 2018</b>	<b>9M 2019</b>		
Sales	119,333.3	121,411.4	2,078.1	1.7
Gross Profit	13,079.7	15,379.4	2,299.7	17.6
Operating Profit	8,465.5	9,988.7	1,523.2	18.0
Net income attributable to Parent	6,483.2	7,337.2	854.0	13.2
	<b>FY 2018</b>	<b>9M 2019</b>		<b>%</b>
Total Assets	36,427.5	48,513.2	12,085.7	33.2
Total Liabilities	21,189.8	34,209.9	13,020.1	61.4
Total Equity	15,237.6	14,303.3	(934.3)	(6.1)
Total Liabilities to Equity ratio*	1.4x	2.4x		

*\*Total Liabilities to Equity ratio is a measure of the company's financial leverage which is calculated by dividing total liabilities by total equity*

TMP's consolidated sales improved from Php119.3 billion for the first nine months of 2018 to Php121.4 billion for the same period in 2019 as wholesales volume improved by 0.4% from 117,080 to 117,597 units. TMP retail sales volume increased 4.3% from 109,402 units to 114,117 units, while industry retail sales volume grew by 1.7% from 292,364 to 297,263 units. TMP regained market share from 37.6% in September 2018 to 38.4% in September 2019, driven by Vios, Hilux, and Innova

As of September 30 2019, TMP increased its auto dealership complement to 71 outlets - inaugurating Toyota Nueva Ecija, Toyota Albay and Toyota Valenzuela in January, March and June 2019, respectively.

Favorable F/X differential, selective sales price increase in January and across the board price increase in July, higher export and spare parts profit, and higher sales volume resulted in the improvement of gross profit and operating profit margins from 11.0% and 7.1% to 12.7% and 8.2%, respectively. However, these profit increasing factors were partly offset by higher advertising on new model introductions and sales promotions, higher operating & overhead costs, unfavorable model mix, and higher income tax provision from the expiration of ITH on the old Vios, tapered the gains in operating margins. Year-on-year, net income margins still improved from 5.5% to 6.1%, resulting to consolidated net income attributable to equity holders growth of 13.2% from Php6.5 billion to Php7.3 billion.

As of September 30, 2019, TMP directly owns seven (7) dealer outlets namely Toyota Makati with one (1) branch Toyota Bicutan, Toyota San Fernando in Pampanga with two (2) branches in Plaridel Bulacan and Toyota Tarlac in Tarlac City, Lexus Manila, situated in Bonifacio Global City, Taguig City and Toyota Santa Rosa, situated in Sta. Rosa, Laguna.



## Toyota Manila Bay Corporation (TMBC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	9M 2018	9M 2019		
Net Sales	14,732.4	16,505.1	1,772.7	12.0
Gross Profit	1,082.4	1,183.4	101.0	9.3
Net Income*	128.3	165.3	37.0	28.8
	FY 2018	9M 2019		
Total Assets	6,503.3	6,976.4	473.1	7.3
Total Liabilities	4,224.4	4,531.0	306.6	7.3
Total Equity	2,278.9	2,445.4	166.5	7.3

\*Note: Includes booked commission income from insurance

Consolidated sales, comprising of vehicle sales, spare parts and maintenance services, increased by 12.0% from Php14.7 billion for the first nine months of 2018 to Php16.5 billion in 9M 2019. Vehicle sales, accounting for 90.6% of TMBC's revenues, increased by 12.1% from Php13.3 billion to Php15.0 billion driven by favorable model mix in favor of commercial vehicles, particularly Alphard, Hilux, Innova, and Land Cruiser. Increase in suggested retail price implemented in January and July also contributed to the double digit sales growth.

Retail sales volume increased by 4.4% from 11,766 to 12,285 units. Sales from spare parts and maintenance services, accounting for a combined 9.4% of revenues, increased by 11.0%.

Consolidated net income for the first nine months of 2019 increased by 29.0% from Php127.1 million to Php163.9 million driven by a 9.3% improvement in gross profit and a 0.7% savings in operating expenses, offset partially by the 13.5% decline in ancillary income and 20.8% increase in interest expense due to the outright recognition of interest on long-term loans arising from the start of commercial operations of the Toyota Marikina facility inaugurated last May 2018, and higher rates on short-term loans.

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

### Toyota Financial Services Philippines Corporation (TFSPC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	9M 2018	9M 2019		
Gross Interest Income	4,503.8	5,159.8	656.0	14.6
Net Interest Income	2,446.9	2,258.6	(188.3)	(7.7)
Net Income	656.5	522.0	(134.5)	(20.5)
Finance Receivable	64,537.7	72,136.8	7,599.0	11.8
	9M 2018	9M 2019		
Total Assets	79,160.2	80,898.5	1,738.3	2.2
Total Liabilities	71,619.1	71,512.7	(106.4)	-0.1
Total Equity	7,541.0	9,385.74	1,844.7	24.5

TFSPC recorded a 14.6% growth in gross interest income from Php4.5 billion for the first nine months of 2018 to Php5.2 billion for the first nine months of 2019, as finance receivables increased by 11.8% from Php64.5 billion to Php72.1 billion on a year-on-year basis. Bookings volume grew by 6.6% from 22,705 to 24,197 units in 2019 attributable to an improved penetration rate from 20.8% to 21.2%.

Net interest income declined by 7.7% from Php2.4 billion to Php2.3 billion despite higher bookings due to higher interest cost on repriced loans to fund receivable portfolio growth.

Net income decreased by 20.5% from Php656.5 million to Php522.0 million due to: i) higher interest costs, ii) increased operating expenses from Php1.70 billion to Php1.82 billion driven by loss on sale of ROPA, taxes and licenses, salaries and benefits and legal expenses.

### Sumisho Motor Finance Corporation (SMFC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	9M 2018	9M 2019		
Gross Interest Income	835.3	1,188.3	353.1	42.3
Net Interest Income	779.2	1,036.6	257.4	33.0
Net Income	183.9	282.6	98.6	53.6
Finance Receivable	4,255.3	6,109.4	1,854.1	43.6
	FY 2018	9M 2019		
Total Assets	5,066.5	6,563.6	1,497.1	29.5
Total Equity	2,304.7	2,458.0	153.2	6.6

SMFC recorded a 42.3% growth in gross interest income from Php835.3 million for the first nine months of 2018 to Php1.2 billion for the first nine months of 2019, as finance receivable increased by 43.6% from Php4.3 billion to Php6.1 billion on a year-on-year basis. Bookings also grew by 46.7% from 32,589 units to 47,814 units.

Net income increased by 53.6% from Php183.9 million to Php282.6 million, driven by higher bookings and higher service fee & other income despite the increase in interest expense from new loans availed to fund portfolio growth.

## Banking

### Metrobank

	In Billion Pesos, except for percentages and ratios			
	9M2018	9M2019	Inc (Dec)	%
Net income attributable to equity holders	16.8	21.6	4.8	28.8
Net interest margin on average earning assets	3.8%	3.9%		
Operating efficiency ratio <sup>1</sup>	57.9%	54.1%		
Return on average assets <sup>2</sup>	1.1%	1.3%		
Return on average equity <sup>3</sup>	9.3%	9.8%		

	FY2018	9M2019	Inc (Dec)	%
Total assets	2,243.7	2,329.3	85.6	3.8
Total liabilities	1,953.0	2,015.7	62.7	3.2
Equity attributable to equity holders of the parent company	283.0	304.7	21.7	7.7
Tier 1 capital adequacy ratio <sup>4</sup>	14.6%	16.3%		
Total capital adequacy ratio <sup>4</sup>	17.0%	17.6%		
Non-performing loans ratio <sup>5</sup>	1.2%	1.5%		
Non-performing loans coverage ratio <sup>6</sup>	105.0%	96.0%		

Notes:

- (1) Operating efficiency ratio is the ratio of total operating expenses (excluding provisions for credit and impairment loss and income tax) to total operating income (excluding share in net income of associates and joint venture).
- (2) Return on average asset is the net income attributable to equity holders of the parent company divided by the average total assets
- (3) Return on average equity is the net income attributable to equity holders of the parent company divided by the average total equity attributable to equity holders of the parent company
- (4) Capital adequacy ratios as of December 31, 2018 and June 30, 2019 were computed based on Basel III standards.
- (5) Non-performing loans ratio is the ratio of net non-performing loans divided by total loans – excluding interbank loans.
- (6) Non-performing loans coverage ratio is the ratio of the total allowance for probable losses on loans divided by gross non-performing loans

Metrobank's consolidated net income grew by 28.8% from Php16.8 billion in the first nine months of 2018 to Php21.6 billion in the first nine months of 2019. This was driven by an increase in net interest income by 10.3% from Php51.0 billion in the first nine months of 2018 to Php56.2 billion in the first nine months of 2019, comprising 70.3% of total operating income. In addition, this was coupled with consistent loan growth from the commercial and consumer segments at 7% and 5%, respectively and expansion in net interest margin from 3.88% to 3.91% due to higher CASA ratio comprising 63.7% of total deposits.

Further, non-interest income grew by 36.5% from Php17.4 billion in the first nine months of 2018 to Php23.7 billion in the first nine months of 2019 due to increases in service charges, fees and commissions and net trading and foreign exchange gains offset by a lower miscellaneous income.

Total assets grew by 3.8% from Php2.24 trillion as of December 31, 2018 to Php2.33 trillion as of September 30, 2019 due to increases in investment securities, loans and receivables, due from other

banks and property and equipment, partially offset by decreases in cash and other cash items and interbank loans receivable and securities purchased under resale agreements, amongst others.

Total liabilities, likewise, grew from Php1.95 trillion to Php2.02 trillion due to increases in deposits liabilities, bills payable and securities sold under repurchase agreements, bonds payable, and other liabilities, partially offset by decreases in, manager's checks and demand drafts outstanding, and subordinated debts.

Equity attributable to equity holders of the parent company improved by 7.7% from Php283.0 billion as of December 31, 2018 to Php304.7 billion as of September 30, 2019 due to net income earned and net unrealized gain on FVOCI investments, offset by Php4.0 billion cash dividends.

### **Property Development**

#### **Federal Land, Inc.**

	<b>In Million Pesos, except for percentages and ratios</b>			
	<b>9M2018</b>	<b>9M2019</b>	<b>Inc(Dec)</b>	<b>%</b>
Real estate sales*	8,802.8	7,032.0	(1,770.8)	-20.1
Revenues	10,578.1	9,155.9	(1,442.2)	-13.4
Net income attributable to equity holders of the parent	965.3	1,045.7	80.4	8.3
	<b>FY2018</b>	<b>9M2019</b>	<b>Inc(Dec)</b>	<b>%</b>
Total assets	83,685.1	89,767.7	6,082.6	7.3
Total liabilities	46,513.4	51,635.8	5,122.4	11.0
Total equity attributable to equity holders of the parent	37,065.9	38,012.1	946.2	2.6
Current ratio <sup>1</sup>	3.5x	2.9x		
Debt to equity ratio <sup>2</sup>	0.8x	0.9x		

\* Includes interest income on real estate sales

Notes:

- (1) Current ratio is the ratio of total current assets divided by total current liabilities.
- (2) Debt to equity ratio is the ratio of total loans divided by total equity attributable to equity holders of the parent company

Federal Land's reservation sales grew by 85.4% from Php8.9 billion in the first nine months of 2018 to Php16.5 billion in the first nine months of 2019. This was complemented by the launch of four (4) new projects namely: (1) Mi Casa Tower 1 – Hawaii, located in Macapagal Boulevard, Pasay City, (2) The Estate Makati, a joint venture project with SM Development Corporation (SMDC) located in Ayala Avenue, Makati City, (3) Quantum 2 - Amethyst, located in Taft Avenue, Pasay City and (4) Marco Polo Residences 5 – Parkplace, located in Cebu City.

Real estate sales and revenues showed a decline year-on-year as 2018 included one-time lot sale transactions to joint venture partners amounting to Php2.7 billion. Excluding these, real estate sales and revenues rose by 15.0% and 16.1%, respectively.

Net income attributable to equity holders of the parent increased by 8.3% to Php1.0 billion due to higher commission and rental income.

Total assets of Federal Land grew from Php83.7 billion as of December 31, 2018 to Php89.8 billion as of September 30, 2019. This was mainly driven by increases in receivables from real estate buyers, inventories, investment properties, investments in joint venture projects and advances to contractors and suppliers.

#### Property Company of Friends, Inc.

On July 4, 2019, the PCC approved the redemption of PCFI shares in exchange for selected assets. Realized net gain on redemption is Php3.4 billion. PCFI was then deconsolidated in the financial statements. (See Note 5 of the Interim Condensed Consolidated Financial Statements)

#### Life and Non-Life Insurance

#### Philippine AXA Life Insurance Corporation and Subsidiary (AXA Philippines)

The following are the major performance measures used by AXA Philippines and Subsidiary for the first nine months of 2018 and 2019.

In Million Pesos, except ratios	Consolidated			
	9M 2018	9M 2019	Inc (Dec)	%
Gross Premiums	28,045.8	23,440.3	(4,605.5)	-16.4
Net income after tax	2,140.5	1,870.4	(270.1)	-12.6
	FY 2018	9M 2019	Inc (Dec)	%
Total Assets	126,794.1	136,652.2	9,858.1	7.8
Total Liabilities	117,559.5	124,368.0	6,808.5	5.8
Total Equity	9,234.7	12,284.2	3,049.5	33.0
In Million Pesos, except ratios	Life (Stand-alone)			
	9M 2018	9M 2019	Inc (Dec)	%
Gross Premiums	23,775.6	19,259.1	(4,516.5)	-19.0
Net income after tax	2,065.6	2,554.0	488.4	23.6
	FY 2018	9M 2019	Inc (Dec)	%
Total Assets	116,107.2	126,491.3	10,384.1	8.9
Total Liabilities	106,580.4	113,298.7	6,718.3	6.3
Total Equity	9,526.8	13,192.6	3,665.8	38.5
Solvency ratio <sup>1</sup>	473.0%	447.0%		

Notes:

- (1) Solvency ratio is calculated as the insurance company's net worth divided by the Risk-based Capital (RBC) requirement of the Insurance Commission based on Memorandum Circular (IMC) No. 6-2006. Net worth shall include the company's paid-up capital, contributed and contingency surplus, and unassigned surplus.

New business from life insurance expressed in Annualized Premium Equivalent declined by 7.4% from Php5.6 billion for the first nine months of 2018 to Php5.2 billion for the first nine months of 2019. Such was driven by the decline in Single Premium by 51.1% as investors shifted towards guaranteed bank products due to market volatility, partially offset by the growth in Regular Premium by 6.0%. The growth in Regular Premium was driven by Protection and Health products by 34.0% as flagship products continue to grow year-on-year. The reported premium revenue mix of life insurance changed to 34%/66% (Single Premium vs. Regular Premium) for the first nine months of 2019 from 56%/44% in

2018. By distribution platform, bancassurance and sales agency accounted for 61% and 33% of premium revenues, respectively.

Gross written premiums of CPAIC amounted to Php4.2 billion for the first nine months of 2019, where motor and property premiums accounted for 47% and 31% of the total, respectively.

Consolidated net income for the period reached Php1.9 billion in the first nine months of 2019. Consolidated net income included a Php683.0 million net loss from CPAIC arising from lower gross written premiums, higher property losses and higher commissions partly offset by better investment earnings. Excluding CPAIC, AXA Philippines grew its net income by 23.6% from Php2.1 billion for the first nine months of 2018 to Php2.6 billion for the first nine months of 2019. The growth was primarily driven by the: (1) improvement in the life sector's premium margins by Php0.8 billion or 13.1%, (2) increase in asset management fees by 13.7% reaching Php1.5 billion and (3) higher investment income amounting to Php0.2 billion.

### **Infrastructure and Utilities**

#### **Metro Pacific Investments Corporation (MPIC)**

	<b>In Million Pesos, except for Percentage</b>			
	<b>9M 2018</b>	<b>9M 2019</b>	<b>Inc (Dec)</b>	<b>%</b>
Core net income	12,191.0	12,499.0	308.0	3.0
Net income attributable to equity holders	12,488.0	11,804.0	684.0	-5.0
	<b>FY 2018</b>	<b>9M 2019</b>	<b>Inc (Dec)</b>	<b>%</b>
Total assets	557,946.0	602,647.0	44,701	8.0
Total liabilities	318,943.0	351,971.0	33,028	10.4
Total equity attributable to owners of Parent Company	173,311.0	180,606.0	7,295	4.2

For the first nine months of 2019, MPIC's share in the consolidated operating core income increased by 2.5% from Php12.2 billion for the first nine months of 2018 to Php12.5 billion for the first nine months of 2019, primarily driven by the following:

- Substantial core income growth in Manila Electric Company (Meralco) by 11% and Global Business Power Corporation (GBPC) by 3%; Core net income contribution from Meralco and GBPC to MPIC for the first nine months of 2019 was Php9.0 billion.
- Domestic toll roads traffic growth (NLEX 6%, CAVITEX 13%, SCTEX 13%) and toll rate increases in NLEX and SCTEX; Core net income contribution of Metro Pacific Tollways Corporation (MPTC) to MPIC was Php3.7 billion for the first nine months of 2019.
- Continuing volume growth in the Water business by 2% coupled with inflation-linked (5.7% in January 2019) and basic (2.7% in October 2018) tariff increases. Core net income contribution of Maynilad Water Service Inc. (Maynilad) to MPIC amounted to Php3.2 billion for the first nine months of 2019.

- Strong patient census from the Hospital group mainly due to the increase in number of patients served across all hospitals; Core net income contribution of the group to MPIC was Php0.7 billion.

Reported net income attributable to equity holders declined by 5.0% from Php12.5 billion in the first nine months of 2018 to Php11.8 billion in the first nine months of 2019. Excluding head office, interest, forex and non-recurring income or expenses, core income reached Php12.5 billion in the first nine months of 2019 from Php12.2 billion in the first nine months of 2018.

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 2018 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 operations under Part I - Financial Information ; and
- (viii) Any seasonal aspects that had a material effect on financial condition or results of operation of the Company

**GT CAPITAL HOLDINGS, INC.  
AGING OF ACCOUNTS RECEIVABLE  
IN MILLION PESOS  
AS OF SEPTEMBER 30, 2019**

Number of Days	Amount
<b>Less than 30 days</b>	<b>Php2,719</b>
<b>30 days to 60 days</b>	<b>2,131</b>
<b>61 days to 90 days</b>	<b>401</b>
<b>91 days to 120 days</b>	<b>147</b>
<b>Over 120 days</b>	<b>507</b>
<b>Current</b>	<b>10,220</b>
<b>Impaired</b>	<b>222</b>
<b>Noncurrent receivables</b>	<b>1,008</b>
<b>Total</b>	<b>Php17,355</b>

**PART II – OTHER INFORMATION**

I. Control of Registrant

The following stockholders own more than 5% of the total issued and outstanding common shares of the Company as of September 30, 2019:

Name Of Stockholder	Total Number Of Shares Held	Percent To Total Number Of Shares Issued
Grand Titan Capital Holdings, Inc.	120,413,658	55.932%
PCD Nominee-Non Filipino	63,774,644	29.623%
PCD Nominee-Filipino	30,406,998	14.124%

II. Board Resolutions

There is no material disclosure that have not been reported under SEC Form 17-C during the period covered by this report.



**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: November 13, 2019

# GT Capital Holdings, Inc. and Subsidiaries

## **Interim Condensed Consolidated Financial Statements**

As of September 30, 2019 (Unaudited) and December 31, 2018 (Audited) and for the nine-month periods ended September 30, 2019 and 2018 (Unaudited)

**GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(In Millions)

	Unaudited September 30, 2019	Audited December 31, 2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P13,887	P14,353
Short-term investments	-	65
Financial assets at fair value through profit or loss (FVTPL)	2,505	3,181
Receivables	16,081	15,153
Contract asset	4,770	8,329
Inventories	59,465	77,469
Due from related parties	819	666
Prepayments and other current assets	31,358	9,790
<b>Total Current Assets</b>	<b>128,885</b>	<b>129,006</b>
<b>Noncurrent Assets</b>		
Receivables – net of current portion	1,008	932
Contract asset – net of current portion	5,551	6,886
Financial assets at fair value through other comprehensive income (FVOCI)	12,307	10,948
Investment properties	15,022	17,728
Investments in associates and joint ventures	174,086	163,739
Property and equipment	12,817	13,638
Goodwill and intangible assets	10,037	12,955
Deferred tax assets	925	1,024
Other noncurrent assets	3,268	2,894
<b>Total Noncurrent Assets</b>	<b>235,021</b>	<b>230,744</b>
	<b>P363,906</b>	<b>P359,750</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables	P31,381	P25,411
Contract liabilities	5,367	8,787
Short term debt	16,900	10,500
Current portion of long-term debt	320	820
Current portion of liabilities on purchased properties	416	416
Current portion of bonds payable	6,896	2,994
Customers' deposits	656	563
Dividends payable	147	1,198
Due to related parties	112	204
Income tax payable	1,012	601
Other current liabilities	2,786	843
<b>Total Current Liabilities</b>	<b>65,993</b>	<b>52,337</b>
<b>Noncurrent Liabilities</b>		
Long-term debt – net of current portion	87,816	94,349
Bonds payable	15,035	18,913
Liabilities on purchased properties - net of current portion	2,751	2,877
Pension liabilities	751	859
Deferred tax liabilities	3,461	5,959
Other noncurrent liabilities	2,225	2,169
<b>Total Noncurrent Liabilities</b>	<b>112,039</b>	<b>125,126</b>
	<b>178,032</b>	<b>177,463</b>

(forward)

	Unaudited September 30, 2019	Audited December 31, 2018
<b>EQUITY</b>		
Equity attributable to equity holders of the Parent Company		
Capital stock	₱3,370	₱3,211
Additional paid-in capital	98,827	85,592
Retained earnings		
Unappropriated	71,414	53,459
Appropriated	400	17,000
Other comprehensive loss	(1,679)	(4,207)
Other equity adjustments	2,322	2,322
	<b>174,654</b>	157,377
Non-controlling interest	<b>11,220</b>	24,910
<b>Total Equity</b>	<b>185,874</b>	182,287
	<b>₱363,906</b>	₱359,750

**GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(In Millions, Except Earnings Per Share)

	UNAUDITED			
	January to September		July to September	
	2019	2018	2019	2018
<b>REVENUE</b>				
Automotive operations	<b>₱138,181</b>	₱132,923	<b>₱51,189</b>	₱47,944
Real estate sales and interest income on real estate sales	<b>7,032</b>	8,803	<b>2,459</b>	4,711
Equity in net income of associates and joint ventures	<b>10,129</b>	9,131	<b>3,649</b>	3,261
Rent income	<b>1,021</b>	833	<b>401</b>	274
Interest income	<b>366</b>	354	<b>101</b>	103
Sale of goods and services	<b>582</b>	579	<b>252</b>	203
Commission income	<b>182</b>	68	<b>45</b>	41
Other income	<b>1,640</b>	1,219	<b>484</b>	421
	<b>159,133</b>	153,910	<b>58,580</b>	56,958
<b>COST AND EXPENSES</b>				
Cost of goods and services sold	<b>95,124</b>	95,777	<b>34,848</b>	35,183
Cost of goods manufactured	<b>26,989</b>	23,569	<b>9,986</b>	8,156
General and administrative expenses	<b>9,063</b>	7,998	<b>3,209</b>	2,916
Cost of real estate sales	<b>4,267</b>	6,256	<b>1,384</b>	3,618
Interest expense	<b>4,004</b>	3,274	<b>1,370</b>	1,290
Cost of rental	<b>345</b>	348	<b>123</b>	118
	<b>139,792</b>	137,222	<b>50,920</b>	51,281
<b>INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS</b>	<b>19,341</b>	16,688	<b>7,660</b>	5,677
<b>PROVISION FOR INCOME TAX</b>	<b>3,721</b>	2,926	<b>1,506</b>	1,160
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>15,620</b>	13,762	<b>6,154</b>	4,517
<b>NET INCOME FROM DISPOSAL GROUP</b>	<b>3,610</b>	991	<b>3,367</b>	603
<b>NET INCOME</b>	<b>₱19,230</b>	₱14,753	<b>₱9,521</b>	₱5,120
<b>ATTRIBUTABLE TO:</b>				
<b>Equity holders of the parent company</b>				
Profit for the year from continuing operations	<b>₱11,841</b>	₱10,433	<b>₱4,623</b>	₱3,499
Profit for the year from disposal group	<b>3,491</b>	505	<b>3,367</b>	298
	<b>15,332</b>	10,938	<b>7,990</b>	3,797
<b>Non-controlling interest</b>				
Profit for the year from continuing operations	<b>3,779</b>	3,329	<b>1,531</b>	1,018
Profit for the year from disposal group	<b>119</b>	486	-	305
	<b>3,898</b>	3,815	<b>1,531</b>	1,323
	<b>₱19,230</b>	₱14,753	<b>₱9,521</b>	₱5,120
<b>Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company</b>	<b>₱69.17</b>	₱48.76	<b>₱36.43</b>	₱16.95

**GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In Millions)

	UNAUDITED			
	January to September		July to September	
	2019	2018	2019	2018
<b>NET INCOME</b>	<b>₱19,230</b>	₱14,753	<b>₱9,521</b>	₱5,120
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Changes in cumulative translation adjustments	–	24	1	1
Changes in cash flow hedge reserves	<b>(235)</b>	217	<b>5</b>	37
Equity in other comprehensive income of associates:				
Cash flow hedge reserves	<b>(296)</b>	91	<b>(87)</b>	14
Remeasurement on life insurance reserves	<b>(7)</b>	351	<b>(4)</b>	168
Other equity adjustments	–	33	–	(8)
Translation adjustment	<b>(572)</b>	(1,610)	<b>(87)</b>	(1,873)
	<b>(1,110)</b>	( 894)	<b>( 172)</b>	(1,661)
<i>Items that may not be reclassified to profit or loss in subsequent periods:</i>				
Changes in fair value of financial assets at FVOCI	<b>1,211</b>	(332)	<b>786</b>	(22)
Equity in changes in fair value of financial assets at FVOCI	<b>2,391</b>	(1,201)	<b>(15)</b>	(418)
Remeasurement of defined benefit plans	<b>10</b>	1	<b>1</b>	(1)
Equity in remeasurement of defined benefit plans of associates	<b>(71)</b>	(155)	–	20
Income tax effect	<b>18</b>	46	<b>(1)</b>	(6)
	<b>3,559</b>	(1,641)	<b>771</b>	(427)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>	<b>2,449</b>	(2,535)	<b>599</b>	(2,088)
<b>TOTAL COMPREHENSIVE INCOME, NET OF TAX</b>	<b>₱21,679</b>	₱12,218	<b>₱10,120</b>	₱3,032
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the GT Capital Holdings, Inc.	<b>₱17,879</b>	₱8,253	<b>₱8,592</b>	₱1,672
Non-controlling interest	<b>3,800</b>	3,965	<b>1,528</b>	1,360
	<b>₱21,679</b>	₱12,218	<b>₱10,120</b>	₱3,032

**GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
AS OF SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

(In Millions)

	Equity Attributable to Equity Holders of the Parent Company							Non-controlling Interests	Total
	Capital Stock	Additional Paid-in Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Other Comprehensive Income (Loss)	Other Equity Adjustment	Total		
<b>At January 1, 2019</b>	<b>₱3,211</b>	<b>₱85,592</b>	<b>₱53,459</b>	<b>₱17,000</b>	<b>(₱4,207)</b>	<b>₱2,322</b>	<b>₱157,377</b>	<b>₱24,910</b>	<b>₱182,287</b>
Issuance of stock dividends	159	13,235	(13,397)	-	-	-	(3)	-	(3)
Total comprehensive income	-	-	15,332	-	2,547	-	17,879	3,800	21,679
Dividends declared	-	-	(599)	-	-	-	(599)	(4,140)	(4,739)
Effect of equity call of a majority owned subsidiary	-	-	-	-	-	-	-	148	148
Reversal of appropriation	-	-	16,600	(16,600)	-	-	-	-	-
Effect of asset disposal	-	-	19	-	(19)	-	-	(13,498)	(13,498)
<b>At September 30, 2019</b>	<b>₱3,370</b>	<b>₱98,827</b>	<b>₱71,414</b>	<b>₱400</b>	<b>(₱1,679)</b>	<b>₱2,322</b>	<b>₱174,654</b>	<b>₱11,220</b>	<b>₱185,874</b>

	Equity Attributable to Equity Holders of the Parent Company							Non-controlling Interests	Total
	Capital Stock	Additional Paid-in Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Other Comprehensive Income (Loss)	Other Equity Adjustment	Total		
At January 1, 2018, as previously reported	₱3,143	₱78,940	₱48,582	₱19,000	(₱5,975)	₱2,322	₱146,012	₱27,679	₱173,691
Effect of PFRS 9 adoption	-	-	(1,946)	-	5,443	-	3,497	-	3,497
At January 1, 2018, as restated	3,143	78,940	46,636	19,000	(532)	2,322	149,509	27,679	177,188
Total comprehensive income	-	-	10,938	-	(2,685)	-	8,253	3,965	12,218
Dividends declared	-	-	(578)	-	-	-	(578)	(6,184)	(6,762)
Issuance of stock dividends	68	6,652	(6,721)	-	-	-	(1)	-	(1)
Reversal of appropriation	-	-	19,000	(19,000)	-	-	-	-	-
NCI on additional stock issuance of a subsidiary	-	-	-	-	-	-	-	45	45
At September 30, 2018	₱3,211	₱85,592	₱69,275	₱-	(₱3,217)	₱2,322	₱157,183	₱25,505	₱182,688

**GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Millions)

	Unaudited	
	For the Nine Months Ended	
	September 30	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operations	<b>₱19,341</b>	₱16,688
Income before income tax from disposal group	<b>3,706</b>	1,243
Adjustments for:		
Interest expense	<b>4,004</b>	3,274
Depreciation and amortization	<b>1,736</b>	1,477
Pension expense	<b>142</b>	51
Provision for impairment losses	<b>80</b>	-
Unrealized foreign exchange losses	<b>23</b>	270
Gain on disposal of property and equipment	<b>(12)</b>	(22)
Gain on redemption of shares of subsidiaries	<b>(3,367)</b>	-
Gain on financial assets at FVTPL	<b>(128)</b>	(19)
Dividend income	<b>(192)</b>	(7)
Interest income	<b>(1,689)</b>	(1,330)
Equity in net income of associates and joint ventures	<b>(10,129)</b>	(9,131)
Operating income before changes in working capital	<b>13,515</b>	12,494
Decrease (increase) in:		
Short-term investments	<b>64</b>	101
Receivables	<b>(5,896)</b>	(4,285)
Contract assets	<b>2,206</b>	-
Due from related parties	<b>(153)</b>	(5)
Inventories	<b>(12,518)</b>	(3,104)
Financial assets at FVTPL	<b>811</b>	-
Prepayments and other current assets	<b>(4,819)</b>	(1,056)
Increase (decrease) in:		
Accounts and other payables	<b>8,919</b>	3,067
Contract liabilities	<b>(240)</b>	-
Customers' deposits	<b>98</b>	398
Due to related parties	<b>(92)</b>	14
Other current liabilities	<b>2,217</b>	(833)
Cash provided by operations	<b>4,112</b>	6,791
Interest received	<b>1,677</b>	1,217
Interest paid	<b>(3,465)</b>	(2,915)
Contributions to pension plan	<b>(65)</b>	(414)
Dividends received	<b>1,622</b>	1,713
Dividends paid	<b>(3,356)</b>	(7,204)
Income taxes paid	<b>(3,138)</b>	(3,453)
Net cash used in operating activities	<b>(2,613)</b>	(4,265)



	<b>Unaudited</b>	
	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of:		
Property and equipment	<b>₱42</b>	₱91
Sale of financial assets at FVOCI	<b>1</b>	494
Additions to:		
Financial assets at FVTPL	-	(3,000)
Property and equipment	<b>(1,548)</b>	(3,232)
Investments and advances	<b>(604)</b>	(29,630)
Financial assets at FVOCI	-	(10,553)
Intangible assets	<b>(16)</b>	(57)
Investment properties	<b>(679)</b>	(561)
Effect of business combination	<b>49</b>	-
Effect of deconsolidation of a subsidiary	<b>(1,421)</b>	-
Increase in other noncurrent asset	<b>(1,026)</b>	(1,749)
Net cash used in investing activities	<b>(5,202)</b>	(48,197)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan availment	<b>34,480</b>	₱70,873
Payment of loans payable	<b>(27,123)</b>	(28,545)
Payment of liabilities on purchased properties	<b>(126)</b>	(205)
DST on stock dividend issuance	<b>(3)</b>	(1)
Increase (decrease) in:		
Other noncurrent liabilities	<b>(4)</b>	864
Noncontrolling interests	<b>148</b>	45
Net cash provided by financing activities	<b>7,372</b>	43,031
Effect of exchange rate changes on cash and cash equivalents	<b>(23)</b>	(270)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(466)</b>	(9,701)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>14,353</b>	20,155
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱13,887</b>	₱10,454

## **GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES**

### **GENERAL NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **1. Corporate Information**

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

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

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

#### Group Activities

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

The principal business interest of the Federal Land Group is 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 Federal 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 Group 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 Company (MBTC or Metrobank), Metro Pacific Investments Corporation (MPIC), Philippine AXA Life Insurance Corporation (AXA Philippines or Phil AXA), Toyota Financial Services Philippines Corporation (TFSPC) and Sumisho Motor Finance Corporation (SMFC).

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

## 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, 2018.

The interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments, 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.

### Statement of Compliance

The interim condensed consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

### Presentation of Financial Statements

Financial assets and financial liabilities are offset and the net amount reported in the interim condensed consolidated statements 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 statements 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:

	Country of Incorporation	Percentages of Ownership	
		September 30, 2019	December 31, 2018
Federal Land and Subsidiaries	Philippines	100.00	100.00
Toyota and Subsidiaries	-do-	51.00	51.00
TMBC and Subsidiaries	-do-	58.10	58.10
GTCAD and Subsidiaries	-do-	100.00	100.00

### Federal Land's Subsidiaries

	Percentage of Ownership
Horizon Land Property and Development Corp. (HLPDC)	100.00
Omni - Orient Management Corp. (OOMC)	100.00
Federal Land Orix Corporation (FLOC)	100.00
Topsphere Realty Development Company Inc. (TRDCI)	100.00
Bonifacio Landmark Hotel Management Corporation (BLHMC)	100.00
Fed South Dragon Corporation (FSDC)*	100.00
Federal Retail Holdings, Inc. (FRHI)**	100.00
Magnificat Resources Corp. (MRC)***	100.00
Central Realty and Development Corp. (CRDC)	75.80
Federal Brent Retail, Inc. (FBRI)	51.66

\* On June 6, 2018, FSDC was incorporated and has not started its commercial business operations.

\*\* On April 30, 2019, FRHI was incorporated and has not started its commercial business operations.

\*\*\* On September 18, 2019, Federal Land acquired the 51% ownership in MRC from Federal Homes, Inc. As a result of the acquisition, Federal Land gained control over MRC and accounted for its investment as a subsidiary.

### Toyota's Subsidiaries

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

LMI has investments in LMI Insurance Agency, Inc. (LIAI), a company incorporated in the Philippines and primarily engaged in business as a non-life insurance agency, acting as general agents, managers or promoters for any insurance company in connection with the latter's non-life insurance business. LIAI was incorporated on March 6, 2017 and started commercial operations in July 2018.

### TMBC's Subsidiaries

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

### GTCAD's Subsidiaries

	Percentage of Ownership
Toyota Subic, Inc. (TSI)*	55.00
GT Mobility Ventures, Inc. (GTMV)**	66.67

\* TSI was incorporated on July 14, 2016 and started its commercial business operations on November 8, 2018.

\*\* On January 31, 2019, GTMV was incorporated and has not started its commercial business operations.

On September 9, 2019, the SEC approved GTMV's increase in authorized capital stock, from 1,000,000 shares with par value of ₱1.00 per share to 600,000,000 shares with par value of ₱1.00 per share. GTCAD and Mitsui & Co. Ltd. (Mitsui) have subscribed to the increase in the authorized capital stock of GTMV and has paid for such subscription amounting to ₱99,750,000 and ₱50,000,000, respectively. This resulted to a change in GTCAD's direct holdings in GTMV from 100% to 66.67%.

In February 2019, the Parent Company remitted ₱100.00 million to GTCAD to fund the latter's investment in a used car auction business which was completed in March 2019. GTCAD, through GTMV, a joint venture between the Company and Mitsui, formed JBA Philippines with auction house operator Japan Bike Auction Co., Ltd. ("JBA"). 60% of JBA Philippines will be controlled by GTMV while 40% will be owned by JBA.

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. 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 statements of income, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and within equity in the interim condensed consolidated statements 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 statements 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 interests are disposed of.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in the interim condensed consolidated statements of income or as changes to other comprehensive income. If the contingent consideration is classified as equity, it shall not be 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 or loss and are 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, 2019.

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

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

These amendments have no impact on the interim condensed consolidated financial statements of the Group.

- PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, SIC-15, *Operating Leases - Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.



Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group continues to assess the impact of adopting PFRS 16.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its interim condensed consolidated financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group applies significant judgment in identifying uncertainties over income tax treatments. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group determines the tax treatment to be consistent with that used or planned to be used in its income tax filings. Otherwise, the Group reflects the effect of the uncertainty by using either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes.

- *Annual Improvements to PFRSs 2015-2017 Cycle*

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with

early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

The Group is currently assessing the impact of the amendments on its consolidated financial statements.

## **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

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.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

#### Financial Instruments – Initial Recognition and Subsequent Measurement effective January 1, 2018

##### Financial Instruments

###### *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.

###### *a. Financial assets*

###### *Initial recognition of financial instruments*

At initial recognition, financial assets are classified as, and subsequently measured at amortized cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The

Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, except for sales contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

#### *Financial assets at amortized cost*

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, short-term investments and receivables.

#### *FVOCI (debt instruments)*

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments at FVOCI.

#### *Financial assets designated at FVOCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets can no longer be recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's financial assets at FVOCI include investments in quoted and unquoted equity instruments.

#### *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes investment in UITF.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing

involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of Financial Assets

The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables, installment contracts receivable and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such nontrade receivable, loans receivable, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 120 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

#### *Determining the stage for impairment*

At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a SICR when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

#### *b. Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include "Accounts and other payables" (other than "Taxes payable" which is covered by other accounting standard), "Short-term and long-term debts", "Bonds payable", "Liabilities on purchased properties" and "Other current liabilities".

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

##### *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category generally applies to short-term debt, long-term debt, bonds payable and liabilities on purchased properties.

##### *Financial liabilities at FVTPL*

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as



defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

#### *Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the interim 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.

#### *Derivative Financial Instruments and Hedge Accounting Initial Recognition and Subsequent Measurement*

The Group uses derivative financial instruments such as cross-currency swaps, and interest rate swaps to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or,
- Cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Hedges are accounted for as fair value hedges or cash flow hedges.

#### *Fair Value Hedge*

The change in the fair value of a hedge instrument is recognized in the consolidated statement of income. The change in the fair value attributable to the risk hedged is recorded as part of the carrying value of the hedge instrument and is also recognized in the consolidated statement of income as other expense.

For fair value hedges carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization is initiated when an adjustment exists and no later than when the hedged instrument ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

In case of derecognition, the unamortized fair value of the hedged instrument is recognized immediately in profit or loss.

#### *Cash Flow Hedges*

The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged instrument.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which hedged cash flows affect profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI shall be accounted for depending on the nature of the underlying transaction.

#### *'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.

### Standards Issued But Not Yet Effective

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

#### *Effective beginning on or after January 1, 2020*

- *Amendments to PFRS 3, Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

#### *Effective beginning on or after January 1, 2021*

- *PFRS 17, Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

This new accounting standard would affect Phil AXA where the Group has equity investment. The Group is currently assessing the impact of adopting PFRS 17.

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

---

**3. Cash and cash equivalents**

This account consists of:

	<b>September 30, 2019</b>	September 30, 2018	December 31, 2018
Cash on hand	<b>₱80</b>	₱41	₱56
Cash in banks and other financial institution	<b>3,730</b>	5,449	6,512
Cash equivalents	<b>10,077</b>	4,964	7,785
	<b>₱13,887</b>	₱10,454	₱14,353

---

**4. Investments**

Financial assets at fair value through profit or loss (FVTPL)

This pertains to the Parent Company's investments in Unit Investment Trust Fund (UITF) as of September 30, 2019.

Financial assets at fair value through other comprehensive income (FVOCI)

In June and July 2018, the Parent Company acquired an aggregate of 3,098,600 common shares of Toyota Motor Corporation for an aggregate consideration of ¥22.05 billion. Said investment was classified as financial assets at FVOCI.

---

## 5. Investments in subsidiaries, associates and joint ventures

### Investment in PCFI

On July 4, 2019, Philippine Competition Commission approved the redemption of shares by PCFI of GT Capital's preferred shares, equivalent to 51% ownership of PCFI in exchange for approximately 702.44 hectares of selected assets, with a total consideration of ₱20.00 billion, located mostly within Lancaster New City in Cavite. Such approval allowed the consummation of the transaction, loss of control over PCFI and PCFI's ceasing to be a subsidiary of the Parent Company. Accordingly, the financial statements of PCFI were deconsolidated from the interim condensed consolidated financial statements of the Group as of that date.

The derecognized assets and liabilities of PCFI as of the date of deconsolidation follow:

<b>Assets</b>	
Cash and cash equivalents	₱1,421
Short-term investments	1
Receivables	5,482
Contract assets	2,688
Inventories	30,377
Prepayments and other current assets	3,251
Financial assets at FVOCI	3
Investment properties	3,247
Property and equipment	745
Goodwill and intangible assets	2,863
Deferred tax assets	64
Other noncurrent assets	634
	<hr/>
	50,776
<b>Liabilities</b>	
Accounts and other payables	3,643
Contract liabilities	3,180
Current portion of loans payable	4,901
Customer's deposits	5
Dividends payable	2,433
Income tax payable	72
Other current liabilities	274
Pension liabilities	183
Long-term debt – net of current portion	3,156
Deferred tax liabilities	2,637
Other noncurrent liabilities	161
	<hr/>
	20,645
<b>Net assets</b>	<hr/> <b>₱30,131</b> <hr/>

Net unrealized gain on financial assets at FVOCI and net unrealized gain on defined benefit plan of PCFI amounting to ₱18.91 million were reclassified to retained earnings.

PFRS 5 requires income and expenses from disposal group to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the interim condensed consolidated statements of income. Accordingly, the interim condensed consolidated statements of income for the period ended September 30, 2018 have been restated to present the results of operation of PCFI as 'Net income from disposal group'.

The results of operations of PCFI included in the interim condensed consolidated income statements are presented below:

	<b>September 30, 2019</b>	September 30, 2018
Real estate sales	<b>₱3,275</b>	₱6,893
Rent income	<b>46</b>	56
Interest income	<b>204</b>	305
Other income	<b>193</b>	180
Revenue	<b>3,718</b>	7,434
Cost of real estate sales	<b>1,847</b>	3,688
General and administrative expenses	<b>1,331</b>	2,145
Interest expense	<b>201</b>	358
Cost and expenses	<b>3,379</b>	6,191
Income before income tax	<b>339</b>	1,243
Provision for income tax	<b>96</b>	252
Net income	<b>243</b>	991
Gain on disposal of direct ownership	<b>3,367</b>	-
Net Income from Disposal Group from PCFI	<b>₱3,610</b>	₱991
Attributable to Parent Company	<b>₱3,491</b>	₱505
Attributable to Non-controlling interest	<b>119</b>	486
	<b>₱3,610</b>	₱991

The aggregate consideration received consists of:

Value of selected assets received	₱20,000
Non-controlling interest	13,498
	<b>₱33,498</b>

The net cash outflow arising from the deconsolidation of cash and cash equivalents of PCFI amounted to ₱1.42 billion.

#### Investment in TFSPC

On March 26, 2018, the Parent Company remitted ₱720.00 million to TFSPC in response to the latter's equity call upon its stockholders.

#### Investment in MBTC

On October 16, 2019, the Metrobank received the SEC Order fixing the record date of the 13% stock dividends involving 517,401,955 shares on October 31, 2019. Payment date of November 26, 2019 was set in accordance with the BOD approval and the rules of the PSE.

On various dates in 2019, the Parent Company acquired an aggregate of 8.55 million common shares of Metrobank for a total consideration of ₱598.35 million. This increased the Parent Company's ownership interest in Metrobank from 36.36% to 36.57%.

In April 2018, the Parent Company exercised its stock rights and subscribed for additional shares which aggregated to 299.28 million shares for a total cost of ₱22.45 billion. This increased the Parent Company's ownership in Metrobank from 36.09% to 36.36%.

On January 17, 2018, the BOD of Metrobank approved the entitlement of one (1) rights share for every 3.976 common shares held by eligible shareholders as of record date as of March 21, 2018. The offer price was ₱75.00 per share and the offer period was from March 22, 2018 to April 4, 2018. As of March 21, 2018, the Parent Company held 1.15 billion shares and is entitled to 288.66 million shares.

The following table summarizes cash dividends declared and paid by the Group's associates and joint ventures (amount in millions, except for dividend per share):

	<b>Declaration Date</b>	<b>Per Share</b>	<b>Total</b>	<b>Record Date</b>	<b>Payment Date</b>
<b>2019</b>					
MPIC	August 1, 2019	₱0.035	₱1,088	August 19, 2019	August 30, 2019
SMFC	June 21, 2019	6.56	131	June 21, 2019	July 19, 2019
MPIC	March 5, 2019	0.076	2,395	March 20, 2019	April 3, 2019
MBTC	February 13, 2019	1.00	3,980	March 1, 2019	March 14, 2019
<b>2018</b>					
Phil AXA	November 26, 2018	₱159.5033	₱1,595	November 23, 2018	December 17, 2018
MPIC	August 2, 2018	0.0345	1,087	August 31, 2018	September 25, 2018
MPIC	March 1, 2018	0.076	2,395	March 28, 2018	April 26, 2018
MBTC	February 21, 2018	1.00	3,180	March 8, 2018	March 16, 2018

## 6. Loans Payable

This account consists of:

	<b>September 30, 2019</b>				
	<b>Short-term debt</b>	<b>Long-term debt</b>			<b>Total</b>
		<b>Corporate notes</b>	<b>Loans payable</b>	<b>Subtotal</b>	
Parent Company	₱–	₱–	₱ 61,235	₱61,235	₱61,235
Federal Land Group	6,655	4,850	21,095	25,945	32,600
Toyota Group	9,040	–	246	246	9,286
TMBC Group	1,040	–	1,061	1,061	2,101
GTCAD Group	165	–	–	–	165
	<b>16,900</b>	<b>4,850</b>	<b>83,637</b>	<b>88,487</b>	<b>105,387</b>
Less: Deferred financing cost	–	–	351	351	378
	<b>16,900</b>	<b>4,850</b>	<b>83,286</b>	<b>88,136</b>	<b>108,246</b>
Less: Current portion of long-term debt	–	25	295	320	320
	<b>₱16,900</b>	<b>₱4,825</b>	<b>₱82,991</b>	<b>₱87,816</b>	<b>₱107,926</b>

December 31, 2018						
	Short-term debt	Long-term debt			Subtotal	Total
		Corporate notes	Loans payable			
Parent Company	₱–	₱–	₱61,075	₱61,075	₱61,075	
Federal Land Group	2,830	4,875	21,145	26,020	28,850	
PCFI Group	3,600	–	7,146	7,146	10,746	
Toyota Group	2,800	–	246	246	3,046	
TMBC Group	1,100	–	1,100	1,100	2,200	
GTCAD Group	170	–	–	–	170	
	10,500	4,875	90,712	95,587	106,087	
Less: Deferred financing cost	–	–	418	418	418	
	10,500	4,875	90,294	95,169	105,669	
Less: Current portion of long-term debt	–	25	795	820	820	
	<b>₱10,500</b>	<b>₱4,850</b>	<b>₱89,499</b>	<b>₱94,349</b>	<b>₱104,849</b>	

## 7. Bonds Payable

This account consists of the following Peso Bonds:

Maturity Dates	Interest rate	Par Value	Carrying Value	
			September 30, 2019	December 31, 2018
<b>₱10.0 billion Bonds</b>				
February 27, 2020	4.8371%	₱3,900	<b>₱ 3,897</b>	₱3,892
February 27, 2023	5.0937%	6,100	<b>6,074</b>	6,069
		10,000	<b>9,971</b>	9,961
<b>₱12.0 billion Bonds</b>				
November 7, 2019	4.7106%	3,000	<b>2,999</b>	2,994
August 7, 2021	5.1965%	5,000	<b>4,984</b>	4,978
August 7, 2024	5.6250%	4,000	<b>3,977</b>	3,974
		12,000	<b>11,960</b>	11,946
		22,000	<b>21,931</b>	21,907
Less: Current portion of bonds payable		(6,900)	<b>(6,896)</b>	(2,994)
		<b>₱15,100</b>	<b>₱15,035</b>	<b>₱18,913</b>

Unamortized debt issuance costs on these bonds amounted to ₱68.16 million and ₱92.13 million as of September 30, 2019 and December 31, 2018, respectively.

The ₱3.00 billion bonds with maturity date of November 7, 2019 were paid. This was refinanced in November 2019 with a long-term loan from a non-affiliated local bank.



## 8. Equity

### *Retained earnings*

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

Date of declaration	Per share	Total amount (in millions)	Record date	Payment date
<i>Voting preferred shares</i>				
March 26, 2019	₱0.00377	₱0.66	April 10, 2019	April 25, 2019
March 16, 2018	0.00377	0.66	April 4, 2018	April 13, 2018
<i>Perpetual Preferred Shares</i>				
<i>Series A</i>				
December 6, 2018	11.57475	56.01	January 3, 2019	January 28, 2019
December 6, 2018	11.57475	56.01	April 3, 2019	April 29, 2019
December 6, 2018	11.57475	56.01	July 3, 2019	July 29, 2019
December 6, 2018	11.57475	56.01	October 3, 2019	October 28, 2019
December 7, 2017	11.57475	56.01	January 3, 2018	January 29, 2018
December 7, 2017	11.57475	56.01	April 3, 2018	April 27, 2018
December 7, 2017	11.57475	56.01	July 3, 2018	July 27, 2018
December 7, 2017	11.57475	56.01	October 3, 2018	October 29, 2018
<i>Series B</i>				
December 6, 2018	12.73725	91.21	January 3, 2019	January 28, 2019
December 6, 2018	12.73725	91.21	April 3, 2019	April 29, 2019
December 6, 2018	12.73725	91.21	July 3, 2019	July 29, 2019
December 6, 2018	12.73725	91.21	October 3, 2019	October 28, 2019
December 7, 2017	12.73725	91.21	January 3, 2018	January 29, 2018
December 7, 2017	12.73725	91.21	April 3, 2018	April 27, 2018
December 7, 2017	12.73725	91.21	July 3, 2018	July 27, 2018
December 7, 2017	12.73725	91.21	October 3, 2018	October 29, 2018

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

Date of declaration	Per share	Total amount	Record date	Payment date
March 26, 2019	₱3.00	₱598.01	April 10, 2019	April 25, 2019
March 16, 2018	3.00	577.53	April 4, 2018	April 13, 2018
March 21, 2017	5.00	871.50	April 4, 2017	April 20, 2017

### *Stock Dividends*

The BOD and Shareholders of the Parent Company approved on March 26, 2019 and May 8, 2019, respectively, the declaration of an 8.0% stock dividend in favor of the Parent Company's common shareholders. The record and payment dates were set on July 8, 2019 and August 1, 2019, respectively. On August 1, 2019, the 8.0% stock dividend equivalent to 15,947,003 common shares were issued and listed in the Philippine Stock Exchange.

The BOD and Shareholders of the Parent Company approved on March 16, 2018 and May 9, 2018, respectively, the declaration of a 3.5% stock dividend in favor of the Parent Company's shareholders of common stock. The record and payment dates were set on July 9, 2018 and August 2, 2018, respectively. On August 2, 2018, the 3.5% stock dividend equivalent to 6,740,899 common shares were issued and listed in the Philippine Stock Exchange.

On December 6, 2018, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱17.00 billion to be earmarked for strategic investment in property development in 2019. In March 2019, ₱16.60 billion out of ₱17.00 billion was reversed.

*Other comprehensive loss*

Other comprehensive loss consists of the following, net of applicable income taxes:

	<b>September 30, 2019</b>	September 30, 2018	December 31, 2018
Net unrealized gain (loss) on financial assets at FVOCI	<b>₱467</b>	₱490	(₱734)
Net unrealized loss on remeasurement of retirement plan	<b>(121)</b>	(235)	(106)
Cash flow hedge reserve	<b>(71)</b>	84	53
Cumulative translation adjustments	-	10	-
Equity in other comprehensive income of associates:			
Equity in net unrealized gain (loss) on financial assets at FVOCI	<b>2,060</b>	(426)	(331)
Equity in net unrealized loss on remeasurement of retirement plan	<b>(761)</b>	(1,095)	(711)
Equity in cumulative translation adjustments	<b>(3,246)</b>	(2,315)	(2,674)
Equity in remeasurement on life insurance reserves	<b>177</b>	161	186
Equity in cash flow hedge reserves	<b>(190)</b>	111	105
Equity in other equity adjustments	<b>6</b>	(2)	5
	<b>(₱1,679)</b>	(₱3,217)	(₱4,207)

The movements and analysis of the other comprehensive loss are presented in the interim condensed consolidated statements of comprehensive income.

## 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. These related parties include subsidiaries, associates, joint venture, key management personnel, stockholders and other related parties which include affiliates.

An entity is considered an affiliate if such entity and the Parent Company have common shareholders. In effect, such entity is a sister company of the Parent Company by virtue of ownership and common control. It is neither a subsidiary nor associate of the Group.

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

As of September 30, 2019 and December 31, 2018, outstanding balances are unsecured and settlement occurs generally in cash, except otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

#### 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:

	For the Quarter Ended		For the Nine Months Ended		
	September 30, 2019	September 30, 2018*	September 30, 2019	September 30, 2018*	December 31, 2018*
a.) Net income attributable to equity holders of the Parent Company from continuing operations	<b>₱4,623</b>	₱3,499	<b>₱11,841</b>	₱10,433	₱12,966
b.) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company	<b>(147)</b>	(147)	<b>(442)</b>	(442)	(590)
c.) Net income attributable to common shareholders of the Parent Company from continuing operations	<b>4,476</b>	3,352	<b>11,399</b>	9,991	12,376
d.) Weighted average number of outstanding common shares of the Parent Company, as previously reported	-	-	-	199	199
e.) Basic/diluted earnings per share, as previously reported (c / d)	-	-	-	50.21	62.19
f.) Weighted average number of outstanding common shares of the Parent Company, including effect of stock dividend issued in 2018 and 2019	<b>215.28</b>	215.28	<b>215.28</b>	215.28	215.28
g.) Basic/diluted earnings per share, as restated (c / f)	<b>₱20.79</b>	₱15.57	<b>₱52.95</b>	₱46.41	₱57.49

\*Restated to include the effect of stock dividend issued in 2019.

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

	For the Quarter Ended		For the Nine Months Ended		December 31, 2018*
	<b>September 30, 2019</b>	September 30, 2018*	<b>September 30, 2019</b>	September 30, 2018*	
a.) Net income attributable to equity holders of the Parent Company from disposal group	<b>₱3,367</b>	₱298	<b>₱3,491</b>	₱505	₱424
b.) Weighted average number of outstanding common shares of the Parent Company, as previously reported	-	-	-	199	199
c.) Basic/diluted earnings per share, as previously reported (a / b)	-	-	-	2.54	2.13
d.) Weighted average number of outstanding common shares of the Parent Company, including effect of stock dividend issued in 2018 and 2019	<b>215.28</b>	215.28	<b>215.28</b>	215.28	215.28
e.) Basic/diluted earnings per share, as restated (a / d)	<b>₱15.64</b>	₱1.38	<b>₱16.22</b>	₱2.35	₱1.97

\*Restated to include the effect of stock dividend issued in 2019 and 2018.

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

	For the Quarter Ended		For the Nine Months Ended		December 31, 2018*
	<b>September 30, 2019</b>	September 30, 2018*	<b>September 30, 2019</b>	September 30, 2018*	
a.) Net income attributable to equity holders of the Parent Company	<b>₱7,990</b>	₱3,797	<b>₱15,332</b>	₱10,938	₱13,390
b.) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company	<b>(147)</b>	(147)	<b>(442)</b>	(442)	(590)
c.) Net income attributable to common shareholders of the Parent Company	<b>7,843</b>	3,650	<b>14,890</b>	10,496	12,800
d.) Weighted average number of outstanding common shares of the Parent Company, as previously reported	-	-	-	199	199
e.) Basic/diluted earnings per share, as previously reported (c / d)	-	-	-	52.74	64.32
f.) Weighted average number of outstanding common shares of the Parent Company, including effect of stock dividend issued in 2018 and 2019	<b>215.28</b>	215.28	<b>215.28</b>	215.28	215.28
g.) Basic/diluted earnings per share, as restated (c / f)	<b>₱36.43</b>	₱16.95	<b>₱69.17</b>	₱48.76	₱59.46

\*Restated to include the effect of stock dividend issued in 2019.

Basic earnings per share (EPS) is computed by dividing net income for the year attributable to common shareholders of the Parent Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and exercised during the year. Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

---

## 11. Operating Segments

### Segment Information

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

- Real estate is engaged in real estate and leasing, development and selling of properties of every kind and description, as well as ancillary trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintenance of a petroleum service station, engaging in food and restaurant service and acting as a marketing agent for and in behalf of any real estate development company or companies;
- Financial institutions are engaged in the banking and insurance industry;
- Power is engaged mainly in the generation and distribution of electricity;
- Automotive operations is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments; and
- Infrastructure is engaged in the water distribution, toll operation, power sector, hospitals and rail;
- 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 nine months ended September 30, 2019 and as of and for the year ended December 31, 2018:

	September 30, 2019					Total
	Real Estate	Financial Institution	Automotive Operations	Infras tructure	Others	
Revenue	<b>₱5,709</b>	<b>₱-</b>	<b>₱138,181</b>	<b>₱-</b>	<b>₱-</b>	<b>₱143,890</b>
Other income	<b>2,171</b>	<b>-</b>	<b>943</b>	<b>-</b>	<b>311</b>	<b>3,425</b>
Equity in net income of associates and joint ventures	<b>(58)</b>	<b>8,406</b>	<b>-</b>	<b>1,781</b>	<b>-</b>	<b>10,129</b>
	<b>7,822</b>	<b>8,406</b>	<b>139,124</b>	<b>1,781</b>	<b>311</b>	<b>157,444</b>
Cost of goods and services sold	<b>494</b>	<b>-</b>	<b>94,630</b>	<b>-</b>	<b>-</b>	<b>95,124</b>
Cost of goods manufactured and sold	<b>-</b>	<b>-</b>	<b>26,989</b>	<b>-</b>	<b>-</b>	<b>26,989</b>
Cost of rental	<b>345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>345</b>
Cost of real estate sales	<b>4,267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,267</b>
General and administrative expenses	<b>2,054</b>	<b>-</b>	<b>6,686</b>	<b>-</b>	<b>323</b>	<b>9,063</b>
	<b>7,160</b>	<b>-</b>	<b>128,305</b>	<b>-</b>	<b>323</b>	<b>135,788</b>
Earnings before interest and taxes	<b>662</b>	<b>8,406</b>	<b>10,819</b>	<b>1,781</b>	<b>(12)</b>	<b>21,656</b>
Depreciation and amortization	<b>327</b>	<b>-</b>	<b>1,403</b>	<b>-</b>	<b>6</b>	<b>1,736</b>
EBITDA	<b>989</b>	<b>8,406</b>	<b>12,222</b>	<b>1,781</b>	<b>(6)</b>	<b>23,392</b>
Interest income	<b>1,329</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>185</b>	<b>1,689</b>
Interest expense	<b>(417)</b>	<b>-</b>	<b>(273)</b>	<b>-</b>	<b>(3,314)</b>	<b>(4,004)</b>
Depreciation and amortization	<b>(327)</b>	<b>-</b>	<b>(1,403)</b>	<b>-</b>	<b>(6)</b>	<b>(1,736)</b>
Pretax income	<b>1,574</b>	<b>8,406</b>	<b>10,721</b>	<b>1,781</b>	<b>(3,141)</b>	<b>19,341</b>
Provision for income tax	<b>(524)</b>	<b>(4)</b>	<b>(3,147)</b>	<b>-</b>	<b>(46)</b>	<b>(3,721)</b>
Income after tax	<b>₱1,050</b>	<b>₱8,402</b>	<b>₱7,574</b>	<b>₱1,781</b>	<b>(₱3,187)</b>	<b>₱15,620</b>
Net income from disposal group	<b>₱3,610</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱3,610</b>
Segment assets	<b>₱87,789</b>	<b>₱126,782</b>	<b>₱69,048</b>	<b>₱35,078</b>	<b>₱45,209</b>	<b>₱363,906</b>
Segment liabilities	<b>₱50,920</b>	<b>₱-</b>	<b>₱41,311</b>	<b>₱-</b>	<b>₱85,801</b>	<b>₱178,032</b>

	December 31, 2018						Total
	Real Estate	Financial Institution	Automotive Operations	Infras tructure	Others		
Revenue	₱18,508	₱-	₱179,117	₱-	₱-	₱197,625	
Other income	3,346	-	1,053	-	202	4,601	
Equity in net income of associates and joint ventures	(115)	9,506	-	2,126	-	11,517	
	21,739	9,506	180,170	2,126	202	213,743	
Cost of goods and services sold	673	-	129,176	-	-	129,849	
Cost of goods manufactured and sold	-	-	31,809	-	-	31,809	
Cost of rental	476	-	-	-	-	476	
Cost of real estate sales	12,609	-	-	-	-	12,609	
General and administrative expenses	5,739	-	8,074	-	227	14,040	
	19,497	-	169,059	-	227	188,783	
Earnings before interest and taxes	2,242	9,506	11,111	2,126	(25)	24,960	
Depreciation and amortization	542	-	1,547	-	7	2,096	
EBITDA	2,784	9,506	12,658	2,126	(18)	27,056	
Interest income	1,629	-	332	-	121	2,082	
Interest expense	(728)	-	(285)	-	(3,952)	(4,965)	
Depreciation and amortization	(542)	-	(1,547)	-	(7)	(2,096)	
Pretax income	3,143	9,506	11,158	2,126	(3,856)	22,077	
Provision for income tax	(1,215)	-	(2,932)	-	(24)	(4,171)	
Net income	₱1,928	₱9,506	₱8,226	₱2,126	(₱3,880)	₱17,906	
Segment assets	₱133,872	₱118,157	₱56,430	₱33,850	₱17,441	₱359,750	
Segment liabilities	₱66,038	₱-	₱27,865	₱-	₱83,560	₱177,463	

#### Geographical Information

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

	September 30, 2019	September 30, 2018	December 31, 2018
Domestic	₱153,751	₱97,067	₱207,610
Foreign	5,382	4,100	8,215
	₱159,133	₱101,167	₱215,825

## 12. Financial Risk Management and Objectives

The Group's principal financial instruments are composed of cash and cash equivalents, short-term investments, receivables, due from related parties, financial assets at FVOCI, financial assets at FVTPL, accounts and other payables, due to/from related parties, loans payable and derivative asset.

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 use of financial derivative instruments (if any) is solely for the management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

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

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

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

As of September 30, 2019 and December 31, 2018, 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 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.