

SUNTRUST HOME DEVELOPERS, INC.

6/F The World Centre 330 Sen. Gil Puyat Avenue, Makati City 1200, Philippines
Tels: (632) 867-88-26 to 40

12 September 2011

The Philippine Stock Exchange, Inc.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Ms. France Alexandra M. Du
Assistant Manager, Disclosure Department

Gentlemen:

In reply to your letter dated September 12, 2011 received via ODiSy, we provide you with the following information in connection with our previous disclosure on the acquisition by Suntrust Home Developers, Inc. (the "Company") of First Oceanic Property Management, Inc. ("First Oceanic"):

- a) Terms and conditions of the transaction:
 - a.1) Number of shares acquired and price per share: 18,062,500 common shares at Php1.00 per share
 - a.2) The basis upon which the amount of consideration or the value of the transaction was determined: Par value of Php1.00 per share
 - a.3) Terms of payment: Cash, upon delivery of the shares.
 - a.4) Conditions precedent to closing of the transaction, *if any*: None, other than standard deliverables for a share purchase transaction (stock certificate, board resolution, etc.)
 - a.5) Other salient terms of the transaction: None
- b) Timetable for the implementation of the transaction, including the related regulatory approvals

Transaction is for immediate implementation and has closed. No regulatory approvals are necessary.
- c) Source(s) of funds

Advances from a shareholder

- d) The identity of the seller(s) and the nature and extent of material relationship with the Company, its directors, officers or any of its affiliates, *if any*.

Seller is First Centro, Inc. Other than this transaction, First Centro, Inc. has no material business transaction with the Company or its directors, officers and associates.

- e) The interest which directors of the parties have in the transaction

None

- f) Corporate background of First Oceanic:

f.1) Date of incorporation: January 31, 1990; nature of business: property management

f.2) Discussion of major projects and investments: It is engaged in the management of residential and office condominiums and private estates

f.3) List of subsidiaries and affiliates (with percentage holdings): Citylink Coach Services, Inc., 100% owned

f.4) Composition of Board of Directors and principal officers before the transaction after the transaction:

Prior to the transaction:

Lourdes G. Clemente	Chairman
Francisco C. Canuto	Director/Treasurer
Conegunda Lim-Armas	Director
Enrique Santos L. Sy	Director
Carmelo J. Canto III	Director/Corporate Secretary
Elmer P. Pineda	Vice-President
Rigoberto A. Santos	Vice-President

After the transaction: Not yet available.

f.5) Ownership structure before the transaction: 100% owned by First Centro, Inc.
Ownership structure after the transaction: 100% owned by the Company

f.6) Capital structure:

Authorized Capital Stock – Php50,000,000.00
Issued, Outstanding and Subscribed Shares – 18,062,500
Paid-up Capital – Php18,062,500
Par Value – Php1.00/share

f.7) Attached is a copy of the latest audited financial statements of First Oceanic.

- g) Effects on the business, financial condition and operations of the Company

The acquisition of First Oceanic is intended to create a new revenue stream for the Company which would complement its existing investments in real estate.

h) Any other information necessary to enable an investor to make an informed investment decision

None

We trust we have satisfied the requirements of the Exchange and that the trading of the Company's shares will not be suspended.

SUNTRUST HOME DEVELOPERS, INC.
Registrant

By:

A handwritten signature in blue ink, appearing to read "Rolando Siatela", is written over a light blue rectangular background.

ROLANDO D. SIATELA
Corporate Secretary & Information Officer



Punongbayan & Araullo

Report of Independent Auditors

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The Board of Directors
First Oceanic Property Management, Inc.
(A Wholly Owned Subsidiary of
First Centro, Inc.)

7th Floor, Paseo Center
8757 Paseo de Roxas corner Sedeño St.
Makati City

We have audited the accompanying interim financial statements of First Oceanic Property Management, Inc., which comprise the statements of financial position as at April 30, 2011 and December 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the four months ended April 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim 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 interim 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 interim 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 interim financial statements present fairly, in all material respects, the financial position of First Oceanic Property Management, Inc. as at April 30, 2011 and December 31, 2010, and of its financial performance and its cash flows for the four months ended April 30, 2011 in accordance with Philippine Financial Reporting Standards.

Other Matters

We have not audited the statement of comprehensive income, statement of changes in equity and statement of cash flows for the four months ended April 30, 2010, and accordingly, we do not express an opinion on those statements.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 2641862, January 3, 2011, Makati City
Partner's SEC Accreditation No. 0396-AR-1 (until Oct. 19, 2012)
BIR AN 08-002511-20-2009 (until Sept. 15, 2012)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)
Firm's SEC Accreditation No. 0002-FR-2 (until Feb. 1, 2012)

August 23, 2011

FIRST OCEANIC PROPERTY MANAGEMENT, INC.
(A Wholly Owned Subsidiary of First Centro, Inc.)
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2011 AND DECEMBER 31, 2010
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>April 30, 2011</u>		<u>December 31, 2010</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	4	P 21,370,877	P	19,496,044
Trade and other receivables - net	5	66,468,978		61,989,341
Due from related parties - net	15	7,764,520		8,432,010
Other current assets	6	<u>4,198,534</u>		<u>6,316,311</u>
Total Current Assets		<u>99,802,909</u>		<u>96,233,706</u>
NON-CURRENT ASSETS				
Trade and other receivables	5	9,034,062		10,870,100
Due from related parties	15	23,840,802		23,480,089
Investment in a subsidiary - net	7	-		937,495
Property and equipment - net	8	6,766,990		6,747,618
Intangible assets - net	9	4,177,238		1,934,000
Deferred tax assets	17	12,705,969		11,217,030
Other non-current assets - net		<u>232,063</u>		<u>241,358</u>
Total Non-current Assets		<u>56,757,124</u>		<u>55,427,690</u>
TOTAL ASSETS		<u>P 156,560,033</u>	P	<u>151,661,396</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans	10	P 997,601	P	397,618
Trade and other payables	11	21,114,613		30,640,224
Due to related parties	15	21,584,054		17,005,923
Income tax payable		<u>509,861</u>		<u>-</u>
Total Current Liabilities		<u>44,206,129</u>		<u>48,043,765</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans	10	746,004		795,236
Due to related parties	15	49,485,775		48,737,051
Retirement benefit obligation		<u>35,207,593</u>		<u>30,244,464</u>
Total Non-current Liabilities		<u>85,439,372</u>		<u>79,776,751</u>
Total Liabilities		<u>129,645,501</u>		<u>127,820,516</u>
EQUITY				
Capital stock	19	18,062,500		62,500
Retained earnings	18	<u>8,852,032</u>		<u>23,778,380</u>
Total Equity		<u>26,914,532</u>		<u>23,840,880</u>
TOTAL LIABILITIES AND EQUITY		<u>P 156,560,033</u>	P	<u>151,661,396</u>

See Notes to the Interim Financial Information.

FIRST OCEANIC PROPERTY MANAGEMENT, INC.
(A Wholly Owned Subsidiary of First Centro, Inc.)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOUR MONTHS ENDED APRIL 30, 2011
(With Comparative Figures for April 30, 2010)
(Amounts in Philippine Pesos)

	Notes	2011	2010 (UNAUDITED)
REVENUES			
Management fees		P 44,215,254	P 40,541,190
Others - net		314,742	2,248,805
		44,529,996	42,789,995
COST OF SERVICES	12	34,302,010	24,550,956
GROSS PROFIT		10,227,986	18,239,039
OTHER OPERATING EXPENSES	13	4,190,784	3,901,696
OPERATING PROFIT		6,037,202	14,337,343
OTHER INCOME (CHARGES)			
Finance income	14	734,231	553,942
Finance costs	14	(785,710)	-
Other charges	7	(999,990)	-
		(1,051,469)	553,942
PROFIT BEFORE TAX		4,985,733	14,891,285
TAX EXPENSE	17	1,912,081	4,205,158
NET PROFIT		3,073,652	10,686,127
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		P 3,073,652	P 10,686,127

See Notes to the Interim Financial Information.

FIRST OCEANIC PROPERTY MANAGEMENT, INC.
(A Wholly Owned Subsidiary of First Centro, Inc.)
STATEMENT OF CASH FLOWS
FOR THE FOUR MONTHS ENDED APRIL 30, 2011
(With Comparative Figures for April 30, 2010)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2011</u>	<u>2010</u> <u>(UNAUDITED)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 4,985,733	P 14,891,285
Adjustments for:			
Depreciation and amortization	8, 9	1,064,477	943,807
Impairment loss on investment in a subsidiary	7	999,990	-
Amortization of day one loss - net	14	388,011	-
Interest income	14	(39,244)	(29,608)
Interest expense	14	36,986	-
Operating profit before working capital changes		7,435,953	15,805,484
Decrease (increase) in trade and other receivables		(2,282,886)	6,725,908
Increase in other assets		(756,238)	(1,391,412)
Decrease in trade and other payables		(9,525,611)	(317,811)
Increase in retirement benefit obligation		4,963,129	-
Cash generated from (used in) operations		(165,653)	20,822,169
Cash paid for income taxes		(7,849)	-
Net Cash From (Used in) Operating Activities		(173,502)	20,822,169
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to intangible assets	9	(2,243,238)	(960,524)
Acquisitions of property and equipment	8	(1,083,849)	-
Decrease (increase) in amounts due from related parties		244,282	(12,394,524)
Interest received		39,244	29,608
Proceeds from sale of property and equipment	8	-	94,997
Net Cash Used in Investing Activities		(3,043,561)	(13,230,443)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amounts due to related parties		4,578,131	-
Proceeds from (repayments) of interest-bearing loans		550,751	(1,313,144)
Interest paid		(36,986)	-
Net Cash From (Used in) Financing Activities		5,091,896	(1,313,144)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,874,833	6,278,582
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		19,496,044	19,473,798
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 21,370,877	P 25,752,380

Supplementary Information on Noncash Financing Activity

- During the first quarter of 2011, the Company declared and issued stock dividend amounting to P18.0 million to its stockholders (see Note 19).

See Notes to the Interim Financial Information.

FIRST OCEANIC PROPERTY MANAGEMENT, INC.
(A Wholly Owned Subsidiary of First Centro, Inc.)
NOTES TO INTERIM FINANCIAL INFORMATION
APRIL 30, 2011 AND DECEMBER 31, 2010
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

First Oceanic Property Management, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 31, 1990. The Company is engaged primarily in the management of real estate properties.

In 2006, the Company became a wholly owned subsidiary of First Centro, Inc. (FCI), a domestic corporation. FCI is a wholly owned subsidiary of Alliance Global Group, Inc. (AGI), a publicly-listed entity and a holding company with diversified investments in real estate, tourism-oriented industries, food and beverage, and quick service restaurants. FCI is presently engaged in the business of developing and selling its own real estate properties and acting as an agent or broker for sales of real properties and other entities. In the same year, the Company also purchased 100% shares of CityLink Coach Services, Inc. (CityLink), a domestic company engaged in the transportation business.

The registered office of the Company, which is also its principal place of business, is located at the 7th Floor, Paseo Center, 8757 Paseo de Roxas corner Sedeño St., Makati City. The registered office of FCI is located at the 10th Floor, The Richmond Hotel, 21 San Miguel Avenue corner Lourdes Street, Ortigas Center, Pasig City. The registered office and principal place of business of AGI is located at 7th Floor, 1880 Eastwood Ave. Bldg., Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City.

The interim financial information of the Company for the four months ended April 30, 2011 (including the comparatives for the year ended December 31, 2010 and the unaudited financial information for the period ended April 30, 2010) were authorized for issue by the Company's Senior Assistant Vice President on August 23, 2011.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

This interim financial information has been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. This interim financial information do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company, as of and for the year ended December 31, 2010, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The preparation of interim financial information in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The interim financial information are presented in Philippine peso, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

3. ACCOUNTING POLICIES

During the period ended April 30, 2011, the Company adopted the following annual improvements and interpretations to existing standards that are relevant to the Company and effective for financial statement beginning on or after January 1, 2011:

- (i) PAS 24 (Revised), *Related Party Disclosures* (effective from January 1, 2011). The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this standard did not significantly impact the Company's financial statements as the Company currently have no transactions with government-related entities.
- (ii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010). It addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:
 - the issue of equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*;
 - the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;
 - if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,
 - the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

Management has determined that the adoption of the interpretation did not have any material effect on its financial statements as no financial liabilities were extinguish through equity swap during the period.

- (iii) 2010 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to Philippine Financial Reporting Standards 2010* (the 2010 Improvements). Most of these amendments became effective for annual periods beginning on or after July 1, 2010, or January 1, 2010. The adoption of this standard did not have a material impact on its financial statements.

The significant accounting policies used in this interim financial information are consistent with those applied in the Company's annual financial statements as of and for the year ended December 31, 2010.

The policies have been consistently applied to all periods presented, unless otherwise stated.

4. CASH AND CASH EQUIVALENTS

This account consists of the following:

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Cash on hand and in banks	P 12,443,596	P 17,921,962
Short-term placements	<u>8,927,281</u>	<u>1,574,082</u>
	<u>P 21,370,877</u>	<u>P 19,496,044</u>

Short-term placements have an average maturity of 30 to 90 days and earn interest at effective interest rates ranging from 3.50% to 4.00% in 2011 and 3.25% to 4.13% in 2010.

5. TRADE AND OTHER RECEIVABLES

The details of this account are as follows:

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Current:		
Trade receivables	P 67,212,397	P 62,885,989
Advances to officers and employees	3,372,541	2,903,435
Car loans receivables	950,329	1,279,084
Housing loans receivables	887,846	1,047,377
Others	<u>672,898</u>	<u>500,489</u>
	73,096,011	68,616,374
Allowance for impairment	<u>(6,627,033)</u>	<u>(6,627,033)</u>
	<u>66,468,978</u>	<u>61,989,341</u>

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Non-current:		
Housing loans receivables	5,724,098	2,740,293
Car loans receivables	<u>3,309,964</u>	<u>8,129,807</u>
	<u>9,034,062</u>	<u>10,870,100</u>
	<u>P 75,503,040</u>	<u>P 72,859,441</u>

6. OTHER CURRENT ASSETS

This account is composed of the following:

	<u>Note</u>	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Advances to contractors		P 2,764,092	P 4,031,330
Prepayments		926,434	-
Subscription receivable	18	46,875	46,875
Creditable withholding tax		-	1,874,253
Others		<u>461,133</u>	<u>363,853</u>
		<u>P 4,198,534</u>	<u>P 6,316,311</u>

7. INVESTMENT IN A SUBSIDIARY

This account represents the Company's 100% ownership interest in CityLink, a company engaged in overland transport, carriage, moving or hauling of passengers, fares, customers and commuters and all other related activities.

The net carrying amount of the Company's investment in CityLink is shown as Investment in a Subsidiary in the statements of financial position. As of April 30, 2011 the Company's management has assessed that the investment in CityLink has been fully impaired. Accordingly, impairment loss on the investment amounting to P1.0 million was recognized and presented as part of Other Charges under Other Income (Charges) in the 2011 statement of comprehensive income. No impairment loss was recognized in 2010.

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization are shown below.

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Cost	P 25,069,280	P 23,985,431
Accumulated depreciation and amortization	(18,302,290)	(17,237,813)
	<u>P 6,766,990</u>	<u>P 6,747,618</u>

The reconciliation of the carrying amounts of property and equipment is shown below.

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Balance at beginning of period	P 6,747,618	P 6,028,324
Additions	1,083,849	4,008,838
Depreciation and amortization	(1,064,477)	(2,901,677)
Disposals	-	(387,867)
Balance at end of period	<u>P 6,766,990</u>	<u>P 6,747,618</u>

In 2010, the Company disposed certain property and equipment with a net book value of P0.4 million. No gain or loss was recorded as a result of this transaction.

9. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of computer software are shown below.

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Cost	P 4,195,413	P 1,952,175
Accumulated amortization	18,175	18,175
	<u>P 4,177,238</u>	<u>P 1,934,000</u>

The reconciliation of the carrying amounts of computer software is shown below.

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Balance at beginning of period	P 1,934,000	P 962,544
Additions	2,243,238	976,000
Amortization	<u>-</u>	<u>(4,544)</u>
Balance at end of period	<u>P 4,177,238</u>	<u>P 1,934,000</u>

No amortization was recognized in 2011 as the remaining software is not yet available for use.

10. INTEREST-BEARING LOANS

The short-term and long-term interest-bearing loans were as follows:

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Current portion	P 997,601	P 397,618
Non-current portion	<u>746,004</u>	<u>795,236</u>
	<u>P 1,743,605</u>	<u>P 1,192,854</u>

The car loans obtained from a local bank bear annual interest ranging from 3.19% to 3.66% in 2011 and 3.49% to 4.22% in 2010 and are generally payable in 36 monthly installments.

11. TRADE AND OTHER PAYABLES

This account consists of:

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Trade payables	P 11,340,713	P 18,200,643
Customers' deposits	2,404,933	2,391,077
Accrued expenses	1,717,727	5,050,553
Output Value-Added Tax (VAT) payable	1,278,251	1,081,162
Withholding tax payable	-	2,372,794
Others	<u>4,372,989</u>	<u>1,543,995</u>
	<u>P 21,114,613</u>	<u>P 30,640,224</u>

Accrued expenses include utilities, professional fees, and others while Customers' deposits represent deposits made by customers for telephone services and are refunded at the end of the contract. Other payables include liabilities arising from purchases from nontrade suppliers, e.g. deferred output VAT, SSS, Pag-ibig and Philhealth premiums payable.

12. COST OF SERVICES

The details of this account for the four months ended April 30 are shown below.

	<u>2011</u>	2010 <u>(UNAUDITED)</u>
Salaries and employee benefits	P 33,014,178	P 23,163,721
Outside services	<u>1,287,832</u>	<u>1,387,235</u>
	<u>P 34,302,010</u>	<u>P 24,550,956</u>

13. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature for the four months ended April 30 are shown below.

	<u>Notes</u>	<u>2011</u>	2010 <u>(UNAUDITED)</u>
Salaries and employee benefits		P 33,444,802	P 23,560,033
Outside services		1,287,832	1,387,235
Depreciation and amortization	8, 9	1,064,477	943,807
Utilities		1,048,845	491,898
Taxes and licenses		485,313	897,434
Supplies		197,073	151,209
Travel and transportation		175,629	125,395
Repairs and maintenance		152,423	212,246
Insurance		45,183	77,936
Trainings and seminars		13,431	25,912
Miscellaneous		<u>577,786</u>	<u>579,547</u>
		<u>P 38,492,794</u>	<u>P 28,452,652</u>

These expenses are classified in profit or loss as follows:

	<u>Note</u>	<u>2011</u>	2010 <u>(UNAUDITED)</u>
Cost of services	12	P 34,302,010	P 24,550,956
Other operating expenses		<u>4,190,784</u>	<u>3,901,696</u>
		<u>P 38,492,794</u>	<u>P 28,452,652</u>

14. OTHER INCOME (CHARGES)

For the four months ended April 30, the breakdown of Other Income (Charges) is as follows:

14.1 Finance Income

	<u>Note</u>	<u>2011</u>	2010 <u>(UNAUDITED)</u>
Interest income from:			
Advances to Goldsquare Properties, Inc. (Goldsquare)	15.2	P 360,713	P 252,194
Housing, car loans, and other receivables		<u>334,274</u>	<u>272,140</u>
Cash and cash equivalents		<u>39,244</u>	<u>29,608</u>
		<u>P 734,231</u>	<u>P 553,942</u>

14.2 Finance Costs

	<u>Note</u>	<u>2011</u>	2010 <u>(UNAUDITED)</u>
Interest expense from:			
Advances from Empire East Landholdings, Inc. (EELHI)	15.3	P 748,724	P -
Interest-bearing loans		<u>36,986</u>	<u>-</u>
		<u>P 785,710</u>	<u>P -</u>

15. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has transactions with related parties consisting mainly of the following:

15.1 Noninterest-bearing Due from and to Related Parties

	<u>Note</u>	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Advances to Goldsquare		P 23,840,802	P 23,480,089
Advances to Georgia Technosystems, Inc. (GTI)	15.4	7,067,804	7,954,615
Others		<u>816,325</u>	<u>597,004</u>
		31,724,931	32,031,708
Allowance for impairment		<u>(119,609)</u>	<u>(119,609)</u>
		<u>P 31,605,322</u>	<u>P 31,912,099</u>

These are classified in the statements of financial position as follows:

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Current - net	P 7,764,520	P 8,432,010
Non-current	<u>23,840,802</u>	<u>23,480,089</u>
	<u>P 31,605,322</u>	<u>P 31,912,099</u>

The outstanding balances of due to related parties under common ownership are as follows:

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Advances from EELHI	P 49,485,775	P 48,737,051
Megaworld Corporation	6,364,604	6,364,604
Cyber One Corporation	5,586,593	2,086,593
Golden Hands Multipurpose Corporation	5,574,410	4,496,279
Megaworld Land, Inc.	4,000,000	4,000,000
Others	<u>58,447</u>	<u>58,447</u>
	<u>P 71,069,829</u>	<u>P 65,742,974</u>

These are classified in the statements of financial position as follows:

	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Current	P 21,584,054	P 17,005,923
Non-current	<u>49,485,775</u>	<u>48,737,051</u>
	<u>P 71,069,829</u>	<u>P 65,742,974</u>

15.2 Advances to Goldsquare

The Company entered into a Memorandum of Agreement (MOA) on October 27, 1995 with Goldloop Properties, Inc., (GPI) and First Georgetown Ventures, Inc. (FGVI). The parties agreed to incorporate a joint venture company, Goldsquare, for the purpose of constructing a condominium building (see Note 16). Advances granted by the Company to Goldsquare related to the construction of the building amounted to P25.9 million and is expected to be collected in 2012. Outstanding balances arising from these transactions are measured at amortized cost using the effective interest of 6%.

The breakdown of Advances to Goldsquare, shown under non-current portion of the Due from Related Parties account in the statements of financial position, is as follows:

	<u>Note</u>	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Balance at beginning of period		P 23,480,089	P 22,645,172
Finance income	14.1	<u>360,713</u>	<u>834,917</u>
Balance at end of period		<u>P 23,840,802</u>	<u>P 23,480,089</u>

15.3 Advances from EELHI

EELHI, a related party under common ownership, grants noninterest-bearing advances to the Company for working capital requirements payable after five years from the date the loan was obtained. Outstanding balances arising from these transactions are measured at amortized cost using the effective interest method.

The movements in the cash advances which are shown as non-current portion of the Due to Related Parties account in the statements of financial position are as follows:

	<u>Note</u>	<u>April 30, 2011</u>	<u>December 31, 2010</u>
Balance at beginning of period		P 48,737,051	P 47,004,034
Finance cost	14.2	<u>748,724</u>	<u>1,733,017</u>
Balance at end of period		<u>P 49,485,775</u>	<u>P 48,737,051</u>

15.4 Advances to GTI

In prior years, the Company provided short-term noninterest-bearing cash advances to GTI, a related party under common management, for its working capital. The outstanding receivables, which amounted to P7.1 million and P8.0 million as of April 30, 2011 and December 31, 2010, respectively, were presented as part of the current portion of the Due from Related Parties account in the statements of financial position (see Note 15.1).

15.5 Key Management Personnel and Compensation

The compensation of the Company's key management personnel are included as part of Salaries and Employee Benefits account in the statement of comprehensive income (see Note 13).

16. JOINT VENTURE AGREEMENT

The Company entered into a MOA with GPI and FGVI on October 27, 1995. The parties agreed to incorporate a joint venture company, Goldsquare, for the purpose of constructing a condominium building (see Note 15.2).

The condominium project has been temporarily suspended, as it requires structural redesigning. Major changes in structural concepts and designs need to be settled before actual construction can take place. As of April 30, 2011, the joint venture with GPI is still under negotiation.

17. TAXES

The components of tax expense as reported in profit or loss for the four months ended April 30 is shown below.

	<u>2011</u>	<u>2010</u> (UNAUDITED)
Current tax expense:		
Regular corporate income tax at 30%	P 3,393,171	P 4,205,158
Final tax at 20%	<u>7,849</u>	<u>-</u>
	<u>3,401,020</u>	<u>4,205,158</u>
 Deferred tax income relating to origination and reversal of temporary difference	 (<u>1,488,939</u>)	 <u>-</u>
	 <u>P 1,912,081</u>	 <u>P 4,205,158</u>

The deferred tax assets are related to the following:

	<u>Statements of</u> <u>Financial Position</u>		<u>Statement of</u> <u>Comprehensive Income</u>	
	<u>April 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>2011</u>	<u>2010</u> (UNAUDITED)
Retirement benefit obligation	P 10,562,278	P 9,073,339	(P 1,488,939)	P -
Allowance for impairment	<u>2,143,691</u>	<u>2,143,691</u>	<u>-</u>	<u>-</u>
 Deferred tax income			 (<u>P 1,488,939</u>)	 <u>P -</u>
Deferred tax assets	<u>P 12,705,969</u>	<u>P 11,217,030</u>		

18. CAPITAL STOCK

As of December 31, 2010, the Company is authorized to issue 250,000 shares of stock with par value of P1 per share. Of the total authorized capital stock, 62,500 shares amounting to P62,500 were subscribed while the subscription receivables, which is presented as part of Other Current Assets, amounted to P46,875 (see Note 6).

On February 28, 2011, the Board of Directors (BOD) approved the increase in the authorized capital stock of the Company from P250,000 (250,000 shares with P1 par value) to P50,000,000 (50,000,000 shares with P1 par value). Subsequently, on April 29, 2011, the SEC approved the Company's application for the increase in authorized capital stock through issuance of stock dividend (see Note 19).

19. STOCK DIVIDEND

On February 28, 2011, the BOD approved the declaration of stock dividend amounting to P18.0 million to stockholders of record as of February 28, 2011, to be paid and taken from the 2010 unrestricted retained earnings (see Note 18). The stock dividend was fully distributed on the same date.

20. COMMITMENTS AND CONTINGENCIES

The Company has commitments and contingencies that may arise in the normal course of the Company's operations which have not been reflected in these interim financial information. Management is of the opinion that losses, if any, from these other commitments will not have material effects on the Company's interim financial information.

21. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no material events that occurred subsequent to the interim period that is required to be recorded or disclosed in these interim financial information.