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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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

Document Information

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GT CAPITAL
HOLDINGS, INCORPORATED

August 14, 2019

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

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

Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

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

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

Subject: Submission of 17Q Report as of June 30, 2019

Gentlemen /Mesdames:

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

Very truly yours,

Francisco H. Suarez, Jr.
Chief Finance Officer

43rd Floor, GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, 1227 Makati City, Philippines
Tel: +632 836-4500 • Fax: +632 836-4159 • E-mail: gtcap@gtcapital.com.ph

COVER SHEET

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S.E.C. Registration Number

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

836-4500
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

1 7 - Q
FORM/TYPE

2nd Wednesday in May of each year
Month Day
Annual Meeting

N A
Secondary License Type, If Applicable

SEC General Accountant &
C F D
Dept. Requiring this Doc.

N A
Amended Articles Number/Section

As of June 30, 2019
84
Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned.

File Number

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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, 2019**

2. Commission identification number: **CS200711792**

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

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

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

6. Industry Classification Code: (SEC Use Only)

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

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

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

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

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: Php22 Billion Bonds*

Title of Each Class	Amount of Debt Outstanding
Corporate Retail Bonds	**Php21.9 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, 2019 and For the Six Months Ended June 30, 2018

GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME	**UNAUDITED Six Months Ended June**		**Increase (Decrease)**	
(In millions, except for Percentage)	**2019**	**2018**	**Amount**	**Percentage**
REVENUE				
Automotive operations	**86,992**	84,979	2,013	2%
Real estate sales and interest income on real estate sales	**7,847**	7,967	(120)	(2%)
Equity in net income of associates and joint ventures	**6,480**	5,870	610	10%
Rent income	**667**	594	73	12%
Interest income	**469**	455	14	3%
Sale of goods and services	**330**	376	(46)	(12%)
Commission income	**137**	27	110	407%
Other income	**1,349**	899	450	50%
	104,271	101,167	3,104	3%
COST AND EXPENSES				
Cost of goods and services sold	**60,276**	60,594	(318)	(1%)
Cost of goods manufactured	**17,003**	15,413	1,590	10%
General and administrative expenses	**7,185**	6,464	721	11%
Cost of real estate sales	**4,730**	4,818	(88)	(2%)
Interest expense	**2,835**	2,231	604	27%
Cost of rental	**222**	230	(8)	(3%)
	92,251	89,750	2,501	3%
INCOME BEFORE INCOME TAXES	**12,020**	11,417	603	5%
PROVISION FOR INCOME TAX	**2,311**	1,784	527	30%
NET INCOME	**9,709**	9,633	76	1%
ATTRIBUTABLE TO:				
Equity holders of the parent company	**7,342**	7,141	201	3%
Non-controlling interest	**2,367**	2,492	(125)	(5%)
	9,709	9,633	76	1%

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 3% from Php7.14 billion for the six months ended June 30, 2018 to Php7.34 billion for the six months ended June 30, 2019. The increase was principally due to the 3% increase in revenues.

Core net income attributable to equity holders of the Parent Company increased by 4% from Php7.15 billion for the six (6) months ended June 30, 2018 to Php7.42 billion in the same period of 2019. Core net income for 2018 amounted to Php7.15 billion after adding back the Php0.06 billion amortization of fair value adjustments arising from business combinations and deducting the Php0.05 billion non-recurring gains of MPIC. Core net income for 2019 amounted to Php7.42 billion after adding back the Php0.09 billion non-recurring expenses of MPIC, Php0.05 billion amortization of fair value adjustments arising from business combinations and deducting the Php0.06 billion provision reversal of TFSPC.

The financial statements of Federal Land, PCFI, TMP, TMBC and GT Capital Auto Dealership Holdings, Inc. ("GTCAD") are consolidated in the financial statements of the Group. The investments in other component companies Metropolitan Bank and Trust Company ("Metrobank"), Philippine AXA Life Insurance Corporation ("AXA Philippines"), Toyota Financial Services Philippines Corporation ("TFSPC"), Metro Pacific Investments Corporation ("MPIC") and Sumisho Motor Finance Corporation ("SMFC") are reported through equity accounting.

Of the ten (10) component companies, Metrobank, Federal Land, SMFC, GTCAD, and TMBC posted growths in its net income for the period in review, while PCFI, TMP, MPIC, TFSPC, and AXA Philippines, reported declines in their respective net income.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts increased by Php2.01 billion from Php84.98 billion in the first half of 2018 to Php86.99 billion in the first half of 2019 despite a 3% drop in wholesale volume from 74,777 units to 72,794 units. The 3% drop in wholesale volume in the first half of 2019 is an improvement from the 12% decline in the same period in 2018. The drop in wholesale volume was offset by a 9% improvement in vehicle sales of TMBC.

Real estate sales and interest income on real estate sales declined by Php0.12 billion from Php7.97 billion in the first half of 2018 to Php7.85 billion in the first half of 2019.

Equity in net income of associates and joint ventures grew by 10% from Php5.87 billion in the first half of 2018 to Php6.48 billion in the first half of 2019 primarily due to increases in the:

(1) net income of Metrobank from Php11.00 billion to Php13.03 billion; and
(2) net income of SMFC from Php119 million to Php181 million.

Rent income increased by 12% from Php0.59 billion to Php0.67 billion driven by the increase in the number of tenants in iMET , Blue Bay Walk and MET Live, all located in Pasay City, Metro Manila.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, in the Blue Wave and Blue Baywalk malls situated in Pasay City and Marikina City, decreased by Php0.05 billion from Php0.38 billion to Php0.33 billion arising from lower petroleum sales due to competition.

Commission income increased by Php0.11 billion from Php0.03 billion in the first half of 2018 to Php0.14 billion in the first half of 2019 due to an increase in reservation sales from Grand Hyatt Residences 2 and The Seasons Residences of Federal Land.

Other income grew by 50% from Php0.90 billion to Php1.35 billion with: (1) TMP contributing Php0.49 billion consisting of ancillary income, gain on sale of fixed assets and other income; (2) Federal Land contributing Php0.24 billion comprising real estate forfeitures, management fees and other income; (3)

GT Capital contributing Php0.23 billion comprising dividend income from TMC and gain on FVTPL investments; (4) PCFI contributing Php0.19 billion comprising, management fees and other income; and (5) TMBC contributing Php0.18 billion consisting of ancillary income on finance and insurance commissions and other income. The remaining balance of Php0.02 billion came from GTCAD.

Consolidated costs and expenses increased by 3% from Php89.75 billion to Php92.25 billion. TMP contributed Php70.23 billion comprising cost of goods and services sold, cost of goods manufactured, general and administrative expenses and interest expenses. TMBC contributed Php10.34 billion composed of cost of goods and services sold, general and administrative expenses and interest expenses. Federal Land contributed Php5.02 billion consisting of cost of real estate sales, cost of goods and services sold, cost of rental, general and administration expenses and interest expenses. PCFI contributed Php3.38 billion consisting of cost of real estate sales, general and administration expenses and interest expenses. GT Capital and GTCAD contributed Php2.45 billion and Php0.83 billion, respectively, representing general and administrative expenses and interest expenses.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP increased by 10% from Php15.41 billion in the first half of 2018 to Php17.00 billion in the first half of 2019.

General and administrative expenses grew by 11% from Php6.46 billion to Php7.19 billion. TMP accounted for Php3.46 billion consisting of advertisements and promotional expenses, salaries and wages, taxes and licenses and delivery and handling expenses. Federal Land accounted for Php1.36 billion composed of salaries and wages, commission expenses, taxes and licenses and repairs and maintenance expenses. PCFI contributed Php1.33 billion consisting of salaries and wages, commission expenses, advertising and promotional expenses, taxes and licenses and outside services; and TMBC contributed Php0.73 billion representing salaries and wages, commission expenses and taxes and licenses and advertising and promotional expenses. GT Capital and GTCAD contributed Php0.25 billion and Php0.06, respectively, consisting of salaries and wages, professional fees and administrative and management fees.

Interest expenses increased by 27% from Php2.23 billion in the first half of 2018 to Php2.84 billion in the first half of 2019 with GT Capital, Federal Land, PCFI, TMP and TMBC accounting for Php2.21 billion, Php0.28 billion, Php0.20 billion, Php0.10 billion and Php0.05 billion, respectively.

Provision for income tax increased by 30% from Php1.78 billion to Php2.31 billion due to a higher level of taxable income for the first half of 2019 vis-à-vis the same period of the previous year.

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

GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME	UNAUDITED			
	April to June		Increase (Decrease)	
(In millions, except for Percentage)	2019	2018	Amount	Percentage
REVENUE				
Automotive operations	**48,226**	47,126	1,100	2%
Real estate sales and interest income on real estate sales	**4,167**	4,367	(200)	(5%)
Equity in net income of associates and joint ventures	**3,193**	2,988	205	7%
Rent income	**341**	316	25	8%
Interest income	**250**	228	22	10%
Sale of goods and services	**154**	196	(42)	(21%)
Commission income	**64**	14	50	357%
Other income	**861**	479	382	80%
	57,256	55,714	1,542	3%
COST AND EXPENSES				
Cost of goods and services sold	**33,461**	35,016	(1,555)	(4%)
Cost of goods manufactured	**9,328**	7,525	1,803	24%
General and administrative expenses	**3,694**	3,593	101	3%
Cost of real estate sales	**2,624**	2,577	47	2%
Interest expense	**1,437**	1,336	101	8%
Cost of rental	**111**	126	(15)	(12%)
	50,655	50,173	482	1%
INCOME BEFORE INCOME TAXES	**6,601**	5,541	1,060	19%
PROVISION FOR INCOME TAX	**1,350**	928	422	45%
NET INCOME	**5,251**	4,613	638	14%
ATTRIBUTABLE TO:				
Equity holders of the parent company	**3,920**	3,404	516	15%
Non-controlling interest	**1,331**	1,209	122	10%
	5,251	4,613	638	14%

Consolidated net income attributable to equity holders of the Parent Company increased by 15% from Php3.40 billion in the second quarter of 2018 to Php3.92 billion in the second quarter of 2019. The increase was principally due to revenue growth from automotive operations, equity in net income of associates and joint ventures and other income.

Core net income attributable to equity holders of the Parent Company grew by 17% from Php3.39 billion for the second quarter of 2018 to Php3.95 billion in the same period of 2019. Core net income for the second quarter of 2019 amounted to Php3.95 billion, after adding back the Php0.02 billion amortization of fair value adjustments arising from various business combinations and Php0.07 billion non-recurring expenses incurred by MPIC, and deducting the Php0.06 billion provision reversal of TFSPC. Core net income for the second quarter of 2018 amounted to Php3.39 billion, after adding back the Php0.01 billion amortization of fair value adjustments arising from various business combinations and deducting the Php0.02 billion non-recurring gain of MPIC.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts increased by Php1.10 billion from Php47.13 billion in the second quarter of 2018 to Php48.23 billion in the second quarter of 2019 despite a drop in wholesale volume. The drop in wholesale volume in the second quarter of 2019 was offset by a 14% improvement in vehicle sales from TMBC from Php4.70 billion in second quarter of 2018 to Php5.35 billion in the second quarter of 2019.

Real estate sales and interest income on real estate sales decreased by Php0.20 billion from Php4.37 billion in the second quarter of 2018 to Php4.17 billion in the second quarter of 2019.

Equity in net income of associates and joint ventures grew by 7% from Php2.99 billion in the second quarter of 2018 to Php3.19 billion in the second quarter of 2019 primarily due to increases in the:

(1) net income of Metrobank from Php5.15 billion to Php6.28 billion; and
(2) net income of SMFC from Php66 million to Php92 million.

Rent income increased by 8% from Php0.32 billion to Php0.34 billion driven by the increase in the number of tenants in iMET, Blue Bay Walk, and MET Live, all located in Pasay City, Metro Manila.

Interest income on deposits and investments grew by 10% from Php0.23 billion to Php0.25 billion.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, in the Blue Wave and Blue Baywalk malls situated in Pasay City and Marikina City, decreased by 21% from Php0.20 billion to Php0.15 billion arising from lower petroleum sales due to competition.

Commission income increased by Php0.05 billion from Php0.01 billion in the second quarter of 2018 to Php0.06 billion in the second quarter of 2019 due to an increase in reservation sales from Grand Hyatt Residences 2 and The Seasons Residences of Federal Land.

Other income grew by 80% from Php0.48 billion to Php0.86 billion with: (1) TMP contributing Php0.30 billion consisting of ancillary income, gain on sale of fixed assets and other income; (2) GT Capital contributing Php0.21 billion comprising dividend income from TMC and gain on FVTPL investments; (3) Federal Land contributing Php0.14 billion comprising real estate forfeitures, management fees and other income; (4) PCFI contributing Php0.11 billion comprising, management fees and other income; and (5) TMBC contributing Php0.10 billion consisting of ancillary income on finance and insurance commissions and other income.

Cost of goods and services sold declined by 4% from Php35.02 billion to Php33.46 billion with TMP, TMBC and GTCAD completely built-up units and spare parts accounting for Php33.34 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 24% from Php7.53 billion in the second quarter of 2018 to Php9.33 billion in the second quarter of 2019.

Interest expenses increased by 8% from Php1.34 billion in the second quarter of 2018 to Php1.44 billion in the second quarter of 2019 with GT Capital, Federal Land, PCFI, TMP and TMBC accounting for Php1.10 billion, Php0.16 billion, Php0.09 billion, Php0.06 billion and Php0.03 billion, respectively.

Cost of rental declined by 12% from Php0.13 billion to Php0.11 billion due to a decrease in expenses relating to leased premises.

Provision for income tax increased by Php0.42 billion from Php0.93 billion to Php1.35 billion due to the higher taxable income in the second quarter of 2019 vis-à-vis the same period of 2018.

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

(In Million Pesos, Except for Percentage)	Unaudited	Audited	Increase (Decrease)	
	June 2019	December 2018	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**14,886**	14,353	533	4%
Short-term investments	**68**	65	3	5%
Financial assets at fair value through profit or loss	**3,040**	3,181	(141)	(4%)
Receivables - net	**16,400**	15,153	1,247	8%
Contract assets	**6,184**	8,329	(2,145)	(26%)
Inventories	**81,068**	77,469	3,599	5%
Due from related parties	**867**	666	201	30%
Prepayments and other current assets	**10,067**	9,790	277	3%
Total Current Assets	**132,580**	129,006	3,574	3%
Noncurrent Assets				
Receivables – net of current portion	**2,522**	932	1,590	171%
Contract assets – net of current portion	**6,240**	6,886	(646)	(9%)
Financial assets at fair value through other comprehensive income	**11,404**	10,948	456	4%
Investment properties	**18,314**	17,728	586	3%
Investments in associates and joint ventures	**170,350**	163,739	6,611	4%
Property and equipment	**13,703**	13,638	65	0%
Goodwill and intangible assets	**12,917**	12,955	(38)	(0%)
Deferred tax assets	**960**	1,024	(64)	(6%)
Other noncurrent assets	**3,358**	2,894	464	16%
Total Noncurrent Assets	**239,768**	230,744	9,024	4%
	372,348	359,750	12,598	4%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**28,972**	25,411	3,561	14%
Contract liabilities	**8,436**	8,787	(351)	(4%)
Short-term debt	**15,274**	10,500	4,774	45%
Current portion of long-term debt	**1,945**	820	1,125	137%
Current portion of liabilities on purchased properties	**416**	416	-	0%
Current portion of bonds payable	**6,893**	2,994	3,899	130%
Customers' deposits	**585**	563	22	4%
Dividends payable	**856**	1,198	(342)	(29%)
Due to related parties	**159**	204	(45)	(22%)
Income tax payable	**871**	601	270	45%
Other current liabilities	**577**	843	(266)	(32%)
Total Current Liabilities	**64,984**	52,337	12,647	24%

(In Million Pesos, Except for Percentage)	Unaudited June 2019	Audited December 2018	Increase (Decrease) Amount	Percentage
Noncurrent Liabilities				
Long-term debt – net of current portion	**91,027**	94,349	(3,322)	(4%)
Bonds payable	**15,031**	18,913	(3,882)	(21%)
Liabilities on purchased properties - net of current portion	**2,737**	2,877	(140)	(5%)
Pension liabilities	**893**	859	34	4%
Deferred tax liabilities	**6,038**	5,959	79	1%
Other noncurrent liabilities	**2,383**	2,169	214	10%
Total Noncurrent Liabilities	**118,109**	125,126	(7,017)	(6%)
	183,093	177,463	5,630	3%
EQUITY				
Equity attributable to equity holders of the Parent Company				
Capital stock	**3,211**	3,211	-	0%
Additional paid-in capital	**85,592**	85,592	-	0%
Stock Dividend Distributable	**13,635**	-	13,635	100%
Retained earnings				
Unappropriated	**63,167**	53,459	9,708	18%
Appropriated	**400**	17,000	(16,600)	(98%)
Other comprehensive loss	**(2,262)**	(4,207)	1,945	46%
Other equity adjustments	**2,322**	2,322	-	0%
	166,065	157,377	8,688	6%
Non-controlling interest	**23,190**	24,910	(1,720)	(7%)
Total Equity	**189,255**	182,287	6,968	4%
	372,348	359,750	12,598	4%

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

Consolidated assets increased by 4% or Php12.60 billion from Php359.75 billion as of December 31, 2018 to Php372.35 billion as of June 30, 2019. Total liabilities increased by 3% or Php5.63 billion from Php177.46 billion to Php183.09 billion while total equity increased by 4% or Php6.97 billion from Php182.29 billion to Php189.26 billion.

Short-term investments increased by 5% from Php65.25 million to Php67.67 million mainly short-term money market placements of TMP.

Receivables - current portion increased by 8% from Php15.15 billion to Php16.40 billion with TMP, PCFI, TMBC, Federal Land, GTCAD and GT Capital accounting for Php9.03 billion, Php3.91 billion, Php2.19 billion, Php1.05 billion, Php0.17 billion and Php0.05 billion, respectively.

Contract assets-current decreased by 26% from Php8.33 billion to Php6.18 billion due to the bank take-out of installment contract receivables of Federal Land and PCFI.

Inventories grew by 5% from Php77.47 billion to Php81.07 billion with Federal Land contributing Php41.83 billion comprising land and improvements, condominium units for sale and inventory under construction-in-progress; PCFI contributing Php28.51 billion comprising land and improvements, material inventory, ongoing construction of house inventory and condominium units for sale; TMP contributing Php9.98 billion mostly finished goods; and the balance of Php0.75 billion coming from TMBC and GTCAD's automobiles and spare parts.

Due from related parties increased by Php0.20 billion from Php0.67 billion to Php0.87 billion mainly from Federal Land's related parties.

Non-current receivables increased by Php1.59 billion from Php0.93 billion to Php2.52 billion mainly PCFI's booked real estate sales.

Contract assets - net of current portion decreased by 9% from Php6.89 billion to Php6.24 billion due to bank take-out of installment contract receivables from Federal Land and PCFI.

Deferred tax assets declined by 6% from Php1.02 billion to Php0.96 billion arising from realized deferred taxes on accruals and effect of excess of realized gross profit on real estate sales per books over per tax.

Other non-current assets increased by 16% from Php2.89 billion to Php3.36 billion comprising long-term deposits, non-current input tax, derivative asset, non-current prepaid rent and other assets from TMP, (Php2.25 billion); PCFI, (Php0.64 billion); Federal Land, (Php0.44 billion); TMBC, (Php0.02 billion); and GT Capital, (Php0.01 billion).

Accounts and other payables increased by 14% from Php25.41 billion to Php28.97 billion with TMP, Federal Land, PCFI, TMBC, GT Capital and GTCAD accounting for Php17.59 billion, Php6.66 billion, Php2.72 billion, Php1.68 billion, Php0.24 billion and Php0.08 billion, respectively.

Short-term debt increased by 45% from Php10.50 billion to Php15.27 billion due to loan availments of TMP, (Php8.75 billion); Federal Land, (Php3.90 billion); TMBC, (Php2.70 billion); and GTCAD, (Php0.38 billion); offset by loan payments by TMP, (Php6.36 billion); TMBC, (Php2.89 billion); Federal Land, (Php0.92 billion); PCFI (Php0.41 billion); and GTCAD (Php0.38 billion).

Current portion of long-term debt increased by Php1.13 billion from Php0.82 billion to Php1.95 billion mainly due to CTS loans incurred by PCFI.

Bonds payable - current portion increased by Php3.90 from Php2.99 billion to Php6.89 billion due to a reclassification from long term portion.

Dividends payable declined by Php0.34 billion from Php1.20 billion to Php0.86 billion due to the payment of cash dividends on perpetual preferred shares in the first half of 2019.

Due to related parties declined by 22% from Php0.20 billion to Php0.16 billion mainly due to Federal Land's related parties.

Income tax payable grew by 45% from Php0.60 billion to Php0.87 billion due to an increase in taxable income for the first half of 2019 as compared to the fourth quarter of 2018.

Other current liabilities declined by 32% from Php0.84 billion to Php0.58 billion primarily due to the settlement of withholding taxes and output tax as of December 31, 2018 which were paid in the first quarter of 2019.

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

Liabilities on purchased properties - net of current portion declined by 5% from Php2.88 billion to Php2.74 billion primarily due to the payments made in 2019.

Other noncurrent liabilities increased by 10% from Php2.17 billion to Php2.38 billion arising from additional retention payables and customers' rental deposits.

Stock dividend distributable of Php13.63 billion pertains to the stock dividends declared as approved in the March 2019 Board of Directors meeting and also approved by the shareholders' in the May 2019 Annual Stockholders' Meeting.

Unappropriated retained earnings increased by Php9.71 billion from Php53.46 billion to Php63.17 billion mainly due to the Php7.34 billion consolidated net income earned in the first half of 2019 and the Php16.60 billion reversal of appropriated retained earnings for the strategic investment in financial services, offset by Php13.63 billion stock dividends and Php0.60 billion cash dividends declared on common and voting preferred shares in March 2019.

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

Key Performance Indicators (In Million Pesos, except %)

Income Statement	**June 30, 2018**	**June 30, 2019**
Total Revenues	101,167	104,271
Net Income attributable to GT Capital Holdings	7,141	7,342
Balance Sheet	**December 31, 2018**	**June 30, 2019**
Total Assets	359,750	372,348
Total Liabilities	177,463	183,093
Equity attributable to GT Capital Holdings	157,377	166,065
Return on Equity	9.32%*	9.29%*

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

Automobile Assembly and Importation, Dealership and Financing

Toyota Motor Philippines (TMP)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H 2018	**1H 2019**		
Sales	76,361.9	76,050.1	(311.8)	(0.4)
Gross Profit	8,658.6	9,231.0	572.4	6.6
Operating Profit	6,058.2	6,301.6	243.4	4.0
Net income attributable to Parent	4,460.0	4,345.3	(114.7)	(2.6)
	FY 2018	**1H 2019**		**%**
Total Assets	36,427.5	37,074.7	647.3	1.8
Total Liabilities	21,189.8	25,803.6	4,613.8	21.8
Total Equity	15,237.6	11,271.1	(3,966.5)	(26.0)
Total Liabilities to Equity ratio*	1.4x	2.3x		

**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 slightly declined from Php76.4 billion in 1H 2018 to Php76.1 billion in 1H 2019 as wholesales volume declined by 3% from 74,777 to 72,794 units. TMP retail sales volume slightly increased from 73,136 units to 73,454 units, while industry retail sales volume grew by 2% from 191,495 to 195,219 units. TMP market share slightly declined from 38.2% in June 2018 to 37.6% in June 2019, as sales from Hi-ace and Avanza models dropped due to run-out anticipating full model and minor change, respectively and normalized dealer inventory for the Fortuner model during the period.

TMP launched three models in the first half: i) Full Model Change RAV4 in February 2019; ii) the Full Model Change Hiace in March 2019; and iii) Minor Change Avanza in May 2019.

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

Favorable F/X differential, selective sales price increases, higher export and spare parts profit, favorable models mix and forex translation gain resulted in the improvement of gross profit and operating profit margins from 11.3% and 7.5% to 12.1% and 7.6%, respectively. However, these profit increasing factors were offset by higher advertising on new model introductions and sales promotions, lower sales volume, increased operating and overhead costs, and higher income tax provision from the expiration of ITH on the old Vios, resulting in a decline of net income margins, from 6.0% to 5.8%. Consolidated net income attributable to equity holders declined by 2.6% from Php4.5 billion to Php4.3 billion.

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

Toyota Financial Services Philippines Corporation (TFSPC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H 2018	1H 2019		
Gross Interest Income	2,947.5	3,416.0	468.5	15.9
Net Interest Income	1,635.6	1,491.4	(144.1)	(8.8)
Net Income	417.8	368.0	(49.8)	(11.9)
Finance Receivable	63,776.0	71,020.5	7,244.5	11.4
	1H 2018	1H 2019		
Total Assets	76,982.5	80,912.6	3,930.1	5.1
Total Liabilities	69,715.7	71,464.1	1,748.5	2.5
Total Equity	7,266.8	9,448.5	2,181.7	30.0

TFSPC recorded a 15.9% growth in gross interest income from Php2.9 billion in 1H 2018 to Php3.4 billion in 1H 2019, as finance receivables increased by 11.4% from Php63.8 billion to Php71.0 billion on a year-on-year basis. Bookings volume grew by 2.8% from 15,908 to 16,360 units in 2019 attributable to an improved penetration rate from 21.8% to 22.3%.

Net interest income declined by 8.8% from Php1.6 billion to Php1.5 billion despite higher bookings due to higher interest cost on repriced loans (representing 70% of outstanding loans payable) to fund receivable portfolio growth.

Net income decreased by 11.9% from Php417.8 million to Php368.0 million due to: i) higher interest costs, ii) increased operating expenses from Php1.16 billion to Php1.20 billion driven by loss on sale of ROPA, taxes and licenses, salaries and benefits and legal expenses.

Toyota Manila Bay Corporation (TMBC)

	In Million Pesos, except for ratios		Inc (Dec)	%
	1H 2018	1H 2019		
Net Sales	9,614.0	10,511.3	897.3	9.3
Gross Profit	722.6	739.3	16.7	2.3
Net Income*	95.1	94.3	(0.8)	(0.8)
	FY 2018	1H 2019		
Total Assets	6,503.3	6,508.1	4.7	0.1
Total Liabilities	4,224.4	4,133.7	(90.8)	(2.1)
Total Equity	2,278.9	2,374.4	95.5	4.2

**Note: Includes booked commission income from insurance*

Consolidated sales, comprising of vehicle sales, spare parts and maintenance services, increased by 9.3% from Php9.6 billion in 1H 2018 to Php10.5 billion in 1H 2019. Vehicle sales, accounting for 90.3% of TMBC's revenues, increased by 9.0% from Php8.7 billion to Php9.5 billion driven by improvement in penetration rate from 10.8% to 10.9%.

Retail sales volume increased by 1.4% from 7,867 to 7,974 units, despite the drop in Hi-ace and Avanza sales from run-out, in anticipation of a full model change and normalizing Fortuner inventory among dealers during the period. Sales from spare parts and maintenance services, accounting for a combined 9.7% of revenues, increased by 12.1%.

Consolidated net income in 1H 2019 declined by 0.8% from Php95.1 million to Php94.3 million driven by a 2.3% improvement in gross profit and a 5.5% savings in operating expenses, offset by a 22.9% decline in ancillary income and 25.0% increase in interest expense due to the outright recognition of interest on long-term loans arising from the start of commercial operations of the Toyota Marikina facility inaugurated last May 2018, and higher rates on short-term loans.

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

Sumisho Motor Finance Corporation (SMFC)

	In Million Pesos, except for ratios		**Inc (Dec)**	**%**
	1H 2018	**1H 2019**		
Gross Interest Income	537.7	759.0	221.4	41.2
Net Interest Income	504.4	667.6	163.2	32.4
Net Income	119.4	181.2	61.8	51.8
Finance Receivable	3,907.2	5,704.3	1,797.1	46.0
	1H 2018	**1H 2019**		
Total Assets	4,183.0	6,104.9	1,922.0	45.9
Total Equity	2,146.4	2,356.6	210.2	9.8

SMFC recorded a 41.2% growth in gross interest income from Php537.7 million in 1H 2018 to Php759.0 million in 1H 2019, as finance receivable increased by 46.0% from Php3.9 billion to Php5.7 billion on a year-on-year basis. Bookings also grew by 32.8% from 23,908 units to 31,746 units.

Net income increased by 51.8% from Php119.4 million to Php181.2 million, driven by higher bookings and higher service fee & other income despite the increase in interest expense from new loans availed to fund portfolio growth.

Banking

Metrobank

	In Billion Pesos, except for percentages and ratios			
	1H2018	1H2019	Inc (Dec)	%
Net income attributable to equity holders	11.0	13.0	2.0	18.4
Net interest margin on average earning assets	3.8%	3.8%		
Operating efficiency ratio[1]	58.0%	55.7%		
Return on average assets[2]	1.0%	1.2%		
Return on average equity[3]	9.2%	9.0%		

	FY2018	1H2019	Inc (Dec)	%
Total assets	2,243.7	2,278.2	34.5	1.5
Total liabilities	1,953.0	1,973.0	20.0	1.0
Equity attributable to equity holders of the parent company	283.0	296.5	13.5	4.8
Tier 1 capital adequacy ratio[4]	14.6%	15.7%		
Total capital adequacy ratio[4]	17.0%	17.1%		
Non-performing loans ratio[5]	1.1%	1.5%		
Non-performing loans coverage ratio[6]	125.4%	87.0%		

Notes:

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

Metrobank's consolidated net income grew by 18.4% from Php11.0 billion in the first half of 2018 to Php13.0 billion in the first half of 2019. This was driven by an increase in net interest income by 9.6% from Php33.3 billion in the first half of 2018 to Php36.5 billion in the first half of 2019, comprising 72.7% of total operating income. In addition, this was coupled with consistent loan growth from the commercial and consumer segments at 5.6% and expansion in net interest margin from 3.77% to 3.83% due to higher CASA ratio comprising 60.8% of total deposits.

Further, non-interest income grew by 16.3% from Php11.8 billion in the first half of 2018 to Php13.7 billion in the first half of 2019 due to increases in service charges, fees and commissions and net trading and foreign exchange gains offset by a lower miscellaneous income.

Total assets grew by 1.5% from Php2.24 trillion as of December 31, 2018 to Php2.28 trillion as of June 30, 2019 due to increases in investment securities, loans and receivables, property and equipment, investments in associates and a joint venture, due from other banks, and other assets, offset by decreases in cash and other cash items, due from Bangko Sentral ng Pilipinas, interbank loans receivable and securities purchased under resale agreements.

Total liabilities, likewise, grew from Php1.95 trillion to Php1.97 trillion due to increases in deposits liabilities, bonds payable, and other liabilities, offset by decreases in bills payable and securities sold under repurchase agreements, manager's checks and demand drafts outstanding, and subordinated debts.

Equity attributable to equity holders of the parent company improved by 4.8% from Php283.0 billion as of December 31, 2018 to Php296.5 billion as of June 30, 2019 due to net income earned and net unrealized gain on FVOCI investments, offset by Php4.0 billion cash dividends.

Property Development

Federal Land and Property Company of Friends

	In Million Pesos, except for percentages and ratios			
	1H2018	**1H2019**	**Inc(Dec)**	**%**
Real Estate Sales *	8,166.4	7,847.4	(319.0)	(3.9)
Revenues	9,659.6	9,611.2	(48.4)	(0.5)
Net income attributable to equity holders of the parent	1,103.2	841.8	(261.4)	(23.7)
	FY2018	**1H2019**	**Inc(Dec)**	**%**
Total assets	124,369.7	125,043.2	673.5	0.5
Total liabilities	65,082.9	65,225.2	142.3	0.2
Total equity attributable to equity holders of the parent	59,181.0	59,703.1	522.1	0.9
Current ratio[1]	3.3x	2.9x		
Debt to equity ratio[2]	0.7	0.7		

* 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

GT Capital's property companies recorded Php9.6 billion in consolidated revenues in the first half of 2019.

Consolidated real estate sales reached a total of Php7.8 billion in the first half of 2019.

Together, the two property developers reported a Php841.8 million in net income in the first half of 2019.

Consolidated assets of the property companies grew from Php124.4 billion as of December 31, 2018 to Php125.0 billion as of June 30, 2019. Federal Land's growth in total assets was mainly driven by increases in receivables from real estate buyers, inventories, investment properties and investments in joint venture projects. On the other hand, PCFI's total assets declined due to a decrease in receivables arising from bank takeouts, offset by increases in inventories from on-going projects and house construction and investment properties.

Federal Land's gross reservation sales grew by 52.2% from Php5.9 billion in the first half of 2018 to Php8.9 billion in the first half of 2019. This was complemented by the launch of two (2) new projects namely: (1) Mi Casa Tower 1 – Hawaii, located on Macapagal Boulevard, Pasay City, and (2) The Estate Makati, a joint venture project with SM Development Corporation (SMDC) located on Ayala Avenue, Makati City.

Please refer to Note 15 – Subsequent Events on Redemption of PCFI shares disclosure for additional information.

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 six months of 2018 and 2019.

In Million Pesos, except ratios	Consolidated			
	1H 2018	**1H 2019**	**Inc (Dec)**	**%**
Gross Premiums	19,328.4	14,975.3	(4,353.1)	(22.5)
Net income after tax	1,339.3	1,174.3	(164.9)	(12.3)
	FY 2018	**1H 2019**	**Inc (Dec)**	**%**
Total Assets	126,794.1	138,063.5	11,269.4	8.9
Total Liabilities	117,559.5	126,839.9	9,280.4	7.9
Total Equity	9,234.7	11,223.7	1,989.0	21.5
In Million Pesos, except ratios	**Life (Stand-alone)**			
	1H 2018	**1H 2019**	**Inc (Dec)**	**%**
Gross Premiums	16,502.3	12,183.7	(4,318.6)	(26.2)
Net income after tax	1,286.3	1,565.4	279.1	21.7
	FY 2018	**1H 2019**	**Inc (Dec)**	**%**
Total Assets	116,107.2	127,151.3	11,044.1	9.5
Total Liabilities	106,580.4	115,149.1	8,568.7	8.0
Total Equity	9,526.8	12,002.2	2,475.4	26.0
Solvency ratio[1]	*473.0%*	*441%*		

Notes:

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

New business from life insurance expressed in Annualized Premium Equivalent declined by 8.5% from Php3.8 billion for the first six months of 2018 to Php3.5 billion for the first six months of 2019. Such was driven by the decline in Single Premium by 59.4% as a result of a high base in 1Q 2018, partially offset by the growth in Regular Premium by 8.3%. The growth in Regular Premium was driven by

Protection and Health products by 32.0% as flagship products continue to grow year on year. The reported premium revenue mix of life insurance changed to 33%/67% for the first six months of 2019 from the previous 59%/41% in 2018 (Single Premium vs. Regular Premium). By distribution platform, bancassurance and sales agency accounted for 61% and 39% of premium revenues, respectively.

Gross written premiums of CPAIC amounted to Php2.7 billion for the first six months of 2019, which included motor premiums with 0.2% growth that accounted for 47% of the total. On the other hand, property premiums accounted for 32% of the total.

Consolidated net income for the period reached Php1.2 billion in the first six months of 2019. Consolidated net income included Php391.0 million net loss from CPAIC arising from flat gross premiums written and higher property losses partly offset by better investment earnings. Excluding CPAIC, AXA Philippines grew its net income by 21.7% from Php1.3 billion for the first six months of 2018 to Php1.6 billion for the first six months of 2019. The growth was primarily driven by the: (1) improvement in the life sector's premium margins by Php0.2 billion or 5.3%, (2) increase in asset management fees by 14.0% reaching Php1.0 billion and (3) higher investment income amounting to Php0.1 billion.

Infrastructure and Utilities

Metro Pacific Investments Corporation (MPIC)

	In Million Pesos, except for Percentage			
	1H 2018	**1H 2019**	**Inc (Dec)**	**%**
Core net income	8,600.0	8,668.0	68.0	1.0
Net income attributable to equity holders	8,941.0	8,108.0	833.0	(9.0)
	FY 2018	**1H 2019**	**Inc (Dec)**	**%**
Total assets	557,946.0	579,075.0	21,129.0	3.8
Total liabilities	318,943.0	329,933.0	10,990.0	3.4
Total equity attributable to owners of Parent Company	173,311.0	177,950.0	4,639.0	2.7

For the first six months of 2019, MPIC's share in the consolidated operating core income increased by 5% from Php10.6 billion for the first six months of 2018 to Php11.2 billion for the first six months of 2019, primarily driven by the following:

- Substantial core income growth in Manila Electric Company (Meralco) by 4%; Core net income contribution from Meralco and GBPC to MPIC for the first six months of 2019 was Php6.1 billion
- Continuing volume growth in the Water and Toll businesses coupled with inflation-linked for Water and basic tariff increases for both businesses by 9% and 6%, respectively; Core net income contribution of Maynilad Water Service Inc. (Maynilad) and Metro Pacific Tollways Corporation (MPTC) to MPIC were Php2.3 billion and Php2.4 billion, respectively

- Strong patient census from the Hospital group mainly due to the increase in number of patients served across all hospitals; Core net income contribution of the group to MPIC was Php0.4 billion.

Reported net income attributable to equity holders declined by 9.0% from Php8.9 billion in the first six months of 2018 to Php8.1 billion in the first six months of 2019. Excluding head office, interest, forex and non-recurring income or expenses, core income reached Php8.7 billion in the first six months of 2019 from Php8.6 billion in the first six months of 2018.

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

(i) Any known trends or any known demands, commitments, events, uncertainties that will result or that are reasonably likely in the Company's liquidity increasing or decreasing in any material way;

(ii) Any events that would trigger direct or contingent financial obligation (including contingent obligation) that is material to the Company, including any default or acceleration of an obligation except those disclosed in the notes to the financial statements;

(iii) Any material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;

(iv) Any material commitments for capital expenditures, their purpose and sources of funds for such expenditures, except those discussed in the 2018 17A;

(v) Any known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;

(vi) Any significant elements of income or loss that did not arise from the Company's continuing operations;

(vii) The causes of any material change from period to period including vertical and horizontal analysis of any material item, the causes of material changes are discussed in the Item 2, Management's Discussion & Analysis of Financial Condition and Results of operations under Part I - Financial Information ; and

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

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

Number of Days	Amount
Less than 30 days	**Php1,924**
30 days to 60 days	**1,059**
61 days to 90 days	**381**
91 days to 120 days	**252**
Over 120 days	**649**
Current	**12,178**
Impaired	**222**
Noncurrent receivables	**2,522**
Total	**Php19,187**

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, 2019:

Name Of Stockholder	Total Number Of Shares Held	Percent To Total Number Of Shares Issued
Grand Titan Capital Holdings, Inc.	111,494,128	55.932%
PCD Nominee-Non Filipino	60,638,850	30.420%
PCD Nominee-Filipino	26,565,423	13.327%

II. Board Resolutions

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

SIGNATURES

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

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

Signature and Title:

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

Francisco H. Suarez, Jr.
Chief Finance Officer

Date: August 14, 2019

GT Capital Holdings, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements

As of June 30, 2019 (Unaudited) and December 31, 2018 (Audited)
and for the six-month periods June 30, 2019 and 2018
(Unaudited)

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

	Unaudited June 30, 2019	Audited December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	**₱14,886**	₱14,353
Short-term investments	**68**	65
Financial assets at fair value through profit or loss (FVTPL)	**3,040**	3,181
Receivables	**16,400**	15,153
Contract asset	**6,184**	8,329
Inventories	**81,068**	77,469
Due from related parties	**867**	666
Prepayments and other current assets	**10,067**	9,790
Total Current Assets	**132,580**	129,006
Noncurrent Assets		
Receivables – net of current portion	**2,522**	932
Contract asset – net of current portion	**6,240**	6,886
Financial assets at fair value through other comprehensive income (FVOCI)	**11,404**	10,948
Investment properties	**18,314**	17,728
Investments in associates and joint ventures	**170,350**	163,739
Property and equipment	**13,703**	13,638
Goodwill and intangible assets	**12,917**	12,955
Deferred tax assets	**960**	1,024
Other noncurrent assets	**3,358**	2,894
Total Noncurrent Assets	**239,768**	230,744
	₱372,348	₱359,750
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	**₱28,972**	₱25,411
Contract liabilities	**8,436**	8,787
Short term debt	**15,274**	10,500
Current portion of long-term debt	**1,945**	820
Current portion of liabilities on purchased properties	**416**	416
Current portion of bonds payable	**6,893**	2,994
Customers' deposits	**585**	563
Dividends payable	**856**	1,198
Due to related parties	**159**	204
Income tax payable	**871**	601
Other current liabilities	**577**	843
Total Current Liabilities	**64,984**	52,337
Noncurrent Liabilities		
Long-term debt – net of current portion	**91,027**	94,349
Bonds payable	**15,031**	18,913
Liabilities on purchased properties - net of current portion	**2,737**	2,877
Pension liabilities	**893**	859
Deferred tax liabilities	**6,038**	5,959
Other noncurrent liabilities	**2,383**	2,169
Total Noncurrent Liabilities	**118,109**	125,126
	183,093	177,463

(forward)

	Unaudited June 30, 2019	Audited December 31, 2018
EQUITY		
Equity attributable to equity holders of the Parent Company		
Capital stock	**₱3,211**	₱3,211
Additional paid-in capital	**85,592**	85,592
Stock Dividend Distributable	**13,635**	-
Retained earnings		
Unappropriated	**63,167**	53,459
Appropriated	**400**	17,000
Other comprehensive loss	**(2,262)**	(4,207)
Other equity adjustments	**2,322**	2,322
	166,065	157,377
Non-controlling interest	**23,190**	24,910
Total Equity	**189,255**	182,287
	₱372,348	₱359,750

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	
	2019	2018	**2019**	2018
REVENUE				
Automotive operations	**₱86,992**	₱84,979	**₱48,226**	₱47,126
Real estate sales and interest income on real estate sales	**7,847**	7,967	**4,167**	4,367
Equity in net income of associates and joint ventures	**6,480**	5,870	**3,193**	2,988
Rent income	**667**	594	**341**	316
Interest income	**469**	455	**250**	228
Sale of goods and services	**330**	376	**154**	196
Commission income	**137**	27	**64**	14
Other income	**1,349**	899	**861**	479
	104,271	101,167	**57,256**	55,714
COST AND EXPENSES				
Cost of goods and services sold	**60,276**	60,594	**33,461**	35,016
Cost of goods manufactured	**17,003**	15,413	**9,328**	7,525
General and administrative expenses	**7,185**	6,464	**3,694**	3,593
Cost of real estate sales	**4,730**	4,818	**2,624**	2,577
Interest expense	**2,835**	2,231	**1,437**	1,336
Cost of rental	**222**	230	**111**	126
	92,251	89,750	**50,655**	50,173
INCOME BEFORE INCOME TAXES	**12,020**	11,417	**6,601**	5,541
PROVISION FOR INCOME TAX	**2,311**	1,784	**1,350**	928
NET INCOME	**₱9,709**	₱9,633	**₱5,251**	₱4,613
ATTRIBUTABLE TO:				
Equity holders of the parent company	**7,342**	7,141	**3,920**	3,404
Non-controlling interest	**2,367**	2,492	**1,331**	1,209
	₱9,709	₱9,633	**₱5,251**	₱4,613
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**₱35.35**	₱34.34		

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	UNAUDITED			
	January to June		April to June	
	2019	2018	**2019**	2018
NET INCOME	**₱9,709**	₱9,633	**₱5,250**	₱4,613
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified to profit or loss in subsequent periods:				
Changes in cumulative translation adjustments	**(1)**	23	**(1)**	9
Changes in cash flow hedge reserves	**(240)**	180	**(96)**	15
Equity in other comprehensive income of associates:				
Cash flow hedge reserves	**(209)**	77	**(131)**	67
Remeasurement on life insurance reserves	**(3)**	183	**17**	49
Other equity adjustments	**–**	41	**–**	–
Translation adjustment	**(485)**	263	**(322)**	(76)
	(938)	767	**(533)**	64
Items that may not be reclassified to profit or loss in subsequent periods:				
Changes in fair value of financial assets at FVOCI	**425**	(310)	**627**	(320)
Equity in changes in fair value of financial assets at FVOCI	**2,406**	(783)	**921**	(285)
Remeasurement of defined benefit plans	**9**	2	**–**	(1)
Equity in remeasurement of defined benefit plans of associates	**(71)**	(175)	**(67)**	(158)
Income tax effect	**19**	52	**20**	48
	2,788	(1,214)	**1,501**	(716)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**1,850**	(447)	**968**	(652)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱11,559**	₱9,186	**₱6,218**	₱3,961
ATTRIBUTABLE TO:				
Equity holders of the GT Capital Holdings, Inc.	**₱9,287**	₱6,581	**₱4,924**	₱2,734
Non-controlling interest	**2,272**	2,605	**1,294**	1,227
	₱11,559	₱9,186	**₱6,218**	₱3,961

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF JUNE 30, 2019 AND 2018 (UNAUDITED)

(In Millions)

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock	**Additional Paid-in Capital**	**Stock Dividend Distributable**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Other Comprehensive Income (Loss)**	**Other Equity Adjustment**	**Total**	**Non-controlling Interests**	**Total**
At January 1, 2019	**₱3,211**	**₱85,592**	–	**₱53,459**	**₱17,000**	**(₱4,207)**	**₱2,322**	**₱157,377**	**₱24,910**	**₱182,287**
Total comprehensive income	–	–	–	**7,342**	–	**1,945**	–	**9,287**	**2,272**	**11,559**
Dividends declared	–	–	–	**(599)**	–	–	–	**(599)**	**(4,140)**	**(4,739)**
Stock dividend distributable	–	–	**13,635**	**(13,635)**	–	–	–	–	–	–
Effect of equity call of a majority owned subsidiary	–	–	–	–	–	–	–	–	**148**	**148**
Reversal of appropriation	–	–	–	**16,600**	**(16,600)**	–	–	–	–	–
At June 30, 2019	**₱3,211**	**₱85,592**	**₱13,635**	**₱63,167**	**₱400**	**(2,262)**	**₱2,322**	**₱166,065**	**₱23,190**	**₱189,255**

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock	Additional Paid-in Capital	Stock Dividend Distributable	Unappropriated Retained Earnings	Appropriated Retained Earnings	Other Comprehensive Income (Loss)	Other Equity Adjustment	Total	Non-controlling Interests	Total
At January 1, 2018	₱3,143	₱78,940	–	₱48,582	₱19,000	(₱5,975)	₱2,322	₱146,012	₱27,679	₱173,691
Effect of PFRS 9 adoption	–	–	–	(1,946)	–	5,443	–	3,497	–	3,497
At January 1, 2018, as restated	3,143	78,940	–	46,636	19,000	(532)	2,322	149,509	27,679	177,188
Total comprehensive income	–	–	–	7,141	–	(560)	–	6,581	2,605	9,186
Dividends declared	–	–	–	(578)	–	–	–	(578)	(6,174)	(6,752)
Stock Dividend Distributable	–	–	6,721	(6,721)	–	–	–	–	–	–
Reversal of appropriation	–	–	–	19,000	(19,000)	–	–	–	–	–
Effect of equity call of a majority owned subsidiary	–	–	–	–	–	–	–	–	45	45
At June 30, 2018	₱3,143	₱78,940	₱6,721	₱65,478	₱–	(₱1,092)	₱2,322	₱155,512	₱24,155	₱179,667

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)

	Unaudited	
	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱12,020**	₱11,417
Adjustments for:		
Interest expense	**2,835**	2,231
Depreciation and amortization	**1,184**	894
Pension expense	**103**	136
Provision for impairment losses	**41**	–
Unrealized foreign exchange losses (gain)	**2**	132
Gain on disposal of property and equipment	**(3)**	(14)
Gain on financial assets at FVTPL	**(54)**	(9)
Dividend income	**(176)**	(5)
Interest income	**(1,385)**	(1,137)
Equity in net income of associates and joint ventures	**(6,480)**	(5,870)
Operating income before changes in working capital	**8,087**	7,775
Decrease (increase) in:		
Cash-restricted	**–**	(4,067)
Short-term investments	**(2)**	(149)
Receivables	**(2,800)**	(1,016)
Contract assets	**2,791**	–
Due from related parties	**(201)**	(12)
Inventories	**(3,847)**	(4,416)
Financial assets at FVTPL	**201**	–
Prepayments and other current assets	**(277)**	(2,561)
Increase (decrease) in:		
Accounts and other payables	**3,360**	2,140
Contract liabilities	**(351)**	–
Customers' deposits	**23**	382
Due to related parties	**(46)**	10
Other current liabilities	**(266)**	(739)
Cash provided by operations	**6,672**	(2,653)
Interest received	**1,368**	1,061
Interest paid	**(2,653)**	(1,966)
Contributions to pension plan	**(65)**	(41)
Dividends received	**1,996**	1,516
Dividends paid	**(5,081)**	(7,047)
Income taxes paid	**(1,868)**	(2,016)
Net cash (used in) provided by operating activities	**369**	(11,146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Property and equipment	**13**	32
Sale of financial assets at FVOCI	**–**	494
Additions to:		
Financial assets at FVTPL	**–**	(3,000)
Property and equipment	**(1,104)**	(1,908)
Investments in associates and joint ventures	**(106)**	(29,705)
Financial assets at FVOCI	**–**	(6,735)
Intangible assets	**(12)**	(33)
Investment properties	**(654)**	(41)
Decrease (increase) in other noncurrent asset	**(492)**	(370)
Net cash used in investing activities	**(2,355)**	(41,266)

(Forward)

	Unaudited	
	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment	**₱16,895**	₱52,859
Payment of loans payable	**(14,243)**	(7,207)
Payment of liabilities on purchased properties	**(140)**	(220)
Increase (decrease) in:		
Other noncurrent liabilities	**(139)**	590
Noncontrolling interests	**148**	45
Net cash provided by financing activities	**2,521**	46,067
Effect of exchange rate changes on cash and cash equivalents	**(2)**	(132)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**533**	(6,477)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**14,353**	20,155
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱14,886**	₱13,678

1. Corporate Information

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

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

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

Group Activities

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34 Interim Financial Reporting. Accordingly, the interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Group's annual audited financial statements as at December 31, 2018.

The interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments, which have been measured at fair value. The Group's interim condensed consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded to the nearest million pesos (₱000,000) unless otherwise indicated.

Statement of Compliance

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

Presentation of Financial Statements

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

Basis of Consolidation

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

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

Federal Land's Subsidiaries

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

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

PCFI's Subsidiaries

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

Toyota's Subsidiaries

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

TMBC's Subsidiaries

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

GTCAD's Subsidiaries

	Percentage of Ownership
Toyota Subic, Inc. (TSI)*	55.00
GT Mobility Venture, Inc. (GTMV)**	100.00

** TSI was incorporated on July 14, 2016 and started its commercial operations on November 8, 2018.*
** On January 31, 2019, GTMV was incorporated and has not started its commercial business operations.*

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

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

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intragroup transactions, balances, income and expenses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

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

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

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

If the Group loses control over a subsidiary, it:

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

Business Combinations Involving Entities Under Common Control

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

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

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

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

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

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

Business Combinations and Goodwill

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

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

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

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

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

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

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

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

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

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

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

Changes in Accounting Policies
The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those of the previous year except for the following new and amended Philippine Financial Reporting Standards (PFRS) and PAS which were adopted as of January 1, 2019.

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

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

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

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

- PFRS 16, *Leases*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  This interpretation is not relevant to the Group because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of June 30, 2019 and December 31, 2018.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

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

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

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

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

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

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

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

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

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

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

  Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its interim condensed consolidated financial statements upon adoption.

Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments

Date of recognition

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

a. Financial assets

Initial recognition of financial instruments

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, except for sales contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

FVOCI (debt instruments)
The Group measures debt instruments at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group does not have debt instruments at FVOCI.

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

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

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

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

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

This category includes investment in UITF.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

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

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

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

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

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

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and

supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

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

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

b. Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

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

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

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

Financial liabilities at FVTPL

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

Derecognition

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

c. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

d. Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement

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

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

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

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

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

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

Fair Value Hedge

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2020

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

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

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

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

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

Effective beginning on or after January 1, 2021

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

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

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

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

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

Deferred effectivity

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

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

3. Cash and cash equivalents

This account consists of:

	June 30, 2019	June 30, 2018	December 31,2018
Cash on hand	**₱33**	₱100	₱56
Cash in banks and other financial institution	**5,499**	14,076	6,512
Cash equivalents	**9,354**	3,526	7,785
	₱14,886	₱17,702	₱14,353

4. Investments

Financial assets at fair value through profit or loss (FVTPL)
This pertains to the Parent Company's investments in Unit Investment Trust Fund (UITF) as of June 30, 2019.

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

5. Investment in associates and joint ventures

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

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

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

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

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

6. Loans Payable

This account consists of:

	June 30, 2019				
		Long-term debt			
	Short-term debt	Corporate notes	Loans payable	Subtotal	Total
Parent Company	**₱–**	**₱–**	**₱61,107**	**₱61,107**	**₱61,107**
Federal Land Group	**5,805**	**4,875**	**21,145**	**26,020**	**31,825**
PCFI Group	**3,194**	**–**	**4,877**	**4,877**	**8,071**
Toyota Group	**5,185**	**–**	**246**	**246**	**5,431**
TMBC Group	**915**	**–**	**1,100**	**1,100**	**2,015**
GTCAD Group	**175**	**–**	**–**	**–**	**175**
	15,274	**4,875**	**88,475**	**93,350**	**108,624**
Less: Deferred financing cost	**–**	**–**	**378**	**378**	**378**
	15,274	**4,875**	**88,097**	**92,972**	**108,246**
Less: Current portion of long-term debt	**–**	**25**	**1,920**	**1,945**	**1,945**
	₱15,274	**₱4,850**	**₱86,177**	**₱91,027**	**₱106,301**

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

7. **Bonds Payable**

This account consists of the following Peso Bonds:

			Carrying Value	
Maturity Dates	Interest rate	Par Value	**June 30, 2019**	December 31, 2018
₱10.0 billion Bonds				
February 27, 2020	4.8371%	₱3,900	**₱3,895**	₱3,892
February 27, 2023	5.0937%	6,100	**6,073**	6,069
		10,000	**9,968**	9,961
₱12.0 billion Bonds				
November 7, 2019	4.7106%	3,000	**2,998**	2,994
August 7, 2021	5.1965%	5,000	**4,982**	4,978
August 7, 2024	5.6250%	4,000	**3,976**	3,974
		12,000	**11,956**	11,946
		22,000	**21,924**	21,907
Less: Current portion of bonds payable		(6,900)	**(6,893)**	(2,994)
		₱15,100	**₱15,031**	₱18,913

Unamortized debt issuance costs on these bonds amounted to ₱76.26 million and ₱92.13 million as of June 30, 2019 and December 31, 2018, respectively.

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 26, 2019	₱0.00377	₱0.66	April 10, 2019	April 25, 2019
March 16, 2018	₱0.00377	₱0.66	April 4, 2018	April 13, 2018
Perpetual Preferred Shares				
Series A				
December 6, 2018	11.57475	56.01	January 3, 2019	January 28, 2019
December 6, 2018	11.57475	56.01	April 3, 2019	April 29, 2019
December 6, 2018	11.57475	56.01	July 3, 2019	July 29, 2019
December 6, 2018	11.57475	56.01	October 3, 2019	October 28, 2019
December 7, 2017	11.57475	56.01	January 3, 2018	January 29, 2018
December 7, 2017	11.57475	56.01	April 3, 2018	April 27, 2018
December 7, 2017	11.57475	56.01	July 3, 2018	July 27, 2018
December 7, 2017	11.57475	56.01	October 3, 2018	October 29, 2018
Series B				
December 6, 2018	12.73725	91.21	January 3, 2019	January 28, 2019
December 6, 2018	12.73725	91.21	April 3, 2019	April 29, 2019
December 6, 2018	12.73725	91.21	July 3, 2019	July 29, 2019
December 6, 2018	12.73725	91.21	October 3, 2019	October 28, 2019
December 7, 2017	12.73725	91.21	January 3, 2018	January 29, 2018
December 7, 2017	12.73725	91.21	April 3, 2018	April 27, 2018
December 7, 2017	12.73725	91.21	July 3, 2018	July 27, 2018
December 7, 2017	12.73725	91.21	October 3, 2018	October 29, 2018

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

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

Stock Dividends

The BOD and Shareholders of the Parent Company approved on March 26, 2019 and May 8, 2019, respectively, the declaration of an 8.0% stock dividend in favor of the Parent Company's common shareholders. The record and payment dates were set on July 8, 2019 and August 1, 2019, respectively.

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

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

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

	June 30, 2019	June 30, 2018	December 31, 2018
Net unrealized gain (loss) on financial assets at FVOCI	**(₱323)**	₱518	(₱734)
Net unrealized loss on remeasurement of retirement plan	**(103)**	(235)	(106)
Cash flow hedge reserve	**(76)**	78	53
Cumulative translation adjustments	**–**	10	–
Equity in other comprehensive income of associates:			
Equity in net unrealized gain (loss) on financial assets at FVOCI	**2,075**	(7)	(331)
Equity in net unrealized loss on remeasurement of retirement plan	**(761)**	(1,109)	(711)
Equity in cumulative translation adjustments	**(3,158)**	(443)	(2,674)
Equity in remeasurement on life insurance reserves	**182**	(7)	186
Equity in cash flow hedge reserves	**(104)**	97	105
Equity in other equity adjustments	**6**	6	5
	(₱2,262)	(₱1,092)	(₱4,207)

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

9. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. These related parties include subsidiaries, associates, joint venture, key management personnel, stockholders and other related parties which include affiliates.

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

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

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

10. Basic/Diluted Earnings Per Share

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

	June 30, 2019	June 30, 2018*	December 31, 2018
a) Net income attributable to equity holders of the Parent Company	**₱7,342**	₱7,141	₱13,390
b) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company	**(295)**	(295)	(590)
c) Net income attributable to common shareholders of the Parent Company	**7,047**	6,846	12,800
d.) Weighted average number of outstanding common shares of the Parent Company, including effect of stock dividend issued in 2018	**199.34**	199.34	199.34
e.) Basic/diluted earnings per share (c / d)	**₱35.35**	₱34.34	₱64.21

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

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

11. **Operating Segments**

Segment Information

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

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

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

Seasonality of Operations

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

Segment Assets

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

Segment Liabilities

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

The following tables present the financial information of the operating segments of the Group as of and for the quarter ended June 30, 2019 and as of and for the year ended December 31, 2018:

		June 30, 2019				
	Real Estate	**Financial Institution**	**Automotive Operations**	**Infras tructure**	**Others**	**Total**
Revenue	**₱6,931**	**₱–**	**₱ 86,992**	**₱–**	**₱–**	**₱93,923**
Other income	**1,566**	**–**	**687**	**–**	**230**	**2,483**
Equity in net income of associates and joint ventures	**(26)**	**5,219**	**–**	**1,287**	**–**	**6,480**
	8,471	**5,219**	**87,679**	**1,287**	**230**	**102,886**
Cost of goods and services sold	**274**	**–**	**60,002**	**–**	**–**	**60,276**
Cost of goods manufactured and sold	**–**	**–**	**17,003**	**–**	**–**	**17,003**
Cost of rental	**222**	**–**	**–**	**–**	**–**	**222**
Cost of real estate sales	**4,730**	**–**	**–**	**–**	**–**	**4,730**
General and administrative expenses	**2,690**	**–**	**4,243**	**–**	**252**	**7,185**
	7,916	**–**	**81,248**	**–**	**252**	**89,416**
Earnings before interest and taxes	**555**	**5,219**	**6,431**	**1,287**	**(22)**	**13,470**
Depreciation and amortization	**272**	**–**	**908**	**–**	**4**	**1,184**
EBITDA	**827**	**5,219**	**7,339**	**1,287**	**(18)**	**14,654**
Interest income	**1,125**	**–**	**125**	**–**	**135**	**1,385**
Interest expense	**(478)**	**–**	**(154)**	**–**	**(2,203)**	**(2,835)**
Depreciation and amortization	**(272)**	**–**	**(908)**	**–**	**(4)**	**(1,184)**
Pretax income	**1,202**	**5,219**	**6,402**	**1,287**	**(2,090)**	**12,020**
Provision for income tax	**(382)**	**–**	**(1,904)**	**–**	**(25)**	**(2,311)**
Net income	**₱820**	**₱5,219**	**₱4,498**	**₱1,287**	**(2,115)**	**₱9,709**
Segment assets	**₱136,193**	**₱123,255**	**₱56,607**	**₱34,700**	**₱21,593**	**₱372,348**
Segment liabilities	**₱67,813**	**₱–**	**₱31,939**	**₱–**	**₱83,341**	**₱183,093**

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

Geographical Information

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

	June 30, 2019	June 30, 2018	December 31, 2018
Domestic	**₱100,530**	₱97,067	₱207,610
Foreign	**3,741**	4,100	8,215
	₱104,271	₱101,167	₱215,825

12. **Financial Risk Management and Objectives**

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

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

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

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

The Group's respective financing and treasury functions focus on managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

Credit risk

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

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

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

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

As of June 30, 2019 and December 31, 2018, the maximum exposure to credit risk of the Group's financial assets is equal to its carrying value except for installment contracts receivable with nil exposure to credit risk since the fair value of the related collateral is greater than the carrying value of the installment contracts receivable.

Liquidity risk

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

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

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

	June 30, 2019 (Unaudited)			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents*	₱14,853	₱–	₱–	₱14,853
Short-term investments	68	–	–	68
Receivables	18,100	1,834	525	20,459
Due from related parties	867	–	–	867
Financial assets at FVTPL				
Investments in UITF	3,040	–	–	3,040
Financial assets at FVOCI				
Equity securities				
Quoted	–	–	11,086	11,086
Unquoted	–	–	318	318
Total undiscounted financial assets	₱36,928	₱1,834	₱11,929	₱50,691
Other financial liabilities				
Accounts and other payables	₱26,454	₱1,070	₱–	₱27,524
Dividends payable	856	–	–	856
Loans payable	18,582	35,575	85,268	139,425
Bonds payable	7,917	13,113	4,023	25,053
Due to related parties	159	–	–	159
Liabilities on purchased properties	582	1,966	656	3,204
Derivative liabilities	–	–	76	76
Total undiscounted financial liabilities	₱54,550	₱51,724	₱90,023	₱196,297
Liquidity Gap	(₱17,622)	(₱49,890)	(₱78,094)	(₱145,606)

**Excludes cash on hand amounting to ₱33 million.*

	December 31, 2018			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents*	₱14,310	₱–	₱–	₱14,310
Short-term investments	65	–	–	65
Receivables	14,029	3,037	907	17,973
Due from related parties	666	–	–	666
Financial assets at FVTPL				
Investments in UITF	3,181	–	–	3,181
Financial assets at FVOCI				
Equity securities				
Quoted	–	–	10,631	10,631
Unquoted	–	–	317	317
Derivative assets	–	–	469	469
Total undiscounted financial assets	₱32,251	₱3,037	₱12,324	₱47,612
Other financial liabilities				
Accounts and other payables	₱23,147	₱1,024	₱–	₱24,171
Dividends payable	1,198	–	–	1,198
Loans payable	12,698	42,994	95,339	151,031
Bonds payable	4,105	17,328	4,136	25,569
Due to related parties	204	–	–	204
Liabilities on purchased properties	582	2,287	762	3,631
Derivative liabilities	–	–	62	62
Total undiscounted financial liabilities	₱41,934	₱63,633	₱100,299	₱205,866
Liquidity Gap	(₱9,683)	(₱60,596)	(₱87,975)	(₱158,254)

**Excludes cash on hand amounting to ₱56.15 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 and accounts payable. The Group's policy is to maintain foreign currency exposure within acceptable limits.

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

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

13. **Fair Value Measurement**

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

Cash and cash equivalents and short-term cash investments
The fair value of cash and cash equivalents approximate the carrying amounts at initial recognition due to the short-term maturities 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 4.95% to 12.00% and 6.78% to 8.00% as of June 30, 2019 and December 31, 2018. 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 0.81% to 7.35% and 0.085% to 7.35% as of June 30, 2019 and December 31, 2018, respectively.

Derivative asset/Derivative liability
The fair values of cross currency and interest rate swap transactions are 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 2017 and 2012 with 3.00% interest per annum.

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

	June 30, 2019 (Unaudited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱3,040	₱–	₱3,040	₱–	₱3,040
Financial assets at FVOCI					
Quoted equity securities	11,086	11,086	–	–	11,086
	₱14,126	₱11,086	₱3,040	₱–	₱14,126
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱5,129	₱–	₱–	₱ 5,620	₱5,620
Loans receivables	946	–	–	1,075	1,075
Non-financial Assets					
Investment in listed associates	150,023	126,571	–	–	126,571
Investment properties	18,314	–	–	30,111	30,111
	₱174,412	₱126,571	₱–	₱36,806	₱163,377
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liability	₱76	₱–	76	₱–	₱76
	₱76	₱–	₱76	₱–	₱76
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	₱3,153	₱–	₱–	₱2,663	₱2,663
Loans payable	108,246	–	–	116,928	116,928
Bonds payable	21,924	21,193	–	–	21,193
	₱133,323	₱21,193	₱–	₱119,591	₱140,784

	December 31, 2018 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱3,181	₱–	₱3,181	₱–	₱3,181
Financial assets at FVOCI					
Quoted equity securities	10,631	10,631	–	–	10,631
Other noncurrent assets					
Derivative asset	469	–	469	–	469
	₱14,281	₱10,631	₱3,650	₱–	₱14,281
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱2,401	₱–	₱–	₱2,384	₱2,384
Loans receivables	932	–	–	1,075	1,075
Non-financial Assets					
Investment in listed associates	144,254	138,521	–	–	138,521
Investment properties	17,728	–	–	37,451	37,451
	₱165,315	₱138,521	₱–	₱40,910	₱179,431
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liability	₱62	₱–	62	₱–	₱62
	₱62	₱–	₱62	₱–	₱62
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	₱3,293	₱–	₱–	₱3,004	₱3,004
Loans payable	105,669	–	–	108,252	108,252
Bonds payable	21,907	20,565	–	–	20,565
	₱130,869	₱20,565	₱–	₱111,256	₱131,821

As of June 30, 2019 and December 31, 2018, 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 ₱3.83 billion and ₱3.45 billion as of June 30, 2019 and December 31, 2018, respectively.

15. **Subsequent Events**

On August 1, 2019, the 8% stock dividends equivalent to 15,947,003 common shares were issued and listed in the PSE. This increased the Company's issued and outstanding common shares from 199,337,584 to 215,284,587.

On July 4, 2019, Philippine Competition Commission approved the proposed redemption of shares by PCFI of GT Capital's preferred shares, equivalent to 51% ownership of PCFI in exchange for approximately 702.44 hectares of selected assets, with an approximated value of ₱20.10 billion, located mostly within Lancaster New City in Cavite. Gain on redemption is approximately ₱3.0 billion.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIODS ENDED JUNE 30, 2019 AND JUNE 30, 2018 (UNAUDITED)

(Amounts in millions except ratio and %)	2019	2018
Liquidity Ratio		
Current ratio	**2.04**	1.88
Current assets	**₱132,580**	₱118,180
Current liabilities	**64,984**	62,774
Solvency Ratio		
Total liabilities to total equity ratio	**0.97**	1.01
Total liabilities	**183,093**	181,380
Total equity	**189,255**	179,667
Debt to equity ratio	**0.70**	0.76
Total debt	**133,323**	136,783
Total equity	**189,255**	179,667
Asset to Equity Ratio		
Asset to equity ratio	**1.97**	2.01
Total assets	**372,348**	361,047
Total Equity	**189,255**	179,667
Interest Rate Coverage Ratio*		
Interest rate coverage ratio	**4.75**	5.61
Earnings before interest and taxes (EBIT)	**13,470**	12,511
Interest expense	**2,835**	2,231
Profitability Ratio		
Return on average assets	**2.01%**	2.20%
Net income attributable to Parent Company	**7,342**	7,141
Total assets	**372,348**	361,047
Average assets	**366,049**	324,329
Return on Average Equity	**4.69%**	4.92%
Net income attributable to Parent Company (Common)	**7,047**	6,846
Equity attributable to Parent Company (Common)	**154,301**	143,747
Average equity attributable to Parent Company	**150,104**	139,145

*computed as EBIT/Interest Expense