

Eton Properties Philippines, Inc.

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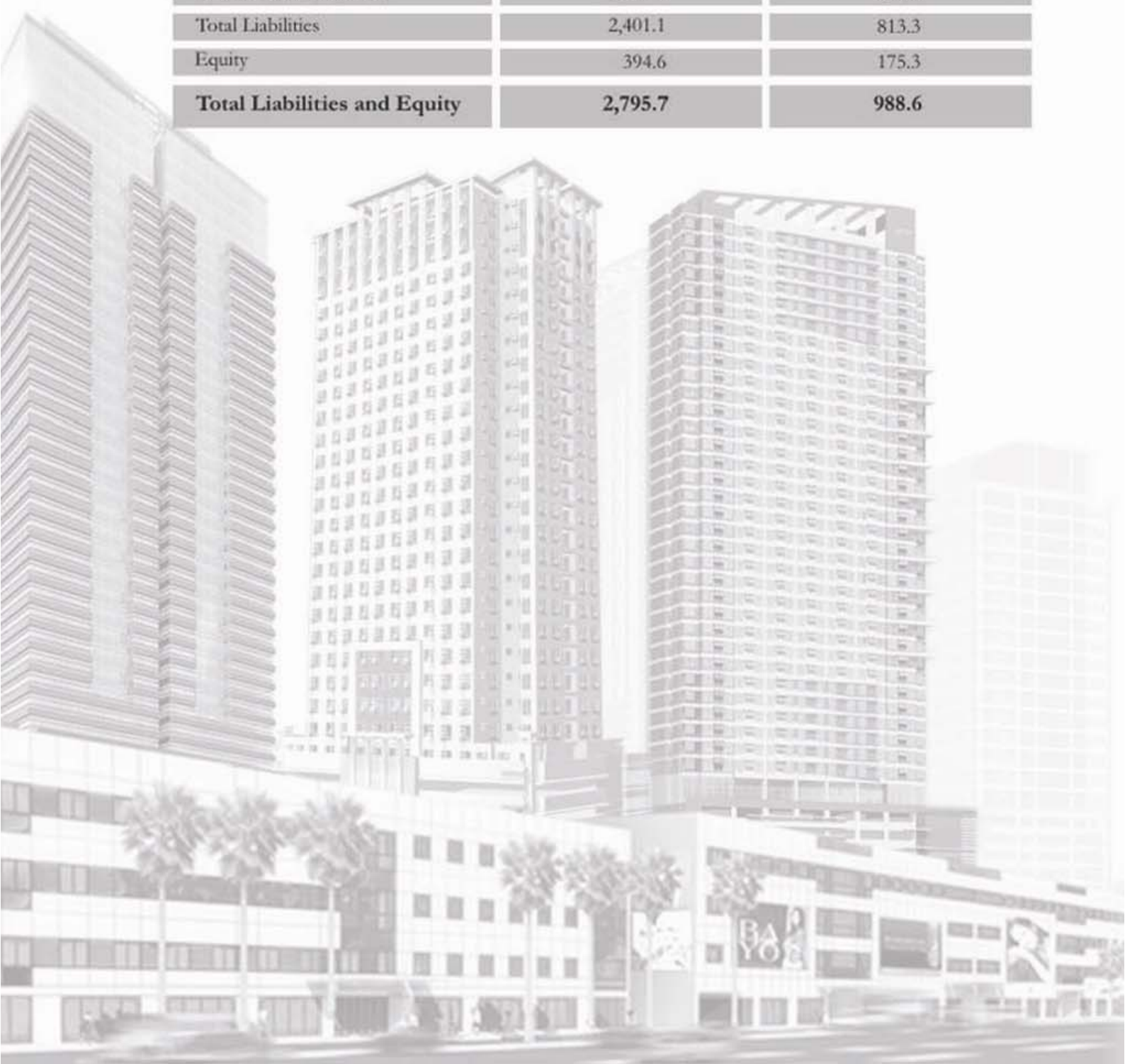
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2008

Financial Highlights

FINANCIAL POSITION (In Millions)	As of December 31, 2008	As of December 31, 2007
Current Assets	1,910.1	691.1
Non-Current Assets	885.6	297.5
Total Assets	2,795.7	988.6
Current Liabilities	245.0	111.7
Non-Current Liabilities	2,156.1	701.6
Total Liabilities	2,401.1	813.3
Equity	394.6	175.3
Total Liabilities and Equity	2,795.7	988.6



CHAIRMAN'S MESSAGE

To my fellow Shareholders,

The year 2008 for the property sector was a test in many ways – a test of resiliency and strength. With a global economy in turmoil, a domestic market reeling from the almost daily onslaught of bad news, Eton Properties stood its ground and emerged stronger. I am pleased to report to you that, in spite of the economic crisis, our 2008 sales were even higher compared to 2007.

As a responsible and prudent developer, Eton Properties acted swiftly to protect your interest by exercising caution and holding off new project launches. Instead, it focused on selling its remaining inventory of residential projects, most of which are now sold-out, and starting construction of the Company's first projects. We rationalized our cost and gained new efficiencies through the combined efforts of our employees and partners.

On its first year, ETON Properties made headway with its innovative high-rise residential projects. In 2008, we saw the beginning of the Company's evolution from residential projects to the larger scope of full-range property development. This balances our real-estate portfolio through office and commercial projects that will bring future recurring lease income.

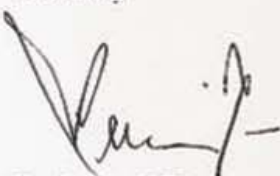
Given all these initiatives, we kept our eyes on the future. Our research and development efforts continued. When market conditions started improving in the first quarter of 2009, we were more than ready with new projects.

ETON has long established itself as an international property giant with landmark projects in Hong Kong and China. The ETON legacy created overseas remains a model that we, as its local counterpart, strives for. For us, "Building with Pride" is more than a company credo, it is a burning desire to fulfill the dream of many Filipinos to own a home.

ETON Properties will join hands with our clients in bringing their dream home to life. And, consistent with the vision that gave life to us, we journey into the future fully committed to our clients and stakeholders.

As we continue building ETON Properties into a major industry player, I wish to extend my sincerest gratitude to our shareholders for their continued patience and support, and to our Board of Directors for their guidance.

Mabuhay!



Dr. Lucio C. Tan
Chairman



MANAGEMENT'S REPORT

Dear Shareholders:

In less than two years from its inception, ETON Properties Philippines has launched 7 residential condominiums, 2 residential subdivisions, 2 office projects and 4 commercial developments - making your company a recognized major player in the Philippine real estate industry.

Despite the economic challenges, 2008 was a good year for ETON Properties. The first half of the year saw the prices of steel, cement and other construction materials substantially go up. The second half brought the effects of the global economic crisis to our shores with residential sales slowing down.

In spite of all these challenges, your company achieved the following:

- Generated 17% higher gross reservation sales in 2008 compared to 2007 by substantially selling out The Eton Residences Greenbelt, Eton Baypark Manila, Eton Emerald Lofts, Eton Parkview Greenbelt, Tower One of One Archers Place, Tower One of Belton Place, and the first 3 clusters of The Manors at North Belton Communities.
- Began construction activities for our initial residential projects The Eton Residences Greenbelt, Eton Baypark Manila, Eton Emerald Lofts, Eton Parkview Greenbelt, Belton Place, One Archers Place, South Lake Village at Eton City and The Manors at North Belton Communities.
- Laid the groundwork for the company's transition into a full-range property developer with the construction of our initial office projects, Eton Cyberpod Centris and Eton Cyberpod Corinthian, and the launch of our first four commercial developments, Centris Station, Centris Walk, E-Life and the Green Podium.

We came through 2008 in good shape by:

- focusing on selling out the residential projects already launched
- deferring new project launches until market conditions improved,
- protecting our margins by rationalizing our cost and doing regular price increases when warranted,
- concentrating our efforts on constructing the projects launched on schedule as promised to our buyers.

This we did while keeping an eye on the future by balancing our real estate portfolio with both development and investment projects. Our initial investments in office and commercial projects began in 2008 and will provide the company a steady stream of future recurring lease income.

We held off on new project launches, but continued product research and development to achieve a push-button readiness in the launching of new projects - taking advantage of the extensive land bank of the Lucio Tan Group of Companies. This readiness allowed us to launch new projects as the economy began to improve starting on the first quarter of 2009.

We ended 2008 with a far more resilient and responsive business. Our balance sheet is strong and the company remains debt-free.

In 2008, we matured as an organization and gained vital expertise - developed new capabilities, worked-out strategies for continued long-term growth and built a profitable, growing business along the way.

FINANCIAL PERFORMANCE

Full-blast construction activities for our office and commercial projects increased the company's property assets by 1,031% to P543,263,658 while real-estate inventories of residential projects under construction grew 176% to P311,296,480.

In spite of the global economic challenges of 2008, Eton posted a 207% increase in customer advances and deposits reflecting strong reservation sales for all residential projects. The company achieved better consolidated revenues of P89,892,736, 334% higher than the previous year.

The company reflected a net loss in 2008 of P125,764,001, 14% lower compared to the previous year, since no revenue has been recognized due to the minimal construction activities in its residential projects. The company adopted the percentage-of-completion accounting method in recognizing residential project revenue in compliance with International Accounting Standards (IAS). Under this method, residential project revenue will only be realized if there has been progress on construction and the stage of completion can be reasonably estimated.

OUTLOOK FOR 2009

Eton Properties will begin to show profits in 2009 as we start to recognize revenue from the sale of residential units with the full-blast construction of The Eton Residences Greenbelt, Eton Baypark Manila, Eton Emerald Lofts, Eton Parkview Greenbelt, One Archers Place, Belton Place, South Lake Village at Eton City, and The Manors at North Belton Communities. We will also begin to earn recurring

lease income from our office and commercial projects.

We take a cautious but optimistic stance in 2009, encouraged by the improvement in sales that we experienced in the first quarter. We recognize that economic uncertainty may dampen demand but take heart that of all investment avenues available to our buyers, from the equities market to bank placements, their real estate investment with ETON Properties have not been negatively affected and have, in fact, appreciated in value. We believe this fact will help restore investor confidence in real estate and hopefully translate to increased sales in 2009.

While our focus remains primarily on the development of our current inventory of projects, we have bright prospects for further growth in 2009 in the following areas:

Commercial Centers

Our aim is to create new destinations for leisure and entertainment and create an enabling environment for businesses. We will strive for a diverse tenant mix to address the taste and preferences of customers and enhance their experience.

ETON Properties will promote the company's retail locations with fresh concepts that will excite the market. Your company's commercial efforts will reach its fruition with the start of operations of Centris Station, Centris Walk and E-Life at Eton Cyberpod Corinthian by year-end and the opening of the Green Podium to the public by 2010.

BPO Office

Our initial forays in office development, Eton Cyberpod Centris and Eton Cyberpod Corinthian, are all situated in strategic locations easily accessible via the MRT and other transportation services. This accessibility is a key advantage of Eton offices and a criterion for our future office developments, be it investment projects or built-to-suit facilities for our office clients.

Residential

Our focus for residential development is on the end-user market in strategic areas that are emerging, centrally-located, where existing demand is unmet and with a market profile that is less affected by the economic crisis.

Development projects for 2009 will see a strong bias towards middle-income residential projects - the main market of fully-owned subsidiary Belton Communities, Inc.

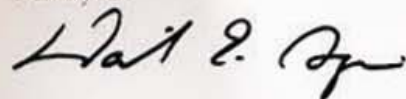
For 2009, we carefully conceptualized a number of end-user type residential developments in key areas around Metro Manila. One is a high-end townhouse community in Rocas Avenue, Quezon City, named *68 Rocas*, set to meet strong end-user demand in the area. Second, is a new enclave in North Belton Communities called *West Wing Residences* which will feature mid-income American-inspired townhouses. Next, the highly successful *One Archers Place* project will see the launch of its second tower.

We are also studying the development of at least 2 new residential subdivisions. One, a middle-income enclave in Eton City, and two, a new middle-income residential development in Fairview, Quezon City.

ETON Properties in 2009 will continue its evolution from being a developer previously known for its high-rise residential projects to a full-range property development company encompassing residential, commercial and office projects.

Our solid and resilient performance is a credit to the unwavering guidance of the Board of Directors and the management team, the steadfast perseverance of our colleagues and employees throughout the Company, and the consistent support of our sister companies. As always, we thank them for their hard work and cooperation in delivering a fundamentally more robust business for you, our shareholders.

Thank you.



DANILO E. IGNACIO
PRESIDENT & COO





THE ETON RESIDENCES GREENBELT

- Completed demolition and excavation works.
- First concrete pouring: December 2008.
- Turnover: September 2011.



ETON BAYPARK MANILA

- Completed excavation works.
- First concrete pouring: December 2008.
- Turnover: December 2010.



ETON EMERALD LOFTS

- Accredited and granted incentives by the Board of Investments.
- Groundbreaking and commencement of excavation works in September 2008.
- Turnover: December 2011.



ETON PARKVIEW GREENBELT

- Completed demolition works in December 2008.
- Turnover: December 2011.



BELTON PLACE MAKATI

- Accredited and granted incentives by the Board of Investments.
- Completed initial demolition works.
- Turnover: December 2011.



- Accredited and granted incentives by the Board of Investments.
- Completed construction of the 5th level as of end 2008.
- Turnover: May 2010.



Residential Condominiums

The Eton approach to residential property development is to focus on strategic business areas where financial and commercial activities are centralized. Three of its first high-rise projects are located in Makati, the financial capital of the country. *The Eton Residences Greenbelt* and *Eton Parkview Greenbelt* both enjoy the dynamic Greenbelt lifestyle, while *Belton Place* is located just steps away from Ayala and Sen. Gil Fuyat Avenues. Centrally located within the confines of Ortigas Center is *Eton Emerald Lofts*. *One Arbers Place* is situated along Taft Avenue and is directly adjacent to De La Salle University. *Eton Baypark Manila*, on the other hand, is along Roxas Boulevard.

New residential projects for 2009 will see more end-user type developments that would cater to first-time home buyers and established families.



TOWNSHIP



Eton City, hailed as the “The Makati of the South”, occupies close to 1,000 hectares of prime land. It is master planned to include residential enclaves, a world class business district and a broad range of commercial and resort-type recreation facilities.

Found within Eton City is *South Lake Village*, the country's first residential island lot development featuring 18 residential islands surrounded by a 35-hectare man-made lake.

Eton City is also home to *Riverbend*, a 9.6-hectare residential community targeting the upper middle-income market.

2008 DEVELOPMENT HIGHLIGHTS

South Lake Village at Eton City

- Groundwork ongoing.
- First Island lot to be delivered in June 2009.

Riverbend at Eton City

- Launched October 2008



Projects



Eton Centris is a sprawling 12-hectare township development at the corner of EDSA and Quezon Avenue with a direct connection to the MRT Station. This mixed-use complex integrates world-class business, residential, retail and recreational components in one choice setting. Initial developments are *Eton Cyberpod Centris*, *Centris Walk* and *Centris Station*.





Commercial CENTERS

Eton Properties made its entry into the commercial center business with the launch of its first four commercial projects: *Centris Station* and *Centris Walk* which are both located at the sprawling Eton Centris complex at the corner of EDSA and Quezon Avenue, *E-Life* at Eton Cyberpod Corinthian near the corner of EDSA and Ortigas Avenue, and the *Green Podium* at One Archers Place along Taft Avenue, Manila.

Eton aims to establish new trends in commercial center development by introducing distinct features and services in strategic locations offering convenience and accessibility. These are community driven developments and are designed as focal points for the company's residential and township developments, completing the work-live-and-play concept.



2008 DEVELOPMENT HIGHLIGHTS

Centris Station

- 11,100 sqm gross leasable area
- Anchor Tenant: SM Hypermarket
- Opens 4th quarter of 2009

Centris Walk

- 8,300 sqm gross leasable area
- Opens 4th quarter of 2009

E-Life

- 6,200 sqm gross leasable area
- Opens 4th quarter of 2009

Green Podium

- 3,300 sqm gross leasable area
- Opens 4th quarter of 2010



CYBERPOD

CENTRIS



CYBERPOD

CORINTHIAN



BPO Offices

The Business Process Outsourcing (BPO) industry in the Philippines has achieved massive expansion over the years. It has become the major career destination of today's young job seekers and has greatly contributed to the nation's economic growth. Although the BPO industry was not immune to the effects of the global economic crisis, measures undertaken by multinational firms and their local partners to mitigate the effects of the crisis have continued to fuel the industry.

2008 saw the full-blast construction of the company's first office projects, *Eton Cyberpod Centre* and *Eton Cyberpod Corinthian* are both strategically located and have a direct access to EDSA and various transport services.

The low-rise campus-style design of each building caters to the demanding work setting of BPO companies. A ground-floor retail area complements the 24/7 operations of the call center trade.

All of Eton's Cyberpod offices have received PEZA accreditation, allowing future tenants to enjoy preferential tax incentives.

2008 DEVELOPMENT HIGHLIGHTS

Eton Cyberpod Centre

- substantially completed in 2008
- Received PEZA Accreditation November 2008

Eton Cyberpod Corinthian

- construction works started in June 2008
- Received PEZA Accreditation November 2008



BELTON

COMMUNITIES, INC.

SETTING NEW STANDARDS IN AFFORDABLE LIVING.



Fully-owned subsidiary **Belton Communities, Inc.** aims to redefine standards in affordable living with project developments tapping the middle-income market. Its first project, North Belton Communities in Quezon City, is a 13.8-hectare multi-enclave development that will feature mid-rise condominiums, townhouses and house-and-lot units.

The first enclave is *The Manors*, featuring 14 clusters of 5-storey mid-rise condominiums catering to the middle market.

The Manors

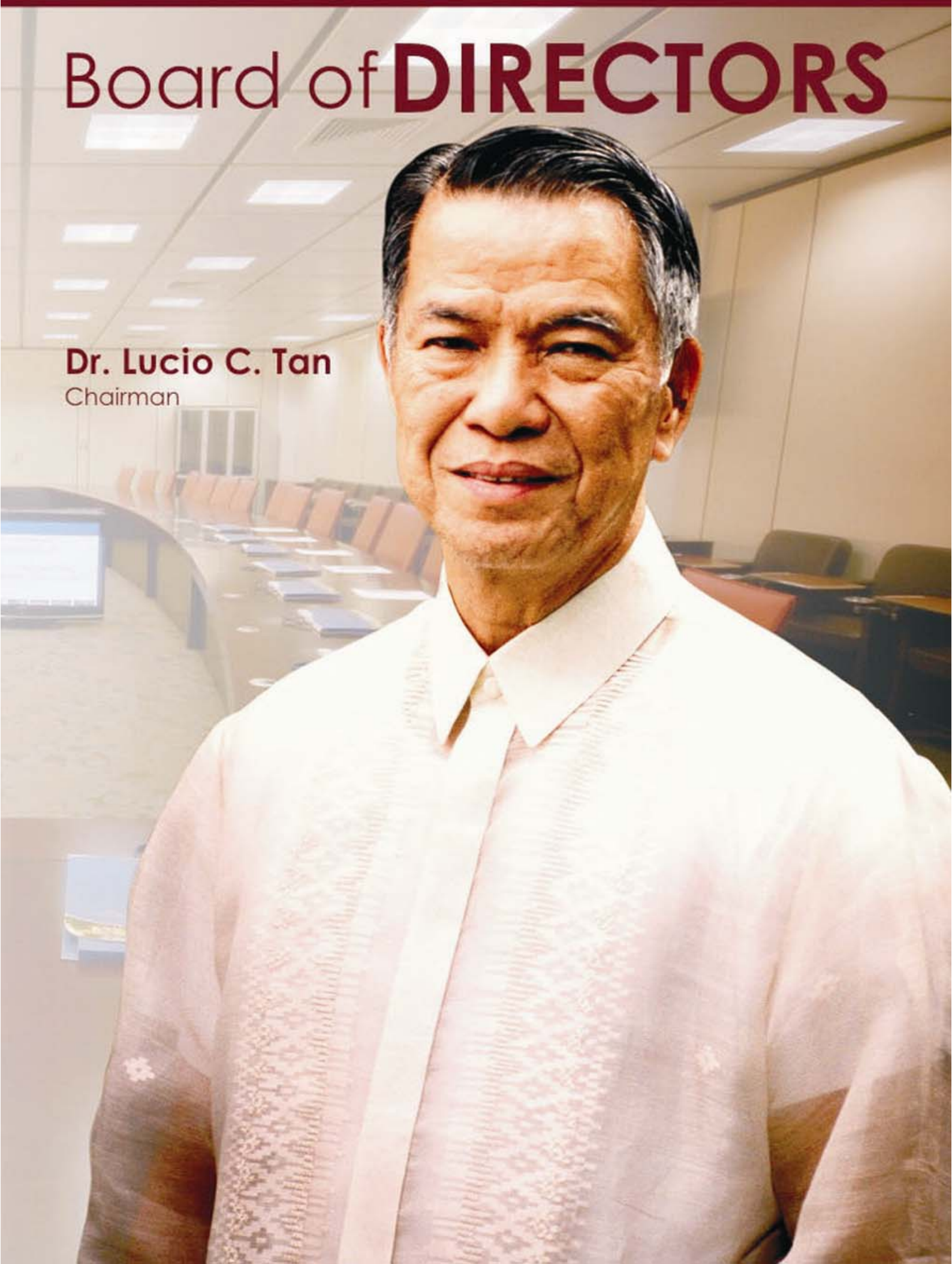
2008 DEVELOPMENT HIGHLIGHTS

The Manors at North Belton Communities

- Substantially sold out first 3 clusters by December 2008
- First cluster turnover: September 2009

Board of **DIRECTORS**

Dr. Lucio C. Tan
Chairman



BOARD OF DIRECTORS



Harry C. Tan

Vice Chairman & CEO

Chairman of Tobacco Board; Managing Director of Century Park Hotel; Director of Allied Banking Corporation, Basic Holdings Corporation, Philippine Airlines Inc., Fortune Tobacco Corporation, Asia Brewery Inc., Tanduay Distillers Inc., & Foremost Farms Inc., Tanduay Holdings, Inc. & PAL Holdings, Inc.



Danilo E. Ignacio

President & COO

Chairman & President of Manhattan Building Management Corporation; Managing Director of Robinsons Properties Marketing & Management Corporation; General Manager of High Rise Buildings Division of Robinsons Land Corporation; President of PhilAm Properties Corporation



Mariano C. Tanenglian

Director/Treasurer

Director & Treasurer of Basic Holdings Corporation, Philippine Airlines Inc., Asia Brewery Inc., Allied Banking Corporation, Himmel Industries Inc., Fortune Tobacco Corporation, PAL Holdings Inc., Tanduay Distillers Inc., Tanduay Brands International Inc., Charter House Inc., Grandspan Development Corporation & Tanduay Holdings Inc.



Lucio K. Tan Jr.

Director

Executive Vice President of Fortune Tobacco Corporation & Foremost Farms Inc.; Director of Allied Bankers Insurance Corporation, Philippine Airlines Inc., Tanduay Holdings Inc., Air Philippines Corporation, Philippine National Bank and PAL Holdings Inc.

BOARD OF DIRECTORS



Michael G. Tan

Director

Chief Operating Officer of Asia Brewery Inc.; Director of Allied Bankers Insurance Corporation, Philippine Airlines Inc., Philippine Airlines Foundation Inc., Tanduay Holdings Inc., Air Philippines Corporation, Allied Banking Corporation & PAL Holdings Inc.



Domingo T. Chua

Director

Chairman of Air Philippines Corporation, PNB Securities, Inc., PNB Remittance Center, Inc. (USA), Dynamic Holdings Ltd.; Director & President of Manufacturing Services, Allied Leasing & Finance Corporation & Lucky Travel Corporation; Director of Philippine National Bank, Asia Brewery Inc., Maranao Hotel & Resort Corporation, Oceanic Bank, Allied Banking Corporation (Hongkong) Ltd., Allied Bankers Insurance Corporation, Foremost Farms, Inc., Grandspan Development Corporation, & Eurotiles Industrial Corporation; & General Manager of Himmel Industries Inc.



Juanita T. Tan Lee

Director

Director of PAL Holdings Inc.; Corporate Secretary of Asia Brewery Inc., Asian Alcohol Corporation, Charter House Inc., Dominion Realty & Construction Corp., Far East Molasses Corp., Foremost Farms Inc., Fortune Tobacco Corp., Grandspan Development Corp., Himmel Industries Inc., Landcom Realty Corp., Lucky Travel Corp., Marcuena Realty & Development Corp., Tanduay Distillers Inc., Tanduay Brands International Inc., Tobacco Recyclers Corporation, Total Bulk Corporation, & Zebra Holdings Inc.; Assistant Corporate Secretary of Basic Holdings Inc. & Tanduay Holdings Inc.



Reynaldo A. Maclang

Director

Director & President of Allied Banking Corporation, Director of Allied Leasing & Finance Corp. & PNB Life Insurance, Inc.

BOARD OF DIRECTORS



Antonino L. Alindogan Jr.

Independent Director

Chairman of An-Cor Holdings, Inc.; Independent Director of PAL Holdings, Inc., Rizal Commercial Banking Corporation, Philippine Airlines Inc., House of Investments, Inc.; President of C55, Inc.; Chairman of the Board of Directors of Development Bank of the Philippines (DBP); Consultant for Microfinance of DBP; Member of the Monetary Board of Bangko Sentral ng Pilipinas



Wilfrido E. Sanchez

Independent Director

Vice Chairman of Center of Leadership & Change, Inc.; Director & Vice President of JVR Foundation, Inc.; Director of Adventure International Tours, Inc., Amon Trading Corp., Dolphin Ship Management, Inc., EEI Corporation, Grepalife Asset Management Corporation, Grepalife Fixed Income Fund Corporation, House of Investments, Inc., Kawasaki Motors Corporation, Magellan Capital Holdings Corporation, NYK-TDG Maritime Academy, Omico Corporation, Rizal Commercial Banking Corporation, Transnational Diversified Group, Inc., Transnational Plans, Inc., & Universal Robina Corporation

MANAGEMENT TEAM



Ma. Cecilia L. Pesayco
Corporate Secretary



Kurt G. Ang
VP & Chief Finance Officer

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR
FINANCIAL STATEMENTS**

The Management of Eton Properties Philippines, Inc. (formerly Balabac Resources and Holdings Co., Inc.) is responsible for all information and representations contained in the financial statements for the period ending December 31, 2008 and the eight months period ending December 31, 2007. These financial statements have been prepared in conformity with the Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgement of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's audit committee and to its external auditor's: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its liability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the Financial Statements before such statements are approved and submitted to the stockholders of the Company.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders, have examined the Financial Statements of the Company in accordance with the Philippine Standards on Auditing and have expressed their opinion on the fairness of presentation upon completion of such examination, in their report to the stockholders and the Board of Directors.

Signed under oath by the following:



LUCIO C. TAN
Chairman



DANILO E. IGNACIO
President & Chief Operating Officer



KURT G. ANG
Vice-President & CFO

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Eton Properties Philippines, Inc.
12th Floor, Allied Bank Center
6754 Ayala Avenue, Makati City

We have audited the accompanying consolidated financial statements of Eton Properties Philippines, Inc. and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2008 and 2007, and the consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2008, eight months ended December 31, 2007 and for the year ended April 30, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Consolidated Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Eton Properties Philippines, Inc. and Subsidiaries as of December 31, 2008 and 2007, and their financial performance and their cash flows for the year ended December 31, 2008, eight months ended December 31, 2007 and for the year ended April 30, 2007 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna

Partner

CPA Certificate No. 36317

SEC Accreditation No. 0069-AR-1

Tax Identification No. 102-082-365

PTR No. 1566411, January 5, 2009, Makati City

April 23, 2009

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 21 and 24)	Php 484,962,506	Php 517,032,924
Receivables (Notes 6, 21 and 24)	343,751,127	32,955,197
Real estate inventories (Note 7)	311,296,480	112,977,741
Advances to landowners (Note 8)	350,000,000	-
Prepayments and other current assets (Note 9)	420,069,221	28,111,962
Total Current Assets	1,910,079,334	691,077,824
Noncurrent Assets		
Available-for-sale financial asset (Note 10)	210,286,093	186,994,598
Investment properties - net (Note 11)	6,685,733	7,741,837
Property and equipment - net (Note 12)	543,263,658	48,040,745
Deferred tax assets - net (Note 20)	110,891,136	50,111,750
Other noncurrent assets - net (Note 13)	14,445,847	4,632,560
Total Noncurrent Assets	885,572,467	297,521,490
	Php 2,795,651,801	Php 988,599,314
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 14, 21 and 24)	Php 243,236,623	Php 111,745,264
Income tax payables	1,777,935	-
Total Liabilities	245,014,558	111,745,264
Noncurrent Liabilities		
Customer's advances and deposits (Note 15)	2,155,623,202	701,571,812
Pension liabilities (Note 22)	470,935	-
Total Noncurrent Liabilities	2,156,094,137	701,571,812
Total Liabilities	2,401,108,695	813,317,076
Equity		
Paid-up capital (Note 16)	731,691,029	381,691,029
Unrealized gain on available-for-sale financial assets (Note 10)	19,382,440	24,357,571
Deficit	(356,522,408)	(230,758,407)
Treasury shares - 10,000 shares at cost (Note 16)	(7,955)	(7,955)
Total Equity	394,543,106	175,282,238
	Php 2,795,651,801	Php 988,599,314

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2008,
EIGHT MONTHS ENDED DECEMBER 31, 2007 AND
THE YEAR ENDED APRIL 30, 2007

	December 31, 2008 (One Year)	December 31, 2007 (Eight Months)	April 30, 2007 (One Year)
REVENUE			
Investment and other income (Notes 5, 10, 17 and 21)	Php 89,892,736	Php 20,700,274	Php 19,210,275
COSTS AND EXPENSES			
Selling expenses (Note 18)	125,090,528	106,760,636	1,843,803
General and administrative expenses (Note 19)	133,353,232	57,084,106	8,336,751
Foreign exchange loss	-	50,612,423	26,354,475
Other charges	7,713,620	641,564	-
	266,157,380	215,098,729	36,535,029
LOSS BEFORE INCOME TAX	176,264,644	194,398,455	17,324,754
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 20)	(50,500,643)	(47,646,386)	1,871,456
NET LOSS	Php 125,764,001	Php 146,752,069	Php 19,196,210
Loss Per Share (Note 23)			
Basic loss per share	Php 0.0963	Php 0.1124	Php 0.0147

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008,
EIGHT MONTHS ENDED DECEMBER 31, 2007
AND THE YEAR ENDED APRIL 30, 2007

	December 31, 2008 (One Year)	December 31, 2007 (Eight Months)	April 30, 2007 (One Year)
COMMON SHARES -Php 1 par value (Note 16)			
Issued and outstanding - 373,798,267 shares			
Balance at beginning and end of year	Php 373,798,267	Php 373,798,267	Php 373,798,267
Subscribed - 931,550,434 shares			
Balance at beginning and end of period	931,550,434	931,550,434	931,550,434
SUBSCRIPTIONS RECEIVABLE (Note 16)			
Balance at beginning of period	(923,657,672)	(923,657,672)	(923,657,672)
Collections during the period	350,000,000	-	-
Balance at end of period	(573,657,672)	(923,657,672)	(923,657,672)
TOTAL PAID-UP CAPITAL	731,691,029	381,691,029	381,691,029
DEFICIT			
Balance at beginning of period	(230,758,407)	(84,006,338)	(64,810,128)
Net loss for the period	(125,764,001)	(146,752,069)	(19,196,210)
Balance at end of period	(356,522,408)	(230,758,407)	(84,006,338)
UNREALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 10)			
Balance at beginning of period	24,357,571	33,708,852	29,770,249
Net changes during the period	(4,975,131)	(9,351,281)	3,938,603
Balance at end of year	19,382,440	24,357,571	33,708,852
TREASURY STOCK - 10,000 shares at cost (Note 16)			
Balance at beginning and end of period	(7,955)	(7,955)	(7,955)
	Php 394,543,106	Php 175,282,238	Php 331,385,588
Total recognized loss for the period			
Net loss for the period	(Php 125,764,001)	(Php 146,752,069)	(Php 19,196,210)
Recognized directly in equity	(4,975,131)	(9,351,281)	3,938,603
	(Php 130,739,132)	(Php 156,103,350)	(Php 15,257,607)

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008,
EIGHT MONTHS ENDED DECEMBER 31, 2007
AND THE YEAR ENDED APRIL 30, 2007

	December 31, 2008 (One Year)	December 31, 2007 (Eight Months)	April 30, 2007 (One Year)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(Php 176,264,644)	(Php 194,398,455)	(Php 17,324,754)
Adjustments for:			
Interest income (Notes 5, 10, 17 and 21)	(44,211,489)	(20,252,908)	(19,208,445)
Foreign exchange loss (gain) (Note 17)	(45,182,415)	50,612,423	26,354,475
Depreciation (Notes 11, 12, 13 and 19)	15,777,041	3,836,148	3,067,371
Dividend income (Note 17)	-	-	(1,830)
Operating loss before working capital changes	(249,881,507)	(160,202,792)	(7,113,183)
Increase in:			
Receivables	(320,302,308)	(15,672,862)	(3,164,596)
Real estate inventories	(198,318,739)	(112,859,146)	(433,036)
Advances to landowners	(350,000,000)	-	-
Prepayments and other current assets	(391,258,332)	(27,223,813)	(987,835)
Accounts and other payables	131,491,359	102,107,006	(17,855,115)
Customers' advances and deposits	1,454,051,390	672,441,058	29,130,754
Cash provided by (used in) operations	75,781,863	458,589,451	(423,011)
Interest received	53,717,867	8,146,622	19,391,230
Dividends received	-	-	1,830
Income tax paid	(8,480,471)	(4,595,148)	(2,034,712)
Net cash provided by operating activities	121,019,259	462,140,925	16,953,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Notes 12 and 27)	(509,756,551)	(45,159,272)	(146,382)
Increase in other noncurrent assets	(10,512,214)	(3,933,633)	-
Cash used in investing activities	(520,268,765)	(49,092,905)	(146,382)
CASH FLOWS FROM FINANCING ACTIVITY			
Collection of subscriptions receivable	350,000,000	-	-
NET EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	17,179,088	(17,915,661)	(9,357,044)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,070,418)	395,132,359	7,431,911
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	517,032,924	121,900,565	114,468,654
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	Php 484,962,506	Php 517,032,924	Php 121,900,565

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Eton Properties Philippines, Inc. (the Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on April 2, 1971 under the name "Balabac Oil Exploration & Drilling Co., Inc." to engage in oil exploration and mineral development projects in the Philippines. On May 12, 1988, the Parent Company's registration and licensing as a publicly-listed company was approved by the SEC.

On August 19, 1996, the Parent Company's Articles of Incorporation (the Articles) was amended to: (a) change the Parent Company's primary purpose from oil exploration and mineral development to that of engaging in the business of a holding company; and (b) include real estate development and oil exploration as among its secondary purposes.

On February 21, 2007, the Parent Company's Board of Directors (BOD) adopted the following amendments:

- (a) Change the corporate name to Eton Properties Philippines, Inc.;
- (b) Change the primary purpose to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of, for itself or for others, residential, including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property, improved or unimproved; to acquire, purchase, hold, manage, develop and sell subdivision lots; to erect, construct, alter, manage, operate, lease buildings and tenements; and to engage or act as real estate broker;
- (c) Increase the number of directors from eleven (11) to fifteen (15); and
- (d) Change of financial year-end from April 30 to December 31.

The above amendments were subsequently adopted by the Parent Company's shareholders on April 19, 2007 and approved by the SEC on June 8, 2007.

Management, accounting, statutory reporting and compliance, and administrative services have been provided by an affiliate at no cost to the Parent Company until February 2007.

The Parent Company is 94.35% owned by Saturn Holdings, Inc. The Parent Company's registered business address is at 12th Floor, Allied Bank Center, 6754 Ayala Avenue, Makati City.

The primary purpose of the Subsidiaries is the same as the purpose of the Parent Company.

The consolidated financial statements of Eton Properties Philippines, Inc. and Subsidiaries (the Group) as of December 31, 2008 and 2007 and for the year ended December 31, 2008, for the eight months ended December 31, 2007 and for the year ended April 30, 2007 were endorsed for approval by the Audit Committee on April 2, 2009 and were authorized for issue by the BOD on April 23, 2009.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared using the historical cost basis, except for available-for-sale (AFS) financial asset that has been measured at fair value. The consolidated financial statements are presented in Philippine Peso (Php), which is the Group's functional currency.

Statement of Compliance

The consolidated financial statements 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, 2008 and 2007 and for the year ended December 31, 2008, for the eight months ended December 31, 2007 and for the year ended April 30, 2007. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The Group prepared short-period financial statements as of December 31, 2007 and for the period May 1, 2007 to December 31, 2007 pursuant to the change in the Parent Company's fiscal year end from April 30 to December 31 for submission to the SEC and Bureau of Internal Revenue (BIR). The amounts reflected in the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows and the related explanatory notes for the period May 1, 2007 to December 31, 2007 are for an eight-month period, and accordingly, are not entirely comparable with amounts as of and for the year ended December 31, 2008 and April 30, 2007 which pertain to an entire year.

All intra-company balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets are eliminated in full.

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 that such control ceases.

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

	Effective Percentage of Ownership 2008
Belton Communities, Inc. (BCI)	100
Eton City, Inc. (ECI)	100

In 2008, the stockholders of BCI assigned the whole amount of its shares to the Parent Company, which gave the Parent Company full ownership of BCI. On February 18, 2008, the BOD of BCI approved the increase of its capital stock from 20,000 shares to 100,000,000 shares at 1 par value and the subscription of the Parent Company for 24,995,000 shares or 25% of the authorized capital stock, with 75% of BCI's capital stock still unsubscribed. BCI is still in the process of applying for the increase in its capital stock to the SEC.

On October 8, 2008, ECI was incorporated. ECI is a wholly-owned subsidiary of the Parent Company.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following Philippine Interpretations which became effective on January 1, 2008, and an amendment to an existing standard that became effective on July 1, 2008. Adoption of these changes in PFRS did not have an impact to the Group:

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 11, *PFRS 2 - Group and Treasury Share Transactions*, requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if: (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party; or (b) the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instruments of the parent.
- Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, covers contractual arrangements arising from public-to-private service concession arrangements if control of the assets remains in public hands but the private sector operator is responsible for construction activities as well as for operating and maintaining the public sector infrastructure.
- Philippine Interpretation IFRIC 14, Philippine Accounting Standards (PAS) 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, provides guidance on how to assess the limit on the amount of surplus in a defined benefit plan that can be recognized as an asset under PAS 19, *Employee Benefits*.
- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 7, *Financial Instruments: Disclosures*, became effective beginning July 1, 2008. The Amendments to PAS 39 introduce the possibility of reclassification of securities out of the held-for-trading category in rare circumstances and reclassification to the loans and receivable category if there is intent and ability to hold the securities for the foreseeable future or to held-to-maturity if there is intent and ability to hold the securities until maturity. The amendments to PFRS 7 introduce the disclosures relating to these reclassifications.

Future Changes in Accounting Policy

The Group will adopt the following standards and 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 its consolidated financial statements.

Effective in 2009

- *PFRS 1, First-time Adoption of Philippine Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.*
The amended PFRS 1 allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: a) cost determined in accordance with PAS 27, Consolidated and Separate Financial Statements; b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39; or c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS
- *PFRS 2, Share-based Payment - Vesting Condition and Cancellations*
The standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. It further requires non-vesting conditions to be treated in a similar fashion to market conditions. Failure to satisfy a non-vesting condition that is within the control of either the entity or the counterparty is accounted for as cancellation. However, failure to satisfy a non-vesting condition that is beyond the control of either party does not give rise to a cancellation.
- *PFRS 8, Operating Segments*
PFRS 8 will replace PAS 14, Segment Reporting, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the consolidated balance sheet and consolidated statement of income and the entity will provide explanations and reconciliations of the differences. This standard is only applicable to an entity that has debt or equity instruments that are traded in a public market or that files (or is in the process of filing) its consolidated financial statements with a securities commission or similar party.
- *Amendments to PAS 1, Presentation of Financial Statements*
This Amendment introduces a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income'. Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. This Amendment also requires additional requirements in the presentation of the consolidated balance sheet and equity as well as additional disclosures to be included in the financial statements. Adoption of this Amendment will not have significant impact to the Group except for the presentation of a statement of comprehensive income and additional disclosures to be included in the consolidated financial statements.
- *PAS 23, Borrowing Costs*
The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
- *Amendments to PAS 27, Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
Amendments to PAS 27 will be effective on January 1, 2009 which has changes in respect of the holding companies separate financial statements including (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in profit or loss. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.

- Amendment to PAS 32, *Financial Instruments: Presentation* and PAS 1, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*

These amendments specify, among others, that puttable financial instruments will be classified as equity if they have all of the following specified features: (a) the instrument entitles the holder to require the entity to repurchase or redeem the instrument (either on an ongoing basis or on liquidation) for a pro rata share of the entity's net assets; (b) the instrument is in the most subordinate class of instruments, with no priority over other claims to the assets of the entity on liquidation; (c) all instruments in the subordinate class have identical features; (d) the instrument does not include any contractual obligation to pay cash or financial assets other than the holder's right to a pro rata share of the entity's net assets; and (e) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

Effective in 2010

- Revised PFRS 3, *Business Combinations* and PAS 27, *Consolidated and Separate Financial Statements*

The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. The revised PAS 27 requires, among others, that: (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and noncontrolling interests (previously referred to as 'minority interests') even if the losses exceed the noncontrolling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the revised PFRS 3 must be applied prospectively, while changes introduced by revised PAS 27 must be applied retrospectively with a few exceptions. The changes will affect future acquisitions and transactions with noncontrolling interests. The Group will assess the impact on its consolidated financial statements when it adopts this Standard in 2010.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible hedged items*

Amendment to PAS 39 will be effective on July 1, 2009, which addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Group expects that this amendment will have no impact on the consolidated financial statements as it has no hedged items.

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*

This Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This 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 Group is in the process of quantifying the impact of adoption of this Interpretation when it becomes effective in 2012.

Improvements to PFRS

In May 2008, the International Accounting Standards Board issued its first omnibus of amendments to certain standards, primarily with a view to removing inconsistencies and clarifying wordings. These are the separate transitional provisions for each standard:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a noncontrolling interest in the subsidiary after the sale.

- PAS 1, *Presentation of Financial Statements*

Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated balance sheet.

- *PAS 16, Property, Plant and Equipment*

The amendment replaces the term 'net selling price' with 'fair value less costs to sell', to be consistent with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* and PAS 36, *Impairment of Assets*.

Items of property and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds of such sales are subsequently shown as revenue. Cash payments on initial recognition of such items, the cash receipts from rents and subsequent sales are all shown as cash flows from operating activities in the consolidated statement of cash flows.

- *PAS 19, Employee Benefits*

It revises the definition of 'past service costs' to include reductions in benefits related to past services ('negative past service costs') and to exclude reductions in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment.

It also revises the definition of 'return on plan assets' to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.

It also revises the definition of 'short-term' and 'other long-term' employee benefits to focus on the point in time at which the liability is due to be settled.

It deletes the reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

- *PAS 23, Borrowing Costs*

It revises the definition of borrowing costs to consolidate the types of items that are considered components of 'borrowing costs', i.e., components of the interest expense calculated using the effective interest rate method.

- *PAS 28, Investment in Associates*

If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

- *PAS 31, Interest in Joint Ventures*

- If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

- *PAS 36, Impairment of Assets*

When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

- *PAS 38, Intangible Assets*

Expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

It deletes references to there being rarely, if ever, persuasive evidence to support an amortization method for finite life intangible assets that results in a lower amount of accumulated amortization than under the straight-line method, thereby effectively allowing the use of the unit of production method.

- *PAS 39, Financial Instruments: Recognition and Measurement*

Changes in circumstances relating to derivatives, specifically derivatives designated or re-designated as hedging instruments after initial recognition, are not reclassifications.

When financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of PFRS 4, Insurance Contracts, this is a change in circumstance, not a reclassification.

It removes the reference to a 'segment' when determining whether an instrument qualifies as a hedge.

It requires use of the revised effective interest rate (rather than the original effective interest rate) when re-measuring a debt instrument on the cessation of fair value hedge accounting.

- *PAS 40, Investment Properties*

It revises the scope (and the scope of PAS 16) to include property that is being constructed or developed for future use as an investment property. Where an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

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 acquisition, and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet 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 settlement date.

Initial recognition of financial instruments

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

Determination of fair value

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and asking price for short positions), without any deduction for transaction costs. When current bid and asking 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, options pricing models, and other relevant valuation models.

Day 1 profit

Where the transaction price in a non-active market is different to 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 profit) in the consolidated statement of operations under "Interest income" and "Interest expense and other financing charges" account, unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of operations 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.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL.

Financial assets may be designated at initial recognition as at FVPL if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

As of December 31, 2008 and 2007, no financial assets have been designated at FVPL.

HTM investments

HTM investments are quoted, nonderivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest rate method, less impairment in value. 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 is included in interest income in the consolidated statement of operations. Gains and losses are recognized in the consolidated statement of operations when the HTM investments are derecognized and impaired, as well as through the amortization process. As of December 31, 2008 and 2007, the Group has no HTM investments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the consolidated balance sheet captions "Cash and cash equivalents" and "Receivables", except for "Advances to contractors".

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. 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 is included in interest income under "Investment and other income" in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

AFS financial assets

AFS financial assets are those which are designated as such or do not qualify to be classified as designated as at FVPL, HTM, or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets include equity investments.

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 as "Unrealized gain on available-for-sale financial assets" in the consolidated statement of changes in equity.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of income under "Investment and other income" account or "Other charges" account. 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 the consolidated statement of income under "Investment and other income" when the right of payment has been established. The losses arising from impairment of such investments are recognized in the consolidated statement of income.

Other financial liabilities

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate 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.

This accounting policy relates to the consolidated balance sheet captions "Accounts and other payables", "Customers' deposits" and other obligations that meet the above definition.

Derecognition of Financial Instruments

Financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- a. the right to receive cash flows from the asset 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 (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the 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 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, 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 the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each balance sheet 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, the probability that they will enter bankruptcy or other financial reorganization 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 objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. 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 for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivables, 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.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as 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.

AFS financial assets

For AFS 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.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of "Investment and other income" account in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet 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 are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost includes those costs incurred for development and improvement of the properties.

Investment Properties

Investment properties consist of properties that are held to earn rentals and are not occupied by the companies in the Group.

Investments properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The cost of an investment property, except for land, includes its construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Additions, betterments and major replacements are capitalized while minor repairs and maintenance are charged to expense as incurred.

Depreciation of investment properties commences once these are available for use and is computed on a straight-line basis over the estimated useful life of 20 years. The useful life and depreciation method are reviewed annually based on expected asset utilization to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from the investment properties.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of operations 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-occupied or commencement of an operating lease to another party. 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 that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Construction-in-progress is stated at cost less any impairment in value. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of assets commences once the property and equipment are put into operational use and is computed on a straight-line basis over the estimated useful life of the property and equipment, except for leasehold improvements, which are amortized over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

	Years
Transportation equipment	5
Furniture and fixtures	5
Equipment	3
Leasehold improvements	5

The assets' estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are retired, or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in the consolidated statement of income.

Software

Software, which is included under "Other noncurrent assets" in the consolidated balance sheet, is measured on initial recognition at cost. Following initial recognition, software and licenses are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over its estimated useful life of 5 years.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that an asset 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 are recognized in the consolidated statement of operations 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 the consolidated statement of operations unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a 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.

Revenue and Cost RecognitionReal estate sales

Revenue from sales of real estate and cost from completed projects is accounted for using the full accrual method. 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. 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 noncurrent liabilities section of the consolidated balance sheet.

Rental income

Lease income under noncancellable and cancellable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively.

Interest income

Interest is recognized as it accrues using the effective interest method.

Borrowing Costs

Borrowing costs are recognized as expense in the year these are incurred except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowings costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year by the weighted average number of shares outstanding during the year, adjusted for the effects of all dilutive potential common shares, if any.

The Group does not have any instrument with dilutive effect.

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 curtailment or settlement.

The liability recognized in the consolidated balance sheet in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Actuarial gains and losses is recognized as income or expense if the cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of defined benefit obligation or 10% of the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans.

Foreign Currency Transactions

Transactions denominated in foreign currencies are initially recorded based on the exchange rates prevailing at transaction dates. Monetary assets and liabilities denominated in foreign currency are stated at the prevailing Philippine Dealing System rate at reporting date. Exchange gains or losses arising from foreign currency transactions are credited to or charged against current operations. Nonmonetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Commission Expense

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

Income Taxes*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 at the balance sheet date.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences, with certain exceptions, at the balance sheet 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 benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular 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 and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced 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. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to 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 consolidated balance sheet date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are charged or credited to the income for the period.

Deferred tax assets and 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.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments under noncancellable leases are recognized on a straight-line basis over the lease term. Fixed lease payments allocable to the completed portion of the commercial center are recognized as an expense in the consolidated statement of operations on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Company as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to income on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

Treasury Shares

Treasury shares are carried at cost and are presented as deduction from equity. No gain or loss is recognized in the consolidated statement of operations on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Contingencies

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

Subsequent Events

Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Use of Estimates

The preparation of the accompanying financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenses during the period.

Significant judgments and estimates used in the preparation of the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects of any changes will be reflected in the consolidated financial statements as they become reasonably determinable.

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 amounts recognized in the consolidated financial statements:

Revenue 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.

Classification of Financial Instruments

The Group classifies a financial instrument, or its component parts, on initial recognition and re-evaluates this designation at every financial reporting date as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Operating lease commitments - the Company as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flow 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.

Impairment of AFS Financial Asset

In determining the fair values of its financial asset, management evaluates the presence of significant and prolonged decline in the fair value below its cost or whether other objective evidence of impairment exists. Any indication of deterioration in these factors can have a negative impact on their fair value. The Group treats "significant" generally as 20% more of the original cost of investment, and "prolonged" greater than 12 months.

Based on management's assessment, no impairment loss needs to be recognized on AFS financial asset for the year ended December 31, 2008, eight months ended December 31, 2007 and year ended April 30, 2007.

Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated balance sheet 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 recognized based on the percentage of completion is measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Estimating allowance for impairment losses

The Group maintains allowance for impairment losses at a level based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivable's carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Group to group its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile.

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 the individual and collective assessments are based on management's judgments and estimates. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. The carrying value of the Group's receivables amounted to 656.20 million and 32.96 million as of December 31, 2008 and 2007, respectively (see Note 6).

Estimating useful lives of investment properties and property and equipment

The Group estimated the useful lives of its investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the investment properties and property and equipment 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 assets. 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. A reduction in the estimated useful lives of investment properties and property and equipment would increase depreciation and amortization expense and decrease noncurrent assets.

The carrying value of the Group's investment properties and property and equipment amounted to Php 6.69 million and Php 543.26 million as of December 31, 2008 and Php 7.74 million and Php 48.04 million as of December 31, 2007, respectively (see Notes 11 and 12).

Evaluation of asset impairment

The Group reviews investment properties, property and equipment and other noncurrent assets 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.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the net selling price 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 can materially affect the consolidated financial statements.

The Group believes that the carrying amounts of its assets approximate the recoverable amounts and, as such, no impairment loss recognized as of December 31, 2008 and 2007.

The carrying value of the Group's nonfinancial assets as follows:

	December 31	
	2008	2007
Investment properties (see Note 11)	Php 6,685,733	Php7,741,837
Property and equipment (see Note 12)	543,263,658	48,040,745
Other noncurrent assets (Note 13)	14,445,847	4,632,560
	Php 564,395,238	Php 60,415,142

Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit 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 profit 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. See Note 20 for the related balances.

Estimating pension obligation

The determination of the Group's obligation and cost for pension is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 22 and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations. See Note 22 for the related balances.

Fair value of financial instruments

Where the fair values of financial assets and 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 were initially recorded at its fair value by using the discounted cash flow technique. See Note 24 for the related balances.

4. Memorandum of Agreement (the MOA) with Combined Equity Venture, Inc. (CEVI)

On December 23, 2005, the Parent Company entered into and executed the MOA with CEVI, a third party, wherein the Group agrees to assign, transfer and convey to CEVI some of its assets for the purpose of liquidating them in order to effect the full and final settlement of some of its liabilities. CEVI agrees to undertake the most beneficial arrangements involving the assets in order to generate the required funds to settle the liabilities.

Among the specific provisions of the MOA are the following:

- a. Certain liabilities of the Parent Company comprising of estimated liabilities for retirement benefits and accrued salaries and subscription payable to Unioil Resources and Holdings Co., Inc. (Unioil) and Phoenix Energy Corp. (Phoenix Energy), totaling Php 47.13 million as of December 23, 2005, will be assumed by CEVI.

- b. Certain assets of the Parent Company comprising of investments in and advances to Phoenix Energy and Phoenix Gas and Oil Exploration Co., Inc., (Phoenix Gas) and B.U. Properties Corporation (B.U. Properties), and AFS investments in proprietary shares and club shares, totaling Php 41.74 million as of December 23, 2005, were assigned, transferred and conveyed by the Parent Company to CEVI.
- c. In the event the aggregate proceeds of the sale of the assets shall exceed the liabilities, the entire amount in excess of the liabilities shall belong to CEVI. Should, however, the aggregate proceeds of the sale of the assets be less than the liabilities, the deficiency shall be for the account of CEVI, and the Parent Company shall not be liable to CEVI and/or the creditors for any deficiency. CEVI shall hold the Parent Company free and harmless from and against any and all claims by the creditors or any third party whatsoever arising from non-payment of the liabilities.

On February 1, 2007, the Parent Company and CEVI agreed to amend the provisions of the MOA pertaining to the remaining assets and liabilities. The provisions are as follows:

- a. The Parent Company shall pay CEVI the amount of Php 20.98 million as full settlement of all CEVI's claims or rights under the MOA, which amount shall be payable as follows:

Term	Amount
On or before February 28, 2007	Php10,000,000
On or before March 15, 2007	10,975,571

- b. Upon acceptance by CEVI of the Parent Company's payment of Php 20.98 million, the MOA dated December 23, 2005 shall be deemed terminated and CEVI shall accordingly relinquish any and all of its rights and interest on the assets.

As a result of the foregoing settlement of the remaining assets and liabilities, a gain amounting to Php 0.97 million was recognized in the consolidated statement of income for the year ended April 30, 2007. Consequently, an interest expense by the same amount was recognized as amortization charges for the financial liability.

5. Cash and Cash Equivalents

This consists of:

	December 31	
	2008	2007
Cash on hand and in bank	Php 295, 570,479	Php 124,825,370
Cash equivalents	189, 392,027	92,198,507
Cash under Investment Management Agreement (IMA) (see Note 21)	-	Php 300,009,047
	Php 484,962,506	Php 517,032,924

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 (3) months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term rates ranging from 1.75% to 5.13% and 2.5% to 4.35% in 2008 and 2007, respectively.

6. Receivables

This account consists of:

	December 31	
	2008	2007
Advances to contractors	Php 292,126,010	Php -
Advances to related parties (see Note 21)	43,263,337	15,422,691
Accrued interest receivable (see Note 10)	4,611,361	14,117,739
Advances to officers and employees	3,451,489	1,266,054
Others	298,930	2,148,713
	Php 343,751,127	Php32,955,197

Advances to related parties, which are granted for working capital purposes, are noninterest-bearing and collectible on demand.

Advances to contractors are recouped upon every progress billing payment depending on the percentage of accomplishment. Based on management assessment, the activities to which these advances pertain to will be completed within one year.

Advances to officers and employees pertain to unliquidated cash advances, which are due within one year. It is recoverable through direct salary deduction.

Accrued interest receivable pertains to interest earned from cash equivalents and AFS financial assets.

Other receivables are due and demandable.

7. Real Estate Inventories

This account consists of residential units for sale which are carried at cost amounting to Php 311.30 million and Php 112.98 million as of December 31, 2008 and 2007, respectively.

No part of inventories is recognized as cost of sales during the year since the Group has not yet recognized revenue from its pre-selling transactions.

8. Advances to Landowners

This represents payments to landowners for real estate that are intended for future development amounting to Php 350.00 million. The amount will be deducted from the share of the landowners from the project which shall be determined and confirmed by the parties within the year. Management has assessed that the settlement of these advances is within one year based on the pre-selling and development activities that are currently in progress.

9. Prepayments and Other Current Assets

This account consists of:

	December 31	
	2008	2007
Input value-added tax	Php 282,839,210	Php 26,399,119
Prepaid expenses	121,953,550	1,171,479
Refundable deposits	15,276,461	541,364
	Php 420,069,221	Php 28,111,962

10. Available-for-Sale Financial Assets

The AFS financial assets pertain to investment in US Dollar-denominated, Philippine-government bond carried at fair value amounting to Php 210.29 million and Php 186.99 million as of December 31, 2008 and 2007, respectively. The cumulative changes in fair value amounting to Php 19.38 million and Php 24.36 million are recognized as a separate component of equity as of December 31, 2008 and 2007, respectively. The fair value of this investment is based on its quoted market price as of December 31, 2008 and 2007. The AFS financial assets will mature on March 17, 2015 and interest is received semi-annually.

Accrued interest receivable on the AFS financial assets amounted to Php 3.14 million and Php 12.10 million as of December 31, 2008 and 2007, respectively (see Note 6).

	December 31	
	2008	2007
Beginning balance	Php 24,357,571	Php 33,708,852
Net changes in fair value during the period	(4,975,131)	(9,351,281)
Ending balance	Php 19,382,440	Php 24,357,571

11. Investment Properties

The rollforward analysis of this account follows:

2008				
	Land	Residential Unit	Office Condominium and Improvement	Total
Cost				
At January 1 and December 31	Php4,413,100	Php7,620,000	Php11,695,999	Php23,729,099
Accumulated Depreciation				
At January 1	-	4,291,263	11,695,999	15,987,262
Depreciation	-	1,056,104		1,056,104
At December 31	-	5,347,367	11,695,999	17,043,366
Net Book Value at December 31	Php 4,413,100	Php 2,272,633	Php -	Php 6,685,733

2007				
	Land	Residential Unit	Office Condominium and Improvements	Total
Cost				
At May 1 and December 31	Php 4,413,100	Php 7,620,000	Php 11,695,999	Php 23,729,099
Accumulated Depreciation				
At May 1	-	4,010,525	11,318,706	15,329,231
Depreciation	-	280,738	377,293	658,031
At December 31	-	4,291,263	11,695,999	15,987,262
Net Book Value at December 31	Php 4,413,100	Php 3,328,737	Php -	Php 7,741,837

The aggregate fair value of the Group's investment properties as of December 31, 2008 and 2007 amounted to Php 35.95 million.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation.

12. Property and Equipment

The rollforward analysis of this account follows:

2008					
	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Construction - in- Progress	Total
Cost					
At January 1	Php 19,789,286	Php 9,461,886	Php 2,665,111	Php 20,843,712	Php 52,759,995
Additions	18,228,691	24,026,023	4,535,582	462,966,255	509,756,551
At December 31	38,017,977	33,487,909	7,200,693	483,809,967	562,516,546
Accumulated Depreciation and Amortization					
At January 1	1,927,411	2,728,032	63,807	-	4,719,250
Depreciation and amortization	5,817,654	7,536,163	1,179,821	-	14,533,638
At December 31	7,745,065	10,264,195	1,243,628	-	19,252,888
Net Book Value at December 31	Php 30,272,912	Php 23,223,714	Php 5,957,065	Php 483,034,967	Php 543,263,658

	2007				
	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Construction- in-Progress	Total
Cost					
At May 1	Php 5,409,821	Php 1,710,902	Php -	Php -	Php 7,120,723
Additions	14,379,465	7,750,984	2,665,111	20,843,712	45,639,272
At December 31	19,789,286	9,461,886	2,665,111	20,843,712	52,759,995
Accumulated Depreciation and Amortization					
At May 1	—	1,566,044	—	—	1,566,044
Depreciation and amortization	1,927,411	1,161,988	63,807	—	3,153,206
At December 31	1,927,411	2,728,032	63,807	—	4,719,250
Net Book Value at December 31	Php 17,861,875	Php 6,733,854	Php 2,601,304	Php 20,843,712	Php 48,040,745

The Group's construction-in-progress pertains to Eton Cyberpod Corinthian and Eton Cyberpod Centris which are intended for leasing (see Note 25).

13. Other Noncurrent Assets

This account consists of:

	December 31	
	2008	2007
Deposits to escrow bank	Php 9,843,450	Php -
Software	800,397	289,531
Refundable deposits:		
Makati Commercial Estate Association (MACEA)	3,072,506	2,801,073
Ortigas Center Association, Inc.	202,000	—
Philippine National Bank (PNB)	—	843,029
Others	527,494	698,927
	Php 14,445,847	Php 4,632,560

Software

	December 31	
	2008	2007
Cost		
Balance at beginning of period	Php 314,442	Php -
Additions	698,165	314,442
Balance at end of period	1,012,607	314,442
Accumulated Amortization		
Balance at beginning of period	24,911	—
Amortization	187,299	24,911
Balance at end of period	212,210	24,911
Net Book Value at December 31	Php 800,397	Php 289,531

Deposits to escrow bank pertain to the escrow funds required by several Escrow Agreements entered into by the Group with the Housing and Land Use Regulatory Board pursuant to the provisions of the temporary licenses to sell issued by the latter to the Group for some of its projects. The Escrow Agreements included among others, the opening of an escrow account with Allied Banking Corporation (ABC) where sales proceeds from projects, which the temporary licenses to sell pertain to shall be deposited. Such escrow accounts shall only be released upon the Group's compliance with all the requirements for the issuance of a Certificate of License to Sell and Certificate of Registration of the projects. Total deposits to the escrow bank amounted to Php 9.84 million as of December 31, 2008.

The deposits to MACEA will be refunded at the end of the construction of Eton Residences Greenbelt (ERG) which is set on September 30, 2011.

14. Accounts and Other Payables

This account consists of:

	December 31	
	2008	2007
Contractors payable	Php 134,956,962	Php -
Accounts payable	44,519,445	102,766,128
Retentions payable	35,389,566	-
Accrued expenses	23,250,265	3,371,832
Accrued taxes	3,804,593	4,591,476
Advances from related parties (see Note 21)	838,369	774,264
Others	477,423	241,564
	Php 243,236,623	Php 111,745,264

Contractors and accounts payable are noninterest-bearing and are normally settled on 30 to 60 days term.

Accrued expenses consist of various expense accruals for rental, utilities and professional fees, which are all payable within one year.

Retentions payable, accrued taxes, advances from related parties and other payables are noninterest-bearing and are normally settled within one year or the normal operating cycle, whichever is longer.

15. Customers' Advances and Deposits

The Group requires buyers of residential units to pay a certain 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 payments from buyers which have not reached the minimum required percentage. When the level of required payment is reached by the buyer and there has been substantial completion of the project, sales are recognized and these deposits and downpayments will be applied against the related receivables.

16. Equity

The details of the number of shares follow:

	December 31		April 30,
	2008	2007	2007
	(One year)	(Eight months)	(One year)
Authorized capital stock	5,000,000,000	5,000,000,000	5,000,000,000
Issued	373,798,267	373,798,267	373,798,267
Subscribed	931,550,434	931,550,434	931,550,434
Treasury	(10,000)	(10,000)	(10,000)
Outstanding	1,305,338,701	1,305,338,701	1,305,338,701

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements and healthy capital ratios in order to support its business and maximize stockholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes for the year ended December 31, 2008 and the eight months ended December 31, 2007. Equity, which the Group considers as capital, pertains to the equity of the Group less unrealized gain on AFS financial assets.

17. Investment and Other Income

This account consists of:

	December 31		April 30,
	2008	2007	2007
	(One year)	(Eight months)	(One year)
Interest income from:			
Cash and cash equivalents	Php 27,051,196	Php 9,234,445	Php 1,118,614
AFS financial assets	17,160,293	11,018,463	18,089,831
Foreign exchange gain	45,182,415	—	—
Dividend income	—	—	1,830
Other income	498,832	447,366	—
	Php 89,892,736	Php 20,700,274	Php 19,210,275

18. Selling Expenses

This account consists of:

	December 31		April 30,
	2008	2007	2007
	(One year)	(Eight months)	(One year)
Advertising and promotions	Php 124,869,296	Php 106,554,635	Php 1,843,803
Other marketing expenses	221,232	206,001	—
	Php 125,090,528	Php 106,760,636	Php 1,843,803

19. General and Administrative Expenses

This account consists of:

	December 31		April 30,
	2008	2007	2007
	(One year)	(Eight months)	(One year)
Salaries and wages	Php 58,589,814	Php 22,647,616	Php 2,160,846
Depreciation and amortization (see Notes 11, 12 and 13)	15,777,041	3,836,148	3,067,371
Travel and transportation	12,324,810	5,634,878	—
Outside services (see Note 21)	9,442,422	2,075,767	120,400
Communication, light and water	9,177,948	1,365,206	—
Professional fees	7,416,234	7,261,789	1,246,357
Entertainment, amusement and recreation	6,944,441	4,294,184	—
Office supplies	3,577,960	3,062,315	43,175
Employee benefits (see Note 22)	2,807,425	1,406,750	73,774
Taxes and licenses	1,158,812	1,320,597	103,045
Others	6,136,325	4,178,856	1,551,783
	Php 133,353,232	Php 57,084,106	Php 8,366,751

20. Income Taxes

The Group's provision for (benefit from) income tax consists of:

	December 31		April 30,
	2008	2007	2007
	(One year)	(Eight months)	(One year)
Current	Php 1,777,935	Php -	Php 1,956,796
Final	8,480,471	2,638,352	83,897
Deferred	(60,759,049)	(50,284,738)	(169,237)
	(Php 50,500,643)	(Php 47,646,386)	Php 1,871,456

A reconciliation of the provision for (benefit from) income tax at the applicable statutory income tax rates to the provision for (benefit from) income tax as shown in the consolidated statements of income is as follows:

	December 31		April 30,
	2008	2007	2007
	(One year)	(Eight months)	(One year)
Benefit from income tax at the applicable statutory income tax rates	(Php 61,692,625)	(Php 68,039,459)	(Php 6,063,664)
Adjustments for:			
Change in deferred tax assets	(296,324)	23,293,600	8,285,326
Nontaxable interest income	-	(182,031)	-
Nondeductible expenses	-	1,502,964	-
Interest income subjected to final tax at lower rate	(6,993,550)	(4,450,166)	(349,565)
Capital gains subject to capital gains tax	-	228,706	-
Dividend income subjected to zero-rated tax	-	-	(641)
Effect of change in tax rate	18,481,856	-	-
Provision for (benefit from) income tax	(Php 50,500,643)	(Php 47,646,386)	Php 1,871,456

The Group's recognized net deferred income tax assets (liabilities) as of December 31, 2008 and 2007 relate to the following:

	December 31	
	2008	2007
Deferred tax assets for the tax effects of:		
NOLCO	Php 89,926,077	Php 50,111,750
Difference between tax and book basis of accounting for real estate transactions	55,757,355	-
MCIT	1,777,935	-
Pension expense	141,281	-
	147,602,648	50,111,750
Deferred tax liabilities for the tax effects of:		
Prepaid commissions	23,156,787	-
Unrealized foreign exchange gain	13,554,725	-
	36,711,512	-
	Php 110,891,136	Php 50,111,750

The deductible temporary differences for which no deferred income tax assets were recognized in the consolidated balance sheets are as follows:

	December 31	
	2008	2007
NOLCO	Php 26,531,119	Php 26,531,119
Unrealized foreign exchange loss	—	85,155,977

Deferred tax assets for the above deductible temporary differences have not been recognized because management believes that the Group may not have sufficient taxable profit available to allow all or part of the deferred income tax assets to be utilized in the near future.

As of December 31, 2008, NOLCO and MCIT that can be claimed as deduction from future taxable income are as follows:

NOLCO

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2007	Php 169,707,548	Php -	Php 169,707,548	2010
2008	156,577,161	—	156,577,161	2011
	Php 326,284,709	Php -	Php 326,284,709	

MCIT

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2008	Php 1,777,935	Php -	Php 1,777,935	2010

Republic Act (RA) No. 9337

RA No. 9337, An Act Amending National Internal Revenue Code, provides that the regular corporate income tax rate shall be reduced from 35% to 30% starting January 1, 2009. It further provides that nondeductible interest expense shall be reduced from 42% to 33% of interest income subjected to final tax beginning January 1, 2009.

21. Related Party Transactions

The significant related party transactions and account balances of the Group are as follows:

- The Group's cash in banks and cash equivalents are deposited with ABC and PNB. The outstanding balance of these accounts amounted to Php 483.48 million and Php 515.16 million as of December 31, 2008 and 2007, respectively for ABC and Php 1.40 million as of December 31, 2008 for PNB.
- Rental expense charged to operations included in "Outside services" representing the Group's use of ABC's common area amounted to Php 2.40 million, Php 1.11 million and Php 0.12 million for the year ending December 31, 2008, eight months ending December 31, 2007 and the year ended April 30, 2007.
- In December 2007, the Group entered into an IMA with ABC for the Group's investment portfolio. Principal investment made by the Group amounted to Php 300.00 million. In return for its services, ABC shall be paid a fee computed at 0.25% per annum of the daily cash balance of the principal which shall be directly charged against the said account.

Funds held by the investment manager as of December 31, 2007 comprise the following investment portfolio:

Assets

Cash in bank	Php 4,199
Cash equivalents	300,004,848
Accrued interest receivable	596,022
	300,605,069

Liabilities

Withholding taxes payable	119,204
Trustee fee payable	26,042
	Php 300,459,823

Interest income recognized for the period amounted to Php 3.20 million, net of final taxes and trustee fees amounting to Php 1.00 million. Withdrawal from the investment fund amounted to Php 2.70 million. This was set off against the interest income for the period May 1 to December 31, 2007 resulting to a net increase in the investment fund by Php 0.46 million as of December 31, 2007. The investment was terminated in 2008.

- d) The Group in the ordinary course of business enters into transactions with related parties principally consisting of advances for working capital requirements. These are noninterest-bearing and are due and demandable.

The effects of the foregoing transactions are shown under the appropriate accounts in the financial statements as follows:

	December 31	
	2008	2007
Advances to related parties (see Note 6)	Php 43,263,337	Php 15,422,691
Advances from related parties (see Note 14)	838,369	774,264

Advances to related parties reported as part of "Receivables" in the consolidated balance sheets, include advances made by the Group for the allowances of sales agents and brokers as of December 31, 2008 and 2007.

- e) The Parent Company entered into a Memorandum of Agreement (MOA) with a related party in connection with the purchase of a land owned by the latter. The land will be developed by the Parent Company into a high-rise, mixed-use condominium building (the Project). In consideration for the sale, the related party shall receive the following: (a) a certain amount of cash to be sourced from the gross sales proceeds of the Project subject to applicable taxes; and (b) ownership of all commercial units and several parking lots of the Project.

The MOA provides that the Parent Company shall be the exclusive marketing agent of the Project. As of April 23, 2009, the parties have not agreed on the final terms of the agreement.

Key management

The compensation of the Group's key management personnel pertain to short-term benefits for the year ended December 31, 2008, eight months ended December 31, 2007 and the year ended April 30, 2007 amounting to Php 7.75 million, Php 3.32 million and Php 0.33 million, respectively.

22. Retirement Plan

The Parent Company has an unfunded, noncontributory defined benefit type of retirement plan covering substantially all of their employees. The normal retirement benefit is equal to seventeen and a half (17.5) days final basic salary for every year of service with a fraction of six months considered as one year.

As stated in Note 1, management, accounting, statutory reporting and compliance, and administrative services were provided by an affiliate at no cost to the Parent Company until February 2007. The Group has 118 and 36 regular employees as of December 31, 2008 and 2007.

In 2008, the components of expense (included in employee benefits under "General and administrative expenses") in the consolidated statements of income follow:

Current service cost	Php 294,071
Interest cost on benefit obligation	176,864
Total pension expense	Php 470,935

Changes in the present value of the defined benefit obligation follow:

Balance at January 1	Php -
Interest cost	294,071
Current service cost	176,864
Balance at December 31	Php 470,935

The assumptions used to determine pension benefits for the Group for the year ended December 31, 2008 follow:

Discount rate	37.56%
Salary increase rate	10.00%

23. Loss per Share

The following table presents information necessary to compute the loss per share:

	December 31		April 30,
	2008	2007	2007
	(One year)	(Eight months)	(One year)
Net loss	Php 125,764,001	Php 146,752,069	Php 19,196,210
Divided by weighted average number of common shares outstanding during the period	1,305,338,701	1,305,338,701	1,305,338,701
Loss per share	Php 0.0963	Php 0.1124	Php 0.0147

24. Financial Instruments

Fair Value Information

The following is a comparison by category of the carrying values and fair values of the financial instruments that are carried in the Group's consolidated balance sheets:

	December 31, 2008		December 31, 2007	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Loans and Receivables				
Cash and cash equivalents	Php 484,962,506	Php 484,962,506	Php 517,032,924	Php 517,032,924
Receivables				
Advances to related parties	43,263,337	43,263,337	15,422,691	15,422,691
Accrued interest receivable	4,611,361	4,611,361	14,117,739	14,117,739
Advances to officers and employees	3,451,489	3,451,489	1,266,054	1,266,054
Others	298,930	298,930	2,148,713	2,148,713
Other assets				
Deposits to escrow bank	9,843,450	9,843,450	—	—
Refundable deposits	18,550,967	17,998,030	4,884,393	4,894,666
Total loans and receivables	564,982,040	564,429,103	554,872,514	554,882,787
AFS Financial Assets				
Quoted debt security	210,286,093	210,286,093	186,994,598	186,994,598
Total Financial Assets	Php 775,268,133	Php 774,715,196	Php 741,867,112	Php 741,877,385

	December 31, 2008		December 31, 2007	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Other Financial Liabilities				
Accounts and other payables				
Contractors payable	Php 134,956,962	Php 134,956,962	Php—	Php—
Accounts payables	44,519,445	44,519,445	102,766,128	102,766,128
Retentions payable	35,389,566	35,389,566	—	—
Accrued expenses	23,250,265	23,250,265	3,371,832	3,371,832
Advances from related parties	838,369	838,369	774,264	774,264
Others	477,423	477,423	241,564	241,564
Total Other Financial Liabilities	Php 239,432,030	Php 239,432,030	Php 107,153,788	Php 107,153,788

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

The respective carrying amounts of cash and cash equivalents, receivables, deposits to escrow bank and accounts and other payables approximate their respective fair values due to their relatively short-term maturities.

The fair value of the Group's AFS financial assets is based on the quoted market price of the said investment as of December 31, 2008 and 2007.

The fair value of refundable deposits as of December 31, 2008 and 2007 is based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 5.86% to 6.73%.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and AFS financial assets. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets and financial liabilities such as receivables, refundable deposits and accounts and other payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading of financial instruments shall be undertaken.

Management closely monitors the cash fund and financial transactions of the Group. Cash funds are normally deposited with affiliated banks, and financial transactions are normally dealt with related parties. These strategies, to an extent, mitigate the Group's interest rate and credit risks.

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

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

Credit risk

Credit risk is the risk that the Group will incur a loss because its counterparties failed to discharge their contractual obligations. The Group has no significant concentrations on credit risk.

As of December 31, 2008 and 2007, maximum exposure to credit risk for the components of the consolidated balance sheets follows:

	December 31	
	2008	2007
Cash and cash equivalents (excluding cash on hand)	Php 484,912,506	Php 516,981,924
Receivables		
Advances to related parties (see Note 20)	43,263,337	15,422,691
Accrued interest receivable	4,611,361	14,117,739
Advances to officers and employees	3,451,489	1,266,054
Others	298,930	2,148,713
Other assets		
Deposits to escrow bank	9,843,450	—
Refundable deposits	18,550,967	4,884,393
AFS financial asset	210,286,093	186,994,598
	Php 775,218,133	Php 741,816,112

The Group's cash in bank and cash equivalents (excluding cash on hand), receivables and refundable deposits are classified as "neither past due nor impaired". These financial assets are considered as high grade financial assets.

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, deposits to escrow bank, refundable deposits and AFS financial assets - based on the nature of the counterparty and the internal rating system of the Group.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

Liquidity risk

Liquidity risk is defined as risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price. The Group maintains sufficient cash and marketable securities in order to fund its operations. The Group utilizes its borrowing capacity if necessary to further boost its cash reserves.

As of December 31, 2008 and 2007, all of the Company's financial liabilities are contractually due within one year.

Interest rate risk

The Group's interest rate risk exposure relates to its AFS financial assets where values will fluctuate as a result of changes in interest rates.

Such investment securities are subject to interest rate risk due to changes in interest rate arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The table below demonstrates the sensitivity analysis of the Group's equity to a reasonably change in interest rate on December 31, 2008 and 2007, with all variable held constant, (through the impact on available for sale quoted investment).

	Changes in basis points (bps)	Effect on equity	
		2008	2007
AFS quoted investments	+100	Php 84,100,307	Php 68,735,002
	-100	(84,100,307)	(68,735,002)

Foreign currency risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group's foreign exchange exposure arises from holding foreign currency denominated cash and cash equivalents, purchases of some materials used in the construction of its projects. The Group relies on its ability to generate dollar-based revenue from its foreign customers to mitigate this risk. The Group does not enter into derivatives to hedge the exposure.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and liabilities and their peso equivalents as of December 31, 2008 and 2007:

	December 31, 2008		December 31, 2007	
	US Dollar Value	Peso Equivalent	US Dollar Value	Peso Equivalent
Cash and cash equivalents	\$2,706,830	Php 128,628,562	\$2,989,880	Php 123,422,246
AFS financial assets	4,425,212	210,286,093	4,529,908	186,994,598
	\$7,132,042	Php 338,914,655	\$7,519,788	Php 310,416,844

As of December 31, 2008 and 2007, the applicable exchange rates were Php 47.52 and Php 41.28 to US\$1, respectively. The Group recognized net foreign exchange gain amounting to Php 45.18 million for the year ending December 31, 2008 and net foreign exchange loss amounting Php 50.61 million and Php 26.35 million for the eight months ended December 31, 2008 and the year ended April 30, 2007, respectively.

The following table represents the impact on the Group's loss before income tax brought about by a reasonably possible change in Peso to Dollar exchange rate (holding all other variables constant) as of December 31, 2008 and 2007 until its next financial reporting date:

Increase (decrease) in exchange rate	Effect on loss before income tax	
	2008	2007
Php 1.00	(Php 7,132,042)	(Php 7,519,788)
(1.00)	7,132,042	7,519,788

25. Registration with Philippine Economic Zone Authority (PEZA)

Eton Cyberpod Corinthian and Eton Centris are registered with PEZA on August 27, 2008 and September 19, 2008, respectively, as non-pioneer "ecozone developer/operator". The PEZA registration entitled the project to a four-year income tax holiday from the start of its commercial operations. At the expiration of its four-year Income Tax Holiday (ITH), the Company pays income tax at the special tax rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes.

26. Registration with Board of Investments (BOI)

The Group has several projects including three BOI registered projects namely, Belton Place (BP), Eton Emerald Lofts (EEL) and One Archers Place (OAP).

BP is registered with BOI as new developer of low-cost housing project on a Non-Pioneer status under the Omnibus Investments Code of 1987 (Executive Order No. 226) on September 15, 2008. This registration entitled the Parent Company for four years ITH from November 2008 or actual commercial operations or selling, whichever is earlier but in no case earlier than the date of registration. The ITH shall be only limited to the revenue generated from this project. Revenue with selling price exceeding Php 3.00 million shall not be covered by ITH.

Likewise, on September 23, 2008, another two projects of the Parent Company, namely OAP and EEL are registered with BOI as a new developer of low-cost housing project on a Non-Pioneer status. These two projects shall enjoy the same benefits as BP.

27. Note to Consolidated Statements of Cash Flows

Noncash additions to property and equipment for the eight months ended December 31, 2007 and the year ended April 30, 2007 amounted to Php 0.48 million and Php 5.39 million, respectively.

Certain liabilities of the Group comprising of estimated liabilities for retirement benefits and accrued salaries and subscription payable to Unioil and Phoenix Energy, totaling Php 47.13 million and certain assets of the Group comprising of investments in and advances to Phoenix Energy and Phoenix Gas, and B.U. Properties, and AFS investments in shares of stock and club shares, totaling Php 41.74 million as of December 23, 2005, were assigned, transferred and conveyed by the Parent Company to CEVI. Realized gain on assignment of assets and settlement of liabilities amounting to Php 5.40 million was recorded in the 2006 consolidated statement of income.

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