June 21, 2012

PHILIPPINE STOCK EXCHANGE
Listing and Disclosure Department
Exchange Road, Ortigas Center, Pasig City

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

Subject: Vista Land & Lifescapes, Inc.: **SEC Form 17A – December 31, 2011 (Amended)**

Gentlemen:

Please find SEC Form 17A Amended Annual Report for the year ended December 31, 2011 filed with the Securities and Exchange Commission (SEC) today to effect various comments from SEC.

Very truly yours,

BRIAN N. EDANG
Officer-in-Charge

COVER SHEET

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S.E.C. Registration Number

V	I	S	T	A		L	A	N	D		&		L	I	F	E	S	C	A	P	E	S	,	
I	N	C	.																					

(Company's Full Name)

L	A	S		P	I	N	A	S		B	U	S	I	N	E	S	S		C	E	N	T	E	R
N	A	T	I	O	N	A	L		R	O	A	D	,		T	A	L	O	N	,		L	A	S
P	I	N	A	S		C	I	T	Y															

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

Brian N. Edang	584-5730 loc 108
Contact Person	Company Telephone Number

1	2	3	1	17-A AMENDED	0	6	1	5
Month		*Day*		FORM TYPE	*Month*		*Day*	
Calendar Year					Annual Meeting			

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

June 21, 2012

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

Attention: **Director Justina F. Callangan**
Corporation Finance Department

Re: Vista Land & Lifescapes, Inc.
Amendment to 2011 Annual Report (SEC Form 17-A)
filed April 11, 2012

Gentlemen:

This is in reference to the 2011 Annual Report (SEC Form 17-a) of Vista Land & Lifescapes, Inc. which was filed with the Securities and Exchange Commission ("SEC") on April 11, 2012.

Please find enclosed herewith the 2011 Annual Report (SEC Form 17-A), which was amended in accordance with the comment stated in the letter and the checklist thereto from the SEC dated May 18, 2012. More particularly, we had made the appropriate changes on the 2011 Annual Report as follows:

1. On page 13 and 14, *Competition*, we included a description of the major competitors as to their main product segment or offering.

2. On page 14 and 15, *Government approvals/regulations*, we included the following statements:
    a. The company has no pending government approval for its principal product as of December 31, 2011
    b. That the company is not aware of any existing or probable government regulations that will have an effect on the Company's business operations
    c. Amount of development costs as a percentage of real estate revenues
    d. Costs and effect of compliance with environmental laws.

3. On page 24, *Properties*, we included a statement on the amount of properties mortgaged to secure loans of the Company.

4. On page 25, *Market Information,* we deleted the 2009 and included 1st quarter of 2012 price information. We also included statements as follows:
    a. There are no events that will trigger direct or contingent financial obligation
    b. There are no material off-balance sheet transactions

5. We included in the financial statements the following:
    a. List of Philippine Financial Reporting Standards effective December 31, 2011 with indication whether Adopted, Not adopted or Not applicable, and
    b. Financial Soundness Indicators.

6. On page 44, *Involvement in Certain Legal Proceedings of Directors and Executive Officers*, we indicated that during the past 5 years up to the date of the report.

7. On page 44 and 45, *Executive Compensation*, we deleted information for the year 2009.

We trust that you will find the amended 2011 Annual Report in order. Should you have further comments on the same or wish to clarify any of the foregoing, please do not hesitate to let us know.

Very truly yours,

VISTA LAND & LIFESCAPES, INC.

By:

CYNTHIA J. JAVAREZ
Controller

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2011**

2. SEC Identification Number **03145** 3. BIR Tax Identification No. **006-652-678-000**

4. Exact name of issuer as specified in its charter **VISTA LAND & LIFESCAPES, INC.**

5. **Philippines** 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City** **1746**
Address of principal office Postal Code

8. **(632) 806-5758**
Issuer's telephone number, including area code

9. **Las Piñas Business Centre, National Road, Talon, Las Piñas City**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares (12/31/2011)	**8,499,097,614 Shares (net of 39,643,000 Treasury Shares)**
Amount of Debt Outstanding	**₱ 14.0 billion**

11. Are any or all of these securities listed on a Stock Exchange?

Yes [**x**] No [ ]

Name of Stock Exchange: **Philippine Stock Exchange**
Class of securities listed: **Common Stocks**

8,538,740,614 Common shares have been listed with the Philippine Stock Exchange as of December 31, 2011.

12. Check whether the issuer:

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

Yes [**x**] No [ ]

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

Yes [**x**] No [ ]

13. Aggregate market value of voting stocks held by non-affiliates:

₱7.8 billion as of December 31, 2011; ₱10.56 billion as of March 31, 2012.

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

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

Consolidated Financial Statements as of and for the year ended December 31, 2011 (incorporated as reference for Item 7 and 12 of SEC Form 17-A)

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PART I – BUSINESS

Item 1. Business

Overview

Vista Land & Lifescapes, Inc. (Vista Land) was incorporated in Metro Manila, Philippines, on February 28, 2007 as an investment holding company. Vista Land through its subsidiaries harnesses more than 30 years of professional expertise in residential real estate development, and believes it has established a nation-wide presence, superior brand recognition and proven track record. Its projects include master-planned developments and stand-alone residential subdivisions which offer lots and/or housing units to customers in the low-cost, affordable, middle-income and high-end market segments. The Company operates through five distinct business units:

- ***Brittany*****.** Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱9.0 million or above.;

- ***Crown Asia****.* Crown Asia caters to the middle market housing segment in Mega Manila, primarily offering houses priced between ₱3.5 million and ₱9 million;

- ***Camella Homes****.* For over 30 years, Camella Homes has been servicing the low-cost housing segment (houses priced below ₱1.3 million) and the affordable housing segment (houses priced between ₱1.3 million and ₱3.5 million) in the Mega Manila area.; and

- ***Communities Philippines****.* Communities Philippines offers residential properties outside the Mega Manila area in the low-cost, affordable and middle market segments. The Company believes Communities Philippines has the widest coverage of developments in the regions outside Mega Manila of any homebuilder in the Philippines. Communities Philippines offers housing under the "Camella" and "Crown Asia" brands and utilizes Camella Homes' and Crown Asia's expertise and designs to offer houses in regional areas that it believes are on par, in terms of quality, with the developments in the Mega Manila area. These projects were located in key cities and municipalities, covering most of the Philippines' main urban areas, including Pangasinan, Pampanga, Bulacan, Batangas, Iloilo, Cebu, Leyte, Cagayan de Oro and Davao.

- ***Vista Residences, Inc.*** Vista Residences, Inc. caters to the development and selling of residential high-rise condominium projects across the Philippines. Vertical home projects involve dealing with longer gestation periods and requirements that are different from those of horizontal homes.

Recent Developments

On August 13, 2010, the BOD approved the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share in to 10.0 billion new preferred shares with a par value of ₱0.10 per share and the amendment of the Parent Company's Articles of Incorporation to reflect the reclassification of the unissued common shares into new preferred shares. On September 27, 2010, the Parent Company's stockholders ratified the reclassification.

On November 24, 2010, the SEC approved the amendments to the Parent Company's Articles of Incorporation embodying the reclassification of the unissued common shares to new preferred shares.

The new preferred shares are voting, cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10% per annum.

In 2009, the BOD and the stockholders approved the change in the corporate names of CPI's subsidiaries which was approved by SEC on various dates as follows:

Former Name	Current Name	Date Approved
Communities Philippines Cam. Sur, Inc.	Communities Naga, Inc.	March 13, 2009
Crown Communities (Batangas), Inc.	Communities Batangas, Inc.	April 1, 2009
Crown Communities (Bulacan), Inc.	Communities Bulacan, Inc.	July 31, 2009
Crown Communities (Cagayan), Inc.	Communities Cagayan, Inc.	April 15, 2009
Crown Communities (Cebu), Inc.	Communities Cebu, Inc.	June 30, 2009
Crown Communities (Davao), Inc.	Communities Davao, Inc.	April 3, 2009
Crown Communities (Iloilo), Inc.	Communities Iloilo, Inc.	April 16, 2009
Crown Communities (Pampanga), Inc.	Communities Pampanga, Inc.	April 3, 2009
Crown Communities (Pangasinan), Inc.	Communities Pangasinan, Inc.	July 7, 2009

Moreover, the BOD and stockholders approved the change of registered address of all fifteen (15) subsidiaries under CPI which has now a uniform principal address at Mezzanine Floor, Starmall Complex, EDSA cor. Shaw Blvd., Mandaluyong City. The SEC subsequently approved the amendment on various dates above.

Vista Residences, Inc.
On October 29, 2009, the Group acquired from Polar Property, through the Parent Company, 100% voting shares of VRI in exchange of 320,686,000 treasury shares valued at ₱660.61 million plus ₱1.00 million cash. The fair value of the shares is the published price of the shares of the Parent Company at the acquisition date. The Parent Company accounted for the acquisition using the purchase method.

On December 4, 2009, the BOD and the stockholders approved the change in the corporate name from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc. ". On January 29, 2010, the SEC approved the change in corporate name.

On August 15, 2008, the shareholders ratified the BOD approval of the amendment of the name of the corporation from "C & P Homes, Inc." to "Camella Homes, Inc." Likewise, the shareholders ratified the BOD resolution to change the par value of shares from ₱1.00 per share to ₱10,000 per share. The amendments in the articles of incorporation was approved by SEC on March 12, 2009, to increase the par value from ₱1.00 per share to ₱10,000 per share and correspondingly decrease the number of shares comprising the authorized capital stock of CHI from seven (7) billion to 700,000 shares.

Crown Asia Properties, Inc.
On August 13, 2008, SEC approved the merger between Symmetrical Ventures, Inc., Crown Asia Properties (North), Inc., and Crown Asia Properties, Inc., the latter being the surviving entity. Crown Asia Properties Inc. did not issue any consideration in exchange for the shares accounted for this transaction and accounted this transaction as reorganization of entities under common control, using pooling of interest method. Accordingly, the accompanying financial statements have been prepared as if the current corporate structure had been in existence in all periods presented.

Communities Philippines, Inc. and Subsidiaries
At a meeting on August 6, 2008, the BOD approved the increase of the authorized capital of CPI from fifty million pesos (₱50,000,000) divided into five hundred thousand (500,000) shares with par value of one hundred pesos (₱100) per share to one billion (10,000,000,00) divided into ten million (10,000,000) shares with par value of one hundred pesos (₱100) per share. Also, on the same date, the BOD and the stockholders amended the corporate name from "Crown Communities Holdings, Inc" to "Communities Philippines, Inc." The SEC approved the increase of capital stock and the application of change in corporate name on September 24, 2008. Out of the increase in the authorized capital stock of CPI, the amount of five hundred million (₱500,000,000) pesos has been actually subscribed by the Parent Company and the amount of five hundred four million three hundred seventy-two thousand nine hundred (₱504 million) pesos has been paid, inclusive of premium, by way of assignment of shares of stocks on the following subsidiaries:

- Communities Cebu, Inc.
- Communities Davao, Inc.

- Communities Iloilo, Inc.
- Communities Pampanga, Inc.

Development of the business of the registrant and its key operating subsidiaries or affiliates

Vista Land & Lifescapes, Inc. – parent company was incorporated on February 28, 2007 and was listed on the PSE on June 25, 2007.

Brittany Corporation – incorporated in May 29, 1984, 100.00% owned by Vista Land, offers luxury houses to the high-end market segment. The company's project over the past three years includes Portofino, Crosswinds, La Posada, Mosaic and Avant.

Crown Asia Properties, Inc. – incorporated in August 31, 1995, wholly owned by Vista Land, offers house and lot packages to the middle market segment. Projects of the Company for the past three years include Citta Italia, Maia Alta and Ponticelli.
Camella Homes, Inc. – incorporated in December 1994, 99.97% owned by Vista Land, offers house and lot packages to the low and affordable market segment. Projects of the Company for the past three years include Tierra Nevada, Nova Romania, Cerritos, Pacific Residences and Trevi Towers.

Crown Communities Holdings, Inc. – incorporated in April 12, 1996, 99.98% owned by Vista Land, offers house and lot packages outside Mega Manila area in the low-cost, affordable and middle market segments. Projects of the Company for the past three years include Savannah in Iloilo, Plantacion Meridienne in Batangas, Solariega in Davao, Frontera in Cagayan de Oro Azienda Milan in Cebu and Wedgewood in Pangasinan.

Vista Residences, Inc. - On October 29, 2009, the Group acquired from Polar Property, through the Parent Company, 100% voting shares of VRI in exchange of 320,686,000 treasury shares. Vista Residences, Inc. caters the development and selling of residential high-rise condominium projects across the Philippines. Vertical home projects involve dealing with longer gestation periods and requirements that are different from those of horizontal homes.

On December 4, 2009, the BOD and the stockholders approved the change in the corporate name from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc. ". On January 29, 2010, the SEC approved the change in corporate name.

Land acquisition

The Company sources land for its projects either through direct purchase or through joint venture arrangements with land owners. As a matter of policy, the Company conducts due diligence before acquiring any property or entering into any joint venture. The evaluation process focuses on 4 major factors: (a) legality of the documents covering the piece of property; (b) valuation of the property; (c) technical characteristics of the property; and (d) other factors impacting on the suitability and feasibility of future projects.

The Company prefers to acquire land or enter into joint ventures to develop land that has already been titled (i.e., covered by a Transfer Certificate of Title). The Company has specialists who conduct extensive checks on both the owner involved and the land itself, with a particular focus on the veracity of the title over the land, and that it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title.

The Company also conducts its own appraisal process of the asking price of the property under consideration by reference to comparison with other similar properties in the market; and an assessment of the potential income derivable from any development suitable for the property and the calculated value of the land given the potential income.

Before directly acquiring land or entering into a joint venture arrangement with a land owner, the Company conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter.

These factors include:

- the general economic condition of the broad environment of the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits, authorizations, and adding necessary improvements and infrastructure, including sewage, roads and electricity against a purchase price that will maximize margins within the limits of available financing.

Joint ventures

Historically, the Company has grown its land bank primarily through direct purchases. In the past, however, the Company has begun to enter into joint venture agreements with land owners. These joint venture arrangements offer certain advantages to the Company, particularly because the Company is not required to pay for the land in advance. The Company's interest in these joint ventures varies depending on the value of the land against the estimated development cost. The Company holds a majority interest under most of its existing joint venture arrangements.

Historically, the Company has not experienced any material difficulties in finding joint venture partners to supply land and currently does not expect to experience any such difficulties in the future. The Company believes that this is due to its track record of reliability and of successful projects, particularly in the suburban areas where many of the Company's projects have been located, which gives its joint venture partners confidence that their project will be handled successfully. Further, there is a prevalence of land owners in the Philippines who wish to develop their land but who may not have the resources, both financial and expertise, to do so. The Company has also entered into joint venture agreements with commercial banks, such as Banco de Oro (“BDO”), Union Bank and United Coconut Planters Bank (UCPB), to develop specific assets of the banks.

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development and the construction of subdivision facilities. The Company and its joint venture partner then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests.

Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price (typically 12.0% to 15.0%) for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

The joint venture partner is also required to warrant his/her title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land. All costs relating to clearing the land of tenants and informal occupants are the responsibility of the joint venture partner, although the Company may provide cash advances to cover a portion of these costs, which will then be deducted from any sale proceeds attributable to the joint venture partner.

Project development

After extensive site evaluation by the Company and certain third party contractors and the land has been acquired (either directly or through a joint venture agreement) and the Company has decided to develop such land, the Company will begin the project development process.
Before the site development process can begin, the Company must obtain regulatory approvals and clearances from various Government departments. These include the Department of Environment Natural Resources and the Department of Agrarian Reform, as well as from the local government unit with jurisdiction over the area where the project will be located.

The site development process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of houses and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two months), obtains the necessary Government approvals and permits and conducts pre-marketing activities. Once the project has received a development permit from the relevant local government unit and a permit to sell from the Housing and Land Use Regulatory Board, pre-sales of subdivision lots can begin (often on an initial phase of the project), as well as some initial development work on the project site. Future expansion of the project will depend on the level of sales. As one phase is sold, a new phase of the project will be open for sales and this process is repeated until project completion.

The Company, as often as possible, utilizes its in-house design capabilities and market research data to plan developments. Aside from determining the feasibility of a project, the objective of this study is to determine the property type to develop (i.e., whether a project will be developed as a lot-only project, a house and lot project or a combination of both). The Company believes that its extensive experience and expertise in residential real estate development allows it to reduce costs, maintain competitive prices and increase sales. From time to time, the Company hires third-parties to design and plan projects. The work performed by these third-parties must comply with specifications provided by the Company and, in all cases, is subject to the Company's review. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

Typically, projects in the socialized sector are developed with a view to generating house-and-lot sales, while projects in the affordable sector are developed to generate a mix of lot-only and house-and-lot sales. Middle-income and high-end projects normally generate a greater proportion of lot-only sales, because customers for these projects purchase the lot with a view to future development or would prefer to construct housing units of their own design and built to their specifications. The Company may also sell an initial phase of a project on a lot-only basis but later on develop additional phases with a view to generating house-and-lot sales.

For its housing units, the Company internally develops the construction designs. The Company's architects and engineers are trained to design structures to maximize efficiency and minimize production costs. The Company's current designs allow customers to upgrade finishing details on a customized basis after the housing units are delivered and future vertical expansion through the addition of a second storey. The Company will continue to invest in the development of design and planning construction to further reduce costs and continue to meet customer needs.

Congruent with the over-all strategy of creating unique themed developments, the Company also develops and implements specific design parameters for houses to be built in its middle-income and high-end subdivision projects. This helps the Company market each project based on a particular design aesthetic and its own unique characteristic and personality. The Company takes inspirations from well-established and unique architectural designs from the Mediterranean, the Swiss Alps, Italy, San Francisco, the Caribbean and the American South. In themed residential developments, the Company also requires that houses built by customers that have bought lots only conform to the specific architectural theme.

The Company finances the development of projects through a combination of pre-sales and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. The Company also maintains some flexibility in timing the progress of its development projects to match the progress of pre-sales. Thus, the progress of a development is greatly influenced by the level of pre-sales. As one phase is sold, a new phase of the project will be opened for pre-sale and the process is repeated until the project completion. From time to time, the Company sells receivables to help finance larger housing and land development projects.

Site development and construction

Site development and construction work for the Company's projects is contracted out to various qualified and accredited independent contractors. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. For smaller-scale projects, such as the construction of certain structures within a project or of specific housing units, the Company will directly contract specific contractors based on its previous experience with such contractor for a specific type of project. In all cases, the Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company maintains relationships with various accredited independent contractors and deals with each of them on an arm's-length basis. The Company is not and does not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company does not enter into long-term arrangements with contractors. The awarded contracts typically cover the provision of contractor's services in relation to a particular project or particular housing units. To ensure compliance with Company requirements and to maintain the quality of the developments, the Company has a team of project engineers who perform the following functions:

- Directly managing site development and construction activities;
- Coordinating the activities of the Company's contractors and suppliers;
- Overseeing quality and cost controls; and
- Ensuring compliance with zoning and building codes and other regulatory requirements.

Typically, the Company enters into fixed-price contracts with its contractors, with the cost of materials included as part of the price.

Site development work or housing unit construction will typically take three (3) to twelve (12) months to complete depending on the size.

Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts. In certain cases, the Company guarantees payment to the Company-specified suppliers for purchases by contractors of construction materials. In these cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors.

Progress payments are made to contractors during the term of the contract based on the accomplishment of pre-determined project performance milestones. The Company usually retains 10.0% of each progress payment in the form of a guarantee bond or cash for up to one year from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers thereby limiting the financial burden on the Company.

Research and Development

While the Company engages in research and development activities focusing on the types of construction materials used for its housing units, construction methodology, value-engineering for its projects and quality assurance, the expenses incurred by the Company in connection with these activities are not material. The Company's research and development activities include organizing regular trips for its operations personnel, architects and engineers to various cities in America and

Europe to enable them to become more attuned to high quality developments and latest trends from overseas.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policies include coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. The Company does not carry business interruption insurance.

Sales and Marketing

The Company believes it has one of the most extensive marketing networks of all Philippines housing development companies.

Local Marketing Network

The Company's local marketing and distribution network of independent contractors and agents consists of approximately 2,244 teams, with a combined total of approximately 18,230 active agents. Of the 2,244 marketing teams, 2,072 are accredited realtors, 141 are exclusively contracted marketing teams, and 31 teams are direct marketing groups.

The Company believes that it offers its marketing teams competitive compensation terms. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure.

The Company's exclusively contracted marketing teams are compensated through a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. Broker companies are compensated with relatively higher commissions with funding allocations for business development programs.

International Marketing Network

The Company believes that the OF population constitutes a significant portion of the demand for its housing and land development projects. The demand comes from both the direct purchase by the OF or purchase by relatives of the OF financed by OFW remittance. As such, the Company seeks to adequately service and reach the OF and international markets. For that purpose, the Company has established an extensive international marketing network.

The Company's international marketing network consisted of 136 partners and 2,339 independent agents as of December 31, 2011. Through this network, the Company is well-represented in key cities abroad with the highest concentration of OF communities. The Company's presence is significant in countries and continents such as North America, Europe, Middle East and Asia including Japan. These international brokers are established in their respective areas and serve as the Company's marketing and promotion agents in their territories, to promote the Company and its products. In addition, some of these agents actually bought houses from the Company in the past. The Company believes that its long standing relationships with these agents over the years distinguish it from its competitors.

The Company, together with these international brokers and agents, regularly sponsors road shows and participates in international fairs and exhibits, Filipino social and professional gatherings, and other OF related events.

Awareness efforts are primarily conducted through sustained TV advertising on The Filipino Channel and print advertising on national and geo-based publications. As added support, the Company through this special division called Prime Properties International has set-up support marketing groups focused on and dedicated to servicing the international market.

Marketing Support

The Company's sales and marketing efforts include but are not limited to:

- tri-media advertising campaigns, including maintenance of billboards in strategic locations;
- maintenance of sales booths and product exhibits in pre-selected locations;
- project site activities such as Property Preview and Grand Open House activities;
- direct mailing campaigns;
- saturation drives; and
- regular monthly meetings.

In addition, the Company engages in non-traditional marketing efforts such as:

- telemarketing;
- sponsorship of concerts, conventions and other events;
- corporate presentations;
- strategic alliances with other marketing channels; and
- cyberspace marketing and e-based transactions.

The Company also has below-the-line marketing efforts, including producing and providing the sales force with brochures, leaflets, handouts and other sales materials.

Recruiting and training

Due to its growing number of projects and the continuous expansion of existing developments, the Company seeks to recruit and maintain quality sales people. This is achieved by continuous training of the sales force conducted by the in-house training group as well as by professional consultants. Recruitment is an on-going activity, encouraged by the Company to continuously search for individuals and sales groups with potential and/or proven track record in sales.

Modes of Payments

The Company's customers can generally purchase the Company's products through:

- cash purchases;
- bank financing;
- in-house (Company-provided) financing; and
- Government-assisted financing.

Under these four major modes of payments, the Company designs flexible and creative financing packages for its customers to make their acquisitions possible.

Cash-basis acquisitions are usually given special discounts. Negotiated discounts are also allowed for accelerated payment schedules and other bulk payments. This is to encourage capable buyers to pay upfront for their property acquisition.

Mortgage loans from private banks are available. These are offered to buyers who are perceived to be acceptable credit risks. To streamline the loan processing application, the Company has arrangements with several banks regarding the processing of applications with respect to the financing of unit purchases.

The Company also offers in-house financing to buyers. There are cases wherein in-house financing schemes serve as stepping stones to facilitate transactions. In these instances, the buyers use the in-house financing facility but convert to bank financing within a certain period.
There are also instances where customers of the Company obtain financing from the Government. Government-subsidized loans under the GFI programs still continue to be the largest source of purchaser financing for the socialized market.

In-house financing

The Company has established processes and procedures designed to screen homebuyers applying for in-house financing to ensure that they are financially capable of paying their monthly amortizations. The Company conducts strict and thorough credit checks which include but are not limited to:

- employment/career/business background checks;
- credit card verification using national credit databases; and
- conducting physical verification of claims regarding residences and properties owned by the buyer.

The Company typically finances 80.0% of the total purchase price of the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five to 10 years. The interest rates charged by the Company for in-house financing typically range from 16% per annum to 19% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company will retain the title to the property until full payment of the loan. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer. The Company faces certain risks relating to the cancellation of sales involving its residential projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues would be overstated."

Mortgage loans

Mortgage loans from commercial banks are available to individuals who meet the credit risk criteria set by the relevant bank and those who are able to comply with such bank's documentary requirements and credit investigation. To assist prospective buyers obtain mortgage financing from commercial banks, the Company has arrangements with several commercial banks, such as BDO, BPI Family Bank, Planters Bank, Philippine Saving Bank, UCPB, Unionbank of the Philippines, RCBC Savings Bank, Security Bank, Bank of Commerce and Metropolitan Bank & Trust Co., to assist qualified customers to obtain financing for housing unit purchases. Further, the Company ensures that all its units are properly and completely documented to adequately comply with the bank's requirements.

In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("HGC"). The HGC is a Government-owned and controlled corporation that operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes provided by banks and financial institutions. In the event a buyer defaults in connection with an HGC-registered loan or credit facility, the HGC guarantees the payment to the extent of the outstanding balance, interest and yield. The interest and yield on loans and credits guaranteed by the HGC is exempt from taxation.

Customer service and warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period, including during house lay-out, construction, move-in and introduction to the homeowners' association. The Company's Customer Care Department (the "CCD") has qualified staff dedicated to addressing these concerns.

Apart from the standard contractual warranties on the purchased unit, for each project the Company engages the services of a professional property management group which oversees the affairs of the homeowners' association. This helps homebuyers to achieve a smooth introduction to their new neighborhood and further enhances good customer relations. The property management group's functions include financial management, security, landscape maintenance and association social activities.

Pre-construction procedures

Homebuyers are advised on the commencement of the house construction. A pre-lay out discussion is initiated by the CCD with the homebuyer and the technical team which includes the plans showing actual lay-out of the house on a selected lot. The meeting also serves as the venue where homebuyers have the option to decide on various matters including house color, grillework designs or other aspects available for buyer's choice, depending on the package or the subdivision. The CCD representative proceeds to discuss the highlights on the house plan, house specifications and a brief on the policies and guidelines of the Homeowner's Association.

Construction stage

At this stage, the production team takes over and starts the actual construction of the unit. However, the CCD still takes active part by coordinating with the homebuyers and updating them on the developments of his housing unit. At any time of the construction, the homebuyer can opt to enroll in a CCD program where he can schedule a visit and inspection of his housing unit with the assistance of a technical staff who will be on hand to explain or answer any questions or requests.

Move-in and introduction to homeowners' association

Upon completion of the house, the CCD facilitates turn-over of the unit to the homebuyer. This includes delivery of certificates of warranty/guarantee on the housing unit and a comprehensive homeowner's kit. The Company has an established system to address homebuyer's concerns especially in the first 3 months of move-in. The Company puts great emphasis on the timing of responding to any such concerns, ensuring that repairs/rectification procedures are at par with the Company's standards. While there is a standard policy on repairs, the Company, on a case-to-case basis, extends its services beyond these procedures to better achieve total customer satisfaction.

Bankruptcy, Receivership or Similar Proceeding

None for any of the subsidiaries and affiliates above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years

None

Various diversification/new product lines introduced by the Company during the last three years

None

Competition

The residential development market in the Philippines is intensely competitive. The Company has significant competitors for its residential housing and land development business. Compared to the commercial real estate and high-rise residential building markets, which require the resources to acquire land in expensive urban areas and the experience to manage these projects successfully, horizontal residential housing and land development projects have relatively lower barriers to entry. Because of the availability of joint venture arrangements with landowners and the ability to finance these projects through unit pre-sales, it is relatively easy for smaller players to enter into this business. There is, therefore, competition for land that is suitable for project development. There is also competition among various developers for residential real estate brokers.

Currently, the Company's competitors include listed companies such as Filinvest Land, Inc. (a company that has presence in the low-cost segment of the market for both house and lot and mid-rise buildings), Megaworld Corporation (a major player in high rise projects), Robinsons Land Corporation (a mall developer with presence in high rise projects as well as house and lot projects) as well as private companies such as Extraordinary Development Corporation, Sta. Lucia Realty (significant player on the lots only segment) and others. On the basis of publicly available information and its own market knowledge, the Company's management believes that it is the leader in the real estate housing sector. The Company's management also believes that the Company is able to offer competitive commissions and incentives for brokers, and that the Company is able to compete on the basis of the pricing of its products, which encompasses products for different market sectors, as well as its brand name and its track record of various successfully completed quality projects.

The Company also faces strong competition in the condominium market. The Company believes that its main competitors in these markets include companies such as Ayala Land Inc., DMCI Development Homes, Inc. (a major player in developing Mid-rise buildings), Megaworld Corporation, Robinsons Land Corporation, SM Development Corporation (a major player in developing Mid-rise buildings) and others. By banking on the company's brand name and its existing marketing network, the company is able to effectively compete in the condominium market.

Supplier

The Company has a broad base of suppliers.

Customers

Vista Land has a broad market base including local and foreign individual and institutional clients.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions).

Intellectual Property

The Company, through its subsidiaries, has a number of trademarks for its development projects as well as applications for the registration of various trademarks of its property developments pending with the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its subsidiaries property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier. The Company has also registered a number of the business names it uses for its property developments with the Department of Trade and Industry. Registering a business name with the Department of Trade and Industry precludes another entity engaged in the same or similar business from using the same business name as one that has been registered. A registration of a business name shall be effective for five years from the initial date of registration and must be renewed within the first six months following the expiration of the five-year period from the date of original registration. Pursuant to the Philippine Department of Trade and Industry Administrative Order No. 11 (Series of 2008), where the business name of a corporation appears in its articles of incorporation as the corporate name, registration is no longer necessary. A corporation may also use a business name or style different from its corporate name provided such name or style appears in its articles of incorporation.

Government approvals/regulations

The Company secures various government approvals such as license to sell, development permits, environmental compliance certificate, etc. as part of the normal course of its business

The Company has no principal products that has pending government approval as of December 31, 2011.

As of December 31, 2011 the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

In terms of amount spent for development activities (representing our capital expenditures) as a percentage of revenue from real estate sales are 84% in 2009, 88% in 2010 and 82% in 2011.

The Company typically spends about 1% of the total costs of development for environmental laws compliance. By doing such compliance, the company is able to help in the preservation o the environment as part of its social corporate responsibility.

Employees

The Company, through its subsidiaries, had a total of 751 and 610 employees as of December 31, 2011 and 2010, respectively. This is broken down by function as follows:

Function	Number of employees	
	2011	2010
Operations	290	216
Administrative	251	217
Technical	210	177
Total	**751**	**610**

The Company recognizes that there may be a need to hire additional personnel to handle increase in the volume of business over the next twelve months. However, all such hiring decisions will be made taking into account the uncertainties surrounding the current market environment in addition to the long-term requirements of the business. As such, the Company does not anticipate a significant increase in the number of employees this year.

The Company has no collective bargaining agreements with its employees and none of the Company's employees belong to a union. The Company believes it has a good relationship with its employees and there has been no turnover of key personnel during the past three years.

Employees are provided with on-the-job-training and other development programs that assist them in effectively carrying out their jobs and that prepare them for career advancement in the Company.

The Company considers itself as an employer of choice in the Philippine real estate industry and offers competitive compensation plans to attract quality employees. The Company does not have an employee stock option plan.

Risks related to the Companies Business

Risks relating to competition

The Philippine residential real estate industry is highly competitive. Vista Land's income from sales of its projects and market values of its current housing and land development projects and land holdings are affected by the projects' market awareness level, market acceptance rate, and proven and perceived product advantage when compared to similar types of projects in their immediate neighborhood and broader environment. The income and values are also affected by the ability of Vista Land to correctly assess the market for its projects. Important factors that could affect Vista Land's ability to effectively compete include: (a) a project's location versus that of its competitors; (b) presence and/or proximity to transportation facilities, commercial centers, educational and medical institutions, service and convenience retail establishments; (c) the total quality of the housing project and related facilities offered by Vista Land; (d) and the overall, tangible and intangible, attractiveness of the project.

To mitigate this risk, Vista Land conducts regular market study and business intelligence updates in order to understand industry and market dynamics.

Risks relating to land acquisition and landbank management

The Company's future growth and development depends on continuous development of land, whether acquired or controlled through joint venture. The Company faces strong competition from fellow developers for ideal parcels of land suitable for development. In addition other factors make the task of acquisition difficult, including (a) ideal location; (b) suitable size; (c) economically acceptable price; and (d) legal and informal settler issues. In this area of the Company's operations, it faces greater difficulty in sourcing parcels of land located within Metro Manila and other urban areas throughout the Philippines.

The Company may have difficulty in attracting land owners to enter into joint venture agreements with it. Key issues revolve around profit and development cost sharing which affect expected investment returns. Other issues could be differences in intangible objectives, land ownership squabbles and other non-economic hindrances.

In the event the Company is unable to acquire suitable land, or to enter into agreements with joint venture partners to develop suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

a) The Company also faces risks relating to the management of its land bank, which could adversely affect its margins.

   The land banking function is critical to the success and future operations of the Company. The Company must continuously acquire land for replacement and expansion of land inventory within its current markets. The risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. The Company cannot assure investors that the measures it employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its balance sheet, as well as reduce the amount of property available for sale. Any of the foregoing events would have a material adverse effect on Vista Land's business, financial condition and results of operations.

   The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

b) Titles over land owned by the Company may also be contested by third parties.

   The Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government); however, it is not uncommon for third parties to claim ownership of land which has already been

registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. From time to time the Company has had to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company.

Historically, these claims have not had a material adverse effect on the Company and its business, but in the event that a greater number of similar third-party claims are brought against the Company in the future, or any such claims are made against land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending against such claims. Should any of these claims prosper, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could adversely affect the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company uses legal and technical research to establish the integrity of the legal title to any piece of land before concluding any transaction, be it an acquisition or joint venture.

Risk relating to joint venture agreements and transactions

The interests of joint venture partners for the Company's housing and land development projects may differ from the Company's and they may take actions that adversely affect the Company.

The Company enters into joint venture agreements with landowners as part of its overall land acquisition strategy and intends to continue to do so. Under the terms of most of these joint venture agreements, the Company takes responsibility for project development and project sales, while its joint venture partner typically supplies the land for development. A joint venture involves special risks where the joint venture partner may have economic or business interests or goals that are different from those of the Company's. The joint venture partner may also take actions contrary to the Company's instructions or requests, or in direct opposition to the Company's policies or objectives with respect to the real estate investments, or the joint venture partner may not meet its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partner could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in the project and consequently have a material adverse effect on the Company's results of operations and financial condition.

To mitigate this risk, the Company as a standard policy ensures that a binding agreement/contract with any joint-venture partner is made at the start of any partnership. Further, a constant open communication is maintained with all business partners.

Risk relating to property development and construction management

a) The Company is in a business that carries significant risks distinct from those involved in the ownership and operation of established properties. This includes the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. Slippages may occur in obtaining required Government approvals and permits, resulting in more costs than anticipated, or inability to complete the project on schedule and within budget.

   Likewise, the time and the costs involved in completing the development and construction of residential projects can be adversely affected by many factors, including: (a) shortages of materials, equipment, skilled labor; (b) adverse weather conditions; (c) peso depreciation; (d) natural disasters; (e) labor disputes with contractors and subcontractors; (f) accidents; (g) changes in laws or in Government priorities; and (h) other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's

margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

To mitigate this risk, the Company continuously seeks to improve its internal control procedures and internal accounting and to enhance project management and planning. Further, the Company substantially finances its development projects through pre-sales and internally generated funds, which allows it to maintain some flexibility in timing the progress of its projects to match market conditions.

b) The Company relies to a significant extent on independent contractors for the development and construction of the Company's products. Their availability and quality of workmanship may not meet the Company's quality standards, or cause project delays and cost overruns. The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor who is willing to undertake a particular project within the Company's budget, which could result in costs increases or project delays. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's quality standard requirements. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its housing and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

As with most major property development companies, the Company manages these development and construction risks by ensuring that contractual arrangements with builders, engineers, suppliers and other contractors clearly specify costs, responsibilities and the appropriate benefits or penalties that may accrue to all parties in the event of favorable or adverse developments. The Company also maintains an experienced in-house team of engineers and technicians who are tasked to oversee and manage each project. As and when needed, the Company may also avail of the services of independent project managers and quantity surveyors to supplement its in-house project management capabilities.

Risks relating to specific target markets

Vista Land's sales to OFWs and expatriate Filipinos comprise a significant portion of the Company's revenues. While the Company sees this segment as continuously growing, and providing it with buyers in the years to come, it is also prone to downturns, which can affect the Company's performance. These downturns may lead to (a) reduced deployment of new OFWs; (b) reduced remittances from abroad; (c) a lower purchasing power of expatriate Filipinos than currently enjoyed; or (d) any combination or all of the above, and could adversely affect demand for Vista Land's

projects from OFWs and expatriate Filipinos. Such reduction in demand could have a material adverse effect on Vista Land's business, financial condition and results of operations.

To mitigate the possible impact of a sudden downturn in the OFW market, it is Vista Land's business strategy to diversify its product offerings to serve as wide a market as possible. Any adverse developments in any one property sector may be offset or mitigated by more positive developments in other sectors. The Company also closely monitors the factors that may affect the OFW market so that Vista Land can take the necessary corrective measures.

Risks relating to external marketing groups

The Company engages third-party brokers to market and sell its residential housing and land development projects domestically and internationally. It is a known practice in the Philippine real estate industry that these same brokers may also be promoters and sellers for other developers in the same markets in which the Company operates. More importantly, there can be no assurance that they will not favor the interests of their other clients over the interests of the Company in any lease or sale opportunities, or otherwise act in the Company's best interests.

The intense competition for the services of reputable and successful third-party brokers in the Philippines impels industry competitors to try to recruit brokers away from competing companies. The Company is not immune to such attempts. Competitors of the Company attempt to recruit brokers away from the Company from time to time. If a large number of these third-party brokers were to stop selling for the Company, this could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

The Company mitigates this risk by establishing its own in-house sales force, who are tasked to market and sell only Company products. The Company also provides its brokers and sales agents with competitive commission schemes and other incentives. Beyond this, the Company gives its sales force skills-build-up programs as a way of planning and managing their career growth with the Company. A parallel effort is the continuous recruitment of competent brokers and sales agents.

Risks relating to project and end-buyer financing

a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Vista Land's and its customers' ability to obtain financing.

   Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on Vista Land and on the demand for its products. For example:

   - In connection with Vista Land's property development business, higher interest rates make it more expensive for Vista Land to borrow funds to finance ongoing projects or to obtain financing for new projects.

   - Because a substantial portion of the Company's customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

   In order to mitigate these risks, Vista Land substantially finances its development projects through pre-sales and internally generated funds. In this way, Vista Land maintains some flexibility in timing the progress of its development projects to match market conditions. Vista Land attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk.

b) Vista Land is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

   The Company offers in-house financing to customers, which may expose the Company to risks of customers missing on their payments and/or defaulting on their obligations that may lead to sales

cancellations. The Company cannot adequately assure the resale of any property whose prior sale has been cancelled.

The Company has used funds obtained from receivables rediscounting facilities with commercial banks to balance its liquidity position. An inability to sell receivables would remove a source of potential external financing, increasing its reliance on internally generated funds or non-receivable external financing.

To mitigate these risks, the Company attempts to decrease the occurrence of financial defaults and sales cancellations due to the inability to pay by enforcing strict credit investigation policies and procedures. For ongoing in-house loans, the Company monitors each and every account to assist buyers and to provide immediate remedial measures in problem cases. The Company also spreads the financing risk by encouraging buyers to avail of commercial bank retail financing facilities.

c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations.

As a developer and seller of residential real estate, the Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

Historically, the Company has not experienced a material number of cancellations to which the Maceda Law has applied; however, this is no assurance that such an event will not happen. An economic downturn, high interest rate episodes, and others could trigger such sales cancellations. Should this happen, the Company may not have enough funds on hand to pay the necessary cash refunds to buyers, or the Company may have to incur indebtedness in order to pay such cash refunds. As mentioned earlier, the Company cannot assure the resale of a cancelled property, particularly during periods of economic slowdowns or downturns. Any of these events would adversely affect the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions and sells installment contract receivables. The Company ensures that all buyers are made aware of their responsibilities and obligations, and the resulting penalties for non-compliance. Each and every account is monitored to assist buyers and to provide immediate remedial measures in problem cases.

Risk relating to management of growth

a) The Company may not be able to successfully manage its growth.

The Company intends to continue to pursue an aggressive growth strategy for its residential property and land development business. The Company foresees that this strategy will mean that management resources will be reallocated from the Company's current operations. The growth strategy will also entail creating and managing relationships with a larger group of third parties such as customers, suppliers, contractors, service providers, lenders, etc. This expansion of the Company's operations will require significant capital expenditure to finance new housing and land development projects, causing the Company to take on additional debt. It thus becomes necessary to manage the internal control and compliance functions so that compliance with legal and contractual obligations is maintained and, at the same time, operational and compliance risks are minimized.

Even with these safeguards, there is no assurance that the Company will not experience any difficulties in the course of implementing its growth strategy. These difficulties can come in the form of capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. An inability or failure to successfully adapt to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could adversely affect the Company's reputation, the business, and results of operations or financial condition.

To mitigate this risk, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions.

b) The Company is still in the process of fully upgrading and integrating its operational and financial reporting systems and may experience difficulty in providing the Company's management and investors with financial information, particularly for interim periods.

Until recently, each of Vista Land's business units had operated as an independent company, with its own management and financial teams as well as its own information and technology (IT) systems. With the integration of the operations, records and database, Vista Land may experience delays in generating period-end financial information, particularly in situations where manually recorded financial information is required to be reconciled with information generated by the consolidated system. There can be no assurance that these constraints will not materially hinder the timeliness of such information in the future or affect Vista Land's ability to generate and management's and investors' ability to receive promptly information regarding Vista Land's consolidated financial condition and results of operations.

To mitigate this risk, Vista Land conducts regular meetings and requires briefing from key departments.

Risks relating to natural catastrophes

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could adversely affect the Company's business, financial condition and results of operations.

Risks relating to over-reliance on some key Company personnel

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. While the Company has provided its Directors and key Senior Management with generous compensation, a highly skilled and reputable executive is always subject to piracy by competitors. Additionally, key personnel could also be lost due to catastrophic diseases (i.e., cerebral stroke, cancer, heart attacks), incapacitated by an accidents and death.

To lessen the potential negative impact of these events, the Company has institutionalized critical operational systems and procedures as a way of minimizing the over-dependence on individuals. The Company also has established organizational development policies and procedures to ensure the continuous development of its officers and staff. Performances are regularly monitored and appraised, and appropriate and timely action is taken to reward or correct the performances of its officers and staff. The Company maintains a continuous training program and an informal apprenticeship agenda to provide a constant pool of executive-calibre personnel ready for promotion.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects and engineers. However, this valuable human resource is also in demand not only by the Company's competitors, but also from companies outside the Philippines, particularly companies operating in the Middle East. It is important to point out that other development companies face the same risks.

Any inability on the part of Company to hire and, more importantly, retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house. If these situations occur, the Company will be left with no recourse but engage third-party consultants thereby incurring additional costs.

To mitigate this risk, the Company provides its technical personnel with competitive compensation and incentive programs.

Risks relating to the Company's reputation

Infringement of the Company's intellectual property rights over the various names, brands and logos which are used for its operations, including the names "Brittany," "Crown Asia" and "Communities Philippines", would have a material adverse effect on the Company's business. There can be no assurance that the actions the Company has taken will be adequate to prevent third parties from using these names, brands and logos or from naming their products using the same.

In addition, there can be no assurance that third parties will not assert rights in, or ownership of the Company's name, trademarks and other intellectual property rights. Because Vista Land believes that the reputation and track record it has established under its brands is key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the use of these names and of any associated trademarks by third parties or if the Company was restricted from using such marks.

The Company, through its corporate communications team maintains a clear, accurate brand and company image and perception in the market to mitigate this risk. The legal team also monitors all intellectual ownership issues of the Company.

Other risks that the Company may be exposed are the following:

- Risks relating to the general Philippine economic condition
- Risks relating to operating in a highly-regulated environment
- Risks relating to political uncertainties
- Risks relating to international credit valuators
- Risks relating to Philippine foreign ownership limitations
- Risks relating to changes in construction material, labor, power and other costs.

To mitigate the above mentioned risks, Vista Land shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to properly manage the various business risks it faces.

Working Capital

Vista Land finances its working capital requirements through a combination of internally-generated cash, pre-selling, joint ventures, borrowings and proceeds from sale of installment receivables.

Domestic and Export Sales

Amounts of revenue, profitability and identifiable assets attributable to domestic and foreign operations for 2011, 2010 and 2009 follow:

(in Php)	**2011**	**2010**	**2009**
Revenues			
Domestic	14,752,783,834	12,483,137,780	10,766,706,662
Foreign	–	–	–
Net operating Income			
Domestic	4,867,111,439	4,137,302,781	3,679,150,075
Foreign	–	–	–
Net income *(attributable to equity holders of VLL)*			
Domestic	3,527,984,027	3,012,973,097	2,299,408,170
Foreign	–	–	–
Total Assets			
Domestic	67,572,568,743	60,481,324,579	54,295,875,066
Foreign	–	–	–

Item 2. Properties

Details of the Company's raw land inventory as of December 31, 2011 are set out in the table below:

	Area (in hectares)		
Location	**Owned**	**JV***	**Total**
Bacolod	4.6	-	4.6
Bataan	5.2	-	5.2
Batangas	71.5	-	71.5
Bohol	9.3	-	9.3
Bulacan	86.0	39.1	125.1
Cagayan de Oro	52.8	-	52.8
Caloocan	1.5	-	1.5
Candon	11.0	-	11.0
Cavite	501.0	37.3	538.3
Cebu	47.6	16.5	64.1
Davao	1.6	-	1.6
Iloilo	152.3	-	152.3
Laguna	31.8	27.6	59.4
Laoag	2.2	-	2.2
Las Piñas	413.9	192.3	606.2
Mandaluyong	0.5	-	0.5
Muntinlupa	9.1	13.0	22.1
Ortigas	-	0.1	0.1
Palawan	10.3	-	10.3
Pampanga	13.0	-	13.0
Pangasinan	13.4	-	13.4
Pasig	0.2	-	0.2
Quezon City	1.5	-	1.5
Rizal	18.5	-	18.5
Taguig	4.8	-	4.8
Tarlac	21.3	-	21.3
Total	**1,484.9**	**325.9**	**1,810.8**

*Represents area attributable to the Company

As of December 31, 2011 and 2010, subdivision land for sale and development of Brittany and CAPI with an aggregate carrying value of ₱492.51 million and ₱ 580.81 million, respectively, were mortgaged to secure the bank loans of the Parent Company (see Note 19 of the 2011 Audited Financial Statements).

Item 3. Legal Proceedings

The Company is not subject to any civil or criminal lawsuit or other legal actions. The Subsidiaries are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases include adverse claims against a Subsidiary's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, the Subsidiaries also dispute taxes that have been assessed against them by the Philippine Bureau of Internal Revenue. In the opinion of the Company's management, none of the lawsuits or legal actions to which the Subsidiaries are currently subject will materially affect the daily operations of their business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

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

There was no matter submitted to a vote of security holders during the fourth quarter of 2011.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

Vista Land's common shares are listed with the Philippine Stock Exchange. The company was listed on June 25, 2007. Data on the quarterly stock price movement of Vista Land since its listing date:

	2012			2011			2010		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
1st	3.90	2.84	3.85	3.19	2.30	2.79	2.16	1.78	2.08
2nd	-	-	-	3.37	2.80	3.16	2.04	1.56	1.88
3rd	-	-	-	3.45	2.70	3.05	3.49	1.86	3.21
4th	-	-	-	3.01	2.78	2.84	3.60	2.98	3.17

The market capitalization of VLL as of December 31, 2011, based on the closing price of ₱2.84/share, was approximately ₱24.1billion.

As of March 31, 2012, VLL's market capitalization stood at ₱32.7billion based on the ₱3.85/share closing price.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no 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.

Stockholders

There are approximately 1,074 holders of common equity security of the Company as of December 31, 2011 (based on the number of accounts registered with the Stock Transfer Agent). The following are the top 20 holders of the common securities of the Company:

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[1]
	Fine Properties, Inc.	4,962,047,161	58.112%
	PCD Nominee Corporation (Non-Filipino)	2,148,336,345	25.160%
	Polar Property Holdings, Corp.	777,497,000	9.106%
	PCD Nominee Corporation (Filipino)	598,158,870	7.005%
	Bestimes Investment Limited	26,814,493	0.314%
	ML&H Corporation	10,983,363	0.129%
	Althorp Holdings, Inc.	5,000,000	0.059%
	John T. Lao	2,853,000	0.033%
	Alberto B. Carlos	500,000	0.006%
	John Peter C. Yu &/or Juan G. Yu	480,000	0.006%
	Sulficio Tagud, Jr. &/or Ester Tagud	401,000	0.005%
	Tomas L. Chua	400,000	0.005%
	Federal Homes, Inc.	324,850	0.004%
	Christian A. Aguilar	290,617	0.003%
	Chan Chak Ching	250,000	0.003%
	Marcelino C. Mendoza	206,690	0.002%
	Acris Corporation	200,000	0.002%
	Benjamarie Therese N. Serrano	200,000	0.002%
	Maribeth C. Tolentino	200,000	0.002%
	Manuel Paolo A. Villar	200,000	0.002%
		8,535,343,389	**99.960%**

[1] based on the total shares issued of 8,538,740,614

Dividends

₱0.07 per share Regular Cash Dividend
Declaration Date: September 13, 2011
Record date: September 28, 2011
Payment date: October 24, 2011

₱0.035 per share Special Cash Dividend
Declaration Date: May 17, 2011
Record date: June 01, 2011
Payment date: June 28, 2011

₱0.054 per share Regular Cash Dividend
Declaration Date: September 15, 2010
Record date: September 30, 2010
Payment date: October 26, 2010

₱0.033 per share Regular Cash Dividend
Declaration Date: November 23, 2009
Record date: December 8, 2009
Payment date: December 29, 2009

₱0.064 per share Regular Cash Dividend
Declaration Date: April 2, 2008
Record date: April 17, 2008
Payment date: May 14, 2008

Dividend Policy

The Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the Banko Sentral ng Pilipinas.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividends

The Company declares dividends to shareholders of record, which are paid from the Company's unrestricted retained earnings.

The Company intends to maintain an annual cash dividend payment ratio for its Shares of approximately 20% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. Circumstances which could restrict the payment of cash

dividends include, but are not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent Sale of Unregistered Securities
None

Stock Options
None

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

REVIEW OF YEAR END 2011 VS YEAR END 2010

RESULTS OF OPERATIONS

Revenues

Real Estate
The Company recorded revenue from real estate sales amounting to ₱13,513.4 million in the year ended December 31, 2011, an increase of 19% from ₱11,338.5 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly of Crown Asia, Camella, Vista Residences, and Brittany. The Company uses the Percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue of Crown Asia increased by 45% to ₱2,183.9 million in the year ended December 31, 2011 from ₱1,508.0 million in the year ended December 31, 2010 This was primarily attributable to the increase in the overall completion of Crown Asia's sold inventories. Crown Asia is Vista Land's business unit for the middle income segment of the market

- Real estate revenue of Camella Homes increased by 26**%** to ₱4,419.0 million in the year ended December 31, 2011 from ₱3,513.7 million for the year ended December 31, 2010. This was primarily attributable to the increase in the overall completion of Camella's sold inventories. Camella Homes caters to the low & affordable segment of the market.

- Real estate revenue from Vista Residences for the year ended December 31, 2011 increased by 26% to ₱980.9 million in the year ended December 31, 2011 from ₱778.8 million in the same period last year. The increase in revenue was primarily attributable to the increase in the overall completion of sold inventories

- Real estate revenue of Brittany increased by 15% to ₱1,667.7 million in the year ended December 31, 2011 from ₱1,455.5 million in the same period last year. This was primarily attributable to the increase in the overall completion of Brittany's sold inventories. Brittany caters to the high-end segment of the market.

- Real estate revenue of Communities Philippines increased to ₱4,262.0 million in the year ended December 31, 2011, an increase of 4% from ₱4,082.5 million in the year ended December 31, 2010. This increase was principally due to the increased completion of sold inventories of the year of the Company's various projects from various areas outside Mega Manila.

Interest income
Interest income increased by 10% from ₱777.1 million in the year ended December 31, 2010 to ₱ 853.1 million in the year ended December 31, 2011 due to increase in interest income from short-term and long-term cash investments during the year.

Foreign exchange gain
Unrealized foreign exchange gain of ₱62.0 million in the year ended December 31, 2011 was due to the appreciation of the reporting currency for the period.

Miscellaneous
Miscellaneous income increased by 5% from ₱367.5 million in the year ended December 31, 2010 to ₱386.2 million in the year ended December 31, 2011 due to increase in real estate sales deposit forfeitures.

Costs and Expenses

Cost and expenses increased by 21% to ₱11,221.1 million in the year ended December 31, 2011 from ₱9,251.9 million in the year ended December 31, 2010. Costs and expenses as a percentage of real estate revenue increased from 82% in the year ended December 31, 2010 to 83% in the year ended December 31, 2011. The 21% increase in the account was primarily attributable to the following:

- Cost of real estate sales increased by 17% from ₱5,656.3 million in the year ended December 31, 2010 to ₱6,611.3 million in the year ended December 31, 2011 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 22% from ₱2,689.5 million in the year ended December 31, 2010 to ₱3,274.3 million in the year ended December 31, 2011 primarily due to the following:

    - an increase in advertising and promotions expenses to ₱764.6 million in the year ended December 31, 2011 from ₱628.5 million in the year ended December 31, 2010 due to marketing activities implemented by the Company during the period.

    - an increase in commissions from ₱662.4 million in the year ended December 31, 2010 to ₱898.6 million in the year ended December 31, 2011 resulting from increase in sales of the Company during the period.

    - an increase in salaries, wages and employee benefits from ₱325.8 million in the year ended December 31, 2010 to ₱409.0 million in the year ended December 31, 2011 resulting from increase in total number of employees.

- Interest and financing charges increased by 82% from ₱730.2 million in the year ended December 31, 2010 to ₱1,329.2 million in the year ended December 31, 2011 due to increase in interest bearing payables during the year.

Equity in net loss of an associate

The equity in net loss of an associate amounting to ₱6.2 million in the year ended December 31, 2011 was due to the results of operations of an associate.

Provision for Income Tax

Provision for income tax decreased by 70% from ₱220.7 million in the year ended December 31, 2010 to ₱65.9 million in the year ended December 31, 2011 primarily due to tax-exempt income and reversal of expired minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO).

Net Income

As a result of the foregoing, the Company's net income increased by 17% to ₱3,528.0 million in the year ended December 31, 2011 from ₱3,013.0 million in the year ended December 31, 2010.

For the year ended December 31, 2011, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net

sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2011 vs. December 31, 2010

Total assets as of December 31, 2011 were ₱67,572.6 million compared to ₱60,481.3 million as of December 31, 2010, or a 12% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments increased by ₱1,731.2 million from ₱6,894.9 million as of December 31, 2010 to ₱8,626.1 million as of December 31, 2011 primarily due to the proceeds from issuance of notes payable in the first half of 2011.

- Receivables increased by 10% from ₱19,073.6 million to ₱21,069.3 million due to the revenue recognized during for the period.

- Real estate inventories increased by 19% from ₱12,498.6 million to ₱14,901.4 million due opening of new projects during the period.

- Investment properties amounting to ₱2,291.7 million as of December 31, 2011 pertains to land, building and building improvements reclassified from real estate for sale and development and property & equipment as these are intended to be developed for commercial and retails purposes and subsequently leased out to third parties.

- Land and improvements decreased by 9% from ₱18,042.1 million to ₱16,348.1 million due to opening of new projects and reclassification to investment properties during the period.

- Property and equipment increased by 50% from ₱118.9 million to ₱178.8 million due to acquisitions made during the year.

- Interests in joint ventures decreased by 13% from ₱1,887.7 million as of December 31, 2010 to ₱1,645.3 as of December 31, 2011 due primarily to settlements made during the period.

- Other assets increased by 48% from ₱1,201.4 million as of December 31, 2010 to ₱1,778.6 million as of December 31, 2011 due primarily to increase in creditable withholding taxes.

Total liabilities as of December 31, 2011 were ₱26,884.1 million compared to ₱22,304.8 million as of December 31, 2010, or a 21% increase. This was due to the following:

- Accounts and other payables increased by 23% from ₱4,710.2 million as of December 31, 2010 to ₱5,775.6 million as of December 31, 2011 due to accruals made during the period.

- Payable to related parties decreased by 53% from ₱385.7 million as of December 31, 2010 to ₱182.8 million as of December 31, 2011 due to settlements made during the period.

- Income tax payable decreased by 17% from ₱63.0 million as of December 31, 2010 to ₱52.3 million as of December 31, 2011 primarily due to lower taxable income for the year.

- Interest bearing bank loans and loans payable (representing the sold portion of the Company's installment contracts receivables with recourse), increased by 6% from ₱6,207.8 million as of December 31, 2010 to ₱6,581.8 million as of December 31, 2011 due to availment of additional loans during the year.

- Liabilities for purchased land increased by 38% from ₱1,111.6 million as of December 31, 2010 to ₱1,537.3 million as of December 31, 2011 due to land acquisitions on account during the period.

- Notes payable increased by 74% from ₱4,257.9 million as of December 31, 2010 to ₱7,393.8 million as of December 31, 2011 due to the US $75.0 million notes issued by the Company in the first half of 2011. The total notes issued by the Company amounted to US $175.0 million with a carrying amount of ₱7,393.8 million as of December 31, 2011

- Deferred tax liabilities – net decreased by 12% from ₱2,284.6 million as of December 31, 2010 to ₱2,012.9 million as of December 31, 2011 due to reversal of previously recorded deferred tax liabilities.

Total stockholder's equity net increased by 7% to ₱40,688.5 million as of December 31, 2011 from ₱38,176.5 million as of December 31, 2010 due to the net income recorded for the year ended December 31, 2011.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	12/31/2011	12/31/2010
Current ratio [(a)]	2.53:1	2.83:1
Debt-to-equity ratio [(b)]	0.66:1	0.58:1
Interest expense/Income before Interest expense [(c)]	27.0%	18.4%
Return on assets [(d)]	5.2%	5.0%
Return on equity [(e)]	8.7%	7.9%

Notes:

(a) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(b) Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(c) Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably

(d) Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(e) Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of December 31, 2011 decreased from that of December 31, 2010 due to the increase in accounts and other payables and current portion of bank loans and liabilities for purchased land.

Debt-to-equity ratio increased due to the increase in the total liabilities brought by the issuance of notes payable during the year.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2011 compared to the ratio for the year ended December 31, 2010 due to an increase in interest bearing liabilities for the year.

Return on asset improved for December 31, 2011 compared to that on December 31, 2010 due primarily to the higher net income and increase in long-term cash investments and other assets.

Return on equity increased due to a higher net income reported for the year ended December 31, 2011.

Material Changes to the Company's Balance Sheet as of December 31, 2011 compared to December 31, 2010 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments increased by 25% from ₱6,894.9 million as of December 31, 2010 to ₱8,626.1 million as of December 31, 2011 primarily due to the proceeds from issuance of notes payable in the first half of 2011.

Receivables increased by 10% from ₱19,073.6 million to ₱21,069.3 million due to the revenue recognized during for the period.

Real estate inventories increased by 19% from ₱12,498.6 million to ₱14,901.4 million due opening of new projects during the period.

Investment properties amounting to ₱2,291.7 million as of December 31, 2011 pertains to land, building and building improvements reclassified from real estate for sale and development and property & equipment as these are intended to be developed for commercial and retails purposes and subsequently leased out to third parties.

Land and improvements decreased by 9% from ₱18,042.1 million to ₱16,348.1 million due to opening of new projects and reclassification to investment properties during the period.

Property and equipment increased by 50% from ₱118.9 million to ₱178.8 million due to acquisitions made during the year.

Interests in joint ventures decreased by 13% from ₱1,887.7 million as of December 31, 2010 to ₱ 1,645.3 as of December 31, 2011 due primarily to settlements made during the period.

Other assets increased by 48% from ₱1,201.4 million as of December 31, 2010 to ₱1,778.6 million as of December 31, 2011 due primarily to increase in creditable withholding taxes.

Accounts and other payables increased by 23% from ₱4,710.2 million as of December 31, 2010 to ₱5,775.6 million as of December 31, 2011 due to accruals made during the period.

Payable to related parties decreased by 53% from ₱385.7 million as of December 31, 2010 to ₱ 182.8 million as of December 31, 2011 due to settlements made during the period.

Income tax payable decreased by 17% from ₱63.0 million as of December 31, 2010 to ₱52.3 million as of December 31, 2011 primarily due to lower taxable income for the year.

Interest bearing bank loans and loans payable (representing the sold portion of the Company's installment contracts receivables with recourse), increased by 6% from ₱6,207.8 million as of December 31, 2010 to ₱6,581.8 million as of December 31, 2011 due to availment of additional loans during the year.

Liabilities for purchased land increased by 38% from ₱1,111.6 million as of December 31, 2010 to ₱1,537.3 million as of December 31, 2011 due to land acquisitions on account during the period.

Notes payable increased by 74% from ₱4,257.9 million as of December 31, 2010 to ₱7,393.8 million as of December 31, 2011 due to the US $75.0 million notes issued by the Company in the first half of 2011. The total notes issued by the Company amounted to US $175.0 million with a carrying amount of ₱7,393.8 million as of December 31, 2011

Deferred tax liabilities – net decreased by 12% from ₱2,284.6 million as of December 31, 2010 to ₱2,012.9 million as of December 31, 2011 due to reversal of previously recorded deferred tax liabilities.

Total stockholder's equity net increased by 7% to ₱40,688.5 million as of December 31, 2011 from ₱38,176.5 million as of December 31, 2010 due to the net income recorded for the year ended December 31, 2011.

Material Changes to the Company's Statement of income for the year ended December 31, 2011 compared to the year ended December 31, 2010 (increase/decrease of 5% or more)

Revenue from real estate sales increased by 19% to ₱13,513.4 million in the year ended December 31, 2011 from ₱11,338.5 million as of December 31, 2010 primarily to the increase in the overall completion rate of sold inventories of the Company's business units.

Interest income increased by 10% from ₱777.1 million in the year ended December 31, 2010 to ₱ 853.1 million in the year ended December 31, 2011 due to increase in interest income from short-term and long-term cash investments during the year.

Foreign exchange gain of ₱62.0 million in the year ended December 31, 2011 was due to the appreciation of the reporting currency for the period.

Miscellaneous income increased by 5% from ₱367.5 million in the year ended December 31, 2010 to ₱386.2 million in the year ended December 31, 2011 due to increase in real estate sales deposit forfeitures.

Cost of real estate sales increased by 17% from ₱5,656.3 million in the year ended December 31, 2010 to ₱6,611.3 million in the year ended December 31, 2011 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 22% from ₱2,689.5 million in the year ended December 31, 2010 to ₱3.274.3 million in the year ended December 31, 2011 primarily due to the increase in commissions due to increase in sale for the period and advertising and promotions expenses due to marketing activities, and salaries, wages and employee benefits resulting from increase in total number of employees.

Interest and financing charges increased by 82% from ₱730.2 million in the year ended December 31, 2010 to ₱1,329.2 million in the year ended December 31, 2011 due to increase in interest bearing payables during the year.

The equity in net loss of an associate amounting to ₱6.2 million in the year ended December 31, 2011 was due to the results of operations of an associate.

Provision for income tax decreased by 70% from ₱220.7 million in the year ended December 31, 2010 to ₱65.9 million in the year ended December 31, 2011 primarily due to tax-exempt income and reversal of expired minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO).

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

REVIEW OF YEAR END 2010 VS YEAR END 2009

RESULTS OF OPERATIONS

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱11,338.5 million in the year ended December 31, 2010, an increase of 18% from ₱9,629.7 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly of Camella, Crown Asia, Communities Philippines and Vista Residences. The Company uses the Percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue of Camella Homes increased by 22**%** to ₱3,513.7 million in the year ended December 31, 2010 from ₱2,884.1 million for the year ended December 31, 2009. This was primarily attributable to the increase in the overall completion of Camella's sold inventories. Camella Homes caters to the low & affordable segment of the market.

- Real estate revenue of Crown Asia increased by 19% to ₱1,508.0 million in the year ended December 31, 2010 from ₱1,264.8 million in the year ended December 31, 2009 This was primarily attributable to the increase in the overall completion of Crown Asia's sold inventories. Crown Asia is Vista Land's business unit for the middle income segment of the market

- Real estate revenue of Communities Philippines increased to ₱4,082.5 million in the year ended December 31, 2010, an increase of 13% from ₱3,618.2 million in the year ended December 31, 2009. This increase was principally due to the increased completion of sold inventories of the year of the Company's various projects from various areas outside Mega Manila.

- Real estate revenue of Brittany increased by 8% to ₱1,455.5 million in the year ended December 31, 2010 from ₱1,352.5 million in the same period last year. This was primarily attributable to the increase in the overall completion of Brittany's sold inventories. Brittany caters to the high-end segment of the market.

- Real estate revenue from Vista Residences for the year ended December 31, 2010 increased by 53% to ₱778.8 million in the year ended December 31, 2010 from ₱510.1 million in the same period last year. The increase in revenue was primarily attributable to the increase in the overall completion of sold inventories

Interest income
Interest income decreased by 9% from ₱857.3 million in the year ended December 31, 2009 to ₱ 777.1 million in the year ended December 31, 2010 due to decline in interest income from short-term investments during the year.

Equity in net gain of an associate
Equity in net gain of an associate decreased by 95% from ₱45.9 million in the year ended December 31, 2009 to ₱2.4 million in the year ended December 31, 2010 due to the lower net income reported by an associate.

Dividend income
Dividend income decreased by 87% from ₱0.19 in the year ended December 31, 2009 to ₱0.03 million in the year ended December 31, 2010 due to the lower dividend declared from investments.

Miscellaneous
Miscellaneous income increased by 31% from ₱279.7 million in the year ended December 31, 2009 to ₱367.5 million in the year ended December 31, 2010 due to increase in real estate sales deposit forfeitures.

Costs and Expenses

Cost and expenses increased by 16% to ₱9,251.9 million in the year ended December 31, 2010 from ₱8,000.0 million in the year ended December 31, 2009. Costs and Expenses as a percentage of real estate revenue decreased from 83% in the year ended December 31, 2009 to 82% in the year ended December 31, 2010. The 1% net decrease in the account was primarily attributable to the following:

- Cost of real estate sales increased by 13% from ₱5,004.0 million in the year ended December 31, 2009 to ₱5,656.3 million in the year ended December 31, 2010 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 29% from ₱2,083.6 million in the year ended December 31, 2009 to ₱2,689.5 million in the year ended December 31, 2010 primarily due to the following:

- an increase in commissions from ₱532.1 million in the year ended December 31, 2009 to ₱662.4 million in the year ended December 31, 2010 resulting from marketing activities implemented by the Company during the period.

- an increase in advertising and promotions expenses to ₱628.5 million in the year ended December 31, 2010 from ₱556.9 million in the year ended December 31, 2009 due to marketing activities implemented by the Company during the period.

- an increase in salaries, wages and employee benefits from ₱255.2 million in the year ended December 31, 2009 to ₱325.8 million in the year ended December 31, 2010 resulting from increase in total number of employees.

- Interest and financing charges increased by 23% from ₱593.0 million in the year ended December 31, 2009 to ₱730.2 million in the year ended December 31, 2010 due to increase in interest bearing payables during the year.

- Foreign exchange loss increased from ₱0.6 million in the year ended December 31, 2009 to ₱ 15.9 million in the year ended December 31, 2010 due to the increase in foreign currency denominated liabilities and depreciation of the reporting currency for the period.

Loss on Settlement of Loan

The Company recorded a loss on settlement of loan amounting to ₱115.9 million in the year ended December 31, 2010 and ₱318.8 million in the year ended December 31, 2009 from the settlement of long-term notes.

Loss on Writedown of AFS

The Company recorded a loss on writedown of investments in unquoted equity shares amounting to ₱44.0 million during the year.

Provision for Income Tax

Provision for income tax decreased by 57% from ₱513.5 million in the year ended December 31, 2009 to ₱220.7 million in the year ended December 31, 2010 primarily due to a lower taxable income reported for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 31% to ₱3,013.0 million in the year ended December 31, 2010 from ₱2,299.4 million in the year ended December 31, 2009.
For the year ended December 31, 2010, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2010 vs. December 31, 2009

Total assets as of December 31, 2010 were ₱60,481.3 million compared to ₱54,668.3 million as of December 31, 2009, or an 11% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments increased by ₱3,748.3 million from ₱3,146.6 million as of December 31, 2009 to ₱6,894.9 million as of

December 31, 2010 primarily due to the proceeds from issuance of notes payable in the fourth quarter of 2010.

- Receivables increased by 5% from ₱18,137.6 million to ₱19,073.6 million due to the revenue recognized during for the period.

- Real estate inventories and land for future development increased by 6% from ₱28,721.7 million to ₱30,540.7 million due to land acquisitions made during the year.

- Property and equipment increased by 29% from ₱92.2 million to ₱118.9 million due to acquisitions made during the year.

- Interests in joint ventures increased by 22% or ₱336.7 million, from ₱1,550.9 million as of December 31, 2009 to ₱1,887.7 as of December 31, 2010 due primarily to the advances made by the Company to its joint venture partners.

- Other assets decreased by 40% from ₱2,004.6 million as of December 31, 2009 to ₱1,201.5 million as of December 31, 2010 due primarily to decrease in investments in unquoted equity shares and input and creditable withholding taxes.

Total liabilities as of December 31, 2010 were ₱22,304.8 million compared to ₱19,043.6 million as of December 31, 2009, or a 17% increase. This was due to the following:

- Accounts and other payables decreased by 13% from ₱5,430.0 million as of December 31, 2009 to ₱4,710.0 million as of December 31, 2010 due to payments made during the period.

- Interest bearing bank loans and loans payable representing the sold portion of the Company's installment contracts receivables with recourse, increased by 36% from ₱4,556.5 million as of December 31, 2009 to ₱6,207.9 million as of December 31, 2010 due to availment of additional loans during the year.

- Notes payable pertains to US $100.0 million notes issued by the Company with a carrying amount of ₱4,257.9 million as of December 31, 2010.

- Liabilities for purchased land decreased by 40% from ₱1,848.6 million as of December 31, 2009 to ₱1,111.6 million as of December 31, 2010 due to payments made during the period.

- Customers' advances and deposits decreased by 15% from ₱3,638.5 million as of December 31, 2009 to ₱3,096.4 million as of December 31, 2010 due to a decrease in the in the minimum amount of advances and deposits required from buyers during the initial stage of a sale transaction.
- Due to related parties decreased by 10% from ₱428.9 million as of December 31, 2009 to ₱385.7 million as of December 31, 2010 primarily due to settlements made during the year.

- Income tax payable decreased by 34% from ₱95.5 million as of December 31, 2009 to ₱63.0 million as of December 31, 2010 primarily due to lower taxable income for the year.

- Pension liability increased by 22% million from ₱132.5 million as of December 31, 2009 to ₱ 160.9 million as of December 31, 2010 due to actuarial adjustments.

- The Company settled the remaining balance of the Long Term Notes amounting to ₱495.4 million in the year 2010.

Total stockholder's equity net increased by 7% to ₱38,176.5 million as of December 31, 2010 from ₱35,624.7 million as of December 31, 2009 due to the net income recorded for the year ended December 31, 2010.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	12/31/2010	12/31/2009
Current ratio [(a)]	2.83:1	1.94:1
Debt-to-equity ratio [(b)]	0.58:1	0.53:1
Interest expense/Income before Interest expense [(c)]	18.4%	17.4%
Return on assets [(d)]	5.0%	4.2%
Return on equity [(e)]	7.9%	6.5%

Notes:

(f) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(g) Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(h) Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably

(i) Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(j) Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of December 31, 2010 increased from that of December 31, 2009 due to increase in cash and cash equivalents, current portion of receivables and real estate inventories and land for future development during the year and decrease primarily in income taxes payable and current portion of bank loans and loans payable and liabilities for purchased land.

Debt-to-equity ratio increased due to the increase in the total liabilities brought by the issuance of notes payable during the year.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2010 compared to the ratio for the year ended December 31, 2009 due to an increase in interest bearing liabilities for the year.

Return on asset improved for December 31, 2010 compared to that on December 31, 2009 due primarily to the higher level of net income and higher level of total assets for the year.

Return on equity increased due to a higher net income reported for the year ended December 31, 2010.

Material Changes to the Company's Balance Sheet as of December 31, 2010 compared to December 31, 2009 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments increased by 119% from ₱3,146.6 million as of December 31, 2009 to ₱6,894.9 million as of December 31, 2010 primarily due to the proceeds from issuance of notes payable in the fourth quarter of 2010.

Receivables increased by 5% from ₱18,137.6 million to ₱19,073.6 million due to the revenue recognized during for the period.

Real estate inventories and land for future development increased by 6% from ₱28,721.7 million to ₱30,540.7 million due to land acquisitions made during the year.

Property and equipment increased by 29% from ₱92.2 million to ₱118.9 million due to acquisitions made during the year.

Interests in joint ventures increased by 22% from ₱1,550.9 million as of December 31, 2009 to ₱ 1,887.7 as of December 31, 2010 due primarily to the advances made by the Company to its joint venture partners.

Other assets decreased by 40% from ₱2,004.6 million as of December 31, 2009 to ₱1,201.5 million as of December 31, 2010 due primarily to decrease in investments in unquoted equity shares and input and creditable withholding taxes.

Accounts and other payables decreased by 13% from ₱5,430.0 million as of December 31, 2009 to ₱4,710.0 million as of December 31, 2010 due to payments made during the period.

Interest bearing bank loans and loans payable representing the sold portion of the Company's installment contracts receivables with recourse, increased by 36% 2010 from ₱4,556.5 million as of December 31, 2009 to ₱6,207.9 million as of December 31, due to availment of additional loans during the year.

Notes payable pertains to US $100.0 million notes issued by the Company with a carrying amount of ₱4,257.9 million as of December 31, 2010.

Liabilities for purchased land decreased by 40% from ₱1,848.6 million as of December 31, 2009 to ₱1,111.6 million as of December 31, 2010 due to payments made during the period.

Customers' advances and deposits decreased by 15% from ₱3,638.5 million as of December 31, 2009 to ₱3,096.4 million as of December 31, 2010 due to a decrease in the in the minimum amount of advances and deposits required from buyers during the initial stage of a sale transaction.

Due to related parties decreased by 10% from ₱428.9 million as of December 31, 2009 to ₱385.7 million as of December 31, 2010 primarily due to settlements made during the year.

Income tax payable decreased by 34% from ₱95.5 million as of December 31, 2009 to ₱63.0 million as of December 31, 2010 primarily due to lower taxable income for the year.

Pension liability increased by 22% million from ₱132.5 million as of December 31, 2009 to ₱160.9 million as of December 31, 2010 due to actuarial adjustments.

The Company settled the remaining balance of the Long Term Notes amounting to ₱495.4 million in the year 2010.

Total stockholder's equity net increased by 7% to ₱38,176.5 million as of December 31, 2010 from ₱35,624.7 million as of December 31, 2009 due to the net income recorded for the year ended December 31, 2010.

Material Changes to the Company's Statement of income for the year ended December 31, 2010 compared to the year ended December 31, 2009 (increase/decrease of 5% or more)

Revenue from real estate sales increased by 18% to ₱11,338.5 million in the year ended December 31, 2010 from ₱9,629.7 million as of December 31, 2009 primarily to the increase in the overall completion rate of sold inventories of the Company's business units.

Equity in net gain of an associate decreased by 95% from ₱45.9 million in the year ended December 31, 2009 to ₱2.4 million in the year ended December 31, 2010 due to the lower net income reported by an associate.

Interest income decreased by 9% from ₱857.3 million in the year ended December 31, 2009 to ₱777.1 million in the year ended December 31, 2010 due to decline in interest income from short-term investments during the year.

Dividend income decreased by 87% from ₱0.19 in the year ended December 31, 2009 to ₱0.03 million in the year ended December 31, 2010 due to the lower dividend declared from investments.

Miscellaneous income increased by 31% from ₱279.7 million in the year ended December 31, 2009 to ₱367.5 million in the year ended December 31, 2010 due to increase in real estate sales deposit forfeitures.

Cost of real estate sales increased by 13% from ₱5,004.0 million in the year ended December 31, 2009 to ₱5,656.3 million in the year ended December 31, 2010 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 29% from ₱2,083.6 million in the year ended December 31, 2009 to ₱2,689.5 million in the year ended December 31, 2010 primarily due to the increase in commissions and advertising and promotions expenses due to marketing activities, and salaries, wages and employee benefits resulting from increase in total number of employees, an increase in.

Interest and financing charges increased by 23% from ₱593.0 million in the year ended December 31, 2009 to ₱730.2 million in the year ended December 31, 2010 due to increase in interest bearing payables during the year.

Foreign exchange loss increased from ₱0.6 million in the year ended December 31, 2009 to ₱ 15.9 million in the year ended December 31, 2010 due to the increase in foreign currency denominated liabilities and depreciation of the reporting currency for the period.

The Company recorded a loss on settlement of loan amounting to ₱115.9 million in the year ended December 31, 2010 and ₱318.8 million in the year ended December 31, 2009 from the settlement of long-term notes.

The Company recorded a loss on writedown of investments in unquoted equity shares amounting to ₱44.0 million during the year.

Provision for income tax decreased by 57% from ₱513.5 million in the year ended December 31, 2009 to ₱220.7 million in the year ended December 31, 2010 primarily due to a lower taxable income reported for the year.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

Factors which may have material impact in Company's operations

Economic factors

The economic situation in the Philippines significantly affects the performance of the Company's business. For the residential products, the Company is sensitive to changes in domestic interest and inflation rates. Higher interest rates tend to discourage potential buyers of residential units as mortgages become unaffordable to them. An inflationary environment will adversely affect the Company, as well as the real estate industry, by increases in costs such as land acquisition, labor and material. Although the Company may pass on the additional costs to buyers, there is no assurance that this will not significantly affect the Company's sales.

Competition

Please refer to the discussion on Competition found in Item 1 of this report.

Capital Expenditures

The table below sets out the Company's capital expenditures in 2007, 2008, 2010, 2011 and 2011 together with its budgeted capital expenditures for 2012.

	Expenditure
	(in ₱ millions)
2007 (actual)	7,271.0
2008 (actual)	8,331.1
2009 (actual)	8,054.0
2010 (actual)	10,020.0
2011 (actual)	11,133.6
2012 (budgeted)	14,700.0

The Company has historically sourced funding for capital expenditures through internally-generated funds and long-term borrowings.

Components of the Company's capital expenditures for 2008, 2010, 2011 and 2011 are summarized below:

	For the years ended December 31,			
	2008	**2010**	**2011**	**2011**
		(in ₱ millions)		
Land acquisition/Advances to joint venture partners	2,820.2	2,243.0	1,625.0	1,338.4
Land development	2,175.4	1,777.0	2,843.0	2,088.1
Construction	3,335.5	4,034.0	5,552.0	7,707.1
Total	**8,331.1**	**8,054.0**	**10,020.0**	**11,133.6**

The Company has budgeted ₱14,700.0 million for capital expenditures for 2012. The planned capital expenditures for 2012 are summarized below:

Capital Projects	**Expenditures** *(in ₱ millions)*
Land acquisition/Advances to joint venture partners	2,500.0
Land development	3,700.0
Construction	9,000.0
Total	**14,700.0**

The Company expects to fund its budgeted capital expenditures principally through the existing cash, cash from operations, as well as through borrowings. The figures in the Company's capital expenditure plans are based on management's estimates and have not been appraised by an independent organization. In addition, the Company's capital expenditure plans are subject to a number of variables, including: possible cost overruns; construction/development delays; the receipt of critical Government approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as the Philippine's economic performance and interest rates. There can be no assurance that the Company will execute its capital expenditure plans as contemplated at or below estimated costs.

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2011 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

SGV & Co., independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2009, 2010 and 2011, included in this report.

SGV & Co. has acted as the Company's external auditors since 2008 and as Camella Homes, Inc.'s external auditors since 1994. Jessie D. Cabaluna is the current audit partner for the Company and the other subsidiaries The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

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

External Audit Fees and Services

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.

	2010	2011
	(In ₱ Thousands)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱12,600	₱ 13,431
All other fees	–	–
Total	**₱12,600**	**₱ 13,431**

SGV & Co. does not have any direct or indirect interest in the Company

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Changes in Accounting Policies

Refer to Note 2 - Summary of Significant Accounting Policies under Changes in Accounting Policies and Disclosures discussion on the Consolidated Financial Statements as of and for the years ended December 31, 2009, 2010 and 2011 included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which two are independent directors.

The table below sets forth the members of the Company's Board as of December 31, 2011.

Name	Age	Position	Citizenship
Marcelino Mendoza	57	Chairman of the Board	Filipino
Manuel Paolo A. Villar	35	Director, President and Chief Executive Officer	Filipino
Cynthia J. Javarez	48	Director, Controller	Filipino
Benjamarie Therese N. Serrano	49	Director	Filipino
Maribeth C. Tolentino*	46	Director	Filipino
Ruben O. Fruto	73	Independent Director	Filipino
Marilou Adea	60	Independent Director	Filipino

*Elected on June 28, 2011 to serve the unexpired term of Mr. Mark A. Villar who resigned from the Board on the said date.

All the above named individuals were elected to the Board of Directors of Vista Land during the Annual Stockholders Meeting held last June 15, 2011 and shall remain in office until the next annual meeting of the shareholders of Vista Land.

The table below sets forth Vista Land's executive officers in addition to its executive directors listed above as of December 31, 2011.

Name	Age	Position	Citizenship
Gemma M. Santos	49	Corporate Secretary	Filipino
Ricardo B. Tan, Jr.	47	Chief Financial Officer	Filipino
Ma. Nalen Rosero-Galang	40	Chief Legal Counsel	Filipino
Camille Lydia A. Villar	26	Managing Director of Brittany	Filipino
Mary Lee S. Sadiasa	42	Managing Director of Crown Asia	Filipino
Ric A. Pallesco	42	Managing Director of Camella Metro Manila	Filipino
Dante M. Julongbayan	43	Managing Director of Camella North Luzon	Filipino
Jerylle Luz Quismundo	48	President of Communities Philippines	Filipino
Rizalito J. Rosales	40	Managing Director of Vista Residences-Makati/Manila	Filipino
Elizabeth M. Kalaw	48	Managing Director of Vista Residences-Pasig/Quezon City	Filipino
Ma. Leni D. Luya	43	Managing Director of Crown Asia	Filipino
Edgardo G. Santos	52	Vice President for Sales of Camella Homes	Filipino

Marcelino C. Mendoza, *Chairman of the Board*. Mr. Mendoza, 57, is the Chief Operating Officer of MGS Corporation. He was President of Camella Homes, Inc. from 2001 to 2003, and Chief Operating Officer of Communities Philippines, Inc. from 1992 to 1995. He has a Masters Degree in Business Administration (Ateneo de Manila University) and a Certificate in Advance Course in Successful Communities from the Harvard University Graduate School of Design. Mr. Mendoza is a member of the Phi Kappa Phi International Honor Society. Well respected in the Philippine real estate industry, Mr. Mendoza has served as President and Chairman of the Board (1996 to 1998) and Board Adviser (1999 to present) of the Subdivision and Housing Developers Association (SHDA).

Manuel Paolo A. Villar, *Director and President & Chief Executive Officer.* Mr. Villar, 35, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, ISA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was a consultant for McKinsey & Co. in the United States from 1999 to 2001. He joined Crown Asia in 2001 as Head of Corporate Planning. He was elected President and Chief Executive Officer of the Company in July 2011.

Cynthia J. Javarez, *Director and Controller*. Ms. Javarez, 48, graduated from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She took a Management Development Program at the Asian Institute of Management. She is currently the Controller of Vista Land and Head of the Tax and Audit group after holding various other positions in the MB Villar Group of Companies since 1985.

Benjamarie Therese N. Serrano, *Director.* Ms. Serrano, 49, graduated from the University of Philippines with a degree of Bachelor of Arts in Economics and from the Asian Institute of Management with a degree of Master of Business Management. She is presently the President and Chief Executive Officer of Vista Land & Lifescapes, Inc. She has been President of Brittany Corporation since 2004 up to the present, after holding various other positions in the MB Villar Group of Companies since 1991. She was also connected with the AFP Retirement and Separation Benefits System from 1985 to 1988.

Maribeth C. Tolentino, *Director and President, Vista Residences, Inc.* Ms. Tolentino, 46, is currently the President of Vista Residences, Inc. She is also the President of the following subsidiary corporations: Palmera Homes, Inc., Household Development Corporation, Eastridge Estates, Inc. and Ridgewood Estates, Inc. Ms. Tolentino was previously the General Manager of Golden Haven Memorial Park, Inc. from 1999 to 2005. She holds a Bachelor of Science degree in Business Administration Major in Accounting, Magna cum Laude, from the University of the East, Manila. Ms. Tolentino is a Certified Public Accountant.

Ruben O. Fruto, *Independent Director*. Mr. Fruto, 73, graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu & La O' and the Oben, Fruto & Ventura Law Office. In February 1987 he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from engaging in private law practice specializing in corporate and civil litigation, he is also General Counsel of Wallem Philippines Shipping, Inc. and Wallem Maritime Services, Inc.; Vice-Chairman of Toyota Balintawak, Inc.; Director and Vice-President of China Shipping Manila Agency, Inc. and Director and Treasurer of Padre Burgos Realty, Inc. He is also a Consultant and the designated Corporate Secretary of the Subic Bay Metropolitan Authority.

Marilou O. Adea, *Independent Director*. Ms. Adea, 60, is currently the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc. and Manuela Corporation. Ms. Aldea served previously as Project Director for Site Acquisition of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

Gemma M. Santos, *Corporate Secretary*. Ms. Santos, 49, Ms. Santos, 49, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer and Senior Partner of Picazo Buyco Tan Fider & Santos Law Offices and Corporate Secretary of various Philippine companies, including public company ATR KimEng Financial Corporation and Assistant Corporate Secretary of public company Metro Pacific Investments Corporation.

Ricardo B. Tan, Jr., *Chief Financial Officer*. Mr. Tan, 47, is a professional with extensive experience in various fields including the airline, telecommunications, finance, and real estate sectors. Prior to his appointment as Chief Financial Officer, he was Senior Vice President for Finance at VLL. He has also worked for the International Finance Group of the Department of Finance, was a Vice President at PLDT, and a consultant for the Asian Development Bank. Mr. Tan obtained his Bachelor of Science

Degree in Monetary Economics from the London School of Economics in 1986 and MBA degree from the University of Chicago Booth School of Business in 1991.

Ma. Nalen Rosero-Galang. *Chief Legal Counsel*. Atty. Nalen, 40, Graduated salutatorian, San Beda College of Law 1997; 1997 – 2000 Associate, Litigation Group, Angara Abello Conception Relaga & Cruz (ACCRA) Law Offices. 2001 to present Corporate Secretary of Polar Property Holdings Corp., 2002 up to present Chief Legal Counsel, Vista Land & Lifescapes, Inc.

Camille Lydia A. Villar, *Managing Director, Brittany*. Ms. Villar, 26, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director.

Mary Lee S. Sadiasa, *Managing Director, Crown Asia.* Ms. Sadiasa, 42, graduated from the De La Salle University with a Bachelor of Science in Applied Mathematics Minor in 1988. She has held various positions in the MB Villar Group of Companies from 1988 until she assumed the position of Division Head of Brittany Corporation since 2005

Ric A. Pallesco, *Managing Director, Camella Metro Manila*. Mr. Pallesco, 42, graduated from Mapua Institute of Technology with a degree in Bachelor of Science in Civil Engineering. He handled several positions with the group since 1991, at present he is the managing director of Camella Metro Manila.

Dante M. Julongbayan, *Managing Director, Camella North Luzon*. Mr. Julongbayan, 43, graduated from the University of the East with a degree in Bachelor of Science in Civil Engineering. He is a licensed Jr. Geodetic and Civil Engineer. He handled several technical positions with the group since 1993. He was Marketing Division Head of Camella and Brittany from 2001-2006 and Technical Head of Camella and Crown Asia from 2007 to 2010, at present he is the Managing Director of Camella North Luzon.

Jerylle Luz C. Quismundo, *President, Communities Philippines*. Ms. Quismundo, 48, graduated cum laude from the University of the Philippines with a Masters in Business Administration and a Bachelor of Science in Business Economics. Ms. Quismundo is currently the President of the following companies: Crown Communities Holdings, Inc., Crown Communities (Pangasinan), Inc., Crown Communities (Pampanga), Inc., Crown Communities (Bulacan), Inc., Crown Communities (Balangas), Inc., Crown Communities (Iloilo), Inc., Crown Communities (Cebu), Inc., Crown Communities (Cagayan), Inc., Crown Communities (Davao), Inc. and Communities Cebu, Inc. From 2001 to 2003, Ms. Quismundo was the Chief Financial Officer of Camella Homes, Inc.

Red J. Rosales, *Managing Director, Vista Residences-Makati/Manila.* Mr. Rosales, 40, graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Management minor in Marketing. He attended his post-graduate studies in business from De La Salle University. He is currently the Managing Director for Vista Residences. He was Corporate Planning Officer of VLL from 2007-2010. He was also Division Head for Polar Realty from 2003-2006 and Crown Asia from 2001-2003 after holding various Marketing and Sales functions in the company since 1995.

Elizabeth M. Kalaw, *Managing Director, Vista Residences-Pasig/Quezon City.* Ms. Kalaw, 48, graduated magna cum laude with the degree of Bachelor of Science in Business Management, Accountancy from the University of the East in 1984, with MBA from the De La Salle University. She was Head of Vista Land International Marketing, Inc. from October 2008 to December 2010. She assumed the position of Head of Vista Residences-Pasig/Quezon City in January 2011.

Ma. Leni D. Luya, *Managing Director, Vista Commercial.* Ms. Luya, 43, is a certified public accountant. She graduated from the University of the Philippines with a Bachelor of Science in Business Administration Major in Accounting. Ms. Luya has held various positions in the MB Villar Group of Companies from 1989 until she assumed the position of Division Head of Crown Asia Properties, Inc. in 2004.

Edgardo G. Santos. *Vice President for Sales, Camella Homes*. Mr Santos, 52, Graduate of Bachelor of Science in Agribusiness Development & Management, University of the Philippines Los Banos 1980; 2000-2002 Division Head, Crown Asia (North); 2002-2003 Division Head, Camella Homes

(North); 2005 to present Group Head, Asia Plus Corporation; 1990 – to present, Sales Director Vista Land & Lifescapes, Inc.

Resignation of Directors
On June 28, 2011, Mark A. Villar resigned from the Board of Directors of Vista Land & Lifescapes, Inc. effective immediately to avoid conflict of interest as he was elected in the Philippine Congress. On the same date, Maribeth Tolentino was elected to serve the remaining term of Mark Villar.

Family relationships
Mr. Manuel Paolo A. Villar and Ms. Camille Lydia A. Villar, who are both employees of the Company, are siblings.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

During the past five (5) years up to the date of this report, to the best knowledge of the Company, none of the above-named directors or executive officers has been subject to the following

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

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

- Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or

- Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Executive Compensation

Vista Land was organized on February 28, 2007 and as of December 31, 2007, it had not paid any compensation to its directors and executive officers. Starting March 1, 2008, the persons listed below have started to receive compensation from the Registrant. However, other executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the years 2010, 2011 and 2011 (actual) and 2012 (projected) are shown below:

Names	Position	Year	Salary	Bonus	Others
Manuel Paolo Villar	President & CEO				
Cynthia J. Javarez	Controller				
Ricardo Tan Jr.*	CFO & CIO				
Maribeth C. Tolentino	COO, Camella Homes				
Jerylle Luz C. Quismundo	COO, Communities Philippines				
Aggregate executive		**Actual 2010**	**₱18.5M**	**₱3.7M**	**₱ –None**

compensation for above named officers		**Actual 2011**	**₱21.3M**	**₱4.3M**	**₱ –None**
		Projected 2012	**₱24.5M**	**₱4.9M**	**₱ –None**
		Actual 2010	**₱95.8M**	**₱13.0M**	**₱ –None**
Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2011**	**₱110.2M**	**₱15.0M**	**₱ –None**
		Projected 2012	**₱126.7M**	**₱17.2M**	**₱ –None**

*Effective January 22, 2008

Standard arrangements

Other than payment of reasonable per diem of ₱50,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company's subsidiaries, for any services provided as a director for 2010 and 2011.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company's subsidiaries, during 2011 or 2011 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between Vista Land and the named executive officers.

Warrants and options held by the executive officers and directors

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

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of our voting securities as of December 31, 2011 are shown below:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	Fine Properties, Inc Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	4,962,047,161	58.112%

Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	2,148,336,345	25.160%
Common	Polar Property Holdings, Corp Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	777,497,000	9.106%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Filipino	598,158,870	7.005%

Security Ownership of Management

Security ownership of certain management as of December 31, 2011:

Title of Class	Name and addresses of record owners	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares Held	% to Total Outstanding
Common	Marcelino C. Mendoza Margie Moran St. BF Resort Village, Talon, Las Pinas City	Record owner is also the beneficial owner	Filipino	206,690	0.0%
Common	Benjamarie Therese N. Serrano Parklane St. La Marea San Pedro, Laguna	Record owner is also the beneficial owner	Filipino	202,680	0.0%
Common	Manuel Paolo A. Villar C. Masibay St. BF Resort Villate, Talon, Las Pinas City	Record owner is also the beneficial owner	Filipino	200,000	0.0%
Common	Mark A. Villar C. Masibay St. BF Resort Villate, Talon, Las Pinas City	Record owner is also the beneficial owner	Filipino	200,000	0.0%
Common	Ruben O. Fruto No. 136 Bunga Ext. Ayala Alabang Village. Muntinlupa City	Record owner is also the beneficial owner	Filipino	1,000	0.0%
Common	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia Imus, Cavite	Record owner is also the beneficial owner	Filipino	160	0.0%
Common	Marilou O. Adea No. 44 Istanbul Street BF Homes, Paranaque City	Record owner is also the beneficial owner	Filipino	1	0.0%
Total				**810,531**	**0.0%**

Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

Voting Trust Holders of 5.0% or More

As of December 31, 2011, there were no persons holding more than 5.0% of a class of Shares under a voting trust or similar agreement.

Changes In Control

The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company. No change in control of the Company has occurred since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

As of December 31, 2011, the Villar Family Companies held 67.7% of the issued and outstanding share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

The Company's most significant related party transactions primarily involve Camella Homes. Camella Homes, from time to time, extends advances to the Villar Family Companies to finance the latter's accumulation of raw land intended for eventual development by Camella Homes' operating subsidiaries. Pending completion of the documentation of these acquisitions and transfer of legal title to the appropriate operating subsidiaries of Camella Homes, these advances are temporarily booked by Camella Homes as receivables from affiliates.

For further information on the Company's related party transactions, see Note 29 to the Company's consolidated financial statements as of and for the years ended December 31, 2010, 2011 and 2011 included in this report.

PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with leading practice on Corporate Governance

The Company's Board has adopted a Manual on Corporate Governance on March 31, 2007 and revised on June 21, 2011. The Company's Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Company's corporate governance standards is exercised through the Board's three standing committees:

- The Audit Committee is charged with internal audit oversight over all of the Company's business transactions and the effective management of risk.

- The Nomination Committee is charged with ensuring that potential candidates for the Board are fully qualified as well as ensuring that the Board maintains adequate independent membership.

- The Compensation and Remuneration Committee is charged with ensuring that fair and competitive compensation policies are maintained.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business. Each January, the Company will issue a certification to the Philippines Securities and

Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

As of December 31, 2011, there are no known material deviations from the Company's Manual of Corporate governance.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17 – C

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2011.

The other exhibits, as indicated in the Index to Financial Statements and Supplementary Schedules are either not applicable to the Company or require no answer.

Reports on SEC Form 17-C

The following current reports have been reported by Vista Land during the year 2011 through official disclosure letters dated:

January 25, 2011
Attendance of BOD Certification

January 18, 2011
Certification on compliance of the Manual of Corporate Governance

February 28, 2011
Press Release

February 21, 2011
Updated Information of CIOs

February 14, 2011
Explanation on the 2010 AAFS SEC Comments
Press Release

March 18, 2011
Press Release

March 15, 2011
Impact on operations/business of calamity in Japan

March 14, 2011
Press Release

April 25, 2011
Press Release

April 5, 2011
Press Release

May 26, 2011
SEC Form 10.1

May 17, 2011
Press Release
Dividend Declaration

May 9, 2011
Press Release

May 3, 2011
Press Release

June 29, 2011
Share buyback – 150,000 shares

June 28, 2011
Share buyback – 150,000 shares

June 27, 2011
Share buyback- 100,000 shares

June 23, 2011
Share buyback – 650,000 shares

June 22, 2011
Share buyback – 350,000 shares

June 21, 2011
Certification of Independent Directors
Share buyback – 350,000 shares

June 17, 2011
Share buyback – 612,000 shares

June 16, 2011
Share buyback Additional Information
Press Release

June 15, 2011
Shareholder's Meeting Resolutions

July 01, 2011
Share buyback – 89,000 shares

July 06, 2011
Share buyback – 200,000 shares

July 07, 2011
Share buyback – 200,000 shares

July 11, 2011
Share buyback – 200,000 shares

July 12, 2011
Share buyback – 250,000 shares

July 13, 2011
Share buyback – 250,000 shares

July 15, 2011
Share buyback – 200,000 shares

July 20, 2011
Share buyback – 600,000 shares

July 26, 2011
Share buyback – 350,000 shares

July 27, 2011
Share buyback – 200,000 shares

July 28, 2011
Share buyback – 1,000,000 shares

August 05, 2011
Share buyback – 350,000 shares

August 08, 2011
Share buyback – 200,000 shares

August 09, 2011
Share buyback – 1,000,000 shares

August 11, 2011
Share buyback – 865,000 shares

August 12, 2011
Share buyback – 1,700,000 shares

August 19, 2011
Share buyback – 1,600,000 shares

August 23, 2011
Share buyback – 400,000 shares

September 07, 2011
Share buyback – 650,000 shares

September 13, 2011
Share buyback – 300,000 shares

September 14, 2011
Share buyback – 12,827,000 shares

September 15, 2011
Share buyback – 13,550,000 shares

November 24, 2011
Share buyback – 300,000 shares

Reports on SEC Form 17-C, as amended (during the last 6 months)

None

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on APR 10 2012.

By:

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

GEMMA M. SANTOS
Corporate Secretary

CYNTHIA J. JAVAREZ
Controller

RICARDO B. TAN, JR.
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 10 2012 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Manuel Paolo A. Villar	PP # XX1846221	21 Aug. 2008 - DFA-Mla.
Gemma M. Santos	PP # XX2953491	06 Feb. 2009 - DFA-Mla.
Cynthia J. Javarez	PP # EB0797967	18 Aug. 2010 - DFA-Mla.
Ricardo B. Tan, Jr.	PP # XX0102139	05 Nov. 2007 - DFA-Mla.

Doc. No. 358
Page No. 73
Book No. V
Series of 2012.

ATTY. JO MARIE C. LAZARO-LIM
NOTARY PUBLIC
UNTIL DEC. 2012
ATTY. ROLL NO. 48438
PTR No. 1304216/1-04-2012/MAND. CITY
IBP No. 005771-04-2012 / RSM

VISTA LAND & LIFESCAPES, INC

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountant
Report of Independent Auditors on Supplementary Schedules
Consolidated Balance Sheets as of December 31, 2011 and 2011
Consolidated Statements of Income for the years ended December 31, 2011, 2011 and 2010
Consolidated Statements of Changes in Equity for the years ended December 31, 2011, 2011 and 2010
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2011 and 2010
Notes to Consolidated Financial Statements

Supplementary Schedules

A.	Financial Assets	
B.	Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	N/A
C.	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial assets	N/A
D.	Intangible Assets - Other Assets	
E.	Long-term Debt	
F.	Indebtedness to Related Parties (Long-term Loans from Related Companies)	N/A
G.	Guarantees of Securities of Other Issuers	N/A
H.	Capital Stock	

VISTA LAND
& LIFESCAPES INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Vista Land & Lifescapes, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2011 and 2010, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

Signed this APR 10 2012 day of _____ 2012.

MARCELINO C. MENDOZA
Chairman of the Board

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

RICARDO B. TAN, JR.
Chief Financial Officer

SUBSCRIBED AND SWORN, to before me this APR 10 2012 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Marcelino C. Mendoza	PP# XX5961658	29 Apr. 2009 - DFA-mla.
Manuel Paolo A. Villar	PP# XX1862211	21 Aug. 2008 - DFA-mla.
Ricardo B. Tan, Jr.	PP# XX0102837	05 Nov. 2007 - DFA-mla.

who has satisfactory proven to me their identities through their valid identification cards, and that they are the same persons who personally signed before me the foregoing and acknowledged that they executed the same.

Doc No. 359
Page No. 73
Book No. V
Series of 2012.

ATTY. JO MARIE C. LAZARO-LIM
NOTARY PUBLIC
UNTIL DEC. 2012
ATTY'S ROLL NO. 48433
PTR No. 13042101-04-2012/MAND. CITY
IBP No. 871667-01-04-2012 / RSM

3rd Level Starmall Las Piñas CV Starr Avenue, Pamplona Las Piñas City 1746
UGF Worldwide Corporate Center Shaw Blvd. Mandaluyong City 1552
CALL: (+632) 583-5308 / (+632)584-5305 FAX: (+632) 584-5731

COVER SHEET

C	S	2	0	0	7	0	3	1	4	5	

SEC Registration Number

V	I	S	T	A		L	A	N	D		&		L	I	F	E	S	C	A	P	E	S	,		I	N	C	.		A	N	D
	S	U	B	S	I	D	I	A	R	I	E	S																						

(Company's Full Name)

3	r	d		L	e	v	e	l		S	t	a	r	m	a	l	l		L	a	s		P	i	ñ	a	s	,		C	V	
S	t	a	r	r		A	v	e	n	u	e	,		P	a	m	p	l	o	n	a	,		L	a	s		P	i	ñ	a	s	
	C	i	t	y																													

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

Cynthia J. Javarez

(Contact Person)

887-2264

(Company Telephone Number)

1	2

Month *Day*
(Fiscal Year)

3	1

A	A	F	S	

(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
3rd Level Starmall Las Piñas
CV Starr Avenue, Pamplona, Las Piñas City

We have audited the accompanying consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vista Land & Lifescapes, Inc. and its subsidiaries as at December 31, 2011 and 2010 and their financial performance and their cash flows for each of the three years in the period ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-2 (Group A),
February 11, 2010, valid until February 10, 2013
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174583, January 2, 2012, Makati City

March 28, 2012

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 31)	**₱2,052,566,048**	₱3,481,807,245
Short-term cash investments (Notes 7 and 31)	**1,597,723,506**	1,659,460,317
Receivables (Notes 8 and 31)	**12,246,512,442**	10,820,489,625
Real estate inventories (Note 9)	**14,901,418,372**	12,498,609,224
Other current assets (Note 10)	**1,415,007,286**	817,437,828
Total Current Assets	**32,213,227,654**	29,277,804,239
Noncurrent Assets		
Noncurrent receivables (Notes 8 and 31)	**8,822,808,812**	8,253,105,474
Available-for-sale financial assets (Notes 7 and 31)	**41,309,183**	41,309,183
Long-term cash investments (Note 7)	**4,975,840,000**	1,753,600,000
Investment properties (Note 13)	**2,291,697,514**	–
Land and improvements (Note 11)	**16,348,091,788**	18,042,079,632
Investment in an associate (Note 12)	**689,915,634**	696,088,196
Property and equipment (Note 14)	**178,808,544**	118,926,920
Interests in joint ventures (Note 15)	**1,645,263,459**	1,887,659,705
Deferred tax assets - net (Note 28)	**2,028,374**	26,682,801
Other noncurrent assets (Note 16)	**363,577,781**	384,068,429
Total Noncurrent Assets	**35,359,341,089**	31,203,520,340
	₱67,572,568,743	₱60,481,324,579
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 17 and 31)	**₱5,775,618,879**	₱4,710,020,235
Customers' advances and deposits (Note 18)	**3,188,090,048**	3,096,357,352
Payable to related parties (Note 29)	**182,802,367**	385,749,210
Income tax payable	**52,258,595**	63,038,703
Current portion of:		
Bank loans (Notes 19 and 31)	**1,730,351,181**	398,831,528
Loans payables (Notes 19 and 31)	**738,198,961**	696,481,387
Liabilities for purchased land (Notes 20 and 31)	**1,079,456,553**	987,723,685
Total Current Liabilities	**12,746,776,584**	10,338,202,100

(Forward)

	December 31	
	2011	2010
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 19 and 31)	**₱2,402,261,903**	₱2,318,399,772
Loans payable - net of current portion (Notes 19 and 31)	**1,711,031,644**	2,794,140,835
Liabilities for purchased land - net of current portion (Notes 20 and 31)	**457,854,434**	123,892,523
Notes payable (Notes 21 and 31)	**7,393,784,649**	4,257,904,517
Pension liabilities (Note 27)	**157,421,500**	160,949,696
Deferred tax liabilities - net (Note 28)	**2,014,926,223**	2,311,285,977
Total Noncurrent Liabilities	**14,137,280,353**	11,966,573,320
Total Liabilities	**26,884,056,937**	22,304,775,420
Equity (Note 23)		
Capital stock	**8,538,740,614**	8,538,740,614
Additional paid-in capital	**19,328,509,860**	19,328,509,860
Retained earnings	**12,943,468,957**	10,309,298,685
Treasury shares	**(122,207,625)**	–
Total Equity	**40,688,511,806**	38,176,549,159
	₱67,572,568,743	₱60,481,324,579

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010	2009
REVENUE			
Real estate	**₱13,513,424,829**	₱11,338,533,300	₱9,629,663,010
Interest income (Note 24)	**853,112,707**	777,122,025	857,296,120
Miscellaneous income (Note 25)	**386,246,298**	367,482,455	279,747,532
	14,752,783,834	12,483,137,780	10,766,706,662
COSTS AND EXPENSES			
Costs of real estate sales (Note 9)	**6,611,347,721**	5,656,325,105	5,003,984,152
Operating expenses (Note 26)	**3,274,324,674**	2,689,509,894	2,083,572,435
Interest and other financing charges (Note 24)	**1,329,209,765**	730,233,810	592,982,136
	11,214,882,160	9,076,068,809	7,680,538,723
OTHER INCOME (EXPENSES)			
Foreign exchange gains (losses) - net (Notes 21 and 22)	**62,017,881**	(15,883,820)	(611,212)
Dividend income	**151,342**	25,099	194,340
Equity in net income (loss) of an associate (Note 12)	**(6,172,562)**	2,414,451	45,943,472
Loss on settlement of loans (Note 22)	**–**	(115,867,546)	(318,810,422)
Loss on writedown of available-for-sale financial assets (Note 7)	**–**	(44,038,378)	–
	55,996,661	(173,350,194)	(273,283,822)
INCOME BEFORE INCOME TAX	**3,593,898,335**	3,233,718,777	2,812,884,117
PROVISION FOR INCOME TAX (Note 28)	**65,914,308**	220,745,680	513,475,947
NET INCOME	**3,527,984,027**	3,012,973,097	2,299,408,170
OTHER COMPREHENSIVE INCOME			
Change on fair value of available-for-sale financial assets transferred to profit or loss (Note 7)	**–**	–	(472,619)
TOTAL COMPREHENSIVE INCOME	**₱3,527,984,027**	₱3,012,973,097	₱2,298,935,551
Basic/Diluted Earnings Per Share (Note 30)	**₱0.418**	₱0.356	₱0.278

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Vista Land & Lifescapes, Inc.							
	Capital Stock (Note 23)	Additional Paid-in Capital	Retained Earnings	Treasury Shares (Note 23)	Unrealized Gain on Available-for-Sale Financial Assets	Total	Non-controlling Interests	Total Equity
Balances as of January 1, 2011	**₱8,538,740,614**	**₱19,328,509,860**	**₱10,309,298,685**	**₱–**	**₱–**	**₱38,176,549,159**	**₱–**	**₱38,176,549,159**
Net income	–	–	**3,527,984,027**	–	–	**3,527,984,027**	–	**3,527,984,027**
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	**3,527,984,027**	–	–	**3,527,984,027**	–	**3,527,984,027**
Acquisition of treasury shares (Note 23)	–	–	–	**(122,207,625)**	–	**(122,207,625)**	–	**(122,207,625)**
Cash dividends (Note 23)	–	–	**(893,813,755)**	–	–	**(893,813,755)**	–	**(893,813,755)**
Balances as of December 31, 2011	**₱8,538,740,614**	**₱19,328,509,860**	**₱12,943,468,957**	**(₱122,207,625)**	**₱–**	**₱40,688,511,806**	**₱–**	**₱40,688,511,806**
Balances as of January 1, 2010	₱8,538,740,614	₱19,328,509,860	₱7,757,417,581	₱–	₱–	₱35,624,668,055	₱–	₱35,624,668,055
Net income	–	–	3,012,973,097	–	–	3,012,973,097	–	3,012,973,097
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	3,012,973,097	–	–	3,012,973,097	–	3,012,973,097
Cash dividends (Note 23)	–	–	(461,091,993)	–	–	(461,091,993)	–	(461,091,993)
Balances as of December 31, 2010	₱8,538,740,614	₱19,328,509,860	₱10,309,298,685	₱–	₱–	₱38,176,549,159	₱–	₱38,176,549,159
Balances as of January 1, 2009	₱8,538,740,614	₱19,305,275,668	₱5,739,787,852	(₱616,885,476)	₱472,619	₱32,967,391,277	₱49,197,027	₱33,016,588,304
Net income	–	–	2,299,408,170	–	–	2,299,408,170	–	2,299,408,170
Other comprehensive income	–	–	–	–	(472,619)	(472,619)	–	(472,619)
Total comprehensive income	–	–	2,299,408,170	–	(472,619)	2,298,935,551	–	2,298,935,551
Acquisition of treasury shares (Note 23)	–	–	–	(20,493,492)	–	(20,493,492)	–	(20,493,492)
Issuance of treasury shares (Notes 4 and 23)	–	23,234,192	–	637,378,968	–	660,613,160	–	660,613,160
Movement of minority interests	–	–	–	–	–	–	(49,197,027)	(49,197,027)
Cash dividends (Note 23)	–	–	(281,778,441)	–	–	(281,778,441)	–	(281,778,441)
Balances as of December 31, 2009	₱8,538,740,614	₱19,328,509,860	₱7,757,417,581	₱–	₱–	₱35,624,668,055	₱–	₱35,624,668,055

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,593,898,335**	₱3,233,718,777	₱2,812,884,117
Adjustments for:			
Interest and other financing charges (Note 24)	**1,329,209,765**	730,233,810	592,982,136
Depreciation and amortization (Notes 14, 16 and 26)	**101,754,628**	105,038,232	95,162,392
Unrealized foreign exchange losses (gains) (Notes 21 and 22)	**26,032,480**	(12,987,946)	611,212
Equity in net loss (income) of an associate (Note 12)	**6,172,562**	(2,414,451)	(45,943,472)
Dividend income	**(151,342)**	(25,099)	(194,340)
Interest income (Note 24)	**(853,112,707)**	(777,122,025)	(857,296,120)
Loss on writedown of available-for-sale financial assets (Note 7)	**–**	44,038,378	–
Loss on retirement of property and equipment (Note 14)	**–**	9,808,757	9,321,027
Loss on settlement of loans (Note 22)	**–**	115,867,546	318,810,422
Provision for impairment losses on receivables (Note 26)	**–**	–	11,079,149
Operating income before working capital changes	**4,203,803,721**	3,446,155,979	2,937,416,523
Decrease (increase) in:			
Receivables	**(2,901,036,254)**	(2,314,303,288)	653,212,250
Real estate inventories	**(624,056,536)**	394,793,224	(2,303,668,974)
Other current assets	**(481,989,703)**	402,668,520	(605,527,974)
Increase (decrease) in:			
Accounts and other payables	**867,804,894**	(347,573,362)	1,135,585,267
Customers' advances and deposits	**91,732,696**	(447,884,044)	(989,636,127)
Liabilities for purchased land	**425,694,779**	(748,590,927)	(784,195,512)
Pension liabilities (Note 27)	**(3,528,196)**	28,495,666	139,474,569
Net cash flows provided by operations	**1,578,425,401**	413,761,768	182,660,022
Interest received	**728,371,061**	696,203,540	772,612,479
Dividend received	**151,342**	25,099	194,340
Income tax paid	**(348,399,743)**	(354,213,345)	(303,150,182)
Interest paid	**(1,389,515,290)**	(653,995,035)	(600,961,254)
Net cash flows provided by operating activities	**569,032,771**	101,782,027	51,355,405
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to land and improvements (Note 11)	**(1,711,144,426)**	(1,979,300,917)	(671,360,292)
Increase in long-term cash investments (Note 7)	**(3,180,345,000)**	(1,755,200,000)	–
Decrease (increase) of short-term cash investments (Note 7)	**61,736,811**	(1,517,197,748)	(105,962,569)
Net contribution to joint venture partners	**(90,603,754)**	(336,738,086)	–
Net collection from joint venture partners	**–**	–	98,004,187

(Forward)

	Years Ended December 31		
	2011	2010	2009
Acquisition of:			
Property and equipment (Note 14)	**(₱159,128,801)**	(₱103,997,159)	(₱53,853,349)
System development costs (Note 16)	**(38,425,168)**	(4,311,633)	(24,446,840)
Investment properties	**(13,889,125)**	–	–
Increase in other noncurrent assets	**(72,006,792)**	(32,761,001)	(40,686,192)
Net cash acquired with the acquisition of a subsidiary (Note 4)	**–**	–	14,838,024
Proceeds from disposal of available-for-sale financial assets	**–**	2,097,428	10,688,999
Net cash flows used in investing activities	**(5,203,806,255)**	(5,727,409,116)	(772,778,032)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Bank loans	**1,625,395,010**	2,373,907,731	270,000,000
Loans payable	**1,545,664,338**	2,640,462,431	1,502,453,791
Notes payable	**3,067,952,652**	4,265,368,820	–
Payments of:			
Long-term notes	**–**	(72,842,349)	(1,297,948,801)
Bank loans	**(210,013,226)**	(107,322,564)	(42,947,793)
Loans payable	**(1,604,498,264)**	(1,944,584,255)	(979,425,567)
Decrease in payable to related parties	**(202,946,843)**	(597,927,625)	(383,133,506)
Payment of dividends declared (Note 23)	**(893,813,755)**	(461,091,993)	(281,778,441)
Acquisition of treasury shares (Note 23)	**(122,207,625)**	–	(20,493,492)
Payments to noncontrolling interests (Note 23)	**–**	–	(49,197,027)
Net cash flows provided by (used in) financing activities	**3,205,532,287**	6,095,970,196	(1,282,470,836)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,429,241,197)**	470,343,107	(2,003,893,463)
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**–**	823,643	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,481,807,245**	3,010,640,495	5,014,533,958
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,052,566,048**	₱3,481,807,245	₱3,010,640,495

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address and principal place of business is at 3rd Level Starmall Las Piñas, CV Starr Avenue, Pamplona, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 58.11% owned by Fine Properties, Inc, 25.16% owned by PCD Nominee Corporation (foreign), 9.11% owned by Polar Property Holdings, Inc. and the rest by the public.

The Parent Company is the holding company of the Vista Group (the Group) which is engaged in the development of residential subdivisions and construction of housing and condominium units. The Group offers a range of products from socialized and affordable housing to middle income and high-end subdivision house and lots and condominium projects.

The consolidated financial statements of the Group as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010 were authorized for issue by the Board of Directors (BOD) on March 28, 2012.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011.

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. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage of Ownership	
	2011	2010
Brittany Corporation (Brittany)	**100.00%**	100.00%
Crown Asia Properties, Inc. (CAPI)	**100.00**	100.00
Vista Residences, Inc. (VRI)	**100.00**	100.00
Camella Homes, Inc. (CHI)	**100.00**	100.00
Household Development Corp.	**100.00**	100.00
Mandalay Resources Corp.	**100.00**	100.00
C&P International Limited	**100.00**	100.00
Communities Philippines, Inc. (CPI)	**100.00**	100.00
Communities Batangas, Inc.	**100.00**	100.00
Communities Bulacan, Inc.	**100.00**	100.00
Communities Cagayan, Inc.	**100.00**	100.00
Communities Cebu, Inc.	**100.00**	100.00
Communities Davao, Inc.	**100.00**	100.00
Communities General Santos, Inc.	**100.00**	100.00
Communities Iloilo, Inc.	**100.00**	100.00
Communities Isabela, Inc.	**100.00**	100.00
Communities Leyte, Inc.	**100.00**	100.00
Communities Naga, Inc.	**100.00**	100.00
Communities Negros Occidental, Inc.	**100.00**	100.00
Communities Pampanga, Inc.	**100.00**	100.00
Communities Pangasinan, Inc.	**100.00**	100.00
Communities Tarlac, Inc.	**100.00**	100.00
Communities Zamboanga, Inc.	**100.00**	100.00
Communities Ilocos, Inc.	**100.00**	100.00
Communities Bohol, Inc. *	**100.00**	–
Communities Quezon, Inc. *	**100.00**	–
Communities Palawan, Inc. *	**100.00**	–

**incorporated in 2011*

Adoption of New and Amended Accounting Standards and Philippine Interpretations
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years except for the adoption of the following new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2011. Except as otherwise stated, the adoption of these new and amended Standards and Philippine Interpretations did not have any impact on the consolidated financial statements.

Philippine Accounting Standard (PAS) 24 (Amendment), *Related Party Disclosures*
PAS 24 clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

PAS 32 (Amendment), *Financial Instruments: Presentation - Classification of Rights Issues*
The amendment alters the definition of a financial liability in PAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The Amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*
The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset.

Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
The Philippine Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

Improvements to PFRS (issued 2010)
The omnibus amendments to PFRSs issued in May 2010 were issued primarily with a view to removing inconsistencies and clarifying wordings. The amendments are effective for annual periods beginning January 1, 2011, except as otherwise stated. The adoption of the following amendments resulted in changes to accounting policies but did not have impact on the financial position or performance of the Group.

- PFRS 3, *Business Combinations*
  This amendment clarifies that the amendments to PFRS 7, *Financial Instruments: Disclosures*, PAS 32 and PAS 39 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3 (as revised in 2008).

It also limits the scope of the measurement choices that only the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either at fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value, unless another measurement basis is required by another PFRS.

The amendment also requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post-combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognized as post-combination expenses. It further specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested - they are part of non-controlling interest and measured at their market- based measure; if unvested - they are measured at market-based value as if granted at acquisition date, and allocated between non-controlling interest and post-combination expense.

- PFRS 7, *Financial Instruments: Disclosures*
  This amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendments to quantitative and credit risk disclosures are as follows:
  a. Clarify that only financial asset whose carrying amounts do not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
  b. Requires, for all financial assets, to disclose the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).
  c. Remove the disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
  d. Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
  e. Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

- PAS 1, *Presentation of Financial Statements*
  This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- PAS 27, *Consolidated and Separate Financial Statements*
  This amendment clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates* and PAS 31, *Interests in Joint Ventures* apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier.

- PAS 34, *Interim Financial Reporting*
  This amendment provides guidance to illustrate how to apply disclosure principles in PAS 34 and add disclosure requirements around:
  a) The circumstances likely to affect fair values of financial instruments and their classification;
  b) Transfers of financial instruments between different levels of the fair value hierarchy;
  c) Changes in classification of financial assets; and
  d) Changes in contingent liabilities and assets.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  This Philippine Interpretation clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Future Changes in Accounting Policies
The Group will adopt the following new and amended Standards and Philippine Interpretations enumerated below 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 the consolidated financial statements.

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

The adoption of this Philippine Interpretation may significantly affect the determination of the revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the adoption of this Philippine Interpretation.

Effective 2012
PAS 12, *Income Taxes (Amendment) - Deferred Tax: Recovery of Underlying Assets*
The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Properties*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset.

PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the consolidated financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

Effective 2013
PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*
The amendments to PAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance.

PAS 19, *Employee Benefits (Amendment)*
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group is currently assessing the impact of the amendment to PAS 19.

PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
    i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
    ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (c) from the amounts in (d) above.

PFRS 10, *Consolidated Financial Statements*
PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, which addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

PFRS 11, *Joint Arrangements*
PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. This Standard eliminates proportionate consolidation of jointly controlled entities, instead, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under PFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses.

PFRS 12, *Disclosures of Interests with Other Entities*
This standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

PFRS 13, *Fair Value Measurement*
This standard does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under PFRS when fair value is required or permitted by PFRS. This standard was intended to reduce complexity, improve consistency in application when measuring fair value and enhance disclosures. PFRS 13 is effective for annual periods beginning on or after January 1, 2013 and should be applied prospectively.

Revised PAS 27, *Separate Financial Statements*
This standard has been revised as a result of issuance of PFRS 10, 11, and 12. The revised standard provides the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements and requires an entity preparing separate financial statements to account for those investments at cost or in accordance with PFRS 9. This Standard is issued concurrently with PFRS 10 and together, the two PFRSs will supersede PAS 27 (as amended in 2008). Revised PAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that PFRS 10, 11, 12 and PAS 28 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.

Revised PAS 28, *Investment in Associates and Joint Ventures*
This standard has been revised as a result of issuance of PFRS 10, 11, and 12. The revised standard prescribes the accounting for investments in associates and joint ventures. Equity method is defined in the revised standard as a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee. The revised standard is to be applied by all entities that are investors with joint control of, or significant influence or owns 20% to 50% interest over, an investee. This standard supersedes PAS 28 (as revised in 2003). Revised PAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that PFRS 10, 11, 12 and PAS 27 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.

Effective 2014
PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements.

Effective 2015
PFRS 9, *Financial Instruments: Classification and Measurement*
PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting, impairment and derecognition of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The Group has decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2011 annual financial reporting. The Group shall conduct in early 2012 another impact evaluation using outstanding balances of financial statements as of December 31, 2011. The Group's decision whether to early adopt either PFRS 9 (2009) of PFRS 9 (2010) for its 2012 financial reporting shall be disclosed in its interim financial statements as of March 31, 2012.

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.

Short-term and Long-term Cash Investments
Short-term cash investments consist of money market placements made for varying periods of more than three (3) months and up to nine (9) months while long-term cash investments consist of money market placements made for varying periods of more than one (1) year. These investments earn interest at the respective short-term and long-term investment rates.

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 the asset.

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

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

"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 market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss under "Interest income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss 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' profit amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as AFS or as financial assets at FVPL. Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on

acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss. These financial assets are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's cash and cash equivalents, short-term investments, long-term cash investments and receivables except for receivable from contractors and receivable from brokers.

AFS financial assets
AFS financial assets are nonderivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in OCI.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as miscellaneous income in profit or loss. Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in profit or loss as part of miscellaneous income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in profit or loss.

When the fair value of AFS equity financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

As of December 31, 2011 and 2010, AFS financial assets comprise of unquoted equity securities.

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy applies primarily to the Group's bank loans, loans payable, accounts and other payables, liabilities for purchased land, payable to related parties, long-term notes, notes payable and other liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability, income tax payable and deferred tax liabilities).

Derecognition of Financial Assets and Financial Liabilities

Financial asset

A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

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

Financial liability

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

Impairment of Financial Assets

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

Loans and receivables

For loans and receivables carried at amortized cost, the Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as selling price of the lots and residential houses, past-due status and term.

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

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

AFS financial assets carried at fair value
In case of equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below their corresponding cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in OCI is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit and loss. Increases in fair value after impairment are recognized directly in OCI.

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

Real Estate Inventories
Real estate inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land
- Amounts paid to contractors for construction and development of subdivision land and residential and condominium units
- Capitalized borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Nonrefundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Land and Improvements

Land and improvements consists of properties for future developments and are carried at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less cost to complete and costs of sale. Costs include cost incurred for development and improvements of the properties. Upon start of development, the related cost of the land is transferred to real estate inventories.

Prepaid Expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for marketing fees, taxes and licenses, rentals and insurance.

Creditable Withholding Tax

This pertains to the tax withheld at source by the Group's customer and is creditable against the income tax liability of the Group.

Construction materials

Construction materials are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Value-Added Tax (VAT)

The input value-added tax pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.

If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts and other payables" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Other current asset" account.

Investment in an Associate

The investment in an associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

An investment in an associate is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in values. The profit or loss reflects the share of the results of the operations of the investee companies reflected as "Equity in net income (loss) of an associate". The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee company are eliminated to the extent of the interest in the investee company and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The reporting date of the investee company and the Group is identical and its accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Beginning January 1, 2010, upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The Group has a reciprocal holding in Polar Property Holdings, Inc. (PPHI). The Group takes up its share on its associate's profit excluding the equity income arising on the reciprocal holding. An adjustment is also made to reduce the Group's equity balance and its investment in an associate by its effective percentage of ownership on its own shares.

Investment Properties

Investment properties comprise completed property and property under construction or re-development that are held to earn rentals, and are not occupied by the companies in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, regardless of utilization. The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of buildings is 20 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

	Years
Building and building improvements	20
Transportation equipment	2 to 5
Office furniture, fixtures and equipment	2 to 5
Construction equipment	2 to 5
Other fixed assets	1 to 5

Building improvements are amortized on a straight-line basis over the term of the lease or the estimated useful life of the asset, whichever is shorter.

The useful lives and depreciation and amortization method are reviewed annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged against current operations.

Interests in Joint Ventures

The Group has interests in joint ventures that are classified as jointly controlled operations. A jointly controlled operation involves the use of assets and other resources of the Group and other venturers rather than the establishment of a corporation, partnership or other entity. The Group accounts for the assets it controls and the liabilities it incurs, the expenses it incurs and the share of net income that it earns from the sale of real estate inventories by the joint venture.

Systems Development Costs

Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any.

System development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Impairment of Nonfinancial Assets

This accounting policy relates to property and equipment, investment properties, investment in an associate, interests in joint ventures, land and improvements, model house accessories and systems development costs.

The Group assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase in the other comprehensive income. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investment in an associate
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in profit or loss.

Equity
When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Real estate revenue
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through

default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee, Q&A 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished, and the costs incurred or to be incurred can be measured reliably). Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized, and the receivable from the buyer is not recorded. The real estate inventories continue to be reported on the consolidated statement of financial position as "Real estate inventories" and the related liability as deposits under "Customers' advances and deposits".

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Interest income
Interest is recognized as it accrues (using the effective interest method i.e, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Pension Cost
Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses and the effect of any curtailments or settlements.

The net pension liability recognized in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined using risk-free interest

rate of government bonds that have terms to maturity approximating to the terms of the related pension liability or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

The actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are immediately charged to or credited to profit or loss.

Past service cost, if any, is recognized immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost is amortized on a straight-line basis over the vesting period.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Commissions

The Group recognizes commissions when services are rendered by the broker. The commission expense is accrued upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" account in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Basic and Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2011 and 2010, the Group has no dilutive potential common shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 5 to the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of accompanying consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue and cost recognition

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

Collectibility of the sales price

For real estate sales, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 5% would demonstrate the buyer's commitment to pay.

Distinction between real estate inventories and land and improvements

The Group determines whether a property will be classified as Real estate inventories or Land and improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Real estate inventories) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (Land and improvements). Land and improvements that are to be developed in the subsequent year are classified as part of the current assets.

Operating lease commitments - the Group as lessee

The Group has entered into contract of lease for some of the office space it occupies. The Group has determined that all significant risks and benefits of ownership on these properties will be retained by the lessor. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset. The Group accordingly accounted for these as operating leases.

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership of these properties as the Group considered among others the length of the lease term as compared with the estimated useful life of the assets.

Classification of property as investment property or real estate inventories
The Group determines whether a property is classified as investment property or inventory property as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and land and improvement
The Group determines a property as investment property if such is not intended for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Land and improvement comprises property that is retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Impairment of AFS financial assets carried at cost
The Group follows the guidance of PAS 39 in determining when an asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position (see Note 33).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date , that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate is recognized based on the percentage of completion measured principally on the basis of the actual costs incurred to date over the estimated total costs of the project.

The related balances from real estate transactions follow:

	2011	2010	2009
Real estate sales	**₱13,513,424,829**	₱11,338,533,300	₱9,629,663,010
Costs of real estate sales (Note 9)	**6,611,347,721**	5,656,325,105	5,003,984,152

Estimating allowance for impairment losses on receivables
The Group maintains allowances for impairment losses based on the results of the individual and collective assessments under PAS 39. For both individual and collective assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. The estimated cash flows considers the management's estimate of proceeds from the disposal of the collateral less cost to repair, cost to sell and return of deposit due to the defaulting party. The cost to repair and cost to sell are based on historical experience. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates made for the year. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

The balance of the Group's receivables, net of allowance for impairment loss, amounted to ₱21,069.32 million and ₱19,073.60 million as of December 31, 2011and 2010 (see Note 8).

Evaluation of net realizable value of real estate inventories and land and improvements
Real estate inventories and land and improvements are valued at the lower of cost or NRV. This requires the Group to make an estimate of the real estate for sale inventories and land and improvements' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories and land and improvements to NRV based on its assessment of the recoverability of these assets. In determining the recoverability of these assets, management considers whether these assets are damaged, if their selling prices have declined and management's plan in discontinuing the real estate projects. Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. Management would also obtain the services of an independent appraiser to determine the fair value of undeveloped land based on the latest selling prices of the properties of the same characteristics of the land and improvements.

Real estate inventories amounted to ₱14,901.42 million and ₱12,498.61 million as of December 31, 2011 and 2010, respectively (see Note 9). Land and improvements amounted to ₱16,348.09 million and ₱18,042.08 million as of December 31, 2011 and 2010, respectively (see Note 11).

Evaluation of impairment
The Group reviews investment in an associate, interest in joint ventures, investment properties, property and equipment and system development costs for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value les cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investment in an associate, interests in joint venture, investment properties, property and equipment and system development cost.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Based on management assessment as of December 31, 2011 and 2010, no indicators of impairment exist for investment in associate, interests in joint ventures, investment properties, property and equipment, and systems development costs.

The aggregate carrying values of investment in an associate, interests in joint venture, investment properties, property and equipment and system development costs amounted to ₱4,844.90 million and ₱2,718.81 million as of December 31, 2011 and 2010, respectively (see Notes 12, 14, and 16).

Estimating useful lives of property and equipment, investment properties and systems development costs
The Group estimates the useful lives of property and equipment, investment properties and systems development cost based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, investment properties and system development cost are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these property and equipment. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above.

The aggregate carrying value of property and equipment, investment properties and system development cost amounted to ₱2,509.72 million and ₱135.06 million as of December 31, 2011 and 2010, respectively (see Notes 13, 14 and 16).

Recognizing deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

As of December 31, 2011 and 2010, the Group has unrecognized deferred tax assets amounting to ₱1,328.24 million and ₱1,569.62 million, respectively (see Note 28).

Estimating pension obligation and other retirement benefits
The determination of the Group's pension liabilities is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 27 and include among others, discount rates, expected returns on plan assets and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations. See Note 27 to the consolidated financial statements for the related balances.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at its fair value by using the discounted cash flow methodology. See Note 31 to the consolidated financial statements for the related balances.

4. Business Combinations

Acquisition of VRI
On October 29, 2009, the Parent Company acquired from Polar Property Holdings, Inc. (PPHI) and various shareholders, 100% ownership of VRI for a total consideration of ₱661.61 million. The Parent Company accounted for the acquisition using the purchase method.

The Group acquired VRI to consolidate the development and selling of all vertical and high-rise condominium projects of the Group under a new brand name "Vista Residences". The brand consolidation is intended to have a clearer and stronger market identity of the Group's vertical development projects. Moreover, the acquisition of VRI is part of the Group's strategic focus to broaden its real estate portfolio and increase its revenue base. The Group indirectly acquired four mixed residential and commercial condominium projects of VRI namely, the Symphony Tower 1, Presidio Complex, Madison Place Tower and Crown Tower. Accordingly, VRI's financial statements are consolidated on a line-by-line basis with that of the Group as of December 31, 2009.

The net assets recognized in the December 31, 2009 financial statements were based on a provisional assessment of fair value as the Group had sought an independent valuation for the assets owned by VRI.

The accounting for business combination was done provisionally for the assets acquired and liabilities assumed as of to December 31, 2009.

Following is a summary of the fair value of the identifiable assets and liabilities assumed of VRI as at the date of acquisition:

Assets	
Cash and cash equivalents	₱15,838,024
Receivables	644,357,268
Real estate inventories and development	500,032,234
Property and equipment - net	6,266,266
Due from related parties	75,134,517
Deferred tax assets	23,330,697
Prepayments and other assets	181,357,628
	1,446,316,634
Liabilities	
Bank loans	268,158,856
Accounts and other payables	286,113,295
Customers' advances and deposits	213,628,981
Income tax payable	282,942
Pension liabilities	16,519,400
	784,703,474
Total identifiable net assets at fair value	661,613,160
Goodwill arising on acquisition	–
Purchase consideration transferred	₱661,613,160

Receivables were valued at its carrying amount as of date of acquisition. None of the receivables have been impaired and it is expected that the full contractual amount can be collected.

Cost of the acquisition follows:

Cash paid	₱1,000,000
Treasury shares issued	660,613,160
	₱661,613,160

The Parent Company issued 320,686,000 treasury shares as consideration for the 100.00% interest in VRI. The fair value of the shares is the published price of the shares of the Parent Company at the acquisition date.

Analysis of net cash acquired from the business combination follows:

Net cash acquired with the acquisition of a subsidiary	₱15,838,024
Cash paid to minority holders of VRI	(1,000,000)
Net cash flow on the acquisition	₱14,838,024

From the date of acquisition, VRI has contributed ₱518.18 million of revenue and ₱105.82 million to the income before income tax of the Group. If the combination had taken place at the beginning of 2009, consolidated revenue would have been ₱11,412.62 million and the net income for the Group would have been ₱2,405.22 million.

In 2010, the Parent Company finalized its purchased price allocation and there were no significant difference between the fair values of the assets acquired and liabilities assumed compared with the provisional amounts recognized.

5. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three reportable operating segments as follows:

Horizontal Projects
This segment pertains to the housing market segment of the Group. It caters on the development and sale of residential lots and units.

Vertical Projects
This segment caters on the development and sale of residential high-rise condominium projects across the Philippines. Vertical home projects involve dealing with longer gestation periods and has requirements that are different from those of horizontal homes.

Others
This segment pertains to activities from holding companies and others.

In 2011, the Group's management changed the presentation of its reportable segments by presenting the balances pertaining to the parent company and intermediate holding companies separately from Horizontal Projects. Accordingly, the segment information presented in prior year was restated to conform with the current year presentation.

The Group's management believes that this presentation would be more useful to the users of the consolidated financial statements.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss before income tax. Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss. The Group has no intersegment revenues. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess performance of the Group.

The financial information about the operations of these business segments is summarized below:

	December 31, 2011				
	Horizontal	Vertical	Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real Estate Revenue	**₱11,462,925**	**₱2,051,192**	**₱–**	**(₱692)**	**₱13,513,425**
Costs and Operating Expenses	**8,261,414**	**1,538,484**	**163,878**	**(78,104)**	**9,885,672**
Segment Income (Loss) Before Income Tax	**3,201,511**	**512,708**	**(163,878)**	**77,412**	**3,627,753**
Interest income (Note 24)	**613,799**	**19,515**	**218,060**	**1,739**	**853,113**
Equity in net income of an associate (Note 12)	**–**	**–**	**27,706**	**(33,879)**	**(6,173)**
Dividend income	**–**	**–**	**1,639,761**	**(1,639,610)**	**151**
Interest and other financing charge (Note 24)	**(167,978)**	**(234,097)**	**(952,194)**	**25,059**	**(1,329,210)**
Foreign exchange gain (Notes 21 and 22)	**63**	**–**	**61,955**	**–**	**62,018**
Miscellaneous income (Note 25)	**272,329**	**29,654**	**96,158**	**(11,895)**	**386,246**
Income before income tax	**3,919,724**	**327,780**	**927,568**	**(1,581,174)**	**3,593,898**
Provision for income tax (Note 28)	**(124,293)**	**95,100**	**30,179**	**64,928**	**65,914**
Net Income	**₱4,044,017**	**₱232,680**	**₱897,389**	**(₱1,646,102)**	**₱3,527,984**
Other Information					
Segment assets	**₱75,979,608**	**₱7,542,978**	**₱34,338,593**	**(₱51,021,863)**	**₱66,839,316**
AFS financial assets (Note 7)	**–**	**–**	**41,309**	**–**	**41,309**
Investment in an associate (Note 12)	**–**	**–**	**749,598**	**(59,682)**	**689,916**
Deferred tax assets - net (Note 28)	**2,028**	**–**	**–**	**–**	**2,028**
Total Assets	**₱75,981,636**	**₱7,542,978**	**₱35,129,500**	**(₱51,081,545)**	**₱67,572,569**
Segment liabilities	**₱18,356,881**	**₱2,904,447**	**₱3,417,071**	**₱7,930**	**₱24,686,329**
Payable to related parties (Note 29)	**12,943,213**	**1,127,446**	**8,236,301**	**(22,124,158)**	**182,802**
Deferred tax liabilities - net (Note 28)	**924,589**	**257,756**	**829,033**	**3,548**	**2,014,926**
Total Liabilities	**₱32,224,683**	**₱4,289,649**	**₱12,482,405**	**(₱22,112,680)**	**₱26,884,057**
Capital expenditures	**₱7,558,793**	**₱3,574,764**	**₱–**	**₱–**	**₱11,133,557**
Depreciation and amortization (Notes 14 and 16)	**93,265**	**8,490**	**–**	**–**	**101,755**

	December 31, 2010				
	Horizontal	Vertical	Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real Estate Revenue	₱9,633,030	₱1,705,503	₱–	₱–	₱11,338,533
Costs and Operating Expenses	6,831,245	1,389,404	187,669	(18,445)	8,389,873
Segment Income (Loss) Before Income Tax	2,801,785	316,099	(187,669)	18,445	2,948,660
Interest income (Note 23)	707,917	39,077	30,128	–	777,122
Equity in net income of an associate (Note 11)	–	–	28,218	(25,803)	2,415
Dividend income	–	–	1,258,575	(1,258,550)	25
Miscellaneous income (Note 24)	261,717	75,437	53,849	(23,520)	367,483
Interest and other financing charge (Note 23)	(443,897)	(181,564)	(104,773)	–	(730,234)
Loss on debt settlement (Note 21)	–	–	(115,868)	–	(115,868)
Foreign exchange loss (Notes 20 and 21)	163	–	(16,047)	–	(15,884)
Income before income tax	3,327,685	249,049	946,413	(1,289,428)	3,233,719
Provision for income tax (Note 27)	146,664	20,787	(5,438)	58,733	220,746
Net Income	₱3,181,021	₱228,262	₱951,851	(₱1,348,161)	₱3,012,972
Other Information					
Segment assets	₱48,669,408	₱5,782,110	₱35,774,508	(₱30,508,781)	₱59,717,245
AFS financial assets (Note 6)	–	–	16,990,806	(16,949,497)	41,309
Investment in an associate (Note 11)	–	–	721,892	(25,804)	696,088
Deferred tax assets - net (Note 27)	18,425	–	6,735	1,523	26,683
Total Assets	₱48,687,833	₱5,782,110	₱53,493,941	(₱47,482,559)	₱60,481,325
Segment liabilities	₱10,113,630	₱2,766,723	₱6,712,512	₱14,875	₱19,607,740
Payable to related parties (Note 28)	24,350,046	1,347,426	5,037,364	(30,349,087)	385,749
Deferred tax liabilities - net (Note 27)	2,133,875	177,411	–	–	2,311,286
Total Liabilities	₱36,597,551	₱4,291,560	₱11,749,876	(₱30,334,212)	₱22,304,775
Capital expenditures	₱7,482,725	₱2,537,275	₱–	₱–	₱10,020,000
Depreciation and amortization (Notes 13 and 15)	89,977	15,061	–	–	105,038
Provision for impairment losses (Note 7)	32,969	11,069	–	–	44,038

	December 31, 2009				
	Horizontal	Vertical	Others	Intersegment Adjustments	Consolidated
			(Amounts in thousands)		
Real Estate Revenue	₱9,013,372	₱1,254,542	₱–	(₱638,251)	₱9,629,663
Costs and Operating Expenses	6,459,717	1,014,159	171,790	(558,109)	7,087,557
Segment Income Before (Loss) Income Tax	2,553,655	240,383	(171,790)	(80,142)	2,542,106
Interest income (Note 23)	740,459	5,443	105,468	5,926	857,296
Equity in net income of an associate (Note 11)	–	–	45,943	–	45,943
Dividend income	–	–	547,061	(546,867)	194
Miscellaneous income (Note 24)	236,161	28,946	57,619	(42,978)	279,748
Interest and other financing charge (Note 23)	(432,263)	(109,008)	(80,929)	29,219	(592,982)
Loss on debt settlement (Note 21)	–	–	(318,810)	–	(318,810)
Foreign exchange loss (Notes 20 and 21)	(14,879)	11,042	3,226	–	(611)
Income before income tax	3,083,133	176,806	187,788	(634,842)	2,812,884
Provision for income tax (Note 27)	575,274	4,834	21,943	(88,575)	513,476
Net Income	₱2,507,859	₱171,972	₱165,845	(₱546,867)	₱2,299,408
Other Information					
Segment assets	₱46,880,268	₱6,162,384	₱–	₱610,951	₱53,653,603
AFS financial assets (Note 6)	–	–	288,937	–	288,937
Investment in an associate (Note 11)	–	–	693,674	–	693,674
Deferred tax assets - net (Note 27)	23,764	–	8,325	–	32,089
Total Assets	₱46,904,032	₱6,162,384	₱990,936	₱610,951	₱54,668,303
Segment liabilities	₱8,996,481	₱5,286,011	₱2,249,116	(₱334,616)	₱16,196,992
Payable to related parties (Note 28)	23,596,521	1,944,704	2,548,873	(27,661,191)	428,906
Deferred tax liabilities - net (Note 27)	1,865,323	–	4,464	547,949	2,417,736
Total Liabilities	₱34,458,325	₱7,230,715	₱4,802,453	(₱27,447,858)	₱19,043,634
Capital expenditures	₱4,251,632	₱3,802,857	₱–	₱–	₱8,054,489
Depreciation and amortization (Notes 13 and 15)	88,358	10,168	–	(3,364)	95,162
Provision for impairment losses (Note 7)	–	11,079	–	–	11,079

Capital expenditure consists of construction costs, land acquisition and land development costs.

The Group has no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

6. Cash and Cash Equivalents

This account consists of:

	2011	2010
Cash on hand	**₱13,230,967**	₱10,776,387
Cash in banks	**1,735,297,555**	2,169,396,307
Cash equivalents	**304,037,526**	1,301,634,551
	₱2,052,566,048	₱3,481,807,245

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest ranging from 1.00% to 4.00% in 2011 and 1.60% to 4.06% in 2010.

7. **Investments**

Short-term cash investments
Short-term cash investments consist of money market placements with maturities of more than three months up to one year and earn interest at the respective short-term investment rates, as follows:

	2011	2010
Philippine Peso	**1.75% to 4.00%**	0.75% to 6.50%
US Dollar	**1.75% to 4.00%**	–

Long-term cash investments
Long-term cash investments consist of money market placements made for varying periods of more than one (1) year. These investments earn interest at the respective long-term investment rates, as follows:

	2011	2010
Philippine Peso	**4.63% to 6.50%**	–
US Dollar	**1.75% to 4.00%**	1.75% to 4.00%

The investment is used as collateral to secure the bank loans of the Parent Company (see Note 19).

Available-for-sale financial assets
This account pertains to unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects and other operations. These are carried at cost less impairment, if any.

Movements in the net unrealized gain (loss) on AFS financial assets follow:

	2010	2009
Balance at beginning of year	₱–	₱472,619
Fair value changes during the year	(44,038,378)	(472,619)
Loss on writedown transferred to profit or loss	44,038,378	–
Balance at end of year	₱–	₱–

In 2011, there are no movements in the fair value of AFS financial assets.

In 2010, the Group wrote-off available-for-sale financial assets amounting to ₱44.04 million since the Group determined that they will not be able to recover such investments from the counterparty.

8. **Receivables**

This account consists of:

	2011	2010
Installment contracts receivable	**₱18,087,331,761**	₱16,140,816,767
Accrued interest receivable	**124,741,646**	51,408,905
Accounts receivable:		
Contractors	**1,372,013,997**	1,433,459,774
Buyers	**616,153,492**	777,852,445
Brokers	**142,868,382**	82,362,666
Others	**1,040,543,070**	902,025,636
	21,383,652,348	19,387,926,193
Less allowance for impairment losses	**(314,331,094)**	(314,331,094)
	21,069,321,254	19,073,595,099
Less noncurrent portion	**8,822,808,812**	8,253,105,474
	₱12,246,512,442	₱10,820,489,625

Installment contracts receivable
Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of fifteen years. The corresponding titles to the subdivision or condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivable are interest-bearing except for those that are with installment schemes within two years. Interest rates on installment contracts receivables range from 16.00% to 19.00%.

Receivable from contractors
Receivable from contractors are recouped every progress billing payment date depending on the percentage of accomplishment.

Receivable from buyers
Receivables from buyers pertain to sale of real estate units owned by joint venture partners that were sold by the Group by virtue of a marketing agreement between the Group and the joint venture partners. These sales do not form part of the Group's revenue and collections from buyers are remitted to the joint venture partners net of any marketing fees agreed by the parties.

Receivable from brokers
Receivable from brokers are recouped every progress billing depending on the collection milestone and submission of necessary buyer's documents.

Others
Other receivables consist mainly of receivables from various individuals and private entities and other nontrade receivables. These are due and demandable.

Receivables amounting to ₱314.33 million as of December 31, 2011 and 2010 were impaired and fully provided for.

There was no movement in the allowance for impairment loss on receivables in 2011. Movements in the allowance for impairment losses on receivables as of December 31, 2010 follow:

	Installment Contracts Receivable	Accounts Receivable	Total
At January 1	₱99,352,184	₱225,621,569	₱324,973,753
Write off	–	(10,642,659)	(10,642,659)
At December 31	₱99,352,184	₱214,978,910	₱314,331,094

The impairment losses above pertain to individually impaired accounts. These are presented at gross amounts before directly deducting impairment allowance. No impairment losses resulted from performing collective impairment test.

In 2011 and 2010, installment contracts receivables with a total nominal amount of ₱1,915.92 million and ₱1,144.65 million, respectively, were recorded at amortized cost amounting to ₱1,856.08 million and ₱1,089.69 million, respectively. These are installment contracts receivables that are to be collected in 2 years which are noninterest-bearing. The fair value upon initial recognition is derived using discounted cash flow model using the discount rates ranging from 1.05% to 8.52% for those recognized in 2011 and 1.31% to 8.22% for those recognized in 2010. Interest income recognized from these receivables amounted to ₱68.56 million, ₱77.65 million and ₱84.68 million in 2011, 2010 and 2009, respectively. The unamortized discount amounted to ₱57.71 million and ₱66.43 million as of December 31, 2011 and 2010, respectively.

Movement in unamortized discount arising from noninterest-bearing receivables is as follows:

	2011	2010
Balance at beginning of year	**₱66,426,352**	₱89,118,030
Additions	**59,844,419**	54,960,161
Accretion (Note 24)	**(68,564,387)**	(77,651,839)
Balance at end of year	**₱57,706,384**	₱66,426,352

In 2011 and 2010, the Group entered into various purchase agreements with financial institutions whereby the Group sold its installment contracts receivables on a with recourse basis. The purchase agreements provide that the Group should substitute defaulted contracts to sell with other contracts to sell of equivalent value. The Group still retains the sold receivables in the installment contracts receivables account and records the proceeds from these sales as loans payable (see Note 19). The carrying value of installment contracts receivables sold and the corresponding set-up of loans payable amounted to ₱2,421.04 million and ₱3,567.77 million in 2011 and 2010, respectively.

In 2011 and 2010, the Group entered into agreement with various financial institutions whereby the Group sold their installment contracts receivables on a without recourse basis at discount rate of 10.00% to 12.00%. The carrying value of sold receivables amounted to ₱1.03 billion in 2011 and ₱1.42 billion in 2010. Proceeds received from the purchasing financial institutions and discount on sold receivables recorded by the Group amounted to ₱982.56 million and ₱47.49 million in 2011, respectively, and ₱1.37 billion and ₱46.57 million in 2010, respectively. The discount has been included under "Interest and other financing charges" account in profit or loss.

The carrying value of receivables that has been converted from a "with recourse basis" to "without recourse basis" amounted to ₱1,030.05 million and ₱1,419.97 million in 2011 and 2010, respectively.

9. Real Estate Inventories

This account consists of:

	2011	2010
Subdivision land for sale and development	**₱16,024,591,049**	₱14,091,236,267
Less reserve for land development costs	**5,924,414,238**	5,764,316,116
	10,100,176,811	8,326,920,151
Residential house units for sale and development	**1,685,794,676**	1,492,295,854
Condominium units for sale and development	**3,115,446,885**	2,679,393,219
	4,801,241,561	4,171,689,073
	₱14,901,418,372	₱12,498,609,224

Subdivision land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines and raw land inventories.

As of December 31, 2011 and 2010, subdivision land for sale and development of Brittany and CAPI with an aggregate carrying value of ₱492.51 million and ₱580.81 million, respectively, were mortgaged to secure the bank loans of the Parent Company (see Note 19).

Real estate inventories recognized as cost of sales amounted to ₱6.61 billion in 2011, ₱5.66 billion in 2010 and ₱5.00 billion in 2009, and are included as cost of real estate sales as part of costs and expenses in the consolidated statements of income.

Borrowing cost capitalized in 2011 and 2010 amounted to ₱305.59 million and ₱60.51 million, respectively.

10. Other Current Assets

This account consists of:

	2011	2010
Prepaid expenses	**₱694,956,074**	₱600,802,781
Creditable withholding taxes	**451,414,826**	63,447,262
Deposits for real estate purchases (Note 16)	**115,579,755**	–
Input value-added tax (VAT)	**96,172,981**	95,689,217
Construction materials and others	**56,883,650**	57,498,568
	₱1,415,007,286	₱817,437,828

Prepaid expenses mainly include prepayments for marketing fees, taxes and licenses, rentals and insurance.

The Group will be able to apply the creditable withholding taxes against income tax payable.

The value-added input tax is applied against value-added output tax. The remaining balance is recoverable in future periods.

11. Land and Improvements

The rollforward analysis of this account follows:

	2011	2010
Balance at beginning of year	**₱18,042,079,632**	₱16,925,967,816
Additions	**1,711,144,426**	1,979,300,917
Transfers	**(3,405,132,270)**	(863,189,101)
Balance at end of year	**₱16,348,091,788**	₱18,042,079,632

Transfers pertain to land to be developed for sale and included under "Real estate inventories" account.

Further analysis of land and improvements follows:

	2011	2010
At NRV	**₱8,666,701,802**	₱9,911,205,984
At cost	**7,681,389,986**	8,130,873,648
	₱16,348,091,788	₱18,042,079,632

The cost of land and improvements carried at NRV amounted to ₱9.68 billion and ₱10.92 billion as of December 31, 2011 and 2010, respectively. The Group recorded no provision for impairment in 2011, 2010 and 2009.

12. Investment in an Associate

This account consists of:

	2011	2010
Acquisition cost	**₱491,621,724**	₱491,621,724
Accumulated equity in net earnings		
Balance at beginning of year	**204,466,472**	202,052,021
Equity in net income (loss)	**(6,172,562)**	2,414,451
Balance at end of year	**198,293,910**	204,466,472
	₱689,915,634	₱696,088,196

Investment in an associate represents HDC's 10.05% equity in PPHI. The investment is accounted for under the equity method as Althorp Holdings Inc.'s 11.55% voting rights in PPHI was assigned to HDC. As of December 31, 2011 and 2010 PPHI holds 777.50 million common shares of the Parent Company.

Summarized financial information of the associate follows (in millions):

	2011	2010
Total assets	**₱7,076**	₱6,099
Total liabilities	**794**	105
Total equity	**₱6,282**	₱5,994

	2011	2010	2009
Total revenue	**₱342**	₱259	₱1,045
Total costs of real estate sales and expenses	**66**	19	588
Net income	**₱276**	₱240	₱457

Based on the quoted price of PPHI shares, the fair value of HDC's investments in PPHI amounted to ₱1.25 billion and ₱2.70 billion as of December 31, 2011 and 2010, respectively.

13. Investment properties

Movement in this account follows:

	Land	**Building and Building Improvements**	**Construction in Progress**	**Total**
Transfers from:				
Real estate inventories	₱2,177,489,374	₱87,483,610	₱–	₱2,264,972,984
Property and equipment	–	13,770,261	–	13,770,261
Additions	–	–	13,889,125	13,889,125
Total	2,177,489,374	101,253,871	13,889,125	2,292,632,370
Depreciation and amortization (Note 26)	–	934,856	–	934,856
Net Book Value	₱2,177,489,374	₱100,319,015	₱13,889,125	₱2,291,697,514

In 2011, real estate inventories with book value amounting to ₱2,264.97 million and property and equipment with book value amounting to ₱13.77 million (see Note 14) were reclassified to investment properties as these are intended to be developed for commercial and retail purposes and to be subsequently leased out to third parties.

The fair value of the land amounted to ₱3,549.46 million as of December 31, 2011. This based on the most recent selling price of similar property. Building and building improvements and construction in progress approximates their fair values as these are newly constructed fixed assets.

14. Property and Equipment

The rollforward analyses of this account follow:

December 31, 2011

	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost						
Balance at beginning of year	**₱37,348,341**	**₱169,530,254**	**₱142,327,624**	**₱44,304,998**	**₱67,486,915**	**₱460,998,132**
Additions	**29,730,627**	**59,161,714**	**33,010,417**	**2,699,749**	**34,526,294**	**159,128,801**
Transfers to investment properties (Note 13)	**(15,498,012)**	–	–	–	–	**(15,498,012)**
Balance at end of year	**51,580,956**	**228,691,968**	**175,338,041**	**47,004,747**	**102,013,209**	**604,628,921**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**13,915,957**	**122,172,690**	**118,984,980**	**39,966,624**	**47,030,961**	**342,071,212**
Depreciation and amortization (Note 26)	**13,113,288**	**30,001,376**	**22,151,893**	**904,584**	**19,305,775**	**85,476,916**
Transfers to investment properties (Note 13)	**(1,727,751)**	–	–	–	–	**(1,727,751)**
Balance at end of year	**25,301,494**	**152,174,066**	**141,136,873**	**40,871,208**	**66,336,736**	**425,820,377**
Net Book Value	**₱26,279,462**	**₱76,517,902**	**₱34,201,168**	**₱6,133,539**	**₱35,676,473**	**₱178,808,544**

December 31, 2010

	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost						
Balance at beginning of year	₱1,331,721	₱137,001,036	₱127,177,085	₱41,333,201	₱71,032,101	₱377,875,144
Additions	37,017,810	32,664,218	15,150,539	2,971,797	16,192,795	103,997,159
Retirements/disposals	(1,001,190)	(135,000)	–	–	(19,737,981)	(20,874,171)
Balance at end of year	37,348,341	169,530,254	142,327,624	44,304,998	67,486,915	460,998,132
Accumulated Depreciation and Amortization						
Balance at beginning of year	128,294	94,200,283	101,373,566	38,456,815	51,525,173	285,684,131
Depreciation and amortization (Note 26)	13,883,884	28,072,407	17,611,414	1,509,809	6,374,981	67,452,495
Retirements/disposals	(96,221)	(100,000)	–	–	(10,869,193)	(11,065,414)
Balance at end of year	13,915,957	122,172,690	118,984,980	39,966,624	47,030,961	342,071,212
Net Book Value	₱23,432,384	₱47,357,564	₱23,342,644	₱4,338,374	₱20,455,954	₱118,926,920

The Group's transportation equipment with a carrying value of ₱52.59 million and ₱19.52 million as of December 31, 2011 and 2010, respectively, were pledged as collateral under chattel mortgage to secure the banks loans of the Group with various financial institutions (see Note 19).

15. Interests in Joint Ventures

Interests in joint ventures pertain to deposits, cash advances and other charges in connection with the land development agreements (LDA) entered into by the Group with individuals, corporate entities and certain related parties for the development of real estate projects. The LDA provides, among others, the following: a) the Group will undertake the improvement, subdivision and development of the real estate project within a certain period as prescribed by the LDA, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory of the real estate project in accordance with the ratio mutually agreed.

Total interest of the Group for these LDA's amounted to ₱1,645.26 million and ₱1,887.66 million as of December 31, 2011 and 2010, respectively.

16. Other Noncurrent Assets

This account consists of:

	2011	2010
Model house accessories - net	**₱105,357,921**	₱92,280,249
Deposits for real estate purchases	**3,989,068**	119,568,823
Systems development costs - net of accumulated amortization	**39,212,517**	16,130,205
Deposits and others	**215,018,275**	156,089,152
	₱363,577,781	₱384,068,429

Deposits for real estate purchases substantially represent the Group's payments to real estate property owners for the acquisition of certain real estate properties. Although the terms of the agreements provided that the deeds of absolute sale for the subject properties are to be executed only upon fulfillment by both parties of certain undertakings and conditions, including the payment by the Group of the full contract prices of the real estate properties, the Group already has physical possession of the original transfer certificates of title of the said properties. In 2011, deposits for real estate purchases amounting to ₱115.58 million is reclassified to Other current assets as the agreed undertakings and conditions of a certain land acquisition was fulfilled in 2012.

Deposits and others include deposits to utility companies which will either be recouped against future billings or refunded upon completion of the real estate projects. Such deposits are necessary for the construction and development of real estate projects of the Group.

The rollforward analyses of development costs follow:

	2011	2010
Balance at beginning of year	**₱16,130,205**	₱49,404,309
Additions	**38,425,168**	4,311,633
Amortization	**(15,342,856)**	(37,585,737)
Balance at end of year	**₱39,212,517**	₱16,130,205

Amortization of system development costs amounting to ₱15.34 million, ₱37.59 million and ₱41.75 million in 2011, 2010 and 2009, respectively is included in the "Depreciation and amortization" account under "Operating expenses" in profit or loss (see Note 26).

17. Accounts and Other Payables

This account consists of:

	2011	2010
Accounts payable - contractors	**₱2,199,234,197**	₱1,794,040,987
Accrued expenses	**1,386,532,678**	702,963,500
Retentions payable	**686,998,838**	704,825,564
Accounts payable - suppliers	**418,748,340**	228,434,484
Deferred output tax	**398,283,737**	536,190,440
Commissions payable	**304,043,559**	237,126,404
Accounts payable - buyers	**130,331,765**	135,419,667
Accounts payable - others	**251,445,765**	371,019,189
	₱5,775,618,879	₱4,710,020,235

Accounts payable - contractor pertains to contractors' billings for services related to the development of various projects of the Group. These are expected to be settled within a year after the reporting date.

Accounts payable, accrued expenses, retentions payable and commissions payable are noninterest-bearing and are expected to be settled within a year after the reporting date.

Accrued expenses consist mainly of accruals for project cost estimate, interest, light and power, marketing costs, professional fees, postal and communication, supplies, repairs and maintenance, transportation and travel, security, and insurance.

Retentions payable pertains to 10% retention from the contractors' progress billings which will be later released after the completion of contractors' project. The 10% retention serves as a security from the contractor should there be defects in the project.

Commissions payable pertain to fees paid to brokers for services rendered.

Accounts payable - buyer pertain to refunds related to the cancellation of contract to sell agreement in which a reasonable refund is required by the Maceda Law and excess of payments for accounts settled by bank financing.

Others include amounts pertaining to other non-trade liabilities.

18. Customers' Advances and Deposits

This account consists of customers' downpayments, reservation fees and excess of collections over the recognized receivables based on percentage of completion.

The Group requires buyers of residential houses and lots to pay a minimum percentage of the total selling price before the two parties enter into a sale transaction. In relation to this, the customers' advances and deposits represent payment from buyers which have not reached the minimum required percentage. When the level of required payment is reached by the buyer, a sale is recognized and these deposits and downpayments will be applied against the related installment contracts receivable.

19. Bank Loans and Loans Payable

Bank Loans

Bank loans pertain to the borrowings of the Group from various local financial institutions. Further analysis is provided below:

	2011	2010
Parent company	**₱3,714,758,400**	₱2,268,305,400
Subsidiaries	**417,854,684**	448,925,900
	4,132,613,084	2,717,231,300
Less current portion	**1,730,351,181**	398,831,528
	₱2,402,261,903	₱2,318,399,772

On various dates in 2011, the Parent Company obtained ₱1,500.00 million peso-denominated bank loans from a local bank which bear fixed interest rate of 5.50% and secured by a holdout on the US dollar deposits amounting to US$73.50 million (see Note 7).

The Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱270.00 million which bears fixed interest rate of 7.50% and will mature on November 18, 2010. The loan is secured by a real estate mortgage over certain properties of CAPI with a carrying value amounting to ₱450.00 million. On November 11, 2011, the Parent Company renewed the term loan with the local bank with interest at 6.00% and will mature on June 15, 2012.

On July 30, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱207.34 million which bear fixed interest rate of 8.39% and will mature on July 30, 2013. The loan is secured by real estate mortgage of certain properties of Brittany and CAPI with a carrying value amounting to ₱207.90 million and ₱296.20 million in 2011 and 2010, respectively (see Note 9). As of December 31, 2011, the balance of the loan is ₱145.53 million.

On November 2, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱199.23 million which bear fixed interest rate of 7.83% and will mature on October 31, 2013. The loan is secured by real estate mortgage of certain properties of Brittany and CAPI with a book value amounting to ₱284.61 million (see Note 9).

On December 9, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱1,600.00 million which bear fixed interest rate of 6.50% and will mature on December 6, 2015. The loan is secured by a hold-out on the US dollar deposits amounting to US$40.00 million (see Note 7).

The bank loans of the Parent Company and certain subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of December 31, 2011 and 2010.

Banks loans amounting to ₱25.97 million and ₱10.67 million as of December 31, 2011 and 2010, respectively, were secured by a chattel mortgage on the Group's transportation equipment (see Note 14).

Loans Payable
Loans payable pertain to sold "Installment contracts receivable" of Subsidiaries as discussed in Note 8 to the consolidated financial statements. These loans bear fixed interest rates ranging from 7.00% to 12.00% in 2011, 9.50% to 13.00% in 2010 and 5.00% to 14.00% in 2009, payable on equal monthly installments over a maximum period of 3 to 15 years depending on the terms of the installment contracts receivables.

20. Liabilities for Purchased Land

Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate loans.

On various dates in 2011 and 2010 the Group acquired certain land properties which are payable over a period of one to three years. Such liabilities for purchased land with a nominal amount of ₱1,139.85 million were initially recorded at fair value resulting to a discount of ₱206.37 million. The fair value is derived using the discounted cash flow model using the discount rate ranging from 6.29% to 10.00% with effective interest rate ranging from 5.92% to 9.84%. The unamortized discount amounted to ₱18.01 million and ₱19.54 million as of December 31, 2011 and 2010, respectively.

Accretion of ₱16.32 million, ₱11.57 million and ₱60.16 million is recorded as interest expense in 2011, 2010 and 2009, respectively (see Note 24).

21. Notes Payable

On September 30, 2010, the Parent Company issued US$100.00 million notes (the Notes) with a term of five years from the issue date. The interest rate is 8.25% per annum payable semi-annually in arrears on March 30 and September 30 of each year commencing on March 30, 2011.

On March 30, 2011, an additional note, with the same terms and conditions with the above notes, were issued by the Parent Company amounting to US$75.00 million.

The Notes are unconditionally and irrevocably guaranteed by the subsidiaries of the Parent Company. Other pertinent provisions of the Notes follow:

Redemption at the option of noteholders
The Parent Company will, at the option of any noteholder, redeem such Note on September 30, 2013 at its principal amount.

Redemption at the option of the issuer
At any time prior to September 30, 2013, the Parent Company may redeem up to 35% of the aggregate principal amount of the Notes originally issued at a redemption price equal to 108.25% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption with the net cash proceeds of an equity offering; provided that: (i) at least 65% of the aggregate principal amount of Notes originally issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 60 days of the date of the closing of such equity offering.

Covenants
The Notes provide for the Parent Company and Subsidiaries to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. These were complied with by the Group as of December 31, 2011 and 2010.

22. Long-term Notes

The Long-Term Notes (LTN) is payable over 15 years, was initially recorded at present value of ₱1.29 billion (US$26.52 million) with discount amounting to ₱982.00 million (US$20.25 million). The LTN was translated to Philippine peso using the USD/Peso foreign exchange rate as of December 31 and January 1, 2009 of ₱46.20 and ₱47.52 to US$1.00, respectively. This resulted to a foreign exchange gain of ₱1.89 million in 2010 and foreign exchange loss of ₱0.61 million in 2009 which are presented in profit or loss.

Interest rates for LTNs range from 1.00% to 5.00% over certain contractual periods with effective interest rate of 8.59%.

The total amount of interest expense recognized in 2011, 2010 and 2009 pertaining to accretion of LTNs amounted to nil, ₱16.32 million and ₱62.72 million, respectively (see Note 24).

In 2009, the Group settled LTNs amounting to ₱1,019.77 million (US$28.53 million) which resulted to a loss amounting to ₱318.81 million presented under “Loss on settlement of loans” in profit or loss pertaining to the unamortized discount of the settled amount.

In 2010, the LTNs were fully settled which resulted to a loss amounting to ₱115.87 million.

23. Equity

Capital Stock

The details of the Parent Company's capital stock follow:

	2011	2010	2009
Common			
Authorized shares	**11,000,000,000**	11,000,000,000	12,000,000,000
Par value per share	**₱1.00**	₱1.00	₱1.00
Issued shares	**8,538,740,614**	8,538,740,614	8,538,740,614
Treasury shares	**39,643,000**	–	–
Preferred			
Authorized shares	**10,000,000,000**	10,000,000,000	–
Par value per share	**₱0.10**	₱0.10	₱–
Issued shares	**–**	–	–

On August 13, 2010, the BOD approved the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share into 10.0 billion new preferred shares with a par value of ₱0.10 per share and the amendment of the Parent Company's Articles of Incorporation to reflect the reclassification of the unissued common shares into new preferred shares. On September 27, 2010, the Parent Company's stockholders ratified the reclassification.

On November 24, 2010, the SEC approved the amendments to the Parent Company's Articles of Incorporation embodying the reclassification of the unissued common shares to new preferred shares.

The new preferred shares are voting, cumulative, non-paticipating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10% per annum.

On July 26, 2007, the Parent Company launched its follow-on offer where a total of 8,538,740,614 common shares were offered at an offering price of ₱6.85 per share. The registration statement was approved on June 25, 2007. The Parent Company has 1,074 existing certified shareholders as of December 31, 2011.

Treasury Shares

On June 15, 2011, the BOD of the Parent Company approved the buyback of its common shares up to the extent of the total purchase price of ₱1.5 billion subject to the prevailing market price at the time of the buyback over a 24-month period but subject to periodic review by the management. As of December 31, 2011, treasury stocks arising from the 39,643,000 common shares amounted to ₱122.21 million.

In various dates 2009 and 2008, the Parent Company acquired from the market a total of 24,930,000 and 282,498,000 common shares, respectively, at a total cost of ₱20.49 million and ₱548.35 million, respectively. On October 20, 2009, the Parent Company issued 320,686,000 treasury shares as consideration for the 100% interest in VRI (see Note 4).

On November 27, 2007, the SEC approved the Parent Company's buyback of its shares up to the extent of the total purchase price of US$25 million subject to the prevailing market price at the time of buy back over the next 12 months but subject to periodic review by the Parent Company's management. On November 6, 2008, the Parent Company's BOD approved the extension of the buy back for an additional of six (6) months or up to May 12, 2009.

The movements in the Parent Company's outstanding number of common shares follow:

	2011	2010	2009
At January 1	**8,538,740,614**	8,538,740,614	8,242,984,614
Treasury shares			–
Acquired	**(39,643,000)**	–	(24,930,000)
Reissued	–	–	320,686,000
At December 31	**8,499,097,614**	8,538,740,614	8,538,740,614

Retained Earnings

In accordance with SRC Rule 68, as Amended (2011), Annex 68-C, the Parent Company's retained earnings available for dividend declaration as of December 31, 2011 amounted to ₱633.52 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱12.19 billion and ₱9.52 billion in 2011 and 2010, respectively. These are not available for dividends until declared by the subsidiaries.

On May 17, 2011, the BOD approved the declaration and payment of cash dividends from the unrestricted retained earnings of the Parent Company amounting to ₱298.86 million or ₱0.035 per share payable to stockholders of record at the close of business on June 1, 2011. The said dividends are payable on June 28, 2011. Subsequently, on September 13, 2011, the BOD approved the declaration and payment of cash dividends from the unrestricted retained earnings of the Parent Company amounting to ₱594.96 million or ₱0.07 per share payable to stockholders of record at the close of business on September 28, 2011. The said dividends are payable on October 24, 2011.

On September 15, 2010, the BOD approved the declaration and payment of cash dividends from the unrestricted retained earnings of the Parent Company amounting to ₱461.09 million or ₱0.054 per share payable to stockholders of record at the close of business on September 30, 2010. The said dividends are payable on October 26, 2010.

On November 23, 2009, the BOD approved the cash dividend declaration and payment from the unrestricted retained earnings of the Parent Company of ₱281.78 million or ₱0.033 per share payable to stockholders of record as of December 8, 2009. The said dividends are payable on December 29, 2009.

Capital Management

The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2011 and 2010, the Group had the following ratios:

	2011	2010
Current ratio	**253%**	283%
Debt-to-equity ratio	**66%**	58%

Current Ratio: Obtained by dividing the total current assets by total current liabilities.
Debt-to-equity ratio: Obtained by dividing the total liabilities by total equity.

The Group is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2011 and 2010.

The Group considers as capital the equity attributable to equity holders of the Group.

The following table shows the component of the Parent Company's equity as of December 31, 2011 and 2010:

	2011	2010
Total paid-up capital	**₱27,867,250,474**	₱27,867,250,474
Retained earnings	**12,943,468,957**	10,309,298,685
Treasury shares	**(122,207,625)**	–
	₱40,688,511,806	₱38,176,549,159

Financial risk assessment

The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Exposure to changes in interest rates is reduced by regularly availing of short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

Exposure to foreign currency holdings are as follows:

	2011	2010
Cash and cash equivalents	**US$2,834,762**	US$5,226,653
Short-term cash investments	**35,000,000**	35,000,000
Long-term cash investments	**113,500,000**	40,000,000
Notes payable	**168,653,847**	97,123,734

Liquidity risk is addressed with long-term funding already locked in, while funds are placed on a short term placement.

24. Interest Income and Other Financing Charges

Below are the details of interest income:

	2011	2010	2009
Installment contracts receivable	**₱560,416,037**	₱662,124,505	₱655,250,626
Cash, short-term and long-term cash investments	**224,132,283**	37,345,681	117,361,853
Accretion of unamortized discount (Note 8)	**68,564,387**	77,651,839	84,683,641
	₱853,112,707	₱777,122,025	₱857,296,120

Interest and other financing charges consist of:

	2011	2010	2009
Interest expense on:			
Bank loans (Note19)	**₱871,166,749**	₱584,561,898	₱478,078,475
Notes payable (Note 21)	**747,312,940**	178,295,579	–
Long term notes (Note 22)	**–**	16,317,745	62,721,408
	1,618,479,689	779,175,222	540,799,883
Less amounts capitalized (Note 9)	**305,593,326**	60,507,791	7,979,118
Add accretion of unamortized discount (Note 20)	**16,323,402**	11,566,379	60,161,371
	₱1,329,209,765	₱730,233,810	₱592,982,136

The capitalization rate used to determine the borrowings eligible for capitalization is 4.78% in 2011, 8.80% in 2010 and 14.5% in 2009.

The total interest and other financing charges include interest expense arising from the accretion of long term notes amounting to nil, ₱16.32 million and ₱62.72 million in 2011, 2010 and 2009, respectively, and from the accretion of liabilities for purchased land amounting to ₱16.32 million, ₱11.57 million and ₱60.16 million in 2011, 2010, and 2009, respectively.

25. Miscellaneous Income

Miscellaneous income mostly pertains to income from forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required downpayment.

26. Operating Expenses

This account consists of:

	2011	2010	2009
Commissions	**₱898,590,725**	₱662,428,504	₱532,120,434
Advertising and promotions	**764,626,235**	628,523,785	556,916,143
Salaries, wages and employees benefits (Note 27)	**408,955,430**	325,757,587	255,189,515
Repairs and maintenance	**262,501,350**	201,552,583	154,595,643
Professional fees	**248,707,614**	211,091,441	71,636,025
Occupancy costs	**182,415,835**	185,347,470	116,265,549
Depreciation and amortization (Notes 14 and 16)	**101,754,628**	105,038,232	95,162,392
Transportation and travel	**74,402,883**	106,564,330	34,698,382
Taxes and licenses	**65,958,957**	57,330,993	31,494,335
Representation and entertainment	**65,643,955**	50,287,554	78,845,334
Office expenses	**50,203,790**	67,228,943	29,094,699
Provision for impairment losses on receivables	**–**	–	11,079,149
Miscellaneous	**150,563,272**	88,358,472	116,474,835
	₱3,274,324,674	₱2,689,509,894	₱2,083,572,435

Rent expenses
The Group entered into various lease agreements for administrative and selling purposes. These agreements are renewed on an annual basis with advanced deposits. Rent expenses included under "Occupancy costs" amounted to ₱41.81 million, ₱78.78 million and ₱33.07 million in 2011, 2010 and 2009, respectively.

Miscellaneous expenses
Miscellaneous expenses include dues and subscriptions, donations and other expenditures.

27. **Retirement Plan**

The Group has noncontributory defined benefit pension plan covering substantially all of its regular employees. The benefits are based on current salaries and years of service and compensation on the last year of employment.

The principal actuarial assumptions used to determine the pension benefits with respect to the discount rate, salary increases and return on plan assets were based on historical and projected normal rates.

The components of pension cost (included in "Salaries, wages and employees benefits" under Operating expenses) in profit or loss are as follows (see Note 26):

	2011	2010	2009
Current service cost	**₱41,421,300**	₱27,841,800	₱7,842,200
Interest cost on benefit obligation	**22,062,900**	16,864,401	4,300,000
Expected return on plan assets	**(3,597,700)**	–	–
Net actuarial losses (gains) immediately Recognized	**(10,433,896)**	37,007,700	116,433,600
Total pension expense	**₱49,452,604**	₱81,713,901	₱128,575,800

Funded status and amounts recognized in the consolidated statement of financial position for the pension plan follow:

	2011	2010
Defined benefit obligation	**₱286,591,400**	₱232,154,800
Plan assets	**(129,169,900)**	(71,205,104)
Liability recognized in the consolidated statement of financial position	**₱157,421,500**	₱160,949,696
Actual return on plan assets	**₱4,983,996**	₱–

Changes in the combined present value of the combined defined benefit obligation are as follows:

	2011	2010
Balance at beginning of year	**₱232,154,800**	₱150,440,899
Current service cost	**41,421,300**	27,841,800
Interest cost on benefit obligation	**22,062,900**	16,864,401
Actuarial loss (gain)	**(9,047,600)**	37,007,700
Balance at end of year	**₱286,591,400**	₱232,154,800

Changes in the fair value of the combined plan assets are as follows:

	2011	2010
Balance at January 1	**₱71,205,104**	₱17,986,869
Expected return on plan assets	**3,597,700**	–
Contributions by employer	**52,980,800**	53,218,235
Actuarial gain	**1,386,296**	–
Balance at December 31	**₱129,169,900**	₱71,205,104

The movements in the combined net pension liabilities follow:

	2011	2010
Balance at beginning of year	**₱160,949,696**	₱132,454,030
Pension expense	**49,452,604**	81,713,901
Actual contribution	**(52,980,800)**	(53,218,235)
Balance at end of year	**₱157,421,500**	₱160,949,696

The assumptions used to determine the pension benefits for the Group are as follows:

	2011	2010
Discount rates	**9.52%**	7.24-9.52%
Salary increase rate	**11.00%**	11.00%
Expected rate of return on plan assets	**5.00%**	5.00%

The plan assets of the Group consists of savings and time deposit accounts with a certain local bank amounting to ₱124.19 million and ₱71.21 million as of December 31, 2011 and 2010, respectively.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous annual periods are as follows:

	2011	2010	2009	2008	2007
Defined benefit obligation	**₱286,591,400**	₱232,154,800	₱150,440,899	₱14,776,999	₱100,044,935
Plan assets	**(129,169,900)**	(71,205,104)	(17,986,869)	–	–
Excess	**₱157,421,500**	₱160,949,696	₱132,454,030	₱14,776,999	₱100,044,935

Gains (losses) on experience adjustments are as follows:

	2011	2010	2009	2008	2007
Defined benefit obligation	**(₱43,004,100)**	₱27,762,700	₱1,526,400	₱2,245,300	₱33,714,009
Plan assets	**1,386,296**	–	–	–	–

The Group expects to contribute ₱70.69 million to its retirement fund in 2012.

28. Income Tax

Provision for income tax consists of:

	2011	2010	2009
Current:			
RCIT/MCIT	**₱319,599,409**	₱315,090,215	₱247,963,063
Final	**18,020,227**	6,699,961	25,691,629
Deferred	**(271,705,328)**	(101,044,496)	239,821,255
	₱65,914,308	₱220,745,680	₱513,475,947

The components of the Group's deferred taxes are as follows:

Net deferred tax assets:

	2011	2010
Deferred tax assets on:		
Excess of book basis over tax basis of deferred gross profit on real estate sales	**₱1,726,513**	~~₱~~ –
NOLCO	**301,862**	127,653,187
Accrual of retirement costs	**–**	10,919,024
Unrealized foreign exchange losses	**–**	10,908,267
Carryforward benefit of MCIT	**–**	5,165,531
Unamortized discount on receivables	**–**	4,401,541
	2,028,375	159,047,550
Deferred tax liabilities on:		
Excess of book basis over tax basis of deferred gross profit on real estate sales	**–**	117,902,252
Capitalized interest and other expenses	**–**	14,462,497
	–	132,364,749
	₱2,028,375	~~₱~~26,682,801

Net deferred tax liabilities:

	2011	2010
Deferred tax assets on:		
NOLCO	**₱162,708,630**	~~₱~~68,228,932
Allowance for probable losses	**148,017,485**	148,017,485
Accrual of retirement costs	**52,486,130**	36,756,950
Unrealized foreign exchange losses	**26,681,718**	19,682,261
Unamortized discount on receivables	**11,376,374**	15,789,902
Carryforward benefit of MCIT	**9,502,172**	–
	410,772,509	288,475,530
Deferred tax liabilities on:		
Excess of book basis over tax basis of deferred gross profit on real estate sales	**2,255,635,241**	2,561,685,705
Capitalized interest and other expenses	**114,190,886**	29,583,120
Unamortized bond transaction cost	**48,409,454**	–
Discount on rawlands payable	**7,396,432**	8,145,140
Unrealized foreign exchange gain	**66,719**	–
Retirement income	**–**	347,542
	2,425,698,732	2,599,761,507
	₱2,014,926,223	~~₱~~2,311,285,977

As of December 31, 2011 and 2010, the Group has deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income for which no deferred tax assets have been recognized as follows:

	2011	2010
NOLCO	**₱1,528,485,141**	₱672,935,346
Allowance for obsolescence on undeveloped land	**839,183,299**	839,183,299
Unrealized foreign exchange loss	**67,974,187**	16,047,290
Accrual of retirement cost	**25,794,846**	40,186,710
MCIT	**2,408,694**	978,940
Unamortized discount on receivables	**–**	290,139

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

As of December 31, 2011, the details of the unused tax credits from the excess of the MCIT over RCIT and NOLCO, which are available for offset against future income tax payable and taxable income, respectively, over a period of three (3) years from the year of inception, follow:

NOLCO

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2008	₱73,794,155	(₱73,794,155)	₱–	2011
2009	355,123,730	(66,556,471)	288,567,259	2012
2010	835,044,687	–	835,044,687	2013
2011	948,241,501	–	948,241,501	2014
	₱2,212,204,073	(₱140,350,626)	₱2,071,853,447	

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2008	₱1,973,621	(₱1,973,621)	₱–	2011
2009	1,919,014	–	1,919,014	2012
2010	2,202,884	–	2,202,884	2013
2011	7,788,968	–	7,788,968	2014
	₱13,884,487	(₱1,973,621)	₱11,910,866	

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2011	2010	2009
Provision for income tax computed at the statutory income tax rate	**30.00%**	30.00%	30.00%
Additions to (reductions in) income tax resulting from:			
Nondeductible interest and other expenses	**4.80%**	0.06%	1.09%
Change in unrecognized deferred tax assets	**0.82%**	3.03%	4.09%
Tax-exempt income	**(25.03%)**	(16.46%)	(13.45%)
Expired MCIT and NOLCO	**(2.26%)**	0.00%	–
Interest income already subjected to final tax	**(1.06%)**	(0.10%)	(2.98%)
Equity in net loss (income) of an associate	**0.05%**	(0.02%)	(0.49%)
Others	**(5.49%)**	(9.68%)	–
Provision for income tax	**1.83%**	6.83%	18.26%

Board of Investments (BOI) Incentives

On various dates in 2011, the BOI issued in favor of certain subsidiaries in the Group a Certificate of Registration as a New Developer of Mass Housing Project for its 13 real estate projects in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects has been granted an Income Tax Holiday for a period of three years commencing from 2011 until 2014.

29. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to herein as "affiliates"). Related parties may be individuals or corporate entities.

The Group in their regular conduct of business has entered into transactions with affiliates and other related parties principally consisting of advances and reimbursement of expenses and purchase and sale of real estate properties. The Group's policy is to settle its intercompany receivables and payables on a net basis.

The consolidated statement of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) to related parties as of December 31, 2011 and 2010:

	2011	2010
Corporate shareholders	**(₱403,915,224)**	(₱472,312,762)
Other affiliates	**221,112,857**	86,563,552
	(₱182,802,367)	(₱385,749,210)

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. As of December 31, 2011 and 2010, the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

There are balances and transactions within the Group, principally consisting of dividends, advances, reimbursement of expenses and management income, which are eliminated in full.

Except as stated in Notes 19 and 21 to the consolidated financial statements, there have been no guarantees provided or received for any related party receivables or payables.

The compensation of key management personnel by benefit type follows:

	2011	2010	2009
Short-term employee benefits	**₱75,680,388**	₱68,100,110	₱61,840,600
Post-employment benefits	**12,080,609**	10,746,910	9,656,000
	₱87,760,997	₱78,847,020	₱71,496,600

30. Earnings Per Share

The following table presents information necessary to compute the EPS:

	2011	2010	2009
Basic and Diluted Earnings Per Share			
a) Net income attributable to equity holders of Parent	**₱3,527,984,027**	₱3,012,973,097	₱2,299,408,170
b) Weighted average common shares	**8,447,852,961**	8,461,038,074	8,276,175,614
c) Earnings per share (a/b)	**₱0.418**	₱0.356	₱0.278

In 2011, the acquired treasury shares and reciprocal holdings attributable to PPHI's ownership in the Parent Company are deducted from the total outstanding shares in computing for the weighted average number of outstanding common shares (see Notes 1 and 23). In 2010 and 2009, the reciprocal holdings attributable to PPHI's ownership in the Parent Company is deducted from the total outstanding shares in computing for the weighted average number of outstanding common shares.

There were no dilutive potential common shares for the year ended December 31, 2011, 2010 and 2009.

31. Financial Assets and Liabilities

The following table sets forth the carrying values and fair values of the Group's financial assets and liabilities recognized as of December 31, 2011 and 2010:

	December 31, 2011		December 31, 2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**₱2,052,566,048**	**₱2,052,566,048**	₱3,481,807,245	₱3,481,807,245
Short-term cash investments	**1,597,723,506**	**1,597,723,506**	1,659,460,317	1,659,460,317
Receivables				
Installment contract receivables	**18,087,331,761**	**18,157,208,301**	16,041,464,583	18,260,649,566
Others	**3,171,578,941**	**3,171,578,941**	1,516,308,076	1,516,308,076
Long-term cash investments	**4,975,840,000**	**4,880,493,254**	1,753,600,000	2,034,719,604
	29,885,040,256	**29,859,570,050**	24,452,640,221	26,952,944,808
AFS financial assets				
Investments in unquoted equity shares	**41,309,183**	**41,309,183**	41,309,183	41,309,183
Total Financial Assets	**₱29,926,349,439**	**₱29,900,879,233**	₱24,493,949,404	₱26,994,253,991
Financial Liabilities				
Other financial liabilities				
Bank loans	**₱4,132,613,084**	**₱4,485,025,472**	₱2,717,231,300	₱2,688,526,380
Loans payables	**2,449,230,605**	**2,660,493,251**	3,490,622,222	3,297,076,765
Liabilities for purchased land	**1,537,310,987**	**1,492,836,104**	1,111,616,208	1,088,873,326
Accounts and other payables	**5,377,335,142**	**5,377,335,142**	4,173,829,795	4,173,829,795
Payable to related parties	**182,802,367**	**182,802,367**	385,749,210	385,749,210
Notes payable	**7,393,784,649**	**9,273,939,187**	4,257,904,517	5,162,828,871
Total Financial Liabilities	**₱21,073,076,834**	**₱23,472,431,523**	₱16,136,953,252	₱16,796,884,347

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents and short-term cash investments: Due to the short-term nature of the account, the fair value of cash and cash equivalents and short-term cash investments approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivables: Estimated fair value of installment contracts receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 1.15% to 8.48% in 2011 and 2.50% to 8.15% in 2010.

Other receivables: due to the short-term nature of the account, the fair value of other receivables approximates the carrying amounts.

Long-term cash investments: The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rate used ranges from 1.75% to 4.00% in 2011 and 1.30% to 4.96% in 2010.
AFS financial assets: for AFS investment in unquoted equity securities, these are carried and presented at cost since fair value is not reasonably determine due to the unpredictable nature of future cash flows and without any other suitable methods of arriving at a reliable fair value.

The AFS financial assets carried at cost are preferred shares of a utility company issued to the Group as a consequence of its subscription to the electricity services of the said utility company needed for the Group's residential units. The said preferred shares have no active market and the Group does not intend to dispose these because these are directly related to the continuity of its business.

Payable to related parties: due to the short-term nature of the account, carrying amounts approximate their fair values.

Accounts and other payables: fair values of accounts and other payables approximate their carrying amounts in the consolidated statement of financial position due to the short-term nature of the transactions.

Bank loans, loans payable, notes payable and liabilities for purchased land: estimated fair values of bank loans and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 5.50% to 13.00% in 2011 and 6.50% to 15.50% in 2010 using the remaining terms to maturity.

The Group uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no financial instruments measured at fair value as of December 31, 2011 and 2010.

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables and liabilities for purchased land. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivables, cash and cash equivalents and short-term and long-term cash investments, which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk

The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing:

	December 31, 2011		December 31, 2010	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial assets				
Fixed rate				
Cash and cash equivalents (excluding cash on hand)	**1.00% to 4.00%**	**₱2,039,335,081**	1.60% to 4.06%	₱3,471,030,858
Short-term cash investments	**1.75% to 4.00%**	**1,597,723,506**	0.75% to 6.50%	1,659,460,317
Long-term cash investments	**1.75% to 4.00%**	**4,975,840,000**	1.75% to 4.0%	1,753,600,000
Installment contracts receivable	**7.50% to 19.0%**	**18,087,331,761**	7.50% to 19.0%	16,041,464,583
		₱26,700,230,348		₱22,925,555,758
Financial liabilities				
Fixed rate				
Notes payable	**8.25%**	**₱7,393,784,649**	8.25%	₱4,257,904,517
Bank loans	**5.50% to 8.40%**	**4,132,613,084**	9.50% to 12.0%	2,717,231,300
Loans payable	**9.50% to 13.0%**	**2,449,230,605**	9.50% to 13.0%	3,490,622,222
Liabilities for purchased land	**8.25%**	**1,537,310,988**	8.25%	38,653,734
		₱15,512,939,326		₱10,504,411,773

As of December 31, 2011 and 2010, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The Group's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). Approximately 27.48% and 19.40% of the debt of the Group as of December 31, 2011 and 2010, respectively, are denominated in USD. The Group's foreign currency-denominated debt comprises of the Bonds in 2011 and 2010. Below are the carrying values and the amounts in US$ of these foreign currency denominated financial assets and liabilities.

	December 31, 2011		December 31, 2010	
	Peso	**US$**	Peso	US$
Cash and cash equivalents	**₱124,275,957**	**US$2,834,762**	₱229,136,468	US$5,226,653
Short-term cash investments	**1,534,400,000**	**35,000,000**	1,534,400,000	35,000,000
Long-term cash investments	**4,975,840,000**	**113,500,000**	1,753,600,000	40,000,000
Notes payable	**7,393,784,652**	**168,653,847**	4,257,904,499	97,123,734

In translating the foreign currency- denominated monetary assets in peso amounts, the Philippine Peso - US dollar exchange rates as of December 31, 2011 and 2010 used were ₱43.84 to US$1.00.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate until its next annual reporting date, with all other variables held constant, of the Group's 2011 and 2010 profit before tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2011 and 2010.

	December 31, 2011		December 31, 2010	
	Increase/Decrease in US Dollar rate	**Effect on income before tax**	Increase/Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	**+0.02%**	**₱24,855**	+0.02%	₱45,827
	-0.02%	**(24,855)**	-0.02%	(45,827)
Short-term cash investments	**+0.02%**	**306,880**	+0.02%	306,880
	-0.02%	**(306,880)**	-0.02%	(306,880)
Long-term cash investments	**+0.02%**	**995,168**	+0.02%	350,720
	-0.02%	**(995,168)**	-0.02%	(350,720)
Notes payable	**+0.02%**	**1,478,757**	+0.02%	(851,581)
	-0.02%	**(1,478,757)**	-0.02%	851,581

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the currently observable market environment, showing no material movements as in prior years.

There are no items affecting equity except for those having impact on profit or loss.

Credit risk
The Group transacts only with recognized and creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price and the requirement for remedial procedures is minimal given the profile of buyers.

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash and cash equivalents, short-term and long-term cash investments and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years. The Group's investments in AFS are incidental to its housing projects and are considered by the Group to be of high quality because these are investments with the biggest electric utility company in the country.

The table below shows the comparative summary of maximum credit risk exposure on financial assets as of December 31, 2011 and 2010:

	2011	2010
Loans and Receivables		
Cash and cash equivalents (excluding cash on hand)	**₱2,039,335,081**	₱3,471,030,858
Short-term cash investments	**1,597,723,506**	1,659,460,317
Receivables		
Installment contracts receivables	**18,087,331,761**	16,140,816,767
Others	**2,981,989,493**	1,731,286,986
Long-term cash investments	**4,975,840,000**	1,753,600,000
	29,682,219,841	24,756,194,928
AFS Financial Assets		
Investments in unquoted equity shares	**41,309,183**	41,309,183
	₱29,723,529,024	₱24,797,504,111

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

As of December 31, 2011 and 2010, the aging analyses of past due but not impaired receivables, presented per class are as follows:

December 31, 2011

	Neither Past Due Nor Impaired	Past Due But Not Impaired				Total of Past Due But Not Impaired	Impaired Financial Assets	Total
		<30 days	30-60 days	60-90 days	>90 days			
Installment contract receivables	₱16,749,821,024	₱748,338,307	₱291,903,690	₱35,921,964	₱161,994,592	₱1,238,158,553	₱99,352,184	₱18,087,331,761
Other receivables	2,743,972,989	7,593,493	3,458,914	758,807	11,226,380	23,037,594	214,978,910	2,981,989,493
Total	₱19,493,794,013	₱755,931,800	₱295,362,604	₱36,680,771	₱173,220,972	₱1,261,196,147	₱314,331,094	₱21,069,321,254

December 31, 2010

	Neither Past Due Nor Impaired	Past Due But Not Impaired				Total of Past Due But Not Impaired	Impaired Financial Assets	Total
		<30 days	30-60 days	60-90 days	>90 days			
Installment contract receivables	₱15,470,729,536	₱127,298,650	₱79,490,473	₱51,557,707	₱312,388,217	₱570,735,047	₱99,352,184	₱16,140,816,767
Other receivables	1,172,844,158	18,231,704	24,277,837	40,898,314	260,056,063	343,463,918	214,978,910	1,731,286,986
Total	₱16,643,573,694	₱145,530,354	₱103,768,310	₱92,456,021	₱572,444,280	₱914,198,965	₱314,331,094	₱17,872,103,753

Those accounts that are considered neither past due nor impaired are receivables without any default in payments and those accounts wherein the management has assessed that recoverability is high.

The tables below show the credit quality of the Group's financial assets as of December 31, 2011 and 2010, gross of allowance for impairment losses:

December 31, 2011

	Neither past due nor impaired				Past due but		
	High grade	**Medium grade**	**Low grade**	**Total**	**not impaired**	**Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**₱2,039,335,081**	**₱–**	**₱–**	**₱2,039,335,081**	**₱–**	**₱–**	**₱2,039,335,081**
Short-term cash investments	**1,597,723,506**	**–**	**–**	**1,597,723,506**	**–**	**–**	**1,597,723,506**
Receivables							
Installment contracts receivable	**16,749,821,024**	**–**	**–**	**16,749,821,024**	**1,238,158,553**	**99,352,184**	**18,087,331,761**
Others	**2,490,190,779**	**253,782,210**	**–**	**2,743,972,989**	**23,037,594**	**214,978,910**	**2,981,989,493**
Long-term cash investments	**4,975,840,000**	**–**	**–**	**4,975,840,000**	**–**	**–**	**4,975,840,000**
Total loans and receivables	**27,852,910,390**	**253,782,210**	**–**	**28,106,692,600**	**1,261,196,147**	**314,331,094**	**29,682,219,841**
AFS financial assets	**41,309,183**	**–**	**–**	**41,309,183**	**–**	**–**	**41,309,183**
	₱27,894,219,573	**₱253,782,210**	**₱–**	**₱28,148,001,783**	**₱1,261,196,147**	**₱314,331,094**	**₱29,723,529,024**

December 31, 2010

	Neither past due nor impaired				Past due but		
	High grade	Medium grade	Low grade	Total	not impaired	Impaired	Total
Cash and cash equivalents (excluding cash on hand)	₱3,471,030,858	₱–	₱–	₱3,471,030,858	₱–	₱–	₱3,471,030,858
Short-term cash investments	1,659,460,317	–	–	1,659,460,317	–	–	1,659,460,317
Receivables							
Installment contracts receivable	15,422,924,704	47,804,832	–	15,470,729,536	570,735,047	99,352,184	16,140,816,767
Others	1,172,844,158	–	–	1,172,844,158	343,463,918	214,978,910	1,731,286,986
Long-term cash investments	1,753,600,000	–	–	1,753,600,000	–	–	1,753,600,000
Total loans and receivables	23,479,860,037	47,804,832		23,527,664,869	914,198,965	314,331,094	24,756,194,928
AFS financial assets	41,309,183	–	–	41,309,183	–	–	41,309,183
	₱23,521,169,220	₱47,804,832	₱–	₱23,568,974,052	₱914,198,965	₱314,331,094	₱24,797,504,111

High grade cash and cash equivalents and short-term and long-term cash investments are money market placements and working cash fund placed, invested or deposited in local banks belonging to the top ten banks in the Philippines in terms of resources and profitability.

The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Installment contract receivables under bank-financing are assessed to be high grade since accounts under bank-financing undergone credit evaluation performed by two parties, the Group and the respective bank, thus credit evaluation underwent a more stringent criteria resulting to higher probability of having good quality receivables.

Medium grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Low grade accounts are accounts which have probability of impairment based on historical trend.

Based on the Group's experience, its loans and receivables are highly collectible or collectible on demand. The receivables are collateralized by the corresponding real estate properties. In few cases of buyer defaults, the Group can repossess the collateralized properties and held it for sale in the ordinary course of business at the prevailing market price. The total of repossessed properties included in the "Real estate inventories" account in the consolidated statement of financial position amounted to ₱589.79 million and ₱506.72 million as of December 31, 2011 and 2010, respectively. The Group performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts.

The Group did not accrue any interest income on impaired financial assets.

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 deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2011 and 2010.

Maturity Profile of Financial Assets and Liabilities
The tables below summarize the maturity profile of the Group's financial assets and liabilities as of December 31, 2011 and 2010 based on undiscounted contractual payments, including interest receivable and payable.

December 31, 2011

	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables					
Cash and cash equivalents	**₱2,052,566,048**	**₱–**	**₱–**	**₱–**	**₱2,052,566,048**
Short-term cash investments	**–**	**63,323,506**	**657,600,000**	**876,800,000**	**1,597,723,506**
Receivables					
Installment contracts receivables	**290,331,858**	**591,072,811**	**8,383,118,280**	**8,822,808,812**	**18,087,331,761**
Others	**2,844,587,003**	**6,158,816**	**131,243,674**	**–**	**2,981,989,493**
Long-term cash investment	**–**	**–**	**–**	**4,975,840,000**	**4,975,840,000**
Total undiscounted financial assets	**₱5,187,484,909**	**₱660,555,133**	**₱9,171,961,954**	**₱14,675,448,812**	**₱29,695,450,808**
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱–**	**₱256,330**	**₱768,989**	**₱4,131,587,766**	**₱4,132,613,085**
Loans payable	**2,064,304**	**78,099,540**	**187,724,488**	**2,181,342,273**	**2,449,230,605**
Liabilities for purchased land	**328,428,909**	**730,971,087**	**405,368,404**	**72,542,588**	**1,537,310,988**
Accounts payable and other payables	**39,632,677**	**68,710,408**	**128,444,770**	**5,538,831,024**	**5,775,618,879**
Payable to related parties	**182,802,367**	**–**	**–**	**–**	**182,802,367**
Notes payable	**–**	**5,184,896**	**13,785,809**	**7,578,890,910**	**7,597,861,615**
Total undiscounted financial liabilities	**₱552,928,257**	**₱883,222,261**	**₱736,092,460**	**₱19,503,194,561**	**₱21,675,437,539**

December 31, 2010

	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables					
Cash and cash equivalents	₱3,441,929,900	₱39,877,345	₱–	₱–	₱3,481,807,245
Short-term cash investments	–	1,659,460,317	–	–	1,659,460,317
Receivables					
Installment contracts receivables	778,760,658	1,385,896,901	3,918,524,149	14,133,134,534	20,216,316,242
Others	1,718,537,842	–	12,749,144		1,731,286,986
Long-term cash investment	–	–	–	2,082,219,836	2,082,219,836
Total undiscounted financial assets	₱5,939,228,400	₱3,085,234,563	₱3,931,273,293	₱16,215,354,370	₱29,171,090,626
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱48,424,275	₱206,973,448	₱452,862,513	₱2,213,860,533	₱2,922,120,769
Loans payable	–	–	1,567,999,602	2,899,071,372	4,467,070,974
Accounts payable and other payables	1,194,706,696	251,026,223	1,939,315,389	788,781,487	4,173,829,795
Liabilities for purchased land	346,995,529	116,757,527	374,084,680	294,866,975	1,132,704,711
Payable to related parties	385,749,210	–	–	–	385,749,210
Notes payable	–	180,103,442	183,088,582	5,795,784,853	6,158,976,877
Total undiscounted financial liabilities	₱1,975,875,710	₱754,860,640	₱4,517,350,766	₱11,992,365,220	₱19,240,452,336

32. Notes to Consolidated Statements of Cash Flows

The Group's noncash investing and financing activities pertain to the following:

a) Transfer of real estate inventories in 2011 and 2010 amounting to nil and ₱174.01 million, respectively, by a certain related party to the Group which resulted to decrease in available-for-sale financial assets and increase in real estate inventories;
b) Conversion of sold receivables from a "with recourse basis" to "without recourse basis" with total carrying value of ₱1,030.05 million and ₱1,419.97 million in 2011 and 2010, respectively;
c) Offsetting of long term notes with a due to related party account as payments of long term notes was made by a certain related party amounting to ₱554.77 million in 2010;
d) Transfers from land and improvements amounting to real estate inventories amounting to nil, ₱863.19 million and ₱199.03 million in 2011, 2010 and 2009, respectively; and
e) Purchase of interest from a joint venture partner in exchange for advances to joint venture partners amounting to ₱333.00 million in 2011.

33. **Contingencies**

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

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BOA/PRC Reg. No. 0001,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION REQUIRED UNDER SECURITIES REGULATION CODE RULE 68

The Board of Directors
Vista Land & Lifescapes, Inc.
3rd Level Starmall Las Piñas
CV Starr Avenue, Pamplona
Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vista Land & Lifescapes, Inc. and its Subsidiaries (the Group) as at and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 28, 2012. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of all effective standards and interpretations under Philippine Financial Reporting Standards as of December 31, 2011 is the responsibility of the Group's management. This schedule is presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011) and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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PTR No. 3174583, January 2, 2012, Makati City

March 28, 2012

A member firm of Ernst & Young Global Limited

VISTA LAND AND LIFESCAPES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

I. List of Philippine Financial Reporting Standards (PFRSs) effective as at December 31, 2011

PFRSs	Adopted/Not adopted/Not applicable
PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*	Adopted
PFRS 2, *Share-based Payment*	Not applicable
PFRS 3, *Business Combinations*	Adopted
PFRS 4, *Insurance Contracts*	Not applicable
PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*	Not applicable
PFRS 6, *Exploration for and Evaluation of Mineral Resources*	Not applicable
PFRS 7, *Financial Instruments: Disclosures*	Adopted
PFRS 8, *Operating Segments*	Adopted
PAS 1, *Presentation of Financial Statements*	Adopted
PAS 2, *Inventories*	Adopted
PAS 7, *Statement of Cash Flows*	Adopted
PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*	Adopted
PAS 10, *Events after the Reporting Period*	Adopted
PAS 11, *Construction Contracts*	Not applicable
PAS 12, *Income Taxes*	Adopted
PAS 16, *Property, Plant and Equipment*	Adopted
PAS 17, *Leases*	Adopted
PAS 18, *Revenue*	Adopted
PAS 19, *Employee Benefits*	Adopted
PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*	Not Applicable
PAS 21, *The Effects of Changes in Foreign Exchange Rates*	Adopted
PAS 23, *Borrowing Costs*	Adopted
PAS 24, *Related Party Disclosures*	Adopted
PAS 26, *Accounting and Reporting by Retirement Benefit Plans*	Not applicable
PAS 27, *Consolidated and Separate Financial Statements*	Adopted
PAS 28, *Investments in Associates*	Adopted
PAS 29, *Financial Reporting in Hyperinflationary Economies*	Not applicable
PAS 31, *Interests in Joint Ventures*	Adopted

PFRSs	Adopted/Not adopted/Not applicable
PAS 32, *Financial Instruments: Presentation*	Adopted
PAS 33, *Earnings per Share*	Adopted
PAS 34, *Interim Financial Reporting*	Adopted
PAS 36, *Impairment of Assets*	Adopted
PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*	Adopted
PAS 38, *Intangible Assets*	Adopted
PAS 39, *Financial Instruments: Recognition and Measurement*	Adopted
PAS 40, *Investment Property*	Adopted
PAS 41, *Agriculture*	Not applicable
Philippine Interpretation IFRIC–1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	Not applicable
Philippine Interpretation IFRIC–2, *Members' Shares in Co-operative Entities and Similar Instruments*	Not applicable
Philippine Interpretation IFRIC–4, *Determining whether an Arrangement contains a Lease*	Adopted
Philippine Interpretation IFRIC–5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	Not applicable
Philippine Interpretation IFRIC–6, *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	Not applicable
Philippine Interpretation IFRIC–7, *Applying the Restatement Approach under* PAS 29, *Financial Reporting in Hyperinflationary Economies*	Not applicable
Philippine Interpretation IFRIC–9, *Reassessment of Embedded Derivatives*	Adopted
Philippine Interpretation IFRIC–10, *Interim Financial Reporting and Impairment*	Adopted
Philippine Interpretation IFRIC–12, *Service Concession Arrangements*	Not applicable
Philippine Interpretation IFRIC–13, *Customer Loyalty Programmes*	Not applicable
Philippine Interpretation IFRIC–14, PAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Not applicable
Philippine Interpretation IFRIC–16, *Hedges of a Net Investment in a Foreign Operation*	Not Applicable
Philippine Interpretation IFRIC–17, *Distributions of Non-cash Assets to Owners*	Not applicable
Philippine Interpretation IFRIC–18, *Transfers of Assets from Customers*	Not applicable

PFRSs	Adopted/Not adopted/Not applicable
Philippine Interpretation IFRIC–19, *Extinguishing Financial Liabilities with Equity Instruments*	Not applicable
Philippine Interpretation SIC–7, *Introduction of the Euro*	Not applicable
Philippine Interpretation SIC–10, *Government Assistance - No Specific Relation to Operating Activities*	Not applicable
Philippine Interpretation SIC–12, *Consolidation - Special Purpose Entities*	Not applicable
Philippine Interpretation SIC–13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	Not applicable
Philippine Interpretation SIC–15, *Operating Leases – Incentives*	Not applicable
Philippine Interpretation SIC–21, *Income Taxes - Recovery of Revalued Non-Depreciable Assets*	Not Applicable
Philippine Interpretation SIC–25, *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	Not applicable
Philippine Interpretation SIC–27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	Adopted
Philippine Interpretation SIC–29, *Service Concession Arrangements: Disclosures*	Not applicable
Philippine Interpretation SIC–31, *Revenue - Barter Transactions Involving Advertising Services*	Not applicable
Philippine Interpretation SIC–32, *Intangible Assets - Web Site Costs*	Adopted

** Not applicable - These standards have been adopted but the entity has no significant covered transactions as of and for the years then ended December 31, 2011 and 2010.*

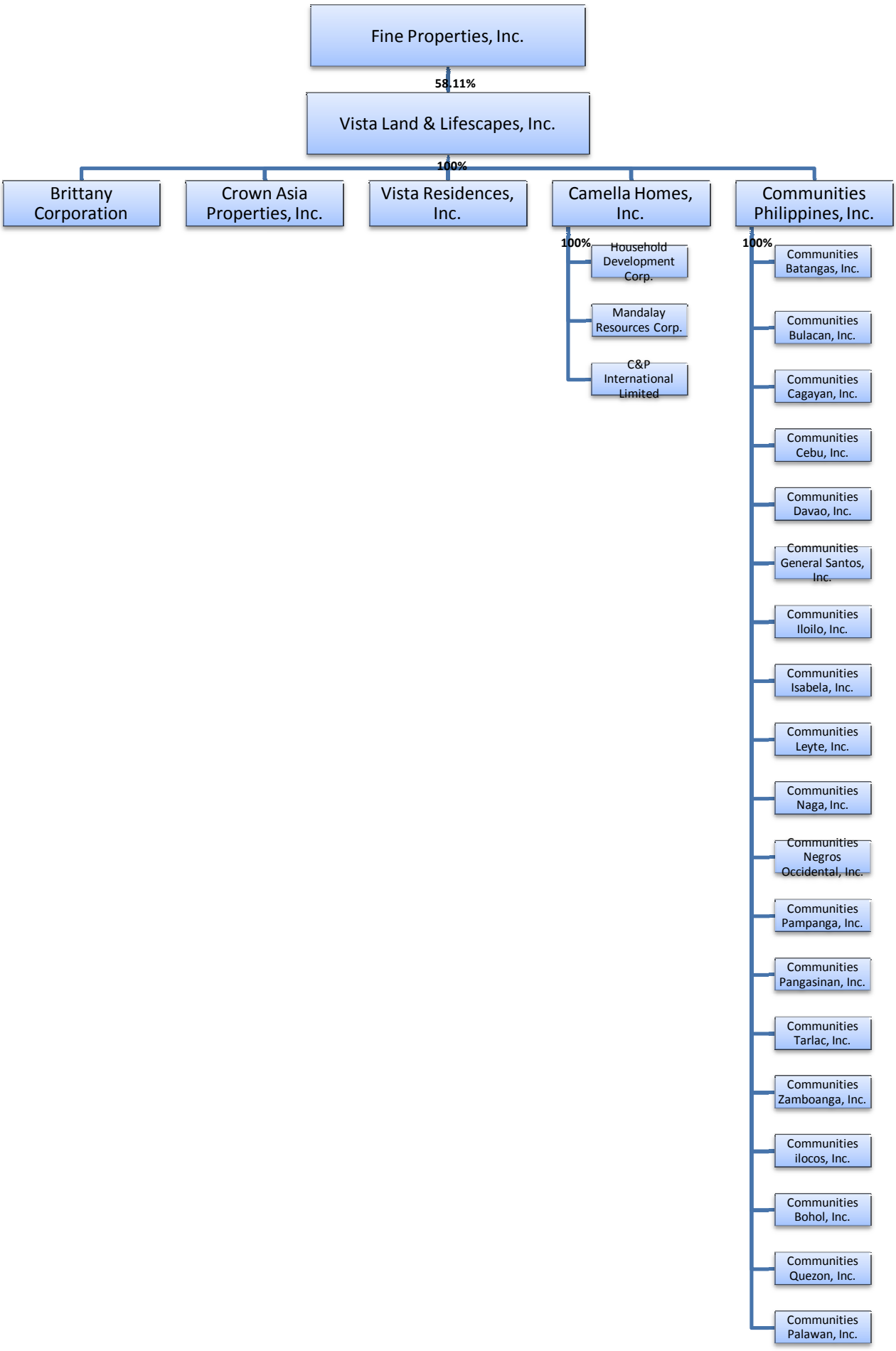
II. List of New and Amended Standards and Interpretations and Improvements to PFRS that became effective as at January 1, 2011

PFRSs	Adopted/Not adopted/Not applicable
New and Amended Standards and Interpretations	
PAS 24 (Amended), *Related Party Disclosures*	Adopted
PAS 32, *Financial Instruments: Presentation* (Amendment) – Classification of Rights Issues	Not applicable
Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*	Not applicable
PFRS 1, *First-time Adoption of IFRS* – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Not Applicable
Improvements to PFRS	
PFRS 1, *First-time Adoption of IFRS:* • Accounting policy changes in the year of adoption • Revaluation basis as 'deemed cost' • Use of 'deemed cost' for operations subject to rate regulation	Not Applicable
PFRS 3, *Business Combinations:* • Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. • Measurement of non-controlling interests • Un-replaced and voluntarily replaced share-based payment rewards	Not Applicable
PFRS 7, *Financial Instruments: Disclosures* – Clarification of disclosures	Adopted
PAS 1, *Presentation of Financial Statements* – Clarification of statement of changes in equity	Adopted
PAS 27, *Consolidated and Separate Financial Statements* – Transition requirements for amendments made as a result of IAS 27 Consolidated and Separate Financial Statements	Adopted
PAS 34, *Interim Financial Reporting* – Significant events and transactions	Adopted
Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes* – Fair value of award credits	Not Applicable
Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*	Not applicable

** Not applicable - These standards have been adopted but the entity has no significant covered transactions as of and for the years then ended December 31, 2011 and 2010.*

Group Structure

Below is the map showing the relationship between and among group and its Ultimate parent company, and its subsidiaries as of December 31, 2011.



Financial Soundness Indicator

Below are the financial ratios that are relevant to the group for the year ended December 31, 2011 and 2010.

		2011	2010
Current Ratio	Current assets / Current liabilites	2.53	2.83
Long-term debt-to-equity ratio	Long-term debt / Equity	0.28	0.25
Debt ratio	Total liabilities / Total assets	0.40	0.37
EBITDA to total interest paid	EBITDA / Total interest paid	3.62	6.22
Price Earnings Ratio	Closing price* / Earnings per share	6.79	8.90

**Closing price at December 29, 2011 and December 30, 2010.*

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2011

Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	₱822,899,579
Add: Net income actually earned/realized during the year	
Net income during the period closed to retained earnings	860,958,500
Less: Non-actual/unrealized income, net of tax	(34,320,955)
Net income actually earned during the year	826,637,545
Less: Dividend declarations during the year	(893,813,756)
Treasury shares acquired	(122,207,625)
	(189,383,836)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱633,515,743

Vista Land & Lifescapes, Inc.
Schedule A - Financial Assets
December 31, 2011

NAME OF ISSUING ENTITY AND ASSOCIATION OF EACH ISSUE	NUMBER OF SHARES OR PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT SHOWN IN THE BALANCE SHEET	VALUE BASED ON MARKET QUOTATION AT END OF REPORTING PERIOD	INCOME RECEIVED AND ACCRUED
Cash and cash equivalents	N/A	Php 2,052,566,048	Php 2,052,566,048	Php 41,715,589
Short-term cash investments	N/A	1,597,723,506	1,597,723,506	46,049,317
Receivables	N/A			
Installment contracts receivables	N/A	18,087,331,761	18,157,208,301	628,980,424
Others	N/A	3,171,578,941	3,171,578,941	-
Long-term cash investments	N/A	4,975,840,000	4,880,493,254	136,367,377
Available-for-sale financial assets	N/A	41,309,183	41,309,183	-
Total Financial Assets		**Php 29,926,349,439**	**Php 29,900,879,233**	**Php 853,112,707**
				-

Vista Land & Lifescapes, Inc.
Schedule B - Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2011

			DEDUCTIONS				
NAME AND DESIGNATION OF DEBTOR	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	CURRENT	NOT CURRENT	BALANCE AT END OF PERIOD

NOT APPLICABLE

Vista Land & Lifescapes, Inc.
Schedule C - Eliminated Transactions
December 31, 2011

			DEDUCTIONS				
NAME AND DESIGNATION OF DEBTOR	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS CONVERTED TO APIC/CAPITAL STOCK	CURRENT	NOT CURRENT	BALANCE AT END OF PERIOD

NOT APPLICABLE - NO TRADE TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

Vista Land & Lifescapes, Inc.
Schedule D - Intangible Assets - Other Assets
December 31, 2011

DESCRIPTION	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS				
			AMOUNTS COLLECTED	AMOUNT OF AMORTIZATION	CURRENT	NOT CURRENT	BALANCE AT END OF PERIOD
Systems development cost	Php 16,130,205	Php 38,425,168	Php -	Php (15,342,856)	Php -	Php -	Php 39,212,517

-

Vista Land & Lifescapes, Inc.
Schedule E - Long-term Debt
December 31, 2011

TITLE OF ISSUE AND TYPE OF OBLIGATION	AMOUNT AUTHORIZED BY INDENTURE	AMOUNT SHOWN UNDER CAPTION "CURRENT PORTION OF LONG-TERM DEBT" IN RELATED BALANCE SHEET	AMOUNT SHOWN UNDER CAPTION "LONG-TERM DEBT" IN RELATED BALANCE SHEET	INTEREST RATE	AMOUNT	NO. OF PERIODIC INSTALLMENT	MATURITY DATE
Notes payable	$ 175,000,000	Php -	Php 7,393,784,649	8.25%	$ 175,000,000	interest payable semi-annually	September 30, 2015

Vista Land & Lifescapes, Inc.
Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2011

NAME OF RELATED PARTY	BALANCE AT BEGINNING OF PERIOD	BALANCE AT END OF PERIOD

NOT APPLICABLE - NONE

Vista Land & Lifescapes, Inc.
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2011

NAME OF ISSUING ENTITY OF SECURITIES GUARANTEED BY THE COMPANY FOR WHICH THIS STATEMENT IS FILED	TITLE OF ISSUE OF EACH CLASS SECURITIES GUARANTEED	TOTAL AMOUNT GUARANTEED AND OUTSTANDING	AMOUNT OWNED BY PERSON FOR WHICH STATEMENT IS FILED	NATURE OF GUARANTEE

NOT APPLICABLE

Vista Land & Lifescapes, Inc.
Schedule H - Capital Stock
December 31, 2011

TITLE OF OF ISSUE	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED AND OUTSTANDING AT SHOWN UNDER RELATED BALANCE SHEET CAPTION	NUMBER OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSION AND OTHER RIGHTS	NUMBER OF SHARES HELD BY RELATED PARTIES	DIRECTORS, OFFICERS AND EMPLOYEES	OTHERS
Common Stock, P1 par value	11,000,000,000	8,499,097,614 (net of 39,643,000 treasury shares)	-	5,755,527,524	811,531	2,742,758,559
Preferred Stock, P0.10 par value	10,000,000,000	-	-	-	-	-

Common Stock

Beginning Balance		1,000,000
Issuances:	Increase in capital stock	1,508,651,456
	Tender offer	4,909,089,158
	Follow-on Offering	2,120,000,000
	Total issued	**8,538,740,614**
	Treasury shares	(39,643,000)
	Issued & Outstanding Shares	**8,499,097,614**