GT CAPITAL
HOLDINGS, INCORPORATED

August 16, 2021

Securities and Exchange Commission
Ground Floor Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City, 1307

Attention: **Atty. Rachel Esther J. Gumtang-Remalante**
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

Subject: Submission of 17Q Report as of June 30, 2021

Gentlemen /Mesdames:

In line with the reportorial requirements of the Securities Regulation Code and the Revised Disclosure Rules, we hereby submit the attached 2021 Second Quarter Report on SEC Form 17-Q.

Very truly yours,

Francisco H. Suarez, Jr.
Chief Finance Officer

GT CAPITAL
HOLDINGS, INCORPORATED

COVER SHEET

C S 2 0 0 7 1 1 7 9
S.E.C. Registration Num

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 Numbe

1 2 / 3 1	1 7 - Q	2nd Wednesday in May of each year
Month Day	FORM/TYPE	Month Day
Fiscal Year		Annual Meeting

N A
Secondary License Type, If Applicable

SEC General Accountant &
M S R D
Dept. Requiring this Doc.

N A
Amended Articles Number/Section

As of June 30, 2021
91
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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2021**

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
Common Stock -Php10.00 par value	**215,284,587 shares**
Series A Perpetual Preferred Shares (GTPPA)	**4,839,240 shares**
Series B Perpetual Preferred Shares (GTPPB)	**7,160,760 shares**

b) Debt Securities: Php15 Billion Bonds*

Title of Each Class	Amount of Debt Outstanding
Corporate Retail Bonds	**Php15.1 billion**

**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 [**X**] 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 [**X**] No [ ]

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

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

Consolidated Results of Operations- For the Six Months Ended June 30, 2021 and For the Six Months Ended June 30, 2020

GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME	UNAUDITED Six Months Ended June		Increase (Decrease)	
(In millions, except for Percentage)	**2021**	2020	**Amount**	**Percent**
REVENUE				
Automotive operations	**73,114**	43,331	29,783	69%
Equity in net income of associates and joint ventures	**6,314**	4,245	2,069	49%
Real estate sales and interest income on real estate sales	**3,553**	2,966	587	20%
Rent income	**687**	709	(22)	(3%)
Sale of goods and services	**246**	233	13	6%
Commission income	**111**	74	37	50%
Interest income	**79**	122	(43)	(35%)
Other income	**1,554**	941	613	65%
	85,658	52,621	33,037	63%
COST AND EXPENSES				
Cost of goods and services sold	**48,957**	30,063	18,894	63%
Cost of goods manufactured	**15,832**	7,980	7,852	98%
General and administrative expenses	**6,222**	5,798	424	7%
Interest expense	**3,000**	3,237	(237)	(7%)
Cost of real estate sales	**1,813**	1,544	269	17%
Cost of rental	**307**	253	54	21%
	76,131	48,875	27,256	56%
INCOME BEFORE INCOME TAXES	**9,527**	3,746	5,781	154%
PROVISION FOR INCOME TAX	**1,159**	518	641	124%
NET INCOME	**8,368**	3,228	5,140	159%
ATTRIBUTABLE TO:				
Equity holders of the parent company	**6,674**	2,741	3,933	143%
Non-controlling interests	**1,694**	487	1,207	248%
	8,368	3,228	5,140	159%

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 Php3.93 billion from Php2.74 billion in the first six months of 2020 to Php6.67 billion in the first six months of 2021. The increase was principally due to the 63% growth in consolidated revenues with major growth registered in auto sales (+69%), equity in net income of associates and joint ventures (+49%), and real estate sales and interest income on real estate sales (+20%).

Core net income attributable to equity holders of the Parent Company grew by 83% from Php3.17 billion in the first six months of 2020 to Php5.80 billion in the same period of 2021. Core net income in the first six months of 2021 amounted to Php5.80 billion, after deducting the Php0.99 billion non-recurring gains earned by the Group mainly coming from the sale of investments by Metro Pacific Investments Corporation ("MPIC"), and adding back the Php0.12 billion amortization of fair value adjustments arising from various business combinations. Core net income in the first six months of 2020 amounted to Php3.17 billion, after adding back the Php0.43 billion pro-rata non-recurring expenses incurred by MPIC and amortization of fair value adjustments arising from various business combinations.

The financial statements of Federal Land Inc. ("Federal Land"), Toyota Motor Philippines Corporation ("TMP"), Toyota Manila Bay Corporation ("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"), MPIC and Sumisho Motor Finance Corporation ("SMFC") are reported through equity accounting.

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

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts grew by 69% from Php43.33 billion in the first six months of 2020 to Php73.11 billion in the same period of 2021 due to a 90% increase in wholesale volume from 33,392 units to 63,375 units.

Equity in net income of associates and joint ventures increased by 49% from Php4.25 billion in the first six months of 2020 to Php6.31 billion in the same period of 2021 primarily due to increases in the net income of the following associates:

(1) Metrobank by 28% from Php9.13 billion to Php11.69 billion due to a significant decrease in provisions for credit and impairment losses; and
(2) MPIC by 242% from Php3.03 billion to Php10.39 billion in the first six months of 2021 benefitting from the gain recognized from the sale of Global Business Power and Don Muang Tollways.

Real estate sales and interest income from real estate sales grew by 20% from Php2.97 billion to Php3.55 billion due to intensified construction activities across all ongoing projects of Federal Land.

Sale of goods and services increased by 6% or Php13.28 million due to higher fuel sales and sales of food franchises due to easing of quarantine restrictions.

Commission income increased by Php37.42 million from Php73.74 million in the first six months of 2020 to Php111.16 million in the same period of 2021 due to an increase in booked sales of Federal Land arising also from the easing of quarantine restrictions.

Interest income dropped by 35% from Php122.23 million in the first six months of 2020 to Php78.72 million in the same period of 2021 due to lower time deposit placements and lower placement rates in 2021.

Other income grew by 65% or Php0.61 billion due to the increase in ancillary income of the auto segment relative to the higher auto sales.

Consolidated costs and expenses increased by 56% from Php48.88 billion in the first six months of 2020 to Php76.13 billion in the same period of 2021. TMP contributed Php59.72 billion comprising cost of goods sold for manufacturing and trading activities, general and administrative expenses and interest expenses. TMBC contributed Php7.26 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses. Federal Land contributed Php4.37 billion consisting of cost of real estate sales, cost of goods and services sold, general and administrative expenses, cost of rental and interest expenses. GT Capital Parent Company contributed Php2.46 billion consisting of interest expenses and general and administrative expenses. GTCAD accounted for the balance of Php2.32 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses.

Cost of goods and services sold grew by 63% from Php30.06 billion to Php48.96 billion relative to the increase in automotive sales.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP increased by Php7.85 billion from Php7.98 billion to Php15.83 billion due to an increase in sales volume of assembled vehicles.

General and administrative expenses increased by 7% or Php0.42 billion mainly due to the increase in advertising and promotional expenses of the auto segment.

Interest expense dropped by 7% from Php3.24 billion to Php3.00 billion due to settlement of short-term loans payable and lower lending rates.

Cost of real estate sales grew by 17% from Php1.54 billion to Php1.81 billion relative to the increase in real estate sales of Federal Land.

Cost of rental increased by 21% from Php252.56 million to Php307.16 billion due to an increase in operating expenses incurred in the leasing business such as taxes and licenses, depreciation, maintenance and other overhead expenses.

Provision for income tax grew by Php0.64 billion from Php0.52 billion in the first six months of 2020 to Php1.16 billion in the same period of 2021 due to the higher taxable income in the first six months of 2021.

Net income attributable to non-controlling interest increased by Php1.21 billion from Php0.49 billion to Php1.69 billion due to an increase in net income of subsidiaries which are not wholly-owned.

Consolidated Results of Operations- For the Quarter Ended June 30, 2021 and For the Quarter Ended June 30, 2020

GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME	**UNAUDITED April to June**		**Increase (Decrease)**	
(In millions, except for Percentage)	**2021**	**2020**	**Amount**	**Percent**
REVENUE				
Automotive operations	**34,493**	10,551	23,942	227%
Equity in net income of associates and joint ventures	**2,301**	1,570	731	47%
Real estate sales and interest income on real estate sales	**1,885**	579	1,306	226%
Rent income	**346**	296	50	17%
Sale of goods and services	**124**	62	62	100%
Commission income	**48**	7	41	586%
Interest income	**36**	61	(25)	(41%)
Other income	**1,072**	476	596	125%
	40,305	13,602	26,703	196%
COST AND EXPENSES				
Cost of goods and services sold	**22,645**	7,687	14,958	195%
Cost of goods manufactured	**8,081**	1,522	6,559	431%
General and administrative expenses	**3,056**	2,662	394	15%
Interest expense	**1,529**	1,699	(170)	(10%)
Cost of real estate sales	**1,098**	212	886	418%
Cost of rental	**145**	120	25	21%
	36,554	13,902	22,652	163%
INCOME (LOSS) BEFORE INCOME TAXES	**3,751**	(300)	4,051	(1350%)
PROVISION FOR (BENEFIT FROM) INCOME TAX	**386**	(253)	639	(253%)
NET INCOME (LOSS)	**3,365**	(47)	3,412	(7260%)
ATTRIBUTABLE TO:				
Equity holders of the parent company	**2,603**	197	2,406	1221%
Non-controlling interests	**762**	(244)	1,006	(412%)
	3,365	(47)	3,412	(7260%)

Consolidated net income attributable to equity holders of the Parent Company grew by Php2.40 billion from Php0.20 billion in the second quarter of 2020 to Php2.60 billion in the second quarter of 2021. The increase was principally due to the higher revenue during the second quarter 2021 against the lower revenue realized in the second period in 2020 as a result of the imposition of the enhanced community quarantine.

Core net income attributable to equity holders of the Parent Company increased by Php2.08 billion from Php0.34 billion for the second quarter of 2020 to Php2.42 billion in the same period of 2021. Core net income for the second quarter of 2021 amounted to Php2.42 billion, after adding back the Php0.12 billion non-recurring expenses incurred by MPIC and amortization of fair value adjustments arising from various business combinations, and deducting the Php0.30 billion other income of the Group. Core net income for the second quarter of 2020 amounted to Php0.34 billion, after adding back the Php0.14 billion non-recurring expenses incurred by MPIC and amortization of fair value adjustments arising from various business combinations.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts increased by Php23.94 billion from Php10.55 billion in the second quarter of 2020 to Php34.49 billion in the second quarter of 2021 due to an increase in wholesale and retail sales volume during the quarter.

Equity in net income of associates and joint ventures grew by 47% from Php1.57 billion in the second quarter of 2020 to Php2.30 billion in the second quarter of 2021 primarily due to increases in the:

1) net income of Metrobank from Php3.00 billion to Php3.91 billion primarily due to the significant decrease in provisions for credit and impairment losses; and
2) net income of MPIC from Php1.15 billion to Php3.35 billion due to an increase in the share of operating income.

Real estate sales and interest income on real estate sales increased by Php1.31 billion from Php0.58 billion in the second quarter of 2020 to Php1.89 billion in the second quarter of 2021 due to strong incremental construction growth.

Rent income grew by 17% from Php0.30 billion to Php0.35 billion. Lower rent income in second quarter of 2020 was due to the closure of stores during the enhanced community quarantine.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, in the Blue Wave and Blue Bay Walk malls situated in Pasay City and Marikina City, doubled from Php62.0 million to Php123.94 million arising from higher fuel sales and sales of food franchises due to easing of quarantine restrictions.

Commission income increased by Php41.19 million from Php7.10 million in the second quarter of 2020 to Php48.29 million in the second quarter of 2021 due to an increase in the reservation sales of Federal Land.

Interest income on deposits and investments dropped by 41% or Php24.64 million due to lower level of money market placements.

Other income grew by Php0.60 billion from Php0.48 billion to Php1.07 billion with: (1) GT Capital contributing Php0.56 billion, a majority of which were cash dividends received from TMC; (2) Federal Land contributing Php0.24 billion comprising real estate forfeitures, management fees and other income; (3) TMP contributing Php0.17 billion consisting of ancillary income, gain on sale of fixed assets and other income; and (4) TMBC contributing Php0.10 billion consisting of ancillary income on finance and insurance commissions and other income.

Cost of goods and services sold increased by Php14.96 billion from Php7.69 billion to Php22.65 billion with TMP, TMBC and GTCAD completely built-up units and spare parts accounting for Php22.55 billion and the balance coming from Federal Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP increased by Php6.56 billion from Php1.52 billion in the second quarter of 2020 to Php8.08 billion in the second quarter of 2021.

General and administrative expenses rose to Php3.06 billion from Php2.66 billion. TMP accounted for Php1.69 billion consisting of advertisements and promotional expenses, salaries and wages, taxes and licenses and delivery and handling expenses. Federal Land accounted for Php0.75 billion composed of salaries and wages, commission expenses, taxes and licenses and repairs and maintenance expenses. TMBC contributed Php0.37 billion representing salaries and wages, commission expenses and taxes and licenses and advertising and promotional expenses. GT Capital and GTCAD contributed to the remaining balance of Php0.25 billion.

Interest expenses decreased by 10% from Php1.70 billion in the second quarter of 2020 to Php1.53 billion in the second quarter of 2021 with GT Capital, Federal Land, TMP, TMBC and

GTCAD accounting for Php1.12 billion, Php0.35 billion, Php0.03 billion, Php0.02 billion and Php0.01 billion, respectively.

Cost of real estate sales grew by Php0.89 billion from Php0.21 billion to Php1.10 billion relative to the increase in real estate sales and increased construction activities across all ongoing projects of Federal Land.

Cost of rental increased by 21% from Php0.12 billion to Php0.15 billion due to an increase in the expenses relating to leased premises.

Income tax benefit for the second quarter of 2020 amounting to Php0.25 billion increased to Php0.39 billion provision for income tax in the second quarter on 2021 due to higher taxable income reported in the second quarter of 2021 versus the losses in the same period of 2020.

Net income attributable to non-controlling interest increased by Php1.01 billion due to an increase in net income of subsidiaries which are not wholly-owned.

Consolidated Statements of Financial Position- As of June 30, 2021 and As of December 31, 2020

GT CAPITAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**Unaudited**	**Audited**	**Increase (Decrease)**	
(In Million Pesos, Except for Percentage)	**June 2021**	**December 2020**	**Amount**	**Percent**
ASSETS				
Current Assets				
Cash and cash equivalents	**15,558**	17,114	(1,556)	(9%)
Financial assets at fair value through profit or loss	**8,885**	3,709	5,176	140%
Receivables	**12,996**	18,833	(5,837)	(31%)
Contract assets	**5,816**	6,183	(367)	(6%)
Inventories	**75,045**	74,735	310	0%
Due from related parties	**636**	202	434	215%
Prepayments and other current assets	**13,846**	12,380	1,466	12%
Total Current Assets	**132,782**	133,156	(374)	(0%)
Noncurrent Assets				
Financial assets at fair value through other comprehensive income	**15,192**	12,740	2,452	19%
Receivables– net of current portion	**7,172**	7,048	124	2%
Contract assets – net of current portion	**6,564**	6,852	(288)	(4%)
Investment properties	**16,202**	16,253	(51)	(0%)
Investments in associates and joint ventures	**181,971**	184,757	(2,786)	(2%)
Property and equipment	**14,142**	11,612	2,530	22%
Goodwill and intangible assets	**9,932**	9,965	(33)	(0%)
Deferred tax assets	**1,280**	1,402	(122)	(9%)
Other noncurrent assets	**2,198**	1,195	1,003	84%
Total Noncurrent Assets	**254,653**	251,824	2,829	1%
	387,435	384,980	2,455	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**32,080**	29,998	2,082	7%
Contract liabilities	**3,944**	4,006	(62)	(2%)
Short-term debt	**14,862**	28,007	(13,145)	(47%)
Current portion of long-term debt	**5,012**	5,012	–	0%
Current portion of liabilities on purchased properties	**615**	598	17	3%
Current portion of bonds payable	**4,999**	4,995	4	0%
Customers' deposits	**821**	506	315	62%
Dividends payable	**1,759**	589	1,170	199%
Due to related parties	**205**	515	(310)	(60%)
Income tax payable	**205**	472	(267)	(57%)
Other current liabilities	**1,932**	843	1,089	129%
Total Current Liabilities	**66,434**	75,541	(9,107)	(12%)
Noncurrent Liabilities				
Long-term debt – net of current portion	**100,344**	95,429	4,915	5%
Bonds payable	**10,071**	10,065	6	0%
Liabilities on purchased properties - net of current portion	**2,321**	2,657	(336)	(13%)
Pension liabilities	**2,094**	1,934	160	8%
Deferred tax liabilities	**3,145**	3,225	(80)	(2%)
Other noncurrent liabilities	**3,840**	3,944	(104)	(3%)
Total Noncurrent Liabilities	**121,815**	117,254	4,561	4%
	188,249	192,795	(4,546)	(2%)

(forward)

GT CAPITAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	Unaudited	Audited	Increase (Decrease)	
(In Million Pesos, Except for Percentage)	**June 2021**	**December 2020**	**Amount**	**Percent**
EQUITY				
Equity attributable to equity holders of the Parent Company				
Capital stock	**3,370**	3,370	–	0%
Additional paid-in capital	**98,827**	98,827	–	0%
Retained earnings				
Unappropriated	**85,262**	79,234	6,028	8%
Appropriated	**400**	400	–	0%
Other comprehensive loss	**(324)**	(853)	529	62%
Other equity adjustments	**2,322**	2,322	–	0%
	189,857	183,300	6,557	4%
Non-controlling interest	**9,329**	8,885	444	5%
Total Equity	**199,186**	192,185	7,001	4%
	387,435	384,980	2,455	1%

The major changes in GT Capital's consolidated balance sheet from December 31, 2020 to June 30, 2021 are as follows:

Consolidated assets grew by 1% or Php2.46 billion from Php384.98 billion as of December 31, 2020 to Php387.44 billion as of June 30, 2021. Total liabilities decreased by 2% or Php4.55 billion from Php192.80 billion to Php188.25 billion while total equity increased by Php7.00 billion from Php192.19 billion to Php199.19 billion.

Cash and cash equivalents decreased by Php1.56 billion from Php17.11 billion to Php15.56 billion with TMP, Federal Land, GT Capital, GTCAD, and TMBC accounting for Php8.13 billion, Php3.47 billion, Php3.39 billion, Php0.34 billion, Php0.23 billion, respectively.

Financial assets at fair value through profit or loss increased by Php5.18 billion from Php3.71 billion to Php8.89 billion due to additional investments in unit investment trust placement by the Parent Company.

Receivables – current dropped by 31% from Php18.83 billion to Php13.00 billion due to the collections during the period.

Contract assets decreased by Php0.37 billion due to Federal Land's contract assets. Contract assets are the excess of progress of work (POC) over the right to an amount collectible from unit buyers.

Due from related parties increased by Php0.43 billion due to higher management fee billings of Federal Land to its related parties.

Prepayments and other current assets increased from Php12.38 billion to Php13.85 billion comprising of input VAT, advances to contractors and suppliers, creditable withholding taxes, ad valorem taxes, prepaid expenses and other current assets from Federal Land, (Php6.78 billion); TMP, (Php4.04 billion); GT Capital, (Php2.64 billion); TMBC, (Php0.29 billion); and GTCAD, (Php0.10 billion).

Financial assets at fair value through other comprehensive income increased by Php2.45 billion from Php12.74 billion to Php15.19 billion due to marked-to-market gains on investments.

Property and equipment grew by 22% or Php2.53 billion due to land acquisition and improvements of TMP.

Deferred tax assets declined by 9% from Php1.40 billion to Php1.28 billion to the decline in TMP's deferred tax assets arising from remeasurement of the tax asset from 30% to 25%.

Other noncurrent assets increased by Php1.00 billion from Php1.20 billion to Php2.20 billion due to higher deposits in rental, utilities, guarantee, and construction bonds.

Accounts and other payables grew by 7% or Php2.08 billion mainly attributable to higher credit purchases of inventories by TMP.

Short-term debt decreased by Php13.15 billion from Php28.01 billion to Php14.86 billion to loan payments made during the period.

Customers' deposit increased by 62% from Php0.51 billion to Php0.82 billion with TMBC, TMP, and GTCAD accounting for Php0.43 billion, Php0.33 billion, Php0.06 billion, respectively.

Dividends payable grew by Php1.17 billion from Php0.59 billion to Php1.76 billion due to dividends payable to minority shareholders, offset by the payment of dividends to Perpetual Preferred Shares (Series A and B) dividends in January and April 2021.

Due to related parties decreased by Php0.31 billion from Php0.52 billion to Php0.21 billion due mainly from Federal Land's related parties.

Income tax payable decreased by 57% from Php0.47 billion to Php0.21 billion due to the remittance of the income tax computed for the 4th quarter of 2020 in April 2021.

Other current liabilities increased by Php1.09 billion from Php0.84 billion to Php1.93 billion with TMP, Federal Land, and TMBC accounting for Php1.64 billion, Php0.16 billion, Php0.10 billion, respectively. GT Capital and GTCAD contributed to the remaining balance of Php0.03 billion.

Non-current portion of long-term debt increased by 5% or Php4.92 billion due to Php5.81 billion new loan availments of Federal Land, offset by Php0.26 billion partial payments of Federal Land, Php0.55 billion forex gain of Parent's foreign currency denominated debt and Php0.08 billion reclassification to current portion.

Non-current portion of liabilities on purchased properties decreased by Php0.34 billion due to the reclassification to current portion and amortization of deferred financing cost.

Pension liabilities increased by 8% from Php1.93 billion to Php2.09 billion due to accrual of retirement expense for the period.

Unappropriated retained earnings increased by 8% from Php79.23 billion to Php85.26 billion mainly due to the Php6.67 billion consolidated net income earned attributable to the Parent Company in the first six months of 2021, net of Php0.65 billion cash dividends declared.

Other comprehensive loss improved by Php0.53 billion from Php0.85 billion to Php0.32 billion primarily due to the marked-to-market gains on financial assets at Fair Value Other Comprehensive Income of the Group.

Non-controlling interest (NCI) increased by 5% from Php8.89 billion to Php9.33 billion mainly due to higher net income of subsidiaries which are not wholly-owned.

Key Performance Indicators (In Million Pesos, except %)

Income Statement	**June 30, 2020**	**June 30, 2021**
Total Revenues	52,621	85,658
Net Income attributable to GT Capital Holdings	2,741	6,674
Balance Sheet	**December 31, 2020**	**June 30, 2021**
Total Assets	384,980	387,435
Total Liabilities	192,795	188,249
Equity attributable to GT Capital Holdings	183,300	189,857
Return on Equity	4.06%*	6.19%*

** 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, 2020 is full year while June 30, 2021 is annualized.*

<u>Automobile Assembly and Importation, Dealership and Financing</u>

Toyota Motor Philippines (TMP)

	In Million Pesos, except for ratios and percentages			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Sales	37,500.4	63,706.3	26,206.0	69.9
Gross Profit	4,965.3	7,585.3	2,620.0	52.8
Operating Profit	1,288.5	3,964.6	2,676.1	207.7
Net income attributable to Parent	994.4	3,367.7	2,373.3	238.7
	FY 2020	**1H 2021**		**%**
Total Assets	45,058.5	42,394.6	(2,663.9)	(5.9)
Total Liabilities	35,558.4	32,719.8	(2,838.5)	(8.0)
Total Equity	9,500.2	9,674.8	174.6	1.8
Total Liabilities to Equity ratio*	3.7x	3.4x		

**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 increased from Php37.5 billion in the first half of 2020 to Php63.7 billion in the same period of 2021 as wholesale volume increased by 89.8% from 33,392 to 63,375 units. TMP's retail sales volume likewise increased by 78.9% from 35,648 units to 63,758 units, outperforming industry which increased by 51.2% from 92,564 to 139,949 units. As a result, TMP market share improved from 38.5% last year to 45.6% in 2021.

The year-on-year bookings grew as operations normalized. In 2020, TMP was affected by the Taal Volcano eruption in January and community quarantine restrictions which started in mid-

March. Also, the demand for passenger cars was sustained from last year as public transportation remained limited.

Gross profit margin declined from 13.2% to 11.9% in 2021 due to unfavorable model mix in favor of passenger cars. Operating profit margin, however, improved from 3.4% to 6.2% due to volume improvement and lower operating expenses. Consolidated net income attributable to equity holders reported a 238.7% increase from Php994.4 million to Php3.4 billion due largely to higher sales volume, gain on sale of Toyota Sta Rosa, lower interest expenses, and foreign exchange translation gains.

As of June 30, 2021, TMP directly owns seven (6) dealer outlets namely Toyota Makati with one (1) branch Toyota Bicutan, Toyota San Fernando in Pampanga with two (2) branches in Toyota Plaridel in Bulacan and Toyota Tarlac in Tarlac City, Lexus Manila, situated in Bonifacio Global City, Taguig City.

Toyota Manila Bay Corporation (TMBC)

	In Million Pesos, except for percentages			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Net Sales	5,376.9	7,308.9	1,932.0	35.9
Gross Profit	459.3	686.6	227.2	49.5
Net Income*	(83.2)	76.0	159.2	191.3
	FY2020	**1H2021**		
Total Assets	6,519.1	5,841.8	(677.3)	(10.4)
Total Liabilities	4,030.4	3,279.6	(750.9)	(18.6)
Total Equity	2,488.7	2,562.3	73.6	3.0

**Includes booked commission income from insurance*

Consolidated sales, consisting of vehicle sales, spare parts and maintenance services, increased by 35.9% from Php5.4 billion in the first half of 2020 to Php7.3 billion in the same period of 2021. The increase was driven by recovery of sales as operations normalized. Penetration rate, however, declined from 11.3% in the first half of 2020 to 9.5% in the same period due to keener competition among Metro Manila Toyota dealers.

Retail sales volume increased by 50.8% from 4,034 to 6,082 units. Revenue from after sales services, which accounts for 9.9% of revenues, likewise, increased by 25.7%.

TMBC recorded a consolidated net income of Php76.0 million in the first half of 2020, a swing of Php159.2 million in the same period of 2021 due to volume recovery and continued management of expenses.

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 percentages			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Gross Interest Income	3,603.1	4,339.8	736.8	20.4
Net Interest Income	1,715.6	2,153.3	437.7	25.5
Net Income	263.3	(19.5)	(282.8)	(107.4)
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Total Assets	85,234.2	110,776.9	25,542.7	30.0
Total Equity	9,485.1	11,247.3	1,762.2	18.6
Finance Receivable	78,898.3	103,643.8	24,745.5	31.4

TFSPC recorded a 20.4% growth in gross interest income from Php3.6 billion to Php4.3 billion, as finance receivables increased by 31.4% from Php78.9 billion to Php103.6 billion on a year-on-year basis. Such increase was mainly driven by the growth in bookings.

Booking volume increased by 171.0% from 11,102 units to 30,088 units attributable to the underperformance in TMP's sales volume on the first half of 2020 brought about by the Taal eruption and community quarantine restrictions and the higher penetration rates in 2021. This resulted in a significant improvement in penetration rate from 31.1% to 47.2%.

TFSPC incurred a net loss of Php19.5 million due to the increase in provision for credit losses and higher ROPA losses on the first six months of 2021.

Sumisho Motor Finance Corporation (SMFC)

	In Million Pesos, except for percentages			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Gross Interest Income	969.9	869.0	(100.9)	(10.4)
Net Interest Income	845.0	763.4	(81.5)	(9.7)
Net Income	223.6	51.8	(171.8)	(76.8)
	FY 2020	**1H 2021**	**Inc (Dec)**	**%**
Total Assets	7,681.7	7,234.1	(447.6)	(5.8)
Total Equity	2,296.2	2,345.0	48.8	2.1
Finance Receivable	6,823.7	6,585.7	(238.0)	(3.5)

SMFC recorded 10.4% decline in gross interest income from Php969.9 million to Php869.0 million, as finance receivable declined by 3.5% from Php6.8 billion as of December 2020 to Php6.6 billion as of the first six months of 2021. Bookings, however, grew by 41.2% from 17,140 to 24,210 units due to a low volume base in 2020 when community quarantine restrictions were strictest from mid-March until end April.

SMFC booked higher provisions for credit losses on the first six months of 2021 arising from the continued community quarantine restrictions. This resulted in a 76.8% net income decline from Php223.6 million to Php51.8 million.

Banking

Metropolitan Bank and Trust Company (Metrobank)

	In Billion Pesos, except for percentages and ratios			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Net income attributable to equity holders	9.1	11.7	2.6	28.0
Net interest margin on average earning assets	4.24%	3.37%		1.0
Operating efficiency ratio	45.2%	57.2%		12.0
Return on average assets	0.77%	0.95%		0.18
Return on average equity	5.78%	7.33%		1.55

	FY 2020	**1H 2021**	**Inc (Dec)**	**%**
Total assets	2,455.2	2,474.0	18.8	0.8
Total liabilities	2,122.0	2,151.8	29.8	1.4
Equity attributable to equity holders of the parent company	324.2	313.2	(11.1)	(3.4)
Tier 1 capital adequacy ratio	19.3%	19.5%		0.2
Total capital adequacy ratio	20.2%	20.4%		0.2
Non-performing loans ratio	2.4%	2.3%		(0.1)
Non-performing loans coverage ratio	163.0%	179.0%		16.0

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, 2020 and June 30, 2021 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 increased by 28.0% from Php9.1 billion for the first six months of 2020 to Php11.7 billion for the first six months of 2021. The Bank set aside Php7.0 billion in provisions for credit and impairment losses, 69.1% lower versus the Php22.8 billion booked in the same period last year.

Net interest income, however, declined by 15.7%, comprising 72.8% of total operating income. This was primarily driven by the contraction in net interest margin from 4.2% to 3.4% due to lower interest income from loans and receivables and trading and investment securities. Likewise, non-interest income fell by 33.9% from Php21.2 billion for the first six months of 2020 to Php14.0 billion for the first six months of 2021 on account of the lower net trading and foreign exchange gains, partially offset by the strong recovery in service fees and trust income by 17.0%.

As a result, operating income decreased by 21.6% from Php65.7 billion for the first six months of 2020 to Php51.5 billion for the first six months of 2021.

Total assets went up from Php2.46 trillion as of December 31, 2020 to Php2.47 trillion as of the first six months of 2021 due to the increases in investment securities and due from Bangko Sentral ng Pilipinas offset by the decline in cash and other cash items, interbank loans receivable and securities purchased under resale agreements, loans and receivables and deferred tax assets.

Total liabilities increased from Php2.12 trillion to Php2.15 trillion due to growth in deposit liabilities and accrued interest and other expenses offset by the decline in bills payable and securities sold under repurchase agreements, derivative liabilities, manager's checks and demand drafts outstanding, and income taxes payable.

Equity attributable to equity holders of the parent company declined by 3.4% from Php324.2 billion as of December 31, 2020 to Php313.2 billion as of the first six months of 2021 primarily due to the Php18.0 billion total cash dividends paid by the Bank during the year.

Property Development

Federal Land Inc.

	In Million Pesos, except for percentages and ratios			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Real estate sales*	2,965.5	3,514.5	549.0	18.5
Revenues	4,243.5	5,114.3	870.8	20.5
Net income attributable to equity holders of the parent	170.9	586.5	415.6	243.2
	FY2020	**1H 2021**	**Inc (Dec)**	**%**
Total assets	109,376.6	109,898.7	522.1	0.5
Total liabilities	72,431.3	72,362.5	(68.9)	(0.1)
Total equity attributable to equity holders of the parent	36,828.2	37,414.7	586.5	1.6
Current ratio[1]	2.0x	2.4x		
Debt to equity ratio[2]	1.3x	1.3x		

** 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 amounted to Php6.5 billion in the first half of 2021, declining from Php9.1 billion in the first half of 2020 as there were no new project launches since last year.

Real estate sales and revenues increased by 18.5% and 20.5%, respectively, due to strong incremental construction growth, higher income contribution from joint venture projects and higher forfeitures, interest and penalty charges. Net income attributable to equity holders of the parent grew faster from Php0.2 billion in the first half of 2020 to Php0.6 billion in the first half of 2021 due to the positive impact of CREATE law on taxes.

Total assets of Federal Land ended at Php109.9 billion as of June 30, 2021 from Php109.4 billion as of December 31, 2020 due to the increase in inventory partially offset by the reduction in cash used for the settlement of liabilities.

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 quarter of 2020 and 2021.

In Million Pesos, except ratios	Consolidated			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Gross Premiums	16,654.9	22,149.9	5,495.0	33.0
Net income after tax	1,509.9	1,416.2	(93.7)	(6.2)
	FY 2020	**1H 2021**	**Inc (Dec)**	**%**
Total Assets	153,914.9	164,222.9	10,308.0	6.7
Total Liabilities	141,849.2	151,310.5	9,461.3	6.7
Total Equity	12,065.7	12,912.4	846.7	7.0
In Million Pesos, except ratios	**Life (Stand-alone)**			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Gross Premiums	14,106.1	20,126.6	6,020.5	42.7
Net income after tax	1,200.5	1,578.2	377.7	31.5
	FY 2020	**1H 2021**	**Inc (Dec)**	**%**
Total Assets	146,497.2	157,412.7	10,915.5	7.5
Total Liabilities	133,371.5	143,264.8	9,893.3	7.4
Total Equity	13,125.7	14,148.0	1,022.3	7.8
Solvency ratio[1]	270%	279%[2]		

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.

(2) As of May 2021

New business from life insurance expressed in Annualized Premium Equivalent increased by 33.5% from Php2.4 billion in the first half of 2020 to Php3.2 billion in the first half of 2021. This was driven by the strong growth in both Single Premium and Regular Premium, increasing 95.7% and 14.7%, respectively. As a result, premium revenue reached Php20.1 billion in the first half of 2021, 42.7% higher than the previous year. The reported premium revenue mix of life insurance shifted to 57%/43% (Single Premium vs. Regular Premium) in the first half of 2021 from 41%/59% in the first half of 2020. By distribution platform, bancassurance, sales agency and other channels accounted for 59%, 37% and 4% of premium revenues, respectively.

Gross written premiums of general insurance declined by 7% from Php1.9 billion in the first half of 2020 to Php1.7 billion in the first half of 2021 as the pandemic continues to impact mobility and consumer spending.

Consolidated net income stood at Php1.4 billion in the first half of 2021, 6.2% lower than the first half of 2020 resulting from the lower earned premiums and higher property and motor losses from the general insurance business, partially offset by the positive net income performance of AXA Philippines stemming from higher premium margins and lower unrealized losses in equities.

Infrastructure and Utilities

Metro Pacific Investments Corporation (MPIC)

	In Million Pesos, except for Percentage			
	1H 2020	**1H 2021**	**Inc (Dec)**	**%**
Core net income	5,337	6,016	679	13
Net income attributable to equity holders	3,027	10,387	7,360	243
	FY 2020	**1H 2021**	**Inc (Dec)**	**%**
Total assets	617,796	579,856	(37,940)	(6)
Total liabilities	373,451	344,082	(29,369)	(8)
Total equity attributable to owners of Parent Company	184,858	191,581	6,723	4

MPIC's share in the consolidated operating core income increased by 11% from Php7.7 billion for the first half of 2020 to Php8.5 billion for the first half of 2021 driven by the following:

- Higher volume sold for power; Core net income contribution of Manila Electric Company (Meralco) to MPIC was Php5.4 billion;
- Improved traffic on toll roads and the shift in tax regime to Optional Standard Deduction; Core net income contribution of Metro Pacific Tollways Corporation (MPTC) to MPIC was Php1.9 billion;
- Partially offset by the drop in billed water volumes and limited light rail services; Core net income contribution of Maynilad Water Services (Maynilad) and core net loss contribution of Light Rail Manila Corporation (LRMC) to MPIC was Php1.4 billion and Php0.2 billion, respectively.

Reported net income attributable to equity holders rose by 243% from Php3.0 billion in the first half of 2020 to Php10.4 billion in the first half of 2021 due to the gain on sale of Global Business Power Corporation (Php4.6 billion) and Don Muang Tollways (Php1.1 billion). Excluding non-recurring income or expenses, MPIC reported a core net income of Php6.0 billion in the first half of 2021, 13% higher than last year.

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 2020 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 JUNE 30, 2021

Number of Days	Amount
Less than 30 days	**Php1,576**
30 days to 60 days	**493**
61 days to 90 days	**327**
91 days to 120 days	**174**
Over 120 days	**352**
Current	**10,074**
Impaired	**485**
Noncurrent receivables	**7,172**
Total	**Php20,653**

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 June 30, 2021:

Name Of Stockholder	Total Number Of Shares Held	Percent To Total Number Of Shares Issued
Grand Titan Capital Holdings, Inc.	120,413,658	55.9323%
PCD Nominee-Non-Filipino	48,454,475	22.5072%
PCD Nominee-Filipino	45,528,657	21.1481%

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	**Francisco H. Suarez, Jr.**
Head, Accounting and Financial Control	Chief Finance Officer

Date: August 16, 2021

GT Capital Holdings, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements

As of June 30, 2021 (Unaudited) and December 31, 2020 (Audited)
and for the six-month periods June 30, 2021 and 2020
(Unaudited)

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

	Unaudited June 30, 2021	Audited December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	**₱15,558**	₱17,114
Financial assets at fair value through profit or loss (FVTPL)	**8,885**	3,709
Receivables	**12,996**	18,833
Contract assets	**5,816**	6,183
Inventories	**75,045**	74,735
Due from related parties	**636**	202
Prepayments and other current assets	**13,846**	12,380
Total Current Assets	**132,782**	133,156
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI)	**15,192**	12,740
Receivables, net of current portion	**7,172**	7,048
Contract assets – net of current portion	**6,564**	6,852
Investment properties	**16,202**	16,253
Investments in associates and joint ventures	**181,971**	184,757
Property and equipment	**14,142**	11,612
Goodwill and intangible assets	**9,932**	9,965
Deferred tax assets	**1,280**	1,402
Other noncurrent assets	**2,198**	1,195
Total Noncurrent Assets	**254,653**	251,824
	₱387,435	₱384,980
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	**₱32,080**	₱29,998
Contract liabilities	**3,944**	4,006
Short term debt	**14,862**	28,007
Current portion of long-term debt	**5,012**	5,012
Current portion of liabilities on purchased properties	**615**	598
Current portion of bonds payable	**4,999**	4,995
Customers' deposits	**821**	506
Dividends payable	**1,759**	589
Due to related parties	**205**	515
Income tax payable	**205**	472
Other current liabilities	**1,932**	843
Total Current Liabilities	**66,434**	75,541
Noncurrent Liabilities		
Long-term debt – net of current portion	**100,344**	95,429
Bonds payable	**10,071**	10,065
Liabilities on purchased properties - net of current portion	**2,321**	2,657
Pension liabilities	**2,094**	1,934
Deferred tax liabilities	**3,145**	3,225
Other noncurrent liabilities	**3,840**	3,944
Total Noncurrent Liabilities	**121,815**	117,254
	188,249	192,795

(forward)

	Unaudited June 30, 2021	Audited December 31, 2020
EQUITY		
Equity attributable to equity holders of the Parent Company		
Capital stock	**₱3,370**	₱3,370
Additional paid-in capital	**98,827**	98,827
Retained earnings		
Unappropriated	**85,262**	79,234
Appropriated	**400**	400
Other comprehensive loss	**(324)**	(853)
Other equity adjustments	**2,322**	2,322
	189,857	183,300
Non-controlling interest	**9,329**	8,885
Total Equity	**199,186**	192,185
	₱387,435	₱384,980

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

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

	UNAUDITED			
	January to June		April to June	
	2021	2020	**2021**	2020
REVENUE				
Automotive operations	**₱73,114**	₱43,331	**₱34,493**	₱10,551
Equity in net income of associates and joint ventures	**6,314**	4,245	**2,301**	1,570
Real estate sales and interest income on real estate sales	**3,553**	2,966	**1,885**	579
Rent income	**687**	709	**346**	296
Sale of goods and services	**246**	233	**124**	62
Commission income	**111**	74	**48**	7
Interest income	**79**	122	**36**	61
Other income	**1,554**	941	**1,072**	476
	85,658	52,621	**40,305**	13,602
COST AND EXPENSES				
Cost of goods and services sold	**48,957**	30,063	**22,645**	7,687
Cost of goods manufactured	**15,832**	7,980	**8,081**	1,522
General and administrative expenses	**6,222**	5,798	**3,056**	2,662
Interest expense	**3,000**	3,237	**1,529**	1,699
Cost of real estate sales	**1,813**	1,544	**1,098**	212
Cost of rental	**307**	253	**145**	120
	76,131	48,875	**36,554**	13,902
INCOME (LOSS) BEFORE INCOME TAXES	**9,527**	3,746	**3,751**	(300)
PROVISION FOR (BENEFIT FROM) INCOME TAX	**1,159**	518	**386**	(253)
NET INCOME (LOSS)	**₱8,368**	₱3,228	**3,365**	(₱47)
ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**₱6,674**	₱2,741	**₱2,603**	₱197
Non-controlling interests	**1,694**	487	**762**	(244)
	₱8,368	₱3,228	**₱3,365**	(₱47)
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**₱29.63**	₱11.37		

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	UNAUDITED			
	January to June		April to June	
	2021	2020	**2021**	2020
NET INCOME (LOSS)	**₱8,368**	₱3,228	**₱3,365**	(₱47)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified to profit or loss in subsequent periods:				
Changes in cumulative translation adjustments	**4**	(4)	**3**	(8)
Changes in cash flow hedge reserves	**12**	(5)	**4**	(2)
Equity in other comprehensive income of associates:				
Cash flow hedge reserves	**(5)**	(82)	**(132)**	(138)
Remeasurement on life insurance reserves	**50**	(186)	**105**	(104)
Translation adjustment	**(31)**	(343)	**167**	(376)
Other equity adjustments	**(21)**	–	–	
	9	(620)	**147**	(628)
Items that may not be reclassified to profit or loss in subsequent periods:				
Changes in fair value of financial assets at FVOCI	**2,589**	(1,396)	**1,755**	419
Equity in changes in fair value of financial assets at FVOCI	**(1,931)**	3,457	**951**	5,546
Remeasurement of defined benefit plans	**(87)**	(1)	**(87)**	–
Equity in remeasurement of defined benefit plans of associates	**(140)**	(291)	**(42)**	642
Income tax effect	**68**	88	**39**	(193)
	499	1,857	**2,616**	6,414
TOTAL OTHER COMPREHENSIVE INCOME	**508**	1,237	**2,763**	5,786
TOTAL COMPREHENSIVE INCOME	**₱8,876**	₱4,465	**₱6,128**	₱5,739
ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**₱7,203**	₱3,979	**₱5,394**	₱5,988
Non-controlling interests	**1,673**	486	**734**	(249)
	₱8,876	₱4,465	**₱6,128**	₱5,739

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF JUNE 30, 2021 AND 2020 (UNAUDITED)
(In Millions)

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock	**Additional Paid-in Capital**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Other Comprehensive Income (Loss)**	**Other Equity Adjustment**	**Total**	**Non-controlling Interests**	**Total**
At January 1, 2021	**₱3,370**	**₱98,827**	**₱79,234**	**₱400**	**(₱853)**	**₱2,322**	**₱183,300**	**₱8,885**	**₱192,185**
Total comprehensive income	**–**	**–**	**6,674**	**–**	**529**	**–**	**7,203**	**1,673**	**8,876**
Dividends declared	**–**	**–**	**(646)**	**–**	**–**	**–**	**(646)**	**(1,594)**	**(2,240)**
NCI share on acquisition of new subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**365**	**365**
At June 30, 2021	**₱3,370**	**₱98,827**	**₱85,262**	**₱400**	**(₱324)**	**₱2,322**	**₱189,857**	**₱9,329**	**₱199,186**

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock	Additional Paid-in Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Other Comprehensive Income (Loss)	Other Equity Adjustment	Total	Non-controlling Interests	Total
At January 1, 2020	₱3,370	₱98,827	₱74,569	₱400	(₱2,019)	₱2,322	₱177,469	₱11,851	₱189,320
Total comprehensive income	–	–	2,741	–	1,238	–	3,979	486	4,465
Dividends declared	–	–	(1,293)	–	–	–	(1,293)	(4,453)	(5,746)
Reversal of appropriation	–	–	–	–	–	–	–	–	–
At June 30, 2020	₱3,370	₱98,827	₱76,017	₱400	(₱781)	₱2,322	₱180,155	₱7,884	₱188,039

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)

	Unaudited	
	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱9,527**	₱3,746
Adjustments for:		
Interest expense	**3,000**	3,237
Depreciation and amortization	**1,148**	998
Pension expense	**205**	154
Provision for impairment losses	**29**	20
Gain on disposal of property and equipment	**(5)**	(2)
Unrealized gain on financial assets at FVTPL	**(48)**	(61)
Unrealized foreign exchange gain	**(85)**	(102)
Dividend income	**(184)**	(174)
Interest income	**(850)**	(901)
Equity in net income of associates and joint ventures	**(6,314)**	(4,245)
Operating income before changes in working capital	**6,423**	2,670
Decrease (increase) in:		
Receivables	**5,840**	3,114
Contract assets	**654**	(1,046)
Due from related parties	**(434)**	(14)
Inventories	**345**	(5,159)
Financial assets at FVTPL	**(5,121)**	441
Prepayments and other current assets	**(1,466)**	(979)
Increase (decrease) in:		
Accounts and other payables	**2,427**	(6,217)
Contract liabilities	**(62)**	(13)
Customers' deposits	**316**	189
Due to related parties	**(310)**	(24)
Other current liabilities	**1,090**	(637)
Cash provided by operations	**9,702**	(7,675)
Interest received	**706**	861
Interest paid	**(2,775)**	(3,200)
Contributions to pension plan	**(50)**	(34)
Dividends received	**7,226**	2,209
Dividends paid	**(1,071)**	(1,991)
Income taxes paid	**(1,443)**	(1,273)
Net cash provided by operating activities	**12,295**	(11,103)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	**10**	2
Additions to:		
Property and equipment	**(4,114)**	(303)
Financial assets at FVOCI	**(387)**	–
Investments in associates and joint ventures	–	(1,247)
Intangible assets	**(24)**	(24)
Investment properties	**(163)**	(51)
Impact of business combination	**50**	–
Increase in other noncurrent assets	**(920)**	(415)
Net cash used in investing activities	**(5,548)**	(2,038)

(Forward)

	Unaudited	
	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availments	**₱15,541**	₱29,085
Payment of loans payable	**(23,249)**	(10,143)
Payment of bonds payable	**–**	(3,900)
Payment of liabilities on purchased properties	**(319)**	(201)
Increase (decrease) in other noncurrent liabilities	**(726)**	742
Acquisition of noncontrolling interests	**365**	–
Net cash (used in) provided by financing activities	**(8,388)**	15,583
Effect of exchange rate changes on cash and cash equivalents	**85**	102
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,556)**	2,544
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**17,114**	12,133
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱15,558**	₱14,677

GENERAL NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

GT Capital Holdings, Inc. (GT Capital or 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).

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, which is the ultimate parent of the Group, the holding company of the Federal Land Group (real estate business), Toyota Group (automotive business), TMBC Group (automotive business) and GTCAD (automotive business) is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations.

The principal business interests of the Federal Land Group are real estate development and leasing and selling properties and acting as a marketing agent for and in behalf of any real estate development company or companies. The 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 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, 2020.

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:

		Percentages of Ownership	
	Country of Incorporation	**June 30, 2021**	December 31, 2020
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

	Percentages of Ownership	
	2021	2020
Horizon Land Property and Development Corp. (HLPDC)	**100.00**	100.00
Federal Property Management Corp. (FPMC)	**100.00**	100.00
Federal Land Orix Corporation (FLOC)	**100.00**	100.00
Topsphere Realty Development Company Inc. (TRDCI)	**100.00**	100.00
Bonifacio Landmark Hotel Management Corporation (BLHMC)	**100.00**	100.00
Fed South Dragon Corporation (FSDC)	**100.00**	100.00
Federal Retail Holdings, Inc. (FRHI)	**100.00**	100.00
Magnificat Resources Corp. (MRC)	**100.00**	100.00
Central Realty and Development Corp. (CRDC)	**75.80**	75.80
Federal Brent Retail, Inc. (FBRI)	**51.66**	51.66

Toyota's Subsidiaries

	Percentages of Ownership	
	2021	2020
Toyota Makati, Inc. (TMI)	**100.00**	100.00
Toyota Motor Philippines Logistics, Inc. (TLI)	**100.00**	100.00
Lexus Manila, Inc. (LMI)	**75.00**	75.00
Toyota San Fernando Pampanga, Inc. (TSFI)	**55.00**	55.00
Toyota Sta. Rosa Laguna, Inc. (TSRLI)	**–**	100.00

On December 29, 2020, GTCAD and Toyota Corolla Sapporo Philippines Holdings, Inc. (TCSPHI) entered into a Share Sale and Purchase Agreement with TMPC. TMPC agreed to sell and transfer its 5,000,000 shares of TSRLI shares with a par value of ₱100.00 per share, representing in the aggregate 100% of the total issued and outstanding voting shares of TSRLI, to GTCAD and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares will be sold and transferred to GTCAD and the remaining 40% or 2,000,000 shares will be sold and transferred to TCSPHI. The said agreement shall enter into force and effect on January 1, 2021.

TMBC's Subsidiaries

	Percentages of Ownership	
	2021	2020
Oxfordshire Holdings, Inc. (OHI)	**100.00**	100.00
TMBC Insurance Agency Corporation (TIAC)	**100.00**	100.00

GTCAD's Subsidiaries

	Percentages of Ownership	
	2021	2020
Toyota Subic, Inc. (TSI)	**55.00**	55.00
GT Mobility Ventures, Inc. (GTMV)	**66.67**	66.67
Toyota Sta. Rosa Laguna, Inc. (TSRLI)*	**60.00**	–

** Refer to the narratives on Toyota Subsidiaries' above.*

In 2020, GTMV made a deposit in Premium Warranty Services, Philippines Inc. (PWSPI) amounting to ₱49.75 million representing the paid-up capital of PWSPI. PWSPI was incorporated on February 16, 2021.

In 2019, GTCAD, through GTMV, a joint venture between the GTCAD 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.

Significant Accounting Policies / Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual audited consolidated financial statements as of and for the year ended December 31, 2020, except for the adoption of the following amended standards, which became effective beginning January 1, 2021.

Amendments

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

As of June 30, 2021, the amended standard does not have a significant impact on the financial statements of the Group.

Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PAS 34 requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting judgments and estimates of the Group have been disclosed in the 2020 audited financial statements.

3. Cash and cash equivalents

This account consists of:

	June 30, 2021	June 30, 2020	December 31, 2020
Cash on hand	**₱28**	₱14	₱23
Cash in banks and other financial institution	**6,061**	5,093	5,394
Cash equivalents	**9,469**	9,570	11,697
	₱15,558	₱14,677	₱17,114

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 June 30, 2021.

Financial assets at fair value through other comprehensive income (FVOCI)
This pertains mainly to the Parent Company's investment in common shares of Toyota Motor Corporation (TMC).

5. Investments in subsidiaries, associates and joint ventures

Investment in MBTC
On various dates in 2020, the Parent Company acquired an aggregate of 22.11 million common shares of Metrobank for a total consideration of ₱1.24 billion. This increased the Parent Company's ownership interest in Metrobank from 36.65% to 37.15%.

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):

	Declaration Date	**Per Share**	**Total**	**Record Date**	**Payment Date**
2021					
MBTC	February 17, 2021	₱1.00	₱4,497	March 5, 2021	March 18, 2021
MBTC*	February 17, 2021	3.00	13,492	March 5, 2021	March 18, 2021
MPIC	March 3, 2021	0.0481	1,475	March 18, 2021	March 31, 2021
MPIC*	March 3, 2021	0.0279	856	March 18, 2021	March 31, 2021
SMFC	June 25, 2021	1.93	38.6	July 12, 2021	July 21, 2021
2020					
MPIC	August 5, 2020	0.0345	1,086	August 20, 2020	September 3, 2020
MBTC	February 19, 2020	1.00	4,497	March 6, 2020	March 20, 2020
MPIC	February 26, 2020	0.076	2,399	March 12, 2020	March 20, 2020
SMFC	June 26, 2020	8.88	178	June 26, 2020	July 17, 2020

**Special cash dividends*

6. **Loans Payable**

This account consists of:

	June 30, 2021				
		Long-term debt			
	Short-term debt	**Corporate notes**	**Loans payable**	**Subtotal**	**Total**
Parent Company	**₱–**	**₱–**	**₱67,197**	**₱67,197**	**₱67,197**
Federal Land Group	**9,842**	**965**	**36,557**	**37,522**	**47,364**
Toyota Group	**3,990**	**–**	**246**	**246**	**4,236**
TMBC Group	**830**	**–**	**786**	**786**	**1,616**
GTCAD Group	**200**	**–**	**–**	**–**	**200**
	14,862	**965**	**104,786**	**105,751**	**120,613**
Less: Deferred financing cost	**–**	**–**	**395**	**395**	**395**
	14,862	**965**	**104,391**	**105,356**	**120,218**
Less: Current portion of long-term debt	**–**	**25**	**4,987**	**5,012**	**5,012**
	₱14,862	**₱940**	**₱99,404**	**₱100,344**	**₱115,206**

	December 31, 2020				
		Long-term debt			
	Short-term debt	Corporate notes	Loans payable	Subtotal	Total
Parent Company	₱–	₱–	₱67,765	₱67,765	₱67,765
Federal Land Group	15,012	965	30,999	31,964	46,976
Toyota Group	12,025	–	246	246	12,271
TMBC Group	885	–	863	863	1748
GTCAD Group	85	–	–	–	85
	28,007	965	99,873	100,838	128,845
Less: Deferred financing cost	–	–	397	397	397
	28,007	965	99,476	100,441	128,448
Less: Current portion of long-term debt	–	25	4,987	5,012	5,012
	₱28,007	₱940	₱94,489	₱95,429	₱123,436

7. **Bonds Payable**

This account consists of the following Peso Bonds:

			Carrying Value	
Maturity Dates	Interest rate	Par Value	**June 30, 2021**	December 31, 2020
₱10.0 billion Bonds				
February 27, 2023	5.0937%	6,100	**₱6,087**	₱6,083
		6,100	**6,087**	6,083
₱12.0 billion Bonds				
August 7, 2021	5.1965%	5,000	**4,999**	4,995
August 7, 2024	5.6250%	4,000	**3,984**	3,982
		9,000	**8,983**	8,977
		15,100	**₱15,070**	₱15,060

Unamortized debt issuance costs on these bonds amounted to ₱29.59 million and ₱39.93 million as of June 30, 2021 and December 31, 2020, respectively.

10.0 billion GT Capital bonds due 2020, 2023
The ₱3.90 billion bonds with maturity date of February 27, 2020 were paid. This was refinanced in February 2020 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
Voting preferred shares				
March 22, 2021	₱0.00377	₱0.66	April 7, 2021	April 21, 2021
May 21, 2020	0.00377	₱0.66	June 5, 2020	June 19, 2020
Perpetual Preferred Shares				
Series A				
December 15, 2020	11.57475	56.01	January 4, 2021	January 27, 2021
December 15, 2020	11.57475	56.01	April 5, 2021	April 27, 2021
December 15, 2020	11.57475	56.01	July 5, 2021	July 27, 2021
December 15, 2020	11.57475	56.01	October 4, 2021	October 27, 2021
November 26, 2019	11.57475	56.01	January 3, 2020	January 27, 2020
November 26, 2019	11.57475	56.01	April 3, 2020	April 27, 2020
November 26, 2019	11.57475	56.01	July 3, 2020	July 27, 2020
November 26, 2019	11.57475	56.01	October 5, 2020	October 27, 2020
Series B				
December 15, 2020	12.73725	91.21	January 4, 2021	January 27, 2021
December 15, 2020	12.73725	91.21	April 5, 2021	April 27, 2021
December 15, 2020	12.73725	91.21	July 5, 2021	July 27, 2021
December 15, 2020	12.73725	91.21	October 4, 2021	October 27, 2021
November 26, 2019	12.73725	91.21	January 3, 2020	January 27, 2020
November 26, 2019	12.73725	91.21	April 3, 2020	April 27, 2020
November 26, 2019	12.73725	91.21	July 3, 2020	July 27, 2020
November 26, 2019	12.73725	91.21	October 5, 2020	October 27, 2020

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 22, 2021	₱3.00	₱645.85	April 7, 2021	April 21, 2021
May 21, 2020	3.00	645.85	June 5, 2020	June 19, 2020
May 21, 2020*	3.00	645.85	June 5, 2020	June 19, 2020

**Special cash dividends.*

Other Comprehensive Loss

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

	June 30, 2021	June 30, 2020	December 31, 2020
Net unrealized loss on remeasurement of retirement plan	**(₱479)**	(₱291)	(₱448)
Net unrealized gain (loss) on financial assets at FVOCI	**3,939**	(398)	1,357
Cash flow hedge reserve	**(39)**	(57)	(51)
Cumulative translation adjustments	**(8)**	(4)	(10)
Equity in other comprehensive income of associates:			
Equity in net unrealized gain on financial assets at FVOCI	**2,214**	5,643	4,145
Equity in remeasurement on life insurance reserves	**(296)**	(168)	(346)
Equity in cash flow hedge reserves	**(320)**	(283)	(316)
Equity in net unrealized loss on remeasurement of retirement plan	**(1,843)**	(1,661)	(1,745)
Equity in cumulative translation adjustments	**(3,497)**	(3,568)	(3,466)
Equity in other equity adjustments	**5**	6	27
	(₱324)	(₱781)	(₱853)

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 June 30, 2021 and December 31, 2020, 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 attributable to equity holders of the Parent Company for the periods indicated were computed as follows:

		June 30, 2021	June 30, 2020	December 31, 2020
a.)	Net income attributable to equity holders of the Parent Company	**₱6,674**	₱2,741	₱6,546
b.)	Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company	**(294)**	(294)	(589)
c.)	Net income attributable to common shareholders of the Parent Company	**6,380**	2,447	5,957
d.)	Weighted average number of outstanding common shares of the Parent Company	**215**	215	215
e.)	Basic/diluted earnings per share, (c / d)	**₱29.63**	₱11.37	₱27.67

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;
- 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.

There were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. Intragroup transactions were eliminated during consolidation.

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 six months period ended June 30, 2021 and as of and for the year ended December 31, 2020:

	June 30, 2021					
	Real Estate	**Financial Institution**	**Automotive Operations**	**Infra Structure**	**Others**	**Total**
Revenue	**₱2,782**	**₱–**	**₱73,114**	**₱–**	**₱–**	**₱75,896**
Other income	**1,486**	**–**	**829**	**–**	**283**	**2,598**
Equity in net income of associates and joint ventures	**67**	**4,635**	**–**	**1,612**	**–**	**6,314**
	4,335	**4,635**	**73,943**	**1,612**	**283**	**84,808**
Cost of goods and services sold	**192**	**–**	**48,765**	**–**	**–**	**48,957**
Cost of goods manufactured and sold	**–**	**–**	**15,832**	**–**	**–**	**15,832**
Cost of rental	**300**	**–**	**–**	**–**	**7**	**307**
Cost of real estate sales	**1,813**	**–**	**–**	**–**	**–**	**1,813**
General and administrative expenses	**1,414**	**–**	**4,594**	**–**	**214**	**6,222**
	3,719	**–**	**69,191**	**–**	**221**	**73,131**
Earnings before interest and taxes	**616**	**4,635**	**4,752**	**1,612**	**62**	**11,677**
Depreciation and amortization	**265**	**–**	**878**	**–**	**5**	**1,148**
EBITDA	**881**	**4,635**	**5,630**	**1,612**	**67**	**12,825**
Interest income	**744**	**–**	**64**	**–**	**42**	**850**
Interest expense	**(656)**	**–**	**(105)**	**–**	**(2,239)**	**(3,000)**
Depreciation and amortization	**(265)**	**–**	**(878)**	**–**	**(5)**	**(1,148)**
Pretax income	**704**	**4,635**	**4,711**	**1,612**	**(2,135)**	**9,527**
Provision for income tax	**(23)**	**–**	**(1,260)**	**–**	**124**	**(1,159)**
Income after tax	**₱681**	**₱4,635**	**₱3,451**	**₱1,612**	**(₱2,011)**	**₱8,368**
Segment assets	**₱106,127**	**₱132,140**	**₱62,661**	**₱37,584**	**₱48,923**	**₱387,435**
Segment liabilities	**₱67,329**	**₱–**	**₱37,068**	**₱–**	**₱83,852**	**₱188,249**

	December 31, 2020					
	Real Estate	Financial Institution	Automotive Operations	Infra structure	Others	Total
Revenue	₱4,646	₱–	₱113,975	₱–	₱2,983	₱121,604
Other income	3,022	–	1,041	–	375	4,438
Equity in net income of associates and joint venture	(300)	5,826	–	829	–	6,355
	7,368	5,826	115,016	829	3,358	132,397
Cost of goods and services sold	358	–	76,121	–	–	76,479
Cost of goods manufactured and sold	–	–	23,554	–	–	23,554
Cost of rental	580	–	–	–	9	589
Cost of real estate sales	3,157	–	–	–	963	4,120
General and administrative expenses	2,534	–	10,043	–	455	13,032
	6,629	–	109,718	–	1,427	117,774
Earnings before interest and taxes	739	5,826	5,298	829	1,931	14,623
Depreciation and amortization	529	–	1,979	–	9	2,517
EBITDA	1,268	5,826	7,277	829	1,940	17,140
Interest income	1,833	–	154	–	36	2,023
Interest expense	(1,379)	–	(447)	–	(4,497)	(6,323)
Depreciation and amortization	(529)	–	(1,979)	–	(9)	(2,517)
Pretax income	1,193	5,826	5,005	829	(2,530)	10,323
Provision for income tax	(370)	–	(1,564)	–	(52)	(1,986)
Net income from continuing operations	823	5,826	3,441	829	(2,582)	8,337
Net income from discontinued operations	–	–	–	–	–	–
Net income	₱823	₱5,826	₱3,441	₱829	(₱2,582)	₱8,337
Segment assets	₱102,768	₱136,111	₱65,464	₱36,465	₱44,172	₱384,980
Segment liabilities	₱66,241	₱–	₱41,853	₱–	₱84,701	₱192,795

Geographical Information

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

	June 30, 2021	June 30, 2020	December 31, 2020
Domestic	**₱81,367**	₱50,268	₱128,346
Foreign	**4,291**	2,353	6,073
	₱85,658	₱52,621	₱134,419

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 liabilities.

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.

<u>Credit risk</u>
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, financial asseys at FVTPL, 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 June 30, 2021 and December 31, 2020, 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.

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

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

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

	June 30, 2021 (Unaudited)			
	< 1 year	**> 1 to < 5 years**	**> 5 years**	**Total**
Financial assets				
Cash and cash equivalents*	**₱15,530**	**₱–**	**₱–**	**₱15,530**
Receivables	**13,464**	**7,156**	**–**	**20,620**
Due from related parties	**636**	**–**	**–**	**636**
Financial assets at FVTPL				
Investments in UITF	**8,885**	**–**	**–**	**8,885**
Financial assets at FVOCI				
Equity securities				
Quoted	**–**	**–**	**14,951**	**14,951**
Unquoted	**–**	**–**	**241**	**241**
Total undiscounted financial assets	**₱38,515**	**₱7,156**	**₱15,192**	**₱60,863**
Other financial liabilities				
Accounts and other payables	**₱29,301**	**₱1,272**	**₱–**	**₱30,573**
Dividends payable	**1,759**	**–**	**–**	**1,759**
Loans payable	**24,821**	**55,423**	**74,359**	**154,603**
Bonds payable	**5,562**	**10,778**	**–**	**16,340**
Due to related parties	**205**	**–**	**–**	**205**
Liabilities on purchased properties	**96**	**2,506**	**1,813**	**4,415**
Derivative liabilities	**–**	**39**	**–**	**39**
Total undiscounted financial liabilities	**₱61,744**	**₱70,018**	**₱76,172**	**₱207,934**
Liquidity Gap	**(₱23,229)**	**(₱62,862)**	**(₱60,980)**	**(₱147,071)**

**Excludes cash on hand amounting to ₱28.09 million.*

	December 31, 2020			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents*	₱17,092	₱–	₱–	₱17,092
Receivables	20,125	6,434	–	26,559
Due from related parties	202	–	–	202
Financial assets at FVTPL				
Investments in UITF	3,709	–	–	3,709
Financial assets at FVOCI				
Equity securities				
Quoted	–	–	12,499	12,499
Unquoted	–	–	241	241
Total undiscounted financial assets	₱41,128	₱6,434	₱12,740	₱60,302
Other financial liabilities				
Accounts and other payables	₱25,858	₱1,140	₱–	₱26,998
Dividends payable	589	–	–	589
Loans payable	37,908	52,688	72,000	162,596
Bonds payable	5,692	11,046	–	16,738
Due to related parties	515	–	–	515
Liabilities on purchased properties	598	1,169	3,718	5,485
Derivative liabilities	–	51	–	51
Total undiscounted financial liabilities	₱71,160	₱66,094	₱75,718	₱212,972
Liquidity Gap	(₱30,032)	(₱59,660)	(₱62,978)	(₱152,670)

**Excludes cash on hand amounting to ₱23.46 million.*

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

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

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

13. **Fair Value Measurement**

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

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

Receivables
The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 8.00% to12.00% as of June 30, 2021 and December 31, 2020. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan and determined that the carrying amount of the loans receivable was not materially different from its calculated fair value.

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

Financial assets at FVTPL
These pertain to the Group's investment in UITFs. UITFs are ready-made investments that allow pooling of funds from different investors with similar investments objectives. These UITFs are managed by professional fund managers and may be invested in various financial instruments such as money market securities, bonds and equities, which are normally available to large investors only. A UITF uses the mark-to-market method in valuing the fund's securities.

Financial assets at FVOCI – unquoted
The fair value of unquoted equity securities is estimated based on the market data approach that makes use of market multiples derived from a set of comparables. Multiples were determined that is most relevant to assessing the value of unquoted securities (e.g., earnings, book value). The selection of the appropriate multiple within the range is based on qualitative and quantitative factors specific to the measurement.

Financial assets at FVOCI – quoted
The fair value of quoted equity securities is based on the quoted market prices or binding dealer price quotations, without any deduction for transaction cost.

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

Loans payable
Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. Estimated fair value of long-term loans payable with fixed interest rates are discounted based on interest rates ranging from 0.92% to 6.03% and 0.09% to 7.35% as of June 30, 2021 and December 31, 2020, respectively.

Derivative asset/Derivative liability
The fair value of the interest rate swap is derived using acceptable valuation methods. The valuation assumptions are based on market conditions existing at the financial reporting date.

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

Liabilities on purchased properties
Estimated fair value was based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term payable was incurred in 2019, 2017 and 2012 with interest rates ranging from 3.00% to 3.25% per annum.

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

	June 30, 2021 (Unaudited)				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	**₱8,885**	**₱–**	**₱8,885**	**₱–**	**₱8,885**
Financial assets at FVOCI					
Quoted equity securities	**14,951**	**14,951**	**–**	**–**	**14,951**
	₱23,836	**₱14,951**	**₱8,885**	**₱–**	**₱23,836**
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	**₱322**	**₱–**	**₱–**	**₱326**	**₱326**
Loans receivables	**7,504**	**–**	**–**	**7,504**	**7,504**
Non-financial Assets					
Investment in listed associates	**160,403**	**100,336**	**–**	**–**	**100,336**
Investment properties	**16,202**	**–**	**–**	**37,133**	**37,133**
	₱184,431	**₱100,336**	**₱–**	**₱44,963**	**₱145,299**
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liability	**₱39**	**₱–**	**₱39**	**₱–**	**₱39**
	₱39	**₱–**	**₱39**	**₱–**	**₱39**
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Lease Liabilities	**₱24**	**₱–**	**₱–**	**₱24**	**₱24**
Liabilities on purchased properties	**2,936**	**–**	**–**	**4,384**	**4,384**
Loans payable	**120,217**	**–**	**–**	**129,364**	**129,364**
Bonds payable	**15,070**	**15,385**	**–**	**–**	**15,385**
	₱138,247	**₱15,385**	**₱–**	**₱133,772**	**₱149,157**

	December 31, 2020 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱3,709	₱–	₱3,709	₱–	₱3,709
Financial assets at FVOCI					
Quoted equity securities	12,499	12,499	–	–	12,499
Other noncurrent assets					
Derivative asset	–	–	–	–	–
	₱16,208	₱12,499	₱3,709	₱–	₱16,208
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱347	₱–	₱–	₱351	₱351
Loans receivables	7,219	–	–	7,876	7,876
Non-financial Assets					
Investment in listed associates	163,730	102,915	–	–	102,915
Investment properties	16,253	–	–	34,837	34,837
	₱187,549	₱102,915	₱–	₱43,064	₱145,979
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liability	₱51	₱–	₱51	₱–	₱51
	₱51	₱–	₱51	₱–	₱51
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	₱3,255	₱–	₱–	₱5,581	5,581
Lease liabilities	24	–	–	24	24
Loans payable	128,448	–	–	136,116	136,116
Bonds payable	15,060	15,465	–	–	15,465
	₱146,787	₱15,465	₱–	₱141,721	₱157,186

As of June 30, 2021 and December 31, 2020, no transfers were made among the three levels in the fair value hierarchy.

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

The fair value of the Group's investment properties has been determined based on valuations performed by third party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison.

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

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

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

Valuation Techniques

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

Significant Unobservable Inputs

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

14. **Contingent Liabilities**

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

In addition, in order to partially guarantee the completion of Federal Land's ongoing projects, the Parent Company issued Letters of Guarantee (LG) in favor of Housing and Land Use Regulatory Board for a total guarantee amount of ₱3.00 billion and ₱3.45 billion as of June 30, 2021 and December 31, 2020, respectively.

15. **Subsequent Events**

The ₱5.00 billion bonds with maturity date of August 7, 2021 were paid. This was refinanced in July 2021 with a long-term loan from a non-affiliated local bank.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIODS ENDED JUNE 30, 2021 AND JUNE 30, 2020 (UNAUDITED)

(Amounts in millions except ratio and %)	**2021**	2020
Liquidity Ratio		
Current ratio	**2.00**	2.02
Current assets	**₽132,782**	₽123,149
Current liabilities	**66,434**	60,963
Solvency Ratio		
Total liabilities to total equity ratio	**0.95**	0.96
Total liabilities	**188,249**	180,732
Total equity	**199,186**	188,039
Debt to equity ratio	**0.69**	0.76
Total debt	**138,224**	142,628
Total equity	**199,186**	188,039
Asset to Equity Ratio		
Asset to equity ratio	**1.95**	1.96
Total assets	**387,435**	368,771
Total Equity	**199,186**	188,039
Interest Rate Coverage Ratio*		
Interest rate coverage ratio	**3.89**	1.88
Earnings before interest and taxes (EBIT)	**11,677**	6,082
Interest expense	**3,000**	3,237
Profitability Ratio		
Return on average assets	**1.73%**	0.75%
Net income attributable to Parent Company	**6,674**	2,741
Total assets	**387,435**	368,771
Average assets	**386,208**	363,213
Return on Average Equity**	**3.65%**	1.46%
Net income attributable to Parent Company (Common)	**6,379**	2,447
Equity attributable to Parent Company (Common)	**178,191**	168,490
Average equity attributable to Parent Company	**175,010**	167,244

**computed as EBIT/Interest Expense*
***based on actual year-to-date*