CENTURY
PROPERTIES GROUP, INC.

16 April 2012

THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Center,
Exchange Road, Ortigas Center
Pasig City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Group

Gentlemen:

Attached please find the Amended SEC Form 17-A amending the notes to financials indicating subsequent event of the Dividend declaration of Century Properties Group Inc.

Thank you.

Very truly yours,

NEKO LYREE USON -CRUZ
CIO

COVER SHEET

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S.E.C. Registration Number

CENTURY PROPERTIES GROUP INC.

(FORMERLY EAST ASIA POWER RESOURCES CORPORATION)

(Company's Full Name)

21st FLOOR, PACIFIC STAR BUILDING, SEN. GIL PUYAT CORNER MAKATI AVE., MAKATI CITY

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

Neko Iyree Uson -Cruz
Contact Person

(632) 7935520
Company Telephone Number

SEC FORM -17 A - Amended
Annual Report with Audited 2011 Consolidated F/S

12 31
Month Day
Fiscal Year

FORM TYPE

06 27
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

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

2. SEC Identification Number: **60566**

3. BIR Tax Identification No.: **004-504-281-000**

4. Exact name of issuer as specified in its charter:

CENTURY PROPERTIES GROUP INC.

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification C[ ] (SEC Use Only)

7. Address of principal office/Postal Code: **21ST Floor, Pacific Star Building, Sen Gil Puyat Avenue corner Makati Avenue, Makati City**

8. Issuer's telephone number, including area code: **(632) 7935500**

9. Former name, former address, and former fiscal year, if changed since last report: **Ground Floor, Philippine Fisheries Development Authority, PFDA Building, Navotas Fishport Comple, Navotas City**

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

Each Class	No of Shares of Common Stock Outstanding as Issued of December 31, 2011
COMMON (12/31/2011)	**7,566,391,027 shares of stock**

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

Yes [**X**] 3,554,720,004 common shares No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc. **Common Shares**

12. Check whether the issuer:

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

Yes [**X**] No [ ]

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

Yes [**X**]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

₱442,533,308.8 million as of December 2011; ₱3,839,019,212 billion as of March 31, 2012

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

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

Yes [x]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

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

TABLE OF CONTENTS

PART I. BUSINESS AND GENERAL INFORMATION		**4**
Item 1 Business		4
Item 1.1	Overview	5
Item 1.2	Recent Transactions	5
Item 1.3	Subsidiaries	6
Item 1.4	Operations	6
Item 1.5	Regulations	10
Item 1.6	Risks	12
Item 1.7	Corporate Social Responsibility	21
Item 2. Properties		22
Item 2.1	Overview	22
Item 2.2	Completed Projects as of December 31, 2011	23
Item 2.3	Properties under Management as of December 31, 2011	24
Item 2.4	Project Updates as of December 31, 2011	25
Item 2.5	Company Owned Properties	27
Item 3. Legal Proceedings		27
Item 4. Submission of Matters to a Vote of Security Holders		27
PART II. OPERATIONAL AND FINANCIAL INFORMATION		**28**
Item 5. Company's Common Equity and Related Stockholders Matters		28
Item 5.1	Market Information	28
Item 5.2	Stockholders	28
Item 5.3	Dividends	29
Item 5.4	Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction	29
Item 6. Management Discussion and Analysis or Plan of Operation		30
Item 7. Financial Statements		40
Item 8. Information on Independent Accountants and Other Related Matters		40
PART III. CONTROL AND COMPENSATION INFORMATION		**41**
Item 9. Directors and Executive Officers of the Company		41
Item 10. Executive Compensation		45
Item 11. Security Ownership of Certain Beneficial Owners and Management		46
Item 11.1	Security Ownership of Certain Persons and Beneficial Owners	46
Item 11.2	Security Ownership of Management	46
Item 11.3	Voting Trust Holders of 5% or More	47
Item 11.4	Changes in Control	47
Item 12 Certain Relationships and Related Transactions		47
PART IV. CORPORATE GOVERNANCE		**48**
PART V. EXHIBITS AND SCHEDULES		**48**
SIGNATURES		**50**

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

PART I. BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

1.1 OVERVIEW

Century Properties Group, Incorporated, formerly East Asia Power Resources Corporation (“EAPRC”), (“CPGI” or the “Company” or “Century”) was originally incorporated on March 23, 1975 as Northwest Holdings and Resources Corporation. In September 26, 2011, the Board of Directors of CPGI approved the change in the Company’s corporate name to its present name, as well as the change in its primary business purpose from power generation to that of a holding company and real estate business. Between May and November 2011, Century Properties Inc (“CPI” or “Parent Company”) entered into a series of transactions with EAPRC, a corporation organized under the laws of the Philippines and listed on the Philippine Stock Exchange, whereby, among other things, CPI acquired 96.99% of EAPRC’s Common Shares and EAPRC acquired all of the subsidiaries of CPI.

Century is one of the leading real estate companies in the Philippines with over 26 years of experience. Currently, the Company has four subsidiaries namely Century City Development Corporation, Century Limitless Corporation, Century Communities Corporation, and Century Properties Management (collectively known as the “Subsidiaries”). Through its Subsidiaries, Century develops, markets and sells residential, office, medical and retail properties in the Philippines, as well as manages residential and commercial properties in the Philippines.

As of December 31, 2011, the Company completed 20 condominium and commercial buildings (4,128 units) with a total GFA of 548,262 sq.m. The roster of noteworthy developments include the award-winning Essensa East Forbes (“Essensa”) in Fort Bonifacio, South of Market (“SOMA”) in Fort Bonifacio, SOHO Central in the Greenfield District of Mandaluyong City, Pacific Place in Ortigas and a collection of French-inspired condominiums in Makati City called Le Triomphe, Le Domaine and Le Metropole.

Currently, the Company is developing four master-planned communities that is expected to have 23 condominium and commercial buildings with approximately 14,748 condominium and commercial units and 955 single detached homes, with a total expected GFA of 1,185,024 sq.m.

The Company’s land bank for future development consists of properties in Quezon City and Batangas that cover a site area of 1,966,865 sq.m.

The Company, through Century Properties Management, Inc. (“CPMI”) also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through CPMI, the Company endeavors to ensure the properties it manages maintain and improve their asset value, and are safe and secure. CPMI currently manages 51 projects with total GFA of 2,192,338 sq.m., and 80% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, BPI Buendia Center in Makati City, Philippine National Bank Financial Center in Pasay City, Pacific Star Building in Makati City, Makati Medical Center in Makati City and three Globe Telecom buildings in Cebu, Mandaluyong and Makati City, respectively.

Century’s aim is to enhance the overall quality of life for Filipinos and foreign nationals by providing distinctive, high-quality and affordable properties. Century focuses on differentiation to drive demand, increase our margins and grow market share. In particular, Century identifies what the Company believes are the best global residential standards and adopts them to the Filipino market. CPGI believes that it has earned a reputation for pioneering new housing concepts in the Philippines. One of Century’s significant contributions is the Fully-Fitted and Fully-Furnished (“FF/FF”) concept, which is now an industry standard in the Philippines. We also employ a branding strategy that focuses on strategic arrangements with key global franchises to help capture and sustain consumers’ awareness. To date, CPGI has entered into agreements with Gianni Versace S.P.A., Donald Trump (through the Trump Organization) , Paris Hilton, and Missoni Homes, among others.

Century has marketed and sold to clients in more than 50 countries and, as a result, a significant portion of its residential properties are sold to Filipinos living abroad. International pre-sales accounted for approximately two-thirds of the total pre-sales, in terms of value, for each of the last three years. CPGI conduct its sales and marketing through the Company's extensive domestic and international network of 2,842 agents and brokers as of December 31, 2011.

For 2009, 2010 and 2011, our revenue was P2,273.3 million, P3,071.6 million and P4,702.1 million, respectively, and our net income was P691.7 million, P179.6 million and P 866.2 million, respectively. As of December 31, 2011, we had total assets of P10,029.3million, and total equity of P4,331.7million.

1.2 RECENT TRANSACTIONS

On February 20, 2012, CPI closed on a Placing and Subscription Transaction wherein it sold 1,333,333,000 shares of stock in CPGI to new investors ("Placing Tranche") at a price of P1.75 per share. Concurrently, it used the gross proceeds from the Placing Tranche, totaling Two Billion Three Hundred Thirty-Three Million, Three Hundred Thirty-Two Thousand Seven Hundred Fifty (Php2,333,332,750) to re-subscribe to new 1,333,333,000 shares of stock in CPGI ("Subscription Tranche").

Additionally, the Company, together with CPI and APG Strategic Real Estate Pool N.V. (APG), a Netherlands-based pension firm, entered into a Purchase Agreement wherein CPI sold its 868,316,042 CPGI shares of stock in favor of APG. This transaction was pursuant to the convertible bond issued by CPI to APG in January 2011. Instead of converting the convertible bond into shares of CPI, APG and CPI entered into a Purchase Agreement under which APG purchased the convertible bond from CPI. The consideration consists of (i) 868,316,042 CPGI shares owned by CPI and (ii) cash consideration. As a result of such transaction, CPI retired the convertible bond concurrently with the sale of the CPGI shares to APG.

As a result of the Placing and Subscription Transaction and APG's acquisition of 868,316,042 shares of stock, the Company's public float increased from 3.0% to 27.3%. Out of the 27.3% public shares, 9.75% is beneficially owned by APG.

1.3 SUBSIDIARIES

Below is the Company's percentage of ownership in its Subsidiaries as of the filing of this report.

	Percentage of Ownership as of the Filing of the Report	
	Direct	Indirect
Century Communities Corporation (CCC)	100	–
Century City Development Corporation (CCDC)	100	-
Century Limitless Corporation (CLC)	100	-
Century Properties Management Inc. (CPMI)	80	–

CPGI conducts its operations through four Subsidiaries, Century Communities Corporation ("CCC"), Century Properties Management, Inc. ("CPMI"), Century City Development Corporation ("CCDC") and Century Limitless Corporation ("CLC").

Century Communities Corporation

CCC, incorporated in 1994, is focused on horizontal house and lot developments. From the conceptualization to the sellout of a project, CCC provides experienced specialists who develop and execute the right strategy to successfully market a project. CCC is currently developing Canyon Ranch, a 25-hectare house and lot development located in Carmona, Cavite.

Century City Development Corporation

CCDC, incorporated in 2006, is focused on developing mixed-use communities that contain residences, office and retail properties. CCDC is currently developing Century City, a 3.4-hectare mixed-use development along Kalayaan Avenue in Makati City.

Century Limitless Corporation

CLC, incorporated in 2008, is Century's newest brand category that focuses on developing high-quality, affordable residential projects. Projects under CLC will cater to first-time home buyers, startup families and investors seeking safe, secure and convenient homes.

Century Properties Management, Inc.

CPMI, incorporated in 1989, is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI currently has 51 projects in its portfolio, covering a total gross floor area of 2,192,338 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

1.4 OPERATIONS

Employees

CPGI and its Subsidiaries have 791 employees as of December 31, 2010 and 921 employees as of December 31, 2011. The Company's employees are primarily engaged in construction and property management. CPGI utilizes the services of CPI's employees for substantially all of its development operations as well as for its sales and marketing. CPGI also utilize CPI's local and international marketing and distribution network, which consists of 887 exclusive agents who receive monthly allowances and commissions, 1,410 exclusive commission-based agents and 545 non-exclusive commission-based brokers as of December 31, 2011. CPGI and CPI have entered into an Expense Allocation Agreement pursuant to which the Company pays the costs of such services and record such costs in the Company's general, administrative and selling expenses. As soon as reasonably practicable, CPGI intends to migrate the employees of CPI to become CPGI's employees and migrate CPGI's construction employees to Century Project Management and Construction Corporation ("CPMCC"), the company exclusively charged with managing the construction projects for our vertical developments. The following table shows the distribution of its employees across its core function areas:

	As of December 31,	
	2010	2011
Development operations[1]	172	241
Sales and marketing[1]	10	12
Construction	306	427
Property management	303	241
Total	**791**	**921**

Land Acquisition

The Company sources land for development through joint venture agreements with land owners, or through direct purchases. Direct purchases can either be paid for in cash or on an installment basis. The land acquisition process consists of three main steps: identifying, assessing and executing.

First, the Company identifies land with a focus on Metro Manila. During this time, the Company checks the title of the property to ensure there are no encumbrances that will prevent development. Zoning and floor to area considerations are also examined at this stage. The sources of land in the Philippines include privately owned undeveloped property, government owned property, foreclosed bank assets and redevelopment of existing properties as certain industries migrate outside of Metro Manila.

Second, the Company assesses the physical and financial suitability of the land. The land must be topographically amenable to condominium or house and lot developments. The Company also analyzes the macro demand and competing developments to develop a marketing plan for the project, as well as run pro forma cash flows and profit and loss statements for the project.

Third, the Executive Committee of CPGI approves the project internally and commences with the acquisition of the land.

The Company has historically entered into joint venture agreements with land owners, including commercial banks, for several of our development projects. By entering into these types of joint venture agreements, the Company foregoes spending a large sum of capital on land acquisition and can therefore increase its return on equity. Historically, Century has not experienced material difficulties in finding joint venture partners to supply land and currently does not expect to experience difficulties in the future. The Company believes in their track record as an innovative and reputable property developer giving its joint venture partners confidence that their project will be handled successfully. Further, the Company believes there is an abundant supply of land owners in the Philippines who wish to develop their land but who may not have the resources, both financial and expertise, to do so.

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, while Century bears all costs relating to land development and the construction of the planned property. The joint venture agreement also stipulates the allocation of interest in the property sales in accordance with our respective joint venture interests.

The joint venture agreements specify the allocation of sales and marketing expenses between the Company and the joint venture partner. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

CPGI requires its joint venture partners to warrant their title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land.

Project Design

The project design process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of property and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, project planning begins after land acquisition and takes at least nine months, during which time CPGI prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase.

The Company utilizes its in-house design capabilities and market research data to plan developments as often as possible. Aside from determining the feasibility of a project, the objective of the study is to determine the property type to develop (i.e., residential, office, retail, medical, etc.). The Company believes that its expertise in, and innovative approach to, residential real estate development allows it to reduce costs, maintain competitive prices, create distinctive properties and increase sales. From time to time, the Company hires highly-regarded third-parties to design and plan projects. The work performed by these third-parties must comply with specifications that Century provides and, in all cases, their work is subject to Century's final review and approval. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

Congruent with Century's overall strategy of creating distinctive developments, the Company also develops and implements specific design parameters for its projects. This helps Century market each project based on a particular design aesthetic and its own unique characteristic and personality.

Project Development And Construction

Project development and construction involves obtaining the required Government regulatory approvals and executing upon the Company's plans. Typically, once the Company has completed the project planning phase, it obtains the necessary Government approvals and permits to conduct pre-marketing activities. For residential projects, once the project has received a development permit from the relevant local government unit or the HLURB, as the case may be, and a permit to sell from the latter, pre-sales of the residential unit can, and initial development work on the project site may commence. Before the site development process can begin, the Company must also obtain clearances from various Government departments, principally the DENR and the Department of Agrarian Reform ("DAR"), as well as the local government.

The Company finances the development of projects through a combination of pre-sales (primarily for residential projects) and internally-generated funds. Century also routinely obtains project financing loans from financial institutions. CPGI expects this financing model to continue going forward.

Project development and construction work for the vertical projects is primarily conducted by CPMCC, which is owned and managed by Mr. Ricardo P. Cuerva, who is one of Century's Directors and, together with members of his family, a beneficial shareholder of the Parent Company, CPI. CPMCC enters into a construction management agreement with the relevant CPGI subsidiary for each project, and Mr. Cuerva functions as a construction manager by subcontracting specialty services to third parties to ensure that prices are competitive, managing construction laborers, and procuring raw and finishing materials for the project directly from suppliers to minimize costs.

Marketing And Sales

The Company utilizes CPI's local and international marketing network and believes it is one of the most active industry players when it comes to sales and marketing. CPI's local and international marketing and distribution network consists of 887 exclusive agents who receive monthly allowances and commissions, 1,410 exclusive commission-based agents and 545 non-exclusive commission-based brokers as of December 31, 2011.

The Company believes that the members of the sales and marketing team receive a very competitive remuneration package and commission incentives. CPGI maintains an office in Singapore and the Parent maintains an office in Italy and has collaborations with various selling partners in the United States, Canada, the United Kingdom, France, Germany, Ireland, Italy, the United Arab Emirates, Bahrain, China, Brunei, Australia, Malaysia and Singapore in response to the ever-growing demand of its international clients. In recent periods, a significant percentage of CPGI's revenue has been attributable to OFWs, expatriate Filipinos and other overseas buyers.

The Company's advertising and promotional campaigns include the use of show rooms, print and outdoor advertising, fliers, leaflets and brochures designed specifically for the particular target market. The advertising and promotional campaigns are carefully conceptualized and managed by Century's Corporate Communications

Department. The Company uses strategic partnerships with prominent international brands and local and international celebrities to attract interest in our properties. In addition, CPGI also uses non-traditional marketing efforts such as sponsorship of conventions and other events and corporate presentations. Furthermore, the Company partners with local TV stations and local artists to further increase brand awareness.

Sales And Customer Financing

CPGI normally conduct pre-selling of its property units prior to both construction and project completion. Customers generally start with the payment of non-refundable, non-transferable pre-sale fee that is valid for 30 calendar days from the date of payment. Within this period, the customer is required submit the complete post-dated checks covering the monthly amortizations and the final turnover balance.

Notwithstanding certain buyers who opt to pay the purchase price in full and in cash, CPGI requires 20% to 60% of the total purchase price to be paid during the construction stage, which is between three to five years. On the turnover date, the buyers would have fully paid the required 20% to 60% of the total purchase price, and would be required to either pay the balance in cash or apply for a bank-financed loan. CPGI assist qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders and from commercial banks.

Sales Cancellations

Default and cancellations are subject to a variety of circumstances beyond the Company's control, such as adverse economic and market conditions as well as increase in interest rates. The Company has not encountered material losses resulting from breaches of buyers' purchase agreements.

After Sales Services

CPGI provides maintenance services through its subsidiary CPMI on projects that are fully turned over to the owners. The Company believes that CPMI's management of the completed projects increases their asset value.

The Company obtains feedback from the unit owners in order to provide quality home dwelling units in the future and to enhance long-term relationships with them. Finally, the Company has an in-house leasing department to handle the leasing and re-sale needs of its clients.

Insurance

The Company believes that it has sufficient insurance coverage that is required by Philippine regulations for real and personal property. Subject to customary deductibles and exclusions, CPGI's insurance policies include coverage for, among other things, building and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. CPGI is not covered by business interruption insurance.

Competition

The Philippine real estate development industry is highly competitive. CPGI's primary competitors are real estate companies that also focus on developing residential and commercial buildings in the Philippines. Century believes that customers choose among competing real estate companies based on design, amenities, price, location, developer reputation, quality of finishes, after-sales support services, unit sizes, monthly amortization and financing terms. Century's competitors vary depending on the target market. The main competitors are Ayala Land, Inc., DMCI Homes, Filinvest Land Inc., Megaworld Corp., Robinson Land Corp., Rockwell Land Corporation, SM Development Corp. and Vista Land & Lifescapes, Inc.

1.5 REGULATIONS

Housing And Land Projects

PD 957 and BP 220 are the principal statutes that regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which, together with local government units, enforces these statutes and has jurisdiction to regulate the real estate trade and business.

Real Estate Sales On Installments

The Maceda Law applies to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial lots, commercial buildings and sales under the agrarian reform laws). Under the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments: (a) To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any (b) if the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments), or (c) buyers who have paid less than two years of installments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund. If a buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act from the seller.

Zoning And Land Use

Under the Philippines' agrarian reform law and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 10, 1988, cannot be converted to non-agricultural use without the prior approval of the DAR and the DENR.

Land use may also be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Land may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Special Economic Zone

The Philippine Economic Zone Authority ("PEZA") is a Government agency that operates, administers and manages designated special economic zones ("Ecozones") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructure and support facilities required by IT enterprises, as well as amenities required by professionals

and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board and the DENR.

Certain of our investment properties are located in Ecozones. Tenants in those properties may register with PEZA to avail themselves of significant benefits under RA 7916 and its Implementing Rules and Regulations. They can, for example, take advantage of income tax incentives such as income tax holidays or 5% gross income taxation, thereby making tenancy in our buildings located in Ecozones potentially more attractive.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, the proponent of an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while the proponent of a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandatory.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, at a minimum, it must contain all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to cover damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Current regulations provide that residential condominiums and mixed-use buildings with a total or gross floor area (including parking and other areas) of at least 25,000 sq.m. generally fall under Category B, i.e., projects that are not categorized as environmentally critical but which may cause negative environmental impact because they are located in an environmentally critical area and are required to obtain an ECC. Residential condominiums and mixed-use buildings with a total or gross floor area (including parking and other areas) of

less than 25,000 sq.m. but at least 10,000 sq.m. also generally fall under Category B and are required to obtain an ECC. Residential condominium projects with a total or gross floor area of less than 10,000 sq.m. generally fall under Category D, i.e., projects unlikely to cause adverse environmental effects, and the project's proponent may obtain a certificate of non-coverage from the EMB.

Aside from the EIS and IEE, engineering geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

Building Permits

Under the Building Code, in order for a person or corporation to erect, construct, alter, repair, move, convert, or demolish any building or structure, a building permit must first be secured from the Building Official assigned at the place where the building work is to be done. A building permit is a written authorization granted by the Building Official to an applicant allowing him to proceed with the construction of a building after plans, specifications, and other pertinent documents required for the construction of the structure have been found to be in conformity with the Building Code.

To obtain a building permit, the applicant must submit the architectural and structural plans (for example, plumbing or sanitary installation plans, mechanical plans, electrical plans, etc.) of the building for the approval of the Building Official.

Business Permits

Before any company may commence operations in the territory of a local government, it must secure the permits, clearances and licenses from such local government. Usually, it is assumed that a corporation has complied with all of the permitting requirements of the local government if it is issued a business permit (also referred to as a mayor's permit in certain jurisdictions). These permits, clearances and licenses must be renewed on an annual basis.

Without these permits, clearances or licenses, the local government may shut down the operations of a business establishment until these are obtained and the corresponding fees and penalties are settled.

1.6 RISKS

RISKS RELATING TO OUR BUSINESS

The Company derives a significant portion of its revenue from OFWs, expatriate Filipinos, former Filipino citizens who have returned to the Philippines ("Balikbayans") and other overseas buyers, which exposes the Company to risks relating to the performance of the economies where they are located.

The Company generates a significant portion of its revenues, particularly sales of its affordable and middle-income projects, from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers. A number of factors could reduce the number of OFWs, remittances from OFWs or the purchasing power of expatriate Filipinos, Balikbayans and other overseas buyers. These include:

- a downturn in the economic performance of the countries and regions where a significant number of these potential customers are located, such as the United States, France, Italy, the United Kingdom, Hong Kong, Japan, Korea, Taiwan, Singapore, the United Arab Emirates, Qatar and Bahrain;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of Government restrictions on the deployment of OFWs to particular countries or regions, such as the Middle East; and
- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers, which could materially and adversely affect the Company's business, financial condition or results of operations.

Substantially all of the Company's properties are in the Philippines and, as a result, the Company is exposed to risks associated with the Philippines, including the performance of the Philippine economy.

Substantially all of the Company's properties are in the Philippines. Accordingly, CPGI is significantly influenced by the general state of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls. For companies in the real estate sector, demand for, and prevailing prices of, commercial and residential properties are affected by the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs. Demand for commercial and residential developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The Philippine residential housing industry is cyclical and sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing. When the Philippines underwent financial and political crises in the past, demand for real estate dropped and consequently led to an oversupply in the market and reduced demand for new residential projects.

The recent global financial crisis which resulted in a general slowdown of the global economy in 2008 and 2009 led to a decline in property sales in the Philippines. Although the Philippine economy continues to recover from the recent financial crisis, this recovery might not continue and there could be a recurrence of the conditions experienced during past financial or political crises. In particular, there is significant uncertainty as to the potential for a continued downturn in the United States, European and other foreign economies, which would be likely to cause economic conditions in the Philippines to deteriorate. This uncertainty could have adverse effects on the growth of the real estate sector in the Philippines. If changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the sale of properties, significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced and therefore could materially and adversely affect the business, financial condition and results of operations of the Company.

The portfolio of real estate property development projects exposes the Company to sector-specific risks.

Because the Company business is concentrated in the Philippine residential and commercial property market, reduced levels of economic growth, adverse changes in the country's political or security situation or weak performance of the country's property development market generally could materially and adversely affect the profitability of the Company. The results of operations are dependent on the continued success of the development projects of the Company.

Additionally, the Philippine real estate industry is highly competitive. CPGI's projects are largely dependent on the popularity of its development when compared to similar types of developments in similar geographic areas, as well as on its ability to gauge correctly the market for its developments. Important factors that could affect the ability to effectively compete include a development's relative location versus that of its competitors, particularly with regards to proximity to transportation facilities and commercial centers, as well as the quality of the developments and related facilities that the Company offers, pricing and the overall attractiveness of the development. The Company's inability to develop attractive projects could materially and adversely affect its business, financial conditions and results of operations.

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

CPGI intends to continue to pursue an aggressive growth strategy by increasing the amount of properties it develops and manages and by expanding into new market segments. However, the Company might experience

capital constraints, construction delays, operational difficulties at new locations or difficulties operating existing businesses and training personnel to manage and operate its business. Any inability to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated or at all. These problems could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company might not be able to generate sufficient funds internally or through external financing to operate and grow our business as planned.

The real estate business is capital intensive and requires significant capital expenditures to develop and implement new projects and complete existing projects. CPGI has budgeted between P7,300 million and P8,300 million for capital expenditures for 2012, primarily to fund the development of our four master planned community projects.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from the pre-sales of its developments, CPGI periodically utilizes external sources of financing. However, the Company might not be able to continue funding its capital expenditure requirements internally or obtain sufficient funds externally on acceptable terms or at all. The ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. The Company's access to debt financing is subject to many factors, many of which are outside its control. For example, political instability, an economic downturn, social unrest or changes in the Philippine regulatory environment could increase the costs of borrowing or restrict the ability to obtain debt financing. In addition, the disruptions in the capital and credit markets may continue indefinitely, which could adversely affect the access to financing. The inability to obtain financing on acceptable terms would adversely affect the Company's ability to operate and execute its growth strategies.

The cancellation of sales of housing or condominium units could adversely affect its business, financial condition and results of operations.

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

CPGI could experience a material number of cancellations, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. If it experiences a material number of cancellations, the Company may not have enough funds on hand to pay the necessary cash refunds to buyers, in which case the Company may have to incur indebtedness to pay such cash refunds, but it might not be able to obtain debt financing on reasonable terms or at all. In addition, particularly during an economic slowdown or downturn, the Company might not be able to able to resell the same property at an acceptable price or at all. Any of these events could have a material adverse effect on the business, financial condition and results of operations.

If the Company experiences a material number of sales cancellations, the historical revenue from its real estate sales would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Once a customer has paid 15% of the purchase price, the revenue is recognized as follows: (a) for completed projects, the revenue is accounted for using the accrual method and (b) for projects where it has material obligations under the sales contract to complete the project

after the property is sold, the percentage of completion method is used. If a sale is cancelled in the same calendar year in which it was recorded, either because a buyer defaults on its payment obligations or otherwise cancels a sale, the Company reverses the corresponding entries made in both “real estate sales” and “cost of real estate sales” in the statement of comprehensive income. If a sale is cancelled after the end of the calendar year in which it was recorded, the Company recognizes the real estate inventory and derecognize the corresponding outstanding contracts receivable and reimbursable costs (which are transaction costs the Company initially bear but are reimbursable under the sales contract with the buyer) and any difference is recognized as a gain or loss under “interest and other income” in our statement of comprehensive income. As a result, to the extent CPGI experience cancellations of sales, our revenues for previous years, where revenue related to cancelled accounts were recognized, may be overstated.

The Company is controlled by the Antonio family and their interests may differ significantly from the interests of other shareholders.

The Antonio family beneficially owns a majority of CPGI’s issued and outstanding shares. Accordingly, the Antonio family will be able to elect a majority of the Board and determine the outcome of many significant matters voted on by shareholders. Members of the Antonio family also serve as directors and executive officers. The Antonio family could also take advantage of business opportunities that may otherwise be attractive to the Company. The interests of the Antonio family may differ significantly from or compete with the Company’s interests or the interests of other shareholders, and the Antonio family may vote their shares in a manner that is contrary to the Company’s interests or the interests of our other shareholders.

The Company is highly dependent on certain directors and members of senior management.

The Company’s directors and members of senior management have been an integral part of its success and the experience, knowledge, business relationships and expertise that would be lost if any such persons depart or take on reduced responsibilities could be difficult to replace and may adversely affect CPGI’s operating efficiency and financial performance. In particular, members of the Antonio family fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members if they depart or take on reduced responsibilities. Such executives include: Jose E.B. Antonio, Chairman, President and CEO; John Victor R. Antonio, Co-Chief Operating Officer and Managing Director; Jose Marco R. Antonio, Co-Chief Operating Officer and Managing Director; Jose Roberto R. Antonio, Managing Director; Jose Carlo R. Antonio, Chief Financial Officer; Rafael G. Yaptinchay, Treasurer; and Ricardo P. Cuerva, President of Century Project Management and Construction Corporation (“CPMCC”), the company exclusively charged with managing the construction projects for CPGI’s vertical developments. The Company does not carry insurance for the loss of the services of any of the members of the management. If CPGI looses the services of any such person and are unable to fill any vacant key executive or management positions with qualified candidates, it could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company may be unable to attract and retain skilled professionals, such as architects and engineers.

The Company believes there is significant demand for skilled professionals from its competitors. The ability to retain and attract highly skilled personnel, particularly architects, engineers and sales and marketing professionals, affects the Company’s ability to plan, design, execute, market and sell projects. In particular, any inability on the part of CPGI to hire and retain qualified personnel could impair its ability to undertake project design, planning, execution and sales and marketing activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

Construction defects and building-related claims may be asserted against the Company, and CPGI may be involved in litigation, which could result in financial losses or harm to our business.

Under Philippine law, the engineer or architect who drew up the plans and specifications for a building is liable for damages if within 15 years from the completion of the structure, it collapses by reason of a defect in those plans and specifications or due to the defects in the ground. The action must commence within 10 years

following the collapse of the building. Thus, if the architect or engineer is one of the Company's employees, the Company may be held liable for damages if any of our buildings collapses. CPGI may also be held responsible for hidden (that is, latent or non-observable) defects in the housing and condominium units if such hidden defects render a unit unfit for the use for which it was intended or if its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that the Company must comply with. CPGI may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

The Company could be held liable for the damages mentioned above, the cost of repairs and the expense of litigation surrounding such claims. Claims could also arise out of uninsurable events or circumstances not covered by insurance. Significant claims arising from structural or construction defects could have a material adverse effect on the reputation and the business, financial condition and results of operations of the Company. CPGI as a group may also be implicated in lawsuits on an ongoing basis. Litigation could result in substantial costs to, and a diversion of effort by, us and subject us to significant liabilities, including potential defaults under our present debt covenants. Legal proceedings could materially harm its business and reputation, and the Company may be unable to recover any losses incurred from third parties, regardless of whether or not CPGI is at fault. Losses relating to litigation could have a material adverse effect on the business, financial condition and results of operation, and provisions made for litigation related losses might not be sufficient to cover the losses of the Company.

Third parties may contest our titles to our properties.

While the Philippines has adopted the Torrens System, a system of land registration which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered in favor of another. In particular, Quezon City, Metro Manila and the province of Cavite, have been known to experience problems with syndicates of squatters and forged or false title holders. There have been cases where third parties have produced false or forged title certificates over land and there are difficulties in obtaining title guarantees with respect to property in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non-execution or non-registration of conveyance deeds, and may be subject to liens, encumbrances or claims of which we may be unaware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, our title and development rights over land may be subject to various defects of which the Company is unaware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss of our title over land.

From time to time, the Company may be required to defend itself against third parties who claim to be the rightful owners of land that the Company acquires. If third-party claims for title are brought against the Company, or if any such claim involves land that is material to its projects, CPGI may have to devote significant time and incur significant costs in defending itself against such claims. Such claims could also affect the company's ability to develop land for particular projects by causing the relevant governmental authority to delay or prevent continued business operations on the property or withhold required permits or clearances until such claim is definitively resolved. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material for its projects. In addition, title claims made by third-parties against CPGI or our joint venture partners may have an adverse effect on the Company's reputation. Any of the foregoing circumstances could have a material adverse effect on on the business, financial condition and results of operation, as well as on the reputation of the Company. Any successful claim against CPGI or our joint venture partners may affect the Company's ability to deliver its developments on time and free and clear of any liens or encumbrances.

CPGI faces risks relating to its property development, including risks relating to project cost, completion time frame and development rights.

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that CPGI may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget.

In addition, the time and costs involved in completing the development and construction of real estate projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, disputes with contractors and subcontractors, accidents, changes in laws, land zoning, use and classification, or in Government priorities and other unforeseen problems or circumstances, and each of these could have an adverse affect on our revenues. Where land to be used for a project is occupied by tenants or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the margins and delay when the Company recognizes revenue. Further, the failure to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. In addition, orders of the Philippine Department of Agrarian Reform allowing conversion of agricultural land for development may require a project to begin by a prescribed deadline. These events could materially and adversely affect the business, financial condition or results of operations.

CPGI operates in a highly-regulated environment and must obtain and maintain various permits, licenses and other governmental approvals.

The Philippines' property development industry is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Department of Agrarian Reform so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at our expense.

Presidential Decree No. 957, as amended, ("PD 957"), Republic Act No. 4726 ("RA 4726") and *Batas Pambansa Blg*. 220 ("BP 220") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957, RA 4726 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the Government which enforces these statutes.

All subdivision and condominium development plans are required to be filed with and approved by the local government unit ("LGU") with jurisdiction over the area where the project is located and by the HLURB. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of (1) the relevant government unit; (2) the HLURB; (3) for subdivisions, the duly organized homeowners association, or if none, the majority of the lot buyers; and (4) for condominiums, a majority of the registered owners. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. The HLURB can suspend, cancel or revoke project permits and licenses to sell based on its own findings or upon complaint from an interested party. CPGI may not be able to obtain these licenses and permits within the time period expected or at all.

Any of the foregoing circumstances or events could impair the Company's ability to complete projects on time, within budget or at all, or sell units in these projects, which in turn could materially and adversely affect the business, financial condition and results of operations.

Environmental laws applicable to the Company's projects could have a material adverse effect on our business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-critical projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. Current or future environmental laws and regulations applicable to us could increase the costs of conducting our business above currently projected levels or require future capital expenditures. In addition, if a first violation of an ECC occurs or if environmental hazards on land where our projects are located cause damage or injury to buyers or any third party, we may be required to pay a fine, to incur costs in order to cure the violation and to compensate our buyers and any affected third parties, however, on subsequent violations, an ECC may be revoked and operations may be stopped. We cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to our business could materially and adversely affect the business, financial condition or results of operations.

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

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions and earthquakes. Natural catastrophes may disrupt our business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors could have significant adverse effects on the Company's development projects, which may be susceptible to damage. Damages resulting from natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the business, financial condition and results of operations of the Company. Furthermore, CPGI cannot obtain insurance at a reasonable cost or at all for certain types of losses from natural and other catastrophes. Neither does the company carry any business interruption insurance. If an uninsured loss or a loss in excess of insured limits occurs, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated revenue from such property, and incur liabilities for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the business, financial condition and results of operations.

The use third-party non-exclusive brokers to market and sell some of our projects.

Although CPI's network of exclusive sales agents are responsible for a significant portion of the Company sales, CPGI also use third-party non-exclusive brokers to market and sell some of its residential housing developments to potential customers inside and outside the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operate, and they may favor the interests of their other clients over our interests in sale opportunities, or otherwise fail to act in our best interests. There is competition for the services of third-party brokers in the Philippines, and many of our competitors either use the same brokers as we do or attempt to recruit brokers away from us. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, we would need to seek other third-party brokers and we may not be able to do so quickly or in sufficient numbers. This could disrupt the business and negatively affect the business, financial condition or results of operation of the Company.

The loss of certain tax exemptions and incentives will increase our tax liability and decrease any profits we might have in the future.

The Company benefits from certain tax incentives and tax exemptions. In particular, the Board of Investments ("BOI") has granted the first three buildings in Azure Urban Residences an Income Tax Holiday ("ITH") for three to four years, depending on the building, from the start of commercial operations or selling. The ITH is limited only to the revenue generated from the three registered buildings, and only for revenues from units with selling prices below P3.0 million. In order to take advantage of the ITH, the Company, through CLC, must increase its equity to at least 25% of the total building costs and invest at least 20% of the building cost in socialized housing programs.

Once the tax incentives related to the BOI-registered buildings expire, the income from those buildings will be subject to the corporate income tax rate, which is currently 30% of net taxable income, and the tax expenses will increase, reducing the profitability and adversely affecting the net income. There have also been reports that the Government may discontinue its policy of granting tax incentives for similar projects in the future. Therefore, the Company might not be able to obtain similar tax incentives for future projects.

Further, sales of residential lots with a gross selling price of P1,915,500 or less and sales of residential houses and lots with a gross selling price of P3,199,200 or less are currently not subject to value-added tax ("VAT") of 12%. If these sales become subject to VAT, the purchase prices for our residential lots and housing units will increase, which could adversely affect the Company sales. Because VAT affects general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Increases in interest rates and changes to Government borrowing patterns and Government policies could adversely affect our and our customers' ability to obtain financing.

Increases in interest rates, and factors that otherwise impair the availability of credit, such as the Government's fiscal policy, could have a material adverse effect on the business and demand for property developments. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance current projects or to obtain financing for new projects.

- The access to capital and the cost of financing are also affected by restrictions, such as the single borrower limit imposed by the BSP on bank lending. The total amount of loans, credit accommodations and guarantees that may be extended by a bank to any person, partnership, association, corporation or other entity shall at no time exceed 25% of the net worth of such bank. This may be increased by an additional 10% of the net worth of the bank provided that the additional liabilities are secured by trust receipts, shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable goods which must be fully covered by insurance. If the Company reaches the single borrower limit with respect to any bank, it may have difficulty obtaining financing with reasonable interest rates from other banks.

- Because a substantial portion of the Company's customers procure financing to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for CPGI's residential developments.

- Increases in Government borrowing in the domestic currency market could increase the interest rates banks and other financial institutions charge and reduce the amount of financing available to the Company and prospective property purchasers of its property.

- Increased inflation in the Philippines could result in an increase in the costs of raw materials, which the Company may not be able to pass on to its customers through increased prices.

• Increases in the Government's budget deficit could increase interest rates and inflation, which could in turn have a material adverse effect on the Company and the customers' ability to obtain financing on attractive terms.

The occurrence of any of the foregoing events could have a material adverse effect on the business, financial condition and results of operations.

Any restriction or prohibition on the Company's subsidiaries' ability to distribute dividends would have a negative effect on our financial condition and results of operations.

As a holding company, CPGI conducts its operations through its subsidiaries. As a result, it derives most of its revenues from dividends from its subsidiaries. CPGI rely on these funds for compliance with its own obligations and for financing its subsidiaries. Further, the ability of the company's subsidiaries to upstream dividends is subject to applicable law and may be subject to restrictions contained in loan agreements and other debt instruments they are party to.

Any restriction or prohibition on the ability of any of the Company's subsidiaries to distribute dividends or make other distributions to CPGI, either due to regulatory restrictions, debt covenants, operating difficulties or other limitations, could have a negative effect on the cash flow and therefore may adversely impact the financial condition and results of operations.

reign credit ratings of the Government directly and adversely affect companies resident in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. Credit rating agencies could downgrade the credit ratings of the Government and, therefore, of Philippine companies, including CPGI and its subsidiaires. Any such downgrade could adversely impact liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

The Company is exposed to Interest Rate, Liquidity, Credit and Commodity Risks

The Company's principal financial instruments consist of cash on hand and in banks, cash equivalents, receivables from installment sales and due from and to affiliated companies and credit facilities from commercial banks. CPGI use these financial instruments to fund its business operations. The Company does not enter into hedging transactions or engage in speculation with respect to financial instruments.

The Company believes that the principal risks arising from its financial instruments are interest rate risk, liquidity risk, credit risk and commodity risk. Because the assets, liabilities, revenue and costs are mostly peso-denominated, the Company believes that it does not have significant exposure to foreign exchange risk.

Interest Rate

Fluctuations in interest rates could negatively affect the potential margins in respect of the Company sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms or at all. The company does not engage in interest rate derivative or swap activities to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of our customers obtain some form of financing for their real estate purchases, increases in interest rate levels could adversely affect the affordability and desirability of te company's subdivision lots and housing and condominium units.

Liquidity

CPGI face the risk that it will not have sufficient cash flows to meet its operating requirements and financing obligations when they come due. The Company manages its liquidity profile by pre-selling housing and land development projects. In addition, the Company's receivables backed credit facilities with banks and other financial institutions under the terms of which CPGI, from time to time, assign installment contract receivables on

a “with recourse” basis. The Company is typically required to replace receivables assigned on a “with recourse” basis if the property buyer fails to pay three consecutive installments or when the sale is otherwise cancelled.

If CPGI is unable to maintain its credit lines with banks and other financial institutions, it may not have sufficient funds to meet its operational requirements.

The Company intends primarily to use internally generated funds and proceeds from pre-sales, assignment of receivables, borrowings, debt issuances and additional equity offerings to meet its financing requirements.

Credit Risk
CPGI and its subsidiaries are exposed to credit risk from defaults by purchasers on their mortgages during the pre-sale periods for its properties. In 2007, the Company began to guarantee the mortgages of purchasers of uncompleted projects. Accordingly, if a purchaser who has a mortgage on an uncompleted project defaults on the mortgage, and the Company is not able to find a replacement purchaser, or if CPGI or its subsidiaries fails in an undertaking with the bank, including delivering the property and title to such property within the mutually agreed period, the Company is obligated to pay the mortgage. As of December 31, 2011, we had guaranteed mortgages with an aggregate amount of Php199.0 million for Gramercy Residences and P228.3 for Canyon Ranch.

Commodity Risk
The Company is exposed to the risk that prices for construction materials used to build its properties (including timber, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company and its subsidiaries are exposed to the risk that it may not be able to pass increased commodities costs to customers, which would lower the company’s margins. CPGI and its subsidiaries does not engage in commodity hedging, but the Company attempts to manage commodity risk by requiring its internal procurement group to supply raw materials for the relevant construction and development projects

1.7 CORPORATE SOCIAL RESPONSIBILITY

As part of Century’s corporate social responsibility undertakings, CPGI has begun to retrofit the existing chillers in the Pacific Star Building, home of Century’s corporate office, to reduce the building’s carbon footprint. Through CPMI, CPMI is doing this through a partnership with the Clinton Climate Initiative and Trane Philippines, a business of Ingersoll Rand and a leading air conditioning systems, services and solutions provider. By replacing existing chillers with new high efficiency ones from Trane Philippines, CPMI expects the Pacific Star Building’s total energy consumption to be reduced by 20% and its carbon dioxide emissions to be reduced by 350 tons per year. The chillers run on a refrigerant that is in compliance with global environmental standards set out in the Kyoto Protocol. The Clinton Climate Initiative, a project of the William J. Clinton Foundation, is assisting CPMI on this project through its “Energy Efficiency Building Retrofit Program.” The Clinton Climate Initiative is providing technical assistance in guiding us through global best practices in energy efficiency measures.

Century supports Operation Smile, a private, not-for-profit volunteer medical services organization and worldwide children’s medical charity headquartered in Norfolk, Virginia, U.S.A. that provides reconstructive surgery and related health care to indigent children and young adults. Operation Smile’s medical volunteers repair cleft lip, cleft palate and other childhood facial deformities while building public and private partnerships to provide training to health care professionals and improve local capacity in partner countries. CPGI has donated funds to Operation Smile to cover the cost of surgeries for 76 children.

In addition, Century also support the ABS CBN Foundation’s Kapit Bisig Para sa Ilog Pasig, which raises awareness and funds in order to rehabilitate the Pasig River. Century was a lead sponsors for three ultra marathons, each 100 kilometers long, organized to help support the foundation’s purpose.

ITEM 2. PROPERTIES

2.1 OVERVIEW

As of December 31, 2011, the Company, through its Subsidiaries and affiliated companies Meridien Land Holdings, Inc., Meridien East Realty and Development Corporation, Meridien Far East Development Corporation and other related entities ("Meridien"), has completed 20 condominiums and commercial buildings (4,128 units) with a total GFA of 548,262 sq. m. The Company is currently developing the four master-planned communities and is expected to have 23 condominiums and commercial buildings with approximately 14,758 condominium and commercial units and 955 single detached homes, with a total expected GFA of 1,185,0,24 sq.m.

The four current master-planned communities are:

- ***Century City*** – A 3.4-hectare mixed-use project in Makati City with eight buildings covering a total planned GFA of 584,709 sq.m. We are currently developing six of the eight buildings: The Gramercy Residences; The Knightsbridge Residences; The Milano Residences (interior design by Versace Home); Centuria Medical Makati, which is expected to be equipped with medical equipment provided by General Electric; Trump Tower Manila; and the Lifestyle Center at Century City, a retail mall designed to cater to residents, employees and patients of Century City as well as residents of the surrounding communities. We are currently developing plans for the remaining two buildings, which will be residential and/or office buildings.
- ***Acqua Private Residences*** – Located in Mandaluyong City, this development comprises six towers with views of the Makati City skyline and will feature a country club with fitness, retail, dining and entertainment facilities, as well as what we expect to be the first riverwalk promenade in the Philippines.
- ***Azure Urban Resort Residences*** – Century's first property in the affordable market segment, Azure Urban Resort Residences is a nine building residential property set on six-hectares in Parañaque City. The development will feature what we expect to be the first man-made beach in an urban residence in Manila and a beach club designed by Paris Hilton.
- ***Canyon Ranch*** – A 25-hectare house and lot community that is part of the 77-hectare San Lazaro Leisure Park in Cavite City targeted for middle-income buyers. The community features a clubhouse with sports and leisure facilities and offers residents views of the Leisure Park which includes one of only two operating horse racing tracks in the Philippines.

The Company's land bank for future development consists of properties in Quezon City and Batangas that cover a site area of 1,966,865 sq.m.

The Company also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through the property management services, the Company endeavor to ensure that the buildings it develops maintain and improve their asset value and are safe and secure. The Company further believes that the ability to develop a reputation as one of the premier property management companies in the Philippines has enabled it to attract a steady clientele of third-party property owners. CPGI currently manage 51 projects with total GFA of 2,192,338 sq.m., and 80% of the projects we manage were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, BPI Buendia Center in Makati City, Philippine National Bank Financial Center in Pasay City, Pacific Star Building in Makati City, Makati Medical Center in Makati City and three Globe Telecom buildings in Cebu, Mandaluyong and Makati City, respectively.

CPGI aims to enhance the overall quality of life for Filipinos and foreign nationals by providing distinctive, high-quality and affordable properties. The Company's focus on differentiation to drive demand, increase its margins and grow market share. In particular, CPGI identifies what it believes are the best global residential standards and adopt them to the Filipino market. The Company also believes that it has earned a reputation for pioneering new housing concepts in the Philippines. One of the Company's significant contributions is the FF/FF concept, which Colliers believes is now an industry standard in the Philippines. CPGI also employs a branding strategy

that focuses on strategic arrangements with key global franchises to help capture and sustain consumers' awareness. To date, the Company through its subsidiaries has entered into agreements with Gianni Versace S.P.A., Donald Trump (through the Trump Organization) , Paris Hilton, and Missoni Home among others.

The Company has marketed and sold to clients in more than 50 countries and, as a result, a significant portion of its residential properties are sold to Filipinos living abroad. CPGI and its subsidiaries have successfully expanded its market reach to Filipino overseas employees and expatriates, as well as other overseas buyers, through its international office, CPI's international office and 29 international selling partners. International pre-sales sales accounted for approximately two-thirds of the total pre-sales, in terms of value, for each of the last three years. CPGI conduct its sales and marketing through CPI's extensive domestic and international network of 2,842 agents and brokers as of December 31, 2011. Approximately 773 of the agents and brokers are based internationally, with their marketing and sales efforts taking place outside the Philippines.

2.2 COMPLETED PROJECTS AS OF DECEMBER 31, 2011

Project	Developer	Location	Type	GFA (sq.m.)	Units	Year Completed
Le Grand	Meridien	Makati City	Residential	15,423	46	1989
Vine Villas	Meridien	Pasig City	Townhouse	N/A[1]	37	1991
Le Triomphe	Meridien	Makati City	Residential	20,239	85	1991
La Maison Rada	Meridien	Makati City	Residential	6,467	67	1992
Le Metropole	Meridien	Makati City	Residential	17,833	70	1992
Pacific Place	Meridien	Pasig City	Residential	33,515	204	1993
Le Domaine	Meridien	Makati City	Residential	16,503	106	1994
One Magnificent Mile	Meridien	Pasig City	Office	23,105	130	1996
Medical Plaza Makati	Meridien	Makati City	Medical Office	24,218	189	1996
Medical Plaza Ortigas	Meridien	Makati City	Medical Office	34,642	264	1998
Essensa (2 Buildings)	Meridien	Taguig City	Residential	115,000	236	2000
Oxford Suites	Meridien	Makati City	Serviced Apartment	17,407	242	2001
West of Ayala	Meridien	Makati City	Residential	57,752	365	2002
Bel-air Soho	Meridien	Makati City	Residential	9,468	207	2005
South of Market (2 buildings)	Meridien	Taguig City	Residential	62,246	709	2007
SOHO Central (2 buildings)	Meridien	Mandaluyong	Residential	64,816	811	2009
Grand SOHO Makati	CPI	Makati City	Residential	29,628	360	2010
Total				**548,262**	**4,128**	

Note:
(1) Information is not available.

2.3 PROPERTIES UNDER MANAGEMENT AS OF DECEMBER 31, 2011

The Company manages both residential and commercial properties. The following table sets forth information regarding residential properties under our management.

RESIDENTIAL PROPERTIES

Project	Location	Developer	GFA (sq.m.)
Astoria Plaza Condominium	Pasig	Millennium Properties & Brokerage	53,767
Bel-Air Soho Condominium	Makati City	Meridien East Realty & Development Corp.	9,468
BSA Suites Condominium	Makati City	ASB Development Corp.	22,925
Canyon Ranch Estate	Carmona, Cavite	Century Communities Corporation	83,889
Essensa East Forbes	Taguig	Meridien East Realty & Development Corp.	115,000
Goldland Plaza Condominium	San Juan	Goldland Development & Realty Group	54,524
Grand Soho Makati Condominium	Makati City	Century Properties, Inc.	29,628
Le Gran Condominium	San Juan	Arpen Real Estate Development, Inc.	15,423
Le Triomphe Condominium	Makati City	Meridien East Realty & Development Corp.	20,239
Makati Tuscany Condominium	Makati City	Multi Realty Development Corporation	44,591
Paragon Plaza	Mandaluyong	Fil Estate Properties, Inc.	71,631
Pioneer Highlands North	Mandaluyong	Universal Rightfield Property Holdings, Inc.	89,990
Skyway Twin Towers	Pasig	Amberland Corporation	95,417
Soho Central Condominium	Mandaluyong	Meridien East Realty & Development Corp.	64,816
South of Market Condominium	Taguig	Meridien East Realty & Development Corp.	62,246
Tiffany Place Condominium	Makati City	River Oaks Realty Corporation	24,702
Two Lafayette Square	Makati City	Megaworld Properties & Holdings, Inc.	17,189
West of Ayala Condominium	Makati City	Meridien East Realty & Development Corp.	57,752
Total			**933,197**

COMMERCIAL PROPERTIES

Project	Location	Developer	GFA (sq.m.)
139 Corporate Center	Makati City	Antel Realty & Development Corporation	24,426
88 Corporate Condominium	Makati City	Belgen Realty Development, Inc.	37,677
ANPN Edsa Commercial Complex	Quezon	BDO Unibank, Inc.	24,880
Antel Global Condominium	Pasig	World Class Properties, Inc.	60,238
Asian Development Bank – Clark	Pampanga	Asian Development Bank	2,000
Asian Development Bank – Headquarters	Mandaluyong	Asian Development Bank	204,092
AvecShares Asia, Inc.	Taguig	Avecshares Asia, Inc.	12,232
BPI Buendia Center	Makati City	Bank of the Philippine Islands	61,262
Emerson Electric Asia, Ltd. – CGP	Mandaluyong	Emerson Asia, Inc.	3,945
Emerson Electric Asia, Ltd. – RSC	Makati City	Emerson Asia, Inc.	4,819
Emerson Electric Asia, Ltd. – SMPC	Pasig	Emerson Asia, Inc.	10,000
Fisher-Rosemount Systems, Inc.	Pasig	Amberland Corporation	7,378

Project	Location	Developer	GFA (sq.m.)
Glaxo Smith Klein	Makati City	GlaxoSmithKline Philippines, Inc.	9,471
Globe IT Plaza Cebu	Cebu	Globe Telecom, Inc.	12,678
Globe Telecom Pioneer	Mandaluyong	Globe Telecom, Inc.	34,918
Globe Telecom Valero	Makati City	Globe Telecom, Inc.	29,340
Innove Plaza Condominium	Cebu	Prosperity Properties & Management Corporation	12,031
Karrivin Plaza Building	Makati City	Strategic Property Holdings, Inc.	11,157
LV Locsin Codnominium	Makati City	Yntalco Realty Investment Co., Inc.	23,433
Makati Cinema Square	Makati City	MCS Condominium Corporation	20,000
Makati Medical Center	Makati City	Medical Doctors, Inc.	90,467
Medical Plaza Ortigas	Pasig	Meridien Property Ventures, Inc.	34,642
NIDEC Motors Corp.	Pasig	NIDEC Motors Corporation	1,500
One Corporate Center Ortigas	Pasig	Amberland Corporation	117,799
One Corporate Plaza	Makati City	Inchport Realty Corporation	12,034
One Magnificent Mile Condominium	Pasig	Meridien Far East Properties	23,105
One San Miguel Avenue Condominium	Pasig	Amberland Corporation	64,577
Pacific Star Building	Makati City	Penta Pacific Realty Corporation	56,822
PNB Financial Center	Pasay	Philippine National Bank	151,435
Prestige Tower Condominium	Pasig	Amberland Corporation	58,698
Rainmaker Asia	Makati City	Bank of the Philippine Islands	1,000
Solar Century Tower	Makati City	Solar Entertainment Corporation	5,265
Times Plaza Condominium	Makati City	RHL Properties & Development	35,820
Total			**1,259,141**

2.4 PROJECT UPDATES AS OF DECEMBER 31, 2011

Project	Company	Type	Target Market	Location	Total GFA (sq.m.)	Percentage Sold[(1)(2)]	Percentage Completed[(3)]	Total Units	Projected Turnover
Gramercy Residences	CCDC	Residential	Middle-Income	Kalayaan Avenue, Makati City	117,463	96%	85%	1,408	2012
Knightsbridge Residences	CCDC	Residential	Middle-Income	Kalayaan Avenue, Makati City	90,334	99%	45%	1,310	2013
The Milano Residences	CCDC	Residential	Luxury	Kalayaan Avenue, Makati City	61,489	76%	7%	354	2014
Centuria Medical Makati	CCDC	Office	Middle-Income	Kalayaan Avenue, Makati City	67,669	72%	0%	585	2014
Trump Tower Manila	CCDC	Residential	Luxury	Kalayaan Avenue, Makati City	53,584	46%	0%	222	2015
Lifestyle Center	CCDC	Retail	N/A	Kalayaan Avenue, Makati City	49,143	Rent On	5%	—	2013

Project	Company	Type	Target Market	Location	Total GFA (sq.m.)	Percentage Sold[(1)(2)]	Percentage Completed[(3)]	Total Units	Projected Turnover
Acqua Private Residences	CLC	Residential	Middle-Income	Banrangay Hulo, Mandaluyong City	198,283	54%	0%	2,819	2014 onwards
Azure Urban Resort Residences[(4)]	CLC	Residential	Affordable	Barangay Marcelo, Bicutan, Parañaque City	317,143	59%	10%	5,511	2012 onwards
Canyon Ranch[(4)]	CCC	Residential	Middle-Income	Carmona, Cavite	83,889	96%	80%	955	Ongoing per house
Expected Projects in Century City	CCDC	Residential and/or Office	N/A	Kalayaan Avenue, Makati City	146,027	0%	0%	2,539	N/A
Total					**1,185,024**			**15,703**	

(1) Collections of amounts due on units sold are ongoing.
(2) Percentages are based on total number of units sold in the property.
(3) Percentages are based on stage of development of the property.
(4) Properties developed with a joint venture partner.

2.5 COMPANY OWNED

The Company does not have any property other than its equity participation in its subsidiaries. The Company's subsidiaries, on the othe hand, owns assets mainly land and buildings in property development.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2011, the directors and key officers of the Company have no material pending civil or criminal cases filed by or against them.

From time to time, the Company and its Subsidiaries, its Board of Directors and Key Officers are subject to various civil, criminal and administrative lawsuits and other legal actions arising in the ordinary course of our business. Typical cases include adverse claims over title to land, claims for recovery of money and damages and claims for cancellations of sales agreements and refund of deposits.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held a Special Stockholders Meeting on September 26, 2011 to vote on the following matters which was approved by at least 2/3 of the outstanding capital stock entitled to vote in person or by proxy representing 95.9% of the total outstanding shares: (1) the increase in authorized capital stock to ten billion pesos divided into ten billion common shares to be subscribed by Century Properties Inc through a share swap; (2) the equity restructuring and decrease in authorized capital stock to wipe out the deficit of the Company; (3) the change of corporate name of the Company, amendments to the primary and secondary purposes of the Corporation; (4) the shareholders approval for the additional listing of the Company with the Philippine Stock Exchange; (4) Approval of the proposed Placing and Subscription Transaction of the Company; and (5) the waiver of rights offering requirement under the PSE Listing Rules in connection with the listing of the common shares to be subscribed by CPI out of the increase in the authorized capital stock of the Corporation pursuant to the share swap and waiver of rights offering requirement in connection with the listing of the common shares to be issued to CPI pursuant to the Placing and Subscription Transaction.

Other than those stated herein, there are no other matters submitted to a vote of security holders during the fiscal year covered by this report.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

5.1 MARKET INFORMATION

The shares of the Company consist solely of common shares, which are presently being traded in the Philippine Stock Exchange, Inc. The high and low sales prices for the shares of the Company for each quarter within the last three (3) fiscal years are as follows:

2011 TO BE FURNISHED BY PSE-PENDING	High	Low
First quarter	P0.43	P0.27
Second quarter	0.95	0.26
Third quarter	5.66	0.77
Fourth quarter	2.70	1.67

2010	High	Low
First quarter	P0.37	P0.23
Second quarter	0.36	0.28
Third quarter	0.57	0.23
Fourth quarter	0.47	0.22
2009	**High**	**Low**
First quarter	₱0.22	₱0.14
Second quarter	0.40	0.115
Third quarter	0.35	0.26
Fourth quarter	0.31	0.20

As of December 29, 2011, the last trading day of the Company's shares for the fourth (4th) quarter of the year 2011, the Company's closing share price is ₱1.94 per share. The closing price as of December 29, 2011, the last trading price for the month is ₱1.70 per share.

5.2 STOCKHOLDERS

The number of shareholders of the Company of record as of December 31, 2011 was Four Hundred Ninety Seven (497). The number of issued and outstanding common shares of the Company as of December 31, 2011 is Seven Billion Five Hundred Sixty Six Million, Three Hundred Ninety One Thousand Twenty Seven (7,566,391,027) . All shares of the Company are common stock.

The top 20 stockholders as of December 31, 2011 are as follows:

Name	Number of Shares Held	% to Total
1. Century Properties Inc.	7,338,281,074	96.985
2. PCD Nominee Corporation (Filipino)	205,142,529	2.71
3. Ernesto B. Lim	12,000,000	0.15
4. PCD Nominee Corporation (Non-Filipino)	4,636,251	0.06
5. Victor S. Chiongbian	3,333,332	0.04

6. Antonio A. Inductivo	599,990	0.008
7. Vicente Goquiolay & Co., Inc.	327,600	0.004
8. Magdaleno B Delmar, Jr.	299,563	0.004
9. Roman T. Yap	120,000	0.002
10. Antonio C. Cuyos	115,383	0.002
11. B.L. Tan Securities, Inc.	100,000	0.002
12. Alfredo B. Chia	100,000	0.002
13. Milagros Ileto	100,000	0.002
14. Orifiel Y. Barredo	65,698	0.002
15. Eastern Securities Dev't Corporation	60,000	0.001
16. Tee Ling Kiat&/or Lee Lin Ho	60,000	0.001
17. Pacifico B. Tacub	50,000	0.001
18. Roberto Melo	43,200	0.001
19. Milagros Cicio	40,000	0.001
20. Marcelo E. Ayes	30,000	0.000

5.3 DIVIDENDS

The Board of Directors of CPMI approved the declaration and payment of cash dividend of P8.00 million and P5.00 million in 2011 and 2010, respectively. These dividends are reflected in the consolidated statements of changes in equity as dividends earned by the common shareholders of CPGI.

CPGI intends to maintain an annual cash dividend payment ratio for the issued and outstanding common shares of the Company of approximately 10% of its consolidated net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations, availability of unrestricted retained earnings and the absence of circumstances which may restrict the payment of such dividends.

5.4 RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OFSECURITIES CONSTITUTING AN EXEMPT TRANSACTION

On July 11, 2011, the Company disclosed that CPI has commenced a negotiated purchase thru a Deed of Assignment of Shares of Stock dated May 31, 2011 with EPPECI for the following acquisitions: (1) 67,096,092 common shares ("Public Sale Shares") of East Asia Power Resources Corporation (EAPRC) equivalent to 1.888% of EAPRC and (2) 284,250,000 common and preferred shares ("Private Sale Shares") of EPHE (former Parent Company of EAPRC) resulting to an indirect acquisition of equivalent to 91.695% of the total issued and outstanding capital stock of EAPRC. The purchase price for the Public and Private Sale Shares amounts to a total consideration of Php127,406,794.31 (the "Private Sale Consideration") allocated as follows: Php2,569,732.51 for the Public Sale Shares and Php124,837,061.80 for the Private Sale Shares.

Due to the aforementioned transactions and sale of securities, the Company effected a change in ownership from EPHE to CPI.

On September 26, 2011 as previously discussed in the preceding paragraph, under item 4, the Company entered into a share-swap transaction with its Parent Company, CPI to subscribe for an additional 4,011,671,023 CPGI shares of stock. CPI assigned its shares in its subsidiaries to CPGI based on the aggregate book vales of CPI's shares in the subsidiaries as determined from the audited financial statements of CPMI, CCC, CCDC and CLC for the year ended July 31, 2011

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

NON FINANCIAL OPERATING DATA

Pre-sales by location of buyer	For the year ended December 31, 2009	2010	2011
Pre-sales (in units)			
Philippines	314	676	1,286
International			
Asia Pacific (excluding the Philippines)	48	311	1,271
Americas	211	339	1,000
Europe (excluding the United Kingdom)	44	264	964
United Kingdom	188	417	573
Middle East	111	318	273
Total international pre-sales (in units)	602	1,649	4,081
Total pre-sales (in units)	**916**	**2,325**	**5,367**
Pre-sales (in millions)			
Philippines	P 1,427.6	P 2,660.5	P 6,088.0
International			
Asia Pacific (excluding the Philippines)	213.1	1,150.9	5,180.3
Americas	885.4	1,166.4	2,817.2
Europe (excluding the United Kingdom)	219.5	769.3	2,030.1
United Kingdom	791.5	1,289.4	1,327.9
Middle East	533.4	986.6	923.2
Total international pre-sales (in millions)	2,642.9	5,362.6	12,278.7
Total pre-sales (in millions)	**P 4,070.5**	**P 8,023.1**	**P 18,366.8**

Pre-sales by market segment	For the year ended December 31, 2009	2010	2011
Pre-sales (in units)			
Luxury	0	110	343
Middle Income	894	509	2,725
Affordable	22	1,706	2,298
Total pre-sales (in units)	**916**	**2,325**	**5,367**
Pre-sales (in millions)			
Luxury	P 0.0	P 1,033.2	P 3,940.4
Middle Income	4,010.9	2,330.3	9,203.6
Affordable	59.6	4,659.5	5,222.8
Total pre-sales (in millions)	**P 4,070.5**	**P 8,023.1**	**P 18,366.8**

Luxury: properties in which a majority of the units are priced at P7.0 million and above.

Middle-income: properties in which a majority of the units are priced between P3.5 million and P7.0 million.

Affordable: properties in which a majority of the units are priced below P3.5 million.

RESULTS OF OPERATIONS

Revenues

Real Estate

The Group recorded revenue from real estate sales amounting to P3,760.5 million in the year ended December 31, 2011, an increase of 43.9% from P2,613.0 million in same period last year. This increase was due primarily to significant construction accomplishments of The Gramercy Residences, The Knightsbridge Residences, and the Rio Building in Azure Urban Resort Residences, as well as newly completed units in the Canyon Ranch project.

The Group account for real estate revenue from completed housing and condominium units and lots using the full accrual method. The Group uses the percentage of completion method, on a unit by unit basis, to recognize income from sales where the Group has material obligations under the sales contract to complete after the property is sold. Under this method, revenue is recognize as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs. The Group requires payment of 20% to 60% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment.

- Real estate revenue of Century City Projects increased by 8.3**%** to P2,637.6 million in the year ended December 31, 2011 from P2,435.1 million for the year ended December 31, 2010. This was primarily attributable to the increase in the overall completion of Knightsbridge's sold inventories. Century City Projects cater to the middle income and luxury segment of the market.

- Real estate revenue of Azure Project increased by 4,072.2**%** to P659.2 million in the year ended December 31, 2011 from P15.8 million for the year ended December 31, 2010. This was primarily attributable to the increase in the overall completion of Rio and Santorini Buildings' sold inventories. Azure Project caters to the affordable segment of the market.

- Real estate revenue of Canyon Ranch Project increased by 186.1**%** to P463.7 million in the year ended December 31, 2011 from P162.1 million for the year ended December 31, 2010. This was due primarily to newly completed units. Canyon Ranch Project caters to the middle income segment of the market.

Interest and Other Income

Interest and other income increased by 443.1% to P750.3 million in the year ended December 31, 2011 from P138.1 million in the year ended December 31, 2010. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased sales in the period and the increase in cumulative sales from prior periods and an increase in income from cancelled sales.

Gain from change in fair value of investment properties

There was no gain from change in fair value of investment properties in the year ended December 31, 2011 as compared to a gain of P148.2 million in the year ended December 31, 2010, as the fair value of our investment properties remained the same during the year ended December 31, 2011.

Property management fee and other services

Property management fee and other services increased by 11.2% to P191.6 million in the year ended December 31, 2011 from P172.3 million in the year ended December 31, 2010. This increase was due primarily to new projects under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of projects under management increased from 47 as of December 31, 2010 to 51 as of December 31, 2011.

Costs and Expenses

Cost and expenses increased by 23.8% to P3,455.2 million in the year ended December 31, 2011 from P2,791.2 million in the year ended December 31 2010. Costs and expenses as a percentage of total revenues decreased from 90.9% in the year ended December 31, 2010 to 73.5% in the year ended December 31, 2011. The 17.4% net decrease in the account was primarily attributable to the following:

- Cost of real estate sales increased by 44.9% from P1,687.4 million in the year ended December 31, 2010 to P2,444.3 million in the year ended December 31, 2010. This was primarily due to the corresponding growth in revenue from real estate sales.

- Cost of services increased by 18.9% to P141.7 million in the year ended December 31, 2011 from P119.2 million in the year ended December 31, 2010. This was primarily due to increases in salaries, wages and benefits at CPMI as our property management business grew.

- General, administrative and selling expenses decreased by 13.7% to P794.4 million in the year ended December 31, 2011 from P921.0 million in the year ended December 31, 2010. This decrease was primarily due to deferral of marketing activities of newly launched projects with no percentage-of-completion as of December 31, 2011.

- Interest and other financing charges increased by 17.6% to P74.8 million in the year ended December 31, 2011 from P63.6 million in the year ended December 31, 2010. This was primarily due to new project level debt raised during the year.

Provision for Income Tax
Provision for income tax increased by 278.1% to P381.1 million in the year ended December 31, 2011 from P100.8 million in the year ended December 31, 2010. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous periods.

Net Income
As a result of the foregoing, net income increased by 382.2% to P866.1 million in the year ended December 31, 2011 from P179.6 million in the year ended December 31, 2010.

FINANCIAL CONDITION

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

Total assets as of December 31, 2011 were P10,029.4 million compared to P7,555.3 million as of December 31, 2010, or a 32.7% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments increased by P83.9 million from P282.7 million as of December 31, 2010 to P366.6 million as of December 31, 2011 primarily due to receipt of customers' advances and deposits and from acquisitions on account.

- Receivables increased by 197.3% from P664.1 million to P1,974.6 million due to the revenue recognized during for the year.

- Real estate inventories and land for future development increased by 44.7% from P1,976.0 million to P2,859.1 million due to transfer of land previously classified as investment properties to land held for future development.

- Property and equipment increased by 179.5% from P68.8 million to P192.3 million due to acquisitions made during the year.

Total liabilities as of December 31, 2011 were P5,697.6 million compared to P4,605.4 million as of December 31, 2010, or a 23.7% increase. This was due to the following:

- Accounts and other payables increased by 61.5% from P599.8 million as of December 31, 2010 to P968.5 million as of December 31, 2011 due to accruals made at the end of the year.

- Customers' advances and deposits increased by 50.8% from P1,810.9 million to P2,730.6 million representing collections from customers which do not meet the revenue recognition criteria as of end of the year.

- Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, decreased by 28.0% from P1,226.1 million as of December 31, 2010 to P882.5 million as of December 31, 2011 due to repayments made during the year.

- Liabilities for purchased land decreased by 41.3% from P145.2 million as of December 31, 2010 to P85.2 million as of December 31, 2011 due to payments made during the year.

- Income tax payable increased by 297.3% from P37.5 million as of December 31, 2010 to P149.0 million as of December 31, 2011 primarily due to higher taxable income for the year.

Total stockholder's equity net increased by 46.8% to P4,331.6 million as of December 31, 2011 from P2,949.9 million as of December 31, 2010 due to issuance of new shares, restructuring and the net income recorded for the year ended December 31, 2011.

	As of or for the year ended December 31		
Other Financial Data	**2011**	**2010**	**2009**
Return on Assets (1)	9.9%	2.7%	11.8%
Return on Equity (2)	23.8%	6.6%	28.1%
EBIT (3)	1,321.9	344.0	1,006.4
EBITDA (3)	1,367.9	369.8	1,026.3
Total Debt	882.5	1,226.1	274.5
Net Debt (4)	515.9	943.4	138.5
Gross Profit Margin (5)	41.7%	31.7%	52.6%
Net Income Margin (6)	18.4%	5.8%	30.4%
Total debt-to equity ratio	20.4%	41.6%	11.1%
Net debt-to-equity ratio (7)	11.9%	32.0%	5.6%
Debt-to-EBITDA ratio (8)	0.6x	3.3x	0.3x
Net debt-to-EBITDA ratio (9)	0.4x	2.6x	0.1x

Notes:

(1) Return on assets is calculated by dividing net income for the period by average total assets (beginning plus end of the period divided by two) except for 2009,which is calculated by dividing net income for the period by total assets as of December 31, 2009.

(2) Return on equity is calculated by dividing net income for the period by average total equity (beginning plus end of the period divided by two) except for 2009,which is calculated by dividing net income for the period by total equity as of December 31, 2009.

(3) EBIT is calculated as net income after adding back interest expense and provision for income tax. EBITDA is calculated as net income after adding back interest expense, depreciation and amortization and provision for income tax.

(4) Net debt is calculated as total debt less cash and cash equivalents as of the end of the period.
(5) Gross profit from real estate sales margin is calculated as the sum of real estate sales and accretion of unamortized discount (which we record under interest and other income), less the cost of real estate sales, as a percentage of the sum of real estate sales and accretion of unamortized discount, for the period. We believe that including accretion of unamortized discount in this calculation is a useful measure of the profitability of our real estate operations because such unamortized discount forms part of the original contract price of the sales contracts.
(6) Net margin is calculated as net income as a percentage of revenue for the period.
(7) Net debt-to-equity ratio is calculated as net debt divided by total equity as of the end of the period.
(8) Debt-to-EBITDA ratio is calculated as total debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.
(9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.

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

Cash and cash equivalents including short term and long-term cash investments increased by P83.9 million from P282.7 million as of December 31, 2010 to P366.6 million as of December 31, 2011 primarily due to receipt of customers' advances and deposits and from acquisitions on account.

Receivables increased by 197.3% from P664.1 million to P1,974.6 million due to the revenue recognized during for the year.

Real estate inventories and land for future development increased by 44.7% from P1,976.0 million to P2,859.1 million due to transfer of land previously classified as investment properties to land held for future development.

Advances to suppliers and contractors increased by 172.4% from P844.5 million as of December 31, 2010 to P2,300.1 million as of December 31, 2011 primarily due to unrecouped down payments and construction fund advanced by the Group to its suppliers and contractors at the end of the year.

Prepayments and other current assets increased by 137.9% from P354.0 million to P842.2 million due to deferral of certain marketing expenses of newly launched projects with no percentage-of-completion as of December 31, 2011.

Property and equipment increased by 179.5% from P68.8 million to P192.3 million due to acquisitions made during the year.

Intangible assets – net decreased by 10.0% from P3.0 million to P2.7 million due to amortization recognized during the year.

Deferred tax assets – net decreased by 9.3% from P211.4 million to P191.8 million due to its utilization against taxable profits during the year.

Other non-current assets increased by 114.3% from P7.0 million as of December 31, 2010 to P15.0 million as of December 31, 2011 due to rentals and other security deposits made during the year.

Accounts and other payables increased by 61.5% from P599.8 million as of December 31, 2010 to P968.5 million as of December 31, 2011 due to accruals made at the end of the year.

Customers' advances and deposits increased by 50.8% from P1,810.9 million to P2,730.6 million representing collections from customers which do not meet the revenue recognition criteria as of end of the year.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, decreased by 28.0% from P1,226.1 million as of December 31, 2010 to P882.5 million as of December 31, 2011 due to repayments made during the year.

Liabilities for purchased land decreased by 41.3% from P145.2 million as of December 31, 2010 to P85.2 million as of December 31, 2011 due to payments made during the year.

Income tax payable increased by 297.3% from P37.5 million as of December 31, 2010 to P149.0 million as of December 31, 2011 primarily due to higher taxable income for the year.

Total stockholder's equity net increased by 46.8% to P4,331.6 million as of December 31, 2011 from P2,949.9 million as of December 31, 2010 due to issuance of new shares, restructuring and the net income recorded for the year ended December 31, 2011.

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

Real estate sales, posted an increase of 43.9% from P2,613.0 million in same period last year. This increase was due primarily to significant construction accomplishments of The Gramercy Residences, The Knightsbridge Residences, and the Rio Building in Azure Urban Resort Residences, as well as newly completed units in the Canyon Ranch project.

Cost of real estate sales increased by 44.9% from P1,687.4 million in the year ended December 31, 2010 to P2,444.3 million in the year ended December 31, 2010. This was primarily due to the corresponding growth in revenue from real estate sales.

Cost of services increased by 18.9% to P141.7 million in the year ended December 31, 2011 from P119.2 million in the year ended December 31, 2010. This was primarily due to increases in salaries, wages and benefits at CPMI as our property management business grew.

General, administrative and selling expenses decreased by 13.7% to P794.4 million in the year ended December 31, 2011 from P921.0 million in the year ended December 31, 2010. This decrease was primarily due to deferral of marketing of newly launched projects with no percentage-of-completion as of December 31, 2011.

Interest and other financing charges increased by 17.6% to P74.8 million in the year ended December 31, 2011 from P63.6 million in the year ended December 31, 2010. This was primarily due to new project level debt raised during the year.

Provision for income tax increased by 278.1% to P381.1 million in the year ended December 31, 2011 from P100.8 million in the year ended December 31, 2010. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous periods.

As a result, net income increased by 382.2% to P866.1 million in the year ended December 31, 2011 from P179.6 million in the year ended December 31, 2010.

REVIEW OF YEAR END 2010 VS YEAR END 2009

RESULTS OF OPERATIONS

Real Estate

The Group recorded revenue from real estate sales amounting to P2,613.1 million in the year ended December 31, 2010, an increase of 152.3% from P1,035.6 million in same period last year. This increase was due primarily to significant construction accomplishments of The Gramercy Residences, The Knightsbridge Residences, and the Rio Building in Azure Urban Resort Residences.

The Group account for real estate revenue from completed housing and condominium units and lots using the full accrual method. The Group uses the percentage of completion method, on a unit by unit basis, to recognize income from sales where the Group has material obligations under the sales contract to complete after the property is sold. Under this method, revenue is recognize as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs. The Group requires payment of 20% to 60% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment.

- Real estate revenue of Century City Projects increased by 246.1**%** to P2,435.1 million in the year ended December 31, 2010 from P703.5 million for the year ended December 31, 2019. This was primarily attributable to the increase in the overall completion of Gramercy and Knightsbridge's sold inventories. It was during 2010 that the Group started recognizing revenue from real estate sales on Knightsbridge Project. Century City Projects cater to the middle income and luxury segment of the market.

- During 2010, the Group also started recognition of real estate revenue of Azure Project amounting to P15.8 million. This was primarily attributable to the completion of Rio Buildings' sold inventories. Azure Project caters to the affordable segment of the market.

- Real estate revenue of Canyon Ranch Project decreased by 51.2**%** to P162.1 million in the year ended December 31, 2010 from P332.1 million for the year ended December 31, 2009. This was due primarily attributable to decline in sales take-up of Canyon Ranch Phase 1 and 2. Canyon Ranch Project caters to the middle income segment of the market.

Interest and Other Income

Interest and other income decreased by 47.5% to P138.1 million in 2010 from P263.1 million in 2009. This was primarily due to significant reduction in sales cancellations during the year. Accordingly, income from cancelled sales also decreased.

Gain from change in fair value of investment properties

Gain from change in fair value of investment properties decreased by 81.8% to P667.9 million in 2010 from P816.1 million in 2009. This decrease was due primarily to minimal increase in valuation of our investment properties in 2010 as compared to a significant appreciation in 2009.

Property management fee and other services

Property management fee and other services increased by 8.7% to P172.3 million in 2010 from P158.5 million in 2009. This increase was due primarily to new projects under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of projects under management increased from 42 as of December 31, 2009 to 47 as of December 31, 2010.

Costs and Expenses

Cost and expenses increased by 111.9% to P2,791.2 million in the year ended December 31, 2010 from P1,317.5 million in the year ended December 31 2009. Costs and expenses as a percentage of total revenues increased from 58.0% in the year ended December 31, 2010 to 90.9% in the year ended December 31, 2009. The 32.9% net increase in the account was primarily attributable to the following:

- Cost of real estate sales increased by 215.1% from P535.5 million in the year ended December 31, 2009 to P1,687.4 million in the year ended December 31, 2009. This was primarily due to the corresponding growth in revenue from real estate sales.

- Cost of services increased by 18.1% to P119.2 million in the year ended December 31, 2010 from P100.9 million in the year ended December 31, 2009. This was primarily due to increases in salaries, wages and benefits at CPMI as our property management business grew.

- General, administrative and selling expenses increased by 46.1% to P921.0 million in the year ended December 31, 2010 from P630.5 million in the year ended December 31, 2009. This was primarily due to extensive marketing activities to promote new projects that generated higher pre-sales and the recognition of such expenses based on the percentage of completion method.

- Interest and other financing charges increased by 25.7% to P63.6 million in the year ended December 31, 2010 from P50.6 million in the year ended December 31, 2009. This was primarily due to significant draw downs on new credit facilities.

Provision for Income Tax

Provision for income tax decreased by 61.8% to P100.8 million in 2010 from P264.0 million in 2009 since most of the accounts qualified under full accrual in 2009. Thus, significant tax dues were already recognized in 2009.

Net Income

As a result of the foregoing, our net income decreased by 74.0% to P179.6 million in 2010 from P691.7 million in 2009.

FINANCIAL CONDITION

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

Total assets as of December 31, 2010 were P7,555.3 million compared to P5,838.9 million as of December 31, 2009, or a 29.4% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments increased by 107.9% from P136.0 million as of December 31, 2009 to P282.7 million as of December 31, 2010 primarily due to proceeds of short-term and long-term debt raised during the year.

- Receivables increased by 417.2% from P128.4 million to P664.1 million due to the revenue recognized during for the year.

- Real estate inventories and land for future development increased by 11.9% from P1,765.4 million to P1,976.0 million due to transfer of land previously classified as investment properties to land held for future development.

- Property and equipment declined by 14.1% from P80.1 million to P68.8 million due to depreciation and amortization recognized during the year.

Total liabilities as of December 31, 2010 were P4,605.4 million compared to P3,374.8 million as of December 31, 2009, or a 36.5% increase. This was due to the following:

- Accounts and other payables decreased by 5.6% from P635.5 million as of December 31, 2009 to P599.8 million as of December 31, 2010 due to settlement of accruals made at the end of 2009.

- Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, increased by 346.5% from P274.5 million as of December 31, 2009 to P1,226.1 million as of December 31, 2010 due to significant draw down on new credit facilities during the year.

- Liabilities for purchased land decreased by 38.6% from P236.4 million as of December 31, 2009 to P145.2 million as of December 31, 2010 due to payments made during the year.

- Income tax payable decreased by 16.5% from P44.9 million as of December 31, 2009 to P37.5 million as of December 31, 2010 primarily due to lower taxable income for the year.

Total stockholder's equity net increased by 19.7% to P2,949.9 million as of December 31, 2010 from P2,464.3 million as of December 31, 2009 due to net income recorded for the year ended December 31, 2010.

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

Cash and cash equivalents including short term and long-term cash investments increased by 107.9% from P136.0 million as of December 31, 2009 to P282.7 million as of December 31, 2010 primarily due to proceeds of short-term and long-term debt raised during the year.

Receivables increased by 417.2% from P128.4 million to P664.1 million due to the revenue recognized during for the year.

Real estate inventories and land for future development increased by 11.9% from P1,765.4 million to P1,976.0 million due to transfer of land previously classified as investment properties to land held for future development.

Advances to suppliers and contractors increased by 278.5% from P223.1 million as of December 31, 2009 to P844.5 million as of December 31, 2010 primarily due to unrecouped down payments and construction fund advanced by the Group to its suppliers and contractors at the end of the year.

Prepayments and other current assets increased by 35.1% from P262.1 million to P354.0 million due to deferral of certain marketing expenses of newly launched projects with no percentage-of-completion as of December 31, 2010.

Property and equipment declined by 14.1% from P80.1 million to P68.8 million due to depreciation and amortization recognized during the year.

Intangible assets – net decreased by 18.9% from P3.7 million to P3.0 million due to amortization recognized during the year.

Deferred tax assets – net increased by 113.3% from P99.1 million to P211.4 million due to recognition of future deductible tax items during the year.

Other non-current assets increased by 311.8% from P1.7 million as of December 31, 2009 to P7.0 million as of December 31, 2010 due to rentals and other security deposits made during the year.

Accounts and other payables decreased by 5.6% from P635.5 million as of December 31, 2009 to P599.8 million as of December 31, 2010 due to settlement of accruals made at the end of 2009.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, increased by 346.5% from P274.5 million as of December 31, 2009 to P1,226.1 million as of December 31, 2010 due to significant draw downs on new credit facilities during the year.

Liabilities for purchased land decreased by 38.6% from P236.4 million as of December 31, 2009 to P145.2 million as of December 31, 2010 due to payments made during the year.

Income tax payable decreased by 16.5% from P44.9 million as of December 31, 2009 to P37.5 million as of December 31, 2010 primarily due to lower taxable income for the year.

Total stockholder's equity net increased by 19.7% to P2,949.9 million as of December 31, 2010 from P2,464.3 million as of December 31, 2009 due to net income recorded for the year ended December 31, 2010.

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

Real estate sales increased by 152.3% from P1,035.6 million in same period last year. The increase was due primarily to significant construction accomplishments of The Gramercy Residences, The Knightsbridge Residences, and the Rio Building in Azure Urban Resort Residences.

Interest and other income decreased by 47.5% to P138.1 million in 2010 from P263.1 million in 2009. This was primarily due to significant reduction in sales cancellations during the year. Accordingly, income from cancelled sales also decreased.

Gain from change in fair value of investment properties decreased by 81.8% to P667.9 million in 2010 from P816.1 million in 2009. This decrease was due primarily to minimal increase in valuation of our investment properties in 2010 as compared to a significant appreciation in 2009.

Property management fee and other services increased by 8.7% to P172.3 million in 2010 from P158.5 million in 2009. This increase was due primarily to new projects under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of projects under management increased from 42 as of December 31, 2009 to 47 as of December 31, 2010.

Cost of real estate sales increased by 215.1% from P535.5 million in the year ended December 31, 2009 to P1,687.4 million in the year ended December 31, 2009. This was primarily due to the corresponding growth in revenue from real estate sales.

Cost of services increased by 18.1% to P119.2 million in the year ended December 31, 2010 from P100.9 million in the year ended December 31, 2009. This was primarily due to increases in salaries, wages and benefits at CPMI as our property management business grew.

General, administrative and selling expenses increased by 46.1% to P921.0 million in the year ended December 31, 2010 from P630.5 million in the year ended December 31, 2009. This was primarily due to extensive marketing activities to promote new projects that generated higher pre-sales and the recognition of such expenses based on the percentage of completion method.

Interest and other financing charges increased by 25.7% to P63.6 million in the year ended December 31, 2010 from P50.6 million in the year ended December 31, 2009. This was primarily due to significant draw downs on new credit facilities.

Provision for income tax decreased by 61.8% to P100.8 million in 2010 from P264.0 million in 2009 since most of the accounts qualified under full accrual in 2009. Thus, significant tax dues were already recognized in 2009.

As a result of the foregoing, our net income decreased by 74.0% to P179.6 million in 2010 from P691.7 million in 2009.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries are filed as part of this Form 17-A.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANTS

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

On September 26, 2011, the Company held its Special Annual Stockholders Meeting wherein SGV and Co. was appointed as the external auditors of the Company for the years 2011 and 2012, and to serve as such until their successor shall have been appointed and qualified. SGV and Company was also the external auditors of the Company and its subsidiaries for 2009 and 2010. There have been no disagreements with the current and previous accountants on accounting and financial disclosures.

External Audit Fees

For the audits of the financial statements of CPGI and all its subsidiaries, the aggregate fees for the audit services of SGV and Co. for 2011 inclusive of VAT amounted to P17.7 million. Fees for the years 2010 and 2009, inclusive of VAT, amounted to ₱ 2.8 million and ₱ 2.1 million respectively.

The Audit Committee recommends to the Board of Directors the discharge or nomination of the external auditor to be proposed for shareholder approval at CPGI's annual shareholders meeting, approve all audit engagement fees and terms of the external auditor, and review its performance. It also reviews and discuss with management and the external auditors the results of the audit, including any difficulties encountered. This review includes any restrictions on the scope of the external auditor's activities or on access to requested information, and any significant disagreements with Management.

The Audit Committee also evaluates, determines and pre-approves any non-audit service provided to the Company and its subsidiaries by the external auditors and keep under review the non-audit fees paid to the external auditors both in relation to their significance to the auditor and in relation to the total expenditure on consultancy.

PART III. CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Directors and Executive Officers

The directors of the Company are elected at the regular annual stockholders' meeting. They hold office for a term of one (1) year until the next succeeding annual meeting and until their respective successors have been elected and qualified. The executive officers hold office until their respective successors have been elected and qualified.

The directors and executive officers of the Company as of December 31, 2011 areas follows:

Name of Director	Position	Age
Jose E.B. Antonio	Chairman of the Board, President and CEO	65
John Victor R. Antonio	Director and Co. COO	39
Jose Marco R. Antonio	Director and Co. COO	37
Jose Roberto R. Antonio	Director and Co. COO	35
Jose Carlo R. Antonio	Director and Chief Financial Officer	28
Ricardo Cuerva	Director	67
Rafael G. Yaptinchay	Director and Treasurer	61
Washington Z. Sycip	Independent Director	90
Monico V. Jacob	Independent Director	66
Brigida S.Aldeguer	Corporate Secretary	60
Domie S. Eduvane	Senior Vice President for Legal and Corporate Affairs	47
Carlos Benedict K. Rivilla, IV	Assistant Vice President for Corporate Affairs and Assistant Corporate Secretary	40
Gerry Joseph Albert Ilagan	Vice President for Human Resources and Sales Management	32
Maria Theresa Fucanan – Yu	Vice President for Corporate Communications	32
Neko Lyree Uson – Cruz	Compliance Officer and Corporate Information Officer	41

Mr. Jose E.B. Antonio, 65 years old, Filipino, is one of the founders and Chairman of the Company and its subsidiaries. He graduated cum laude from San Beda College, Manila in 1966 with a Bachelor's Degree in Commercial Science (major in Marketing) and received a Masters Degree in Business Management in 1968 from Ateneo de Manila's Graduate School of Business. Chairman Antonio also graduated from Harvard University's Owner/President Management Program in 2003. Chairman Antonio served as the Philippines Special Envoy for Trade and Economics to the People's Republic of China in 2005 and is currently the Chairman of Century Asia Corporation, Prestige Cars, Inc. and Philtranco Service Enterprises. He is also the founder and Chairman of the Philippine-China Business Council Inc. In addition, he serves as the Vice Chairman of Penta Pacific Realty Corporation and Subic Air Charter, Inc.

Mr. John Victor R. Antonio, 39 years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. He has been with the Company for 17 years and is involved in managing projects in the Company's middle income and affordable product lines, including Gramercy Residences and Azure Urban Residences. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Marketing) from the University of Pennsylvania's Wharton School in 1993 and received his Masters Degree in Business Administration from the Wharton School in 2003.

Mr. Jose Marco R. Antonio, 37 years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. Prior to joining us, he worked at Blackstone Real Estate Partners as a financial analyst. He has been with the Company for 16 years and is involved in managing projects in the Company's middle income and affordable product lines, including Canyon Ranch, Knightsbridge Residences and Acqua Private Residences. He graduated summa cum laude with a Bachelor's Degree in Economics (dual major in Finance and Entrepreneurial Management) from the University of Pennsylvania's Wharton School in 1995 and received his Masters Degree in Business Administration from the Wharton School in 2004.

Mr. Jose Roberto R. Antonio, 35 years old, Filipino, is a Managing Director of the Company. He is involved in managing projects in the Company's luxury product line, including Milano Residences and Trump Tower Manila. He graduated with a Bachelor's Degree in Economics from Northwestern University and obtained his Masters Degree in Business Administration from Stanford University. He joined the Company in 2009 after spearheading Antonio Development in New York City, which developed the luxury condominium Centurion, located on 56th Street between 5th and 6th Avenue, steps from Central Park.

Mr. Jose Carlo R. Antonio, 28 years old, Filipino, is the CFO of the Company and a member of our Board. Prior to joining the Company in 2007, he worked in the investment banking groups of Citigroup and Goldman Sachs. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Finance) from the University of Pennsylvania's Wharton School in 2005.

Mr. Ricardo Cuerva, 67 years old, Filipino, is a member of our Board. Mr. Cuerva was a co-founder of Meridien and served as Meridien's president from 1988 to 1996. He also currently serves as a member of the Rotary Club of Makati City. Mr. Cuerva graduated from San Beda College in 1961 with a Bachelor of Science Degree in Business Administration and obtained his Masters Degree in Business Administration from Ateneo De Manila in 1971. Mr. Cuerva is the President and owner of Century Project Management and Construction Corporation, which oversees the construction of our vertical developments.

Mr. Rafael G. Yaptinchay, 61 years old, Filipino, is the Treasurer of the Company and a member of our Board. Mr. Yaptinchay was a co-founder of Meridien and served as Meridien's president from 1996 to 2009. He has previously served as the Assistant Treasurer and Head of Business Development/Corporate Planning of Philippine National Construction Corporation. Mr. Yaptinchay is a member of the Rotary Club of Ortigas and the Association of Asian Manager, Inc. Mr. Yaptinchay graduated from Ateneo de Manila University in 1971 with a Bachelor's Degree (major Economics) and received his Masters Degree in Business Administration from Asian Institute of Management in 1974.

Mr. Washington Z. Sycip, 90 years old, American and a resident of the Philippines, is the founder of the Asian Institute of Management and the founder of Sycip Gorres Velayo and Company, a leading accounting firm in the Philippines. Mr. Sycip has received numerous awards in the field of accountancy and consultancy and is the recipient of the 1992 Ramon Magsaysay Award for International Understanding. He currently holds numerous advisory and consultancy commitments domestically and abroad and is also involved in many philanthropic projects. Mr. Sycip graduated summa cum laude from the University of Santo Tomas, Philippines with a Bachelor of Science Degree in Commerce and a Master of Science Degree in Commerce. Mr. Sycip also received a Master of Science Degree in Commerce from Columbia University.

Mr. Monico V. Jacob, 66 years old, Filipino, holds a Law Degree from the Ateneo de Manila University and a Bachelor of Arts Degree from Ateneo de Naga. He is currently the President and CEO of STI Education Services Group, PhilPlans First Inc. and Philhealth Care Inc. He is a member of the Board of Directors of Total Consolidated Asset Management, Inc., Jollibee Foods, Inc., Mindanao Energy and Phoenix Petroleum Philippines. Prior to his current appointments, Mr. Jacob was the General Manager of the National Housing Authority and CEO of the Pag-IBIG Fund. He was also Chairman and CEO of Petron Corporation, where he presided over its privatization. Mr. Jacob was also the Chairman and CEO of the Philippine National Oil Company ("PNOC") and all of its subsidiaries. As CEO of the PNOC, he presided over the privatization of the

PNOC Dockyard and Engineering Corporation. He has been heavily involved in corporate recovery work including rehabilitation receiverships and restructuring advisory in the following firms: The Uniwide Group of Companies; ASB Holdings, Inc.; RAMCAR Group of Companies; Atlantic Gulf and Pacific Company of Manila, Inc.; Petrochemicals Corporation of Asia-Pacific; and All Asia Capital and Trust Corporation, now known as Advent Capital and Finance Corporation. Mr. Jacob was also a member of the Permanent Rehabilitation Receiver Committee of Philippine Airlines where he was active in policy formulation for corporate recovery.

Atty. Brigida S. Aldeguer, 60 years old, Fipino, is the Corporate Secretary of the Company. She is also a Partner of the Angara Abello Concepcion Regala & Cruz Law Offices ("ACCRALAW"). Ms. Aldeguer obtained her degree in AB Political Science from the University of the Philippines and her J.D. in Law from the Ateneo de Manila School of Law in 1991. Before joining ACCRALAW, she was connected with the Philippine Coconut Producers Federation, Inc. (COCOFED) as senior manager for its National Secretariat.

Mr. Domie S. Eduvane, 47 years old, Filipino, is the Senior Vice-President for Legal and Corporate Affairs of the Company. He graduated magna cum laude from Far Eastern University, Manila with a Bachelor of Arts Degree in Economics and obtained his law degree from San Beda College of Law, Manila in 1994. Prior to joining the Company, he served as the Vice-President for Legal and Corporate Affairs and Human Resources for Empire East Properties, Inc., an affiliate of Megaworld Corporation. He also worked as Court Attorney with the Court of Appeals, Manila and was an Associate with Bengzon Zarraga Cudala Liwanag & Jimenez Law Offices as well as a Partner of Yrreverre Rondario & Associates Law Office.

Mr. Carlos Benedict K. Rivilla IV, 40 years old, Filipino, is the Assistant Vice-President for Corporate Affairs of the Company. As part of his experience in the business sector, he served as Corporate Compliance Officer and Vice-President for Finance in a corporation engaged in mass media for four years in Cebu City and also previously handled Corporate Affairs for the Company and served as Director and Corporate Secretary of various businesses in Makati City. He joined the Company in 2007. Mr. Rivilla is a graduate of University of San Jose Recoletos. Mr. Rivilla was appointed Assistant Corporate Secretary on August 17, 2011.

Ms. Neko Lyree U. Cruz, 41 years old, Filipino, is the Company's Compliance Officer. She also serves as the Corporate Information Officer of the Company. Prior to joining us, she was formerly a Marketing Assistant for Values Media Inc. and the United Coconut Planters Bank. She graduated from Assumption College with a Bachelor of Arts degree in Public Relations. Ms. Cruz was appointed Compliance Officer and Corporate Information Officer on November 27, 2008.

Mr. Gerry Joseph Albert L. Ilagan, 32 years old, Filipino, is the Vice-President for Human Resources and Sales Management of the Company. He graduated with academic distinction from San Beda College with a Bachelor's Degree in Human Resources Development and Philosophy. He also attended De La Salle College of St. Benilde's School of Professional and Continuing Education where he received a diploma in Organizational Development and a diploma in Human Resources. He is a licensed Real Estate Broker with more than 10 years of human resources and sales management experience gained from several multinational and Philippine companies. Mr. Ilagan also worked with Sun Microsystems Philippines Inc. and Crown Asia Properties Inc. prior to joining the Company.

Ms. Teresita Fucanan Yu, 32 years old, Filipino, is the Vice-President for Corporate Communications of the Company. As part of her corporate background, she served as Assistant Vice-President and Public Relations Manager of the Company. Prior to joining the Company in 2007, she served as an editor and reporter for various sections of The Manila Times. Ms. Fucanan graduated cum laude with a Bachelor's Degree in Journalism from the University of Santo Tomas in 2001.

All the directors and members of the senior management of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and members of senior management, respectively.

Family Relationships

Except for Messrs. Jose E.B. Antonio, John Victor R Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio, none of the above indicated Directors and Senior Officers are bound by any familial relationships with one another up to the fourth civil degree, either by consanguinity or affinity.

Messrs. John Victor R Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio are brothers while Mr. Jose E.B. Antonio is their father.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence of any of the following events during the five (5) years immediately preceding the filing of this Annual Report for the year 2011: (a) any bankruptcy petition filed by or against any business of which any director or executive officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment, of any director or executive officer in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (c) of any director or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining, barring, suspending or otherwise limiting such director's or executive officer's involvement in any type of business, securities, commodities or banking activities; and (d) any director or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

ITEM 10. EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the executive officers and senior management follows:

Name and Principal Position	Year	Salary (₱)	Bonus (₱)	Other Annual Compensation
Jose E.B. Antonio (President and CEO) John Victor R. Antonio (Director and Co. COO) Jose Marco R. Antonio (Director and Co. COO) Jose Roberto R. Antonio (Director) Jose Carlo R. Antonio (Director and CFO) Rafael G. Yaptinchay (Director and Treasurer) Domie S. Eduvane (SVP for Legal and Corporate Affairs) Carlos Benedict K Rivilla IV (AVP for Corporate Affairs and Asst. Corporate Secretary) Gerry Joseph Albert L. Ilagan (VP for HRAD and Sales Management) Maria Theresa Fucanan-Yu (VP for Corporate Communications) Neko Lyree Uson-Cruz (Compliance Officer and Corporate Information Officer)				
Aggregate executive compensation for above named officers	Actual 2009 Actual 2010 Actual 2011 Projected 2012	P26.3 million P27.3 million P41.4 million P46.1 million	None None None None	None None None None

The Company does not have any standard arrangement or other arrangements with its directors and, as previously mentioned, the directors of the Company do not receive any compensation for acting in such capacity, except for the independent director who receives an honorarium at the end of the year, computed at the rate of Fifty Thousand Pesos (₱50,000.00) for every meeting actually attended. As regards the employment contracts between the Company and the executive officers, the Company employs the same standard employment contract applicable to all its officers and employees. The Company has not issued and/or granted stock warrants or options in favor of its officers and employees.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

11.1 Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2011, the Company knows of no one who owns in excess of 5% of the Company's common stock other than those set forth in the table below.

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Century Properties Inc. (21st Floor, Pacific Star Building, Sen Gil Puyat corner Makati Avenue Makati City)	-CPI-[1] Jose Carlo R. Antonio Duly authorized representative	Filipino	7,338,281,074	96.985

11. 2 Security Ownership of Management

The amount and nature of the ownership of the Company's shares by the Company's directors and officers, as of December 31, 2011, is set forth in the table below.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Jose E.B. Antonio	1 – "r"	Filipino	0.000000028
Common	John Victor R. Antonio	1 – "r"	Filipino	0.000000028
Common	Jose Marco R. Antonio	1 – "r"	Filipino	0.000000028
Common	Jose Roberto R. Antonio	1 – "r"	Filipino	0.000000028
Common	Jose Carlo R. Antonio	1 – "r"	Filipino	0.000000028
Common	Rafael G. Yaptinchay	1 – "r"	Filipino	0.000000028
Common	Ricardo Cuerva	1 – "r"	Filipino	0.000000028
Common	Washington Z. Sycip	1 – "r"	American	0.000000028
Common	Monico V. Jacob	1 – "r"	Filipino	0.000000028
Common	Domie S. Eduvane	-	Filipino	-
-	Neko Lyree Uson-Cruz	-	Filipino	-
-	Brigida S. Aldeguer	-	Filipino	-
-	Carlos Benedict K. Rivilla, IV	-	Filipino	-
-	Gerry Joseph Ilagan	-	Filipino	-
-	Maria Theresa Fucanan –Yu	-	Filipino	-
Common	Aggregate Amount of Ownership of all Directors and Officers as a Group Unnamed	9 – "r"		0.00028%

[1] CPI votes during the stockholders' meeting of the Company. CPI has designated Mr. Jose Carlo R. Antonio (Treasurer of CPI), or in his absence, Mr. Jose Marco R. Antonio (EVP of CPI), or in the latter's absence, Mr. Jose Roberto R. Antonio (Director of CPI), as its proxy to vote during the stockholders' meeting of the Company.

11.3 Voting Trust Holders of 5% or More

As of December 31, 2011, the Company does not know of any person who holds more than 5% of its common shares of stock under a voting trust or similar agreement.

11.4 Changes in Control

On May 31, 2011, the Company has been made aware that El Paso Philippines Energy Company, Inc.'s ("EPPECI") entered into an agreement with Century Properties, Inc. ("CPI"), providing for the terms and conditions for the purchase by CPI of EPPECI's 284,250,000 issued and outstanding fully-paid and preferred shares of stocks of EPHE and 67,096,092 issued and outstanding fully-paid common shares of stock in the Company, which will thereby effect a change in the ownership and control of the Company.

On July 11, 2011, the Company further disclosed that CPI has commenced a negotiated purchase thru a Deed of Assignment of Shares of Stock dated May 31, 2011 with EPPECI for the following acquisitions: (1) 67,096,092 common shares ("Public Sale Shares") of the Company equivalent to 1.888% of the Company and (2) 284,250,000 common and preferred shares ("Private Sale Shares") of EPHE resulting to an indirect acquisition of equivalent to 91.695% of the total issued and outstanding capital stock of the Company. The purchase price for the Public and Private Sale Shares amounts to a total consideration of Php127,406,794.31 (the "Private Sale Consideration") allocated as follows: Php2,569,732.51 for the Public Sale Shares and Php124,837,061.80 for the Private Sale Shares.

On the same date, CPI and the Company executed and signed two (2) Deeds of Assignment of Shares of Stock effectively superseding the May 31, 2011 Deed of Assignment to finally close the above-mentioned acquisitions (1) Public Sale Shares and (2) Private Sale Shares. The July 11, 2011 Deeds of Assignment contained the same terms and conditions as stated in the May 31, 2011 Deed of Assignment thereby effecting a change in the ownership and control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In January 2011, CPI issued a P1.6 billion convertible bond due 2016 to APG, a public limited liability company incorporated under the laws of the Netherlands. The convertible bond was secured by receivables from the Subsiaries projects at a ratio of 1.35x of receivables for every 1.00x of principal. The proceeds of the convertible bond were used to fund projects and for general working capital requirements.

On February 20, 2012, CPGI, together with (CPI) and APG Strategic Real Estate Pool N.V. (APG), a Netherlands-based pension firm entered into a Purchase Agreement wherein CPI sold its 868,316,042 CPGI shares of stock in favor of APG. This transaction was pursuant to the convertible bond issued by CPI to APG in January 2011. Instead of converting the convertible bond into shares of CPI, APG and CPI entered into a Purchase Agreement under which APG purchased the convertible bond from CPI. The consideration consists of (i) 868,316,042 CPGI shares owned by CPI and (ii) cash consideration. As a result of such transaction, CPI retired the convertible bond concurrently with the sale of the CPGI shares to APG.

Other than the above and those disclosed in this annual report and in the consolidated financial statements, there are no other transaction entered into by the Company on one hand, with any of its directors, officers or stockholders on the other.

A complete description and the balances of the related party transactions are outlined in notes of the accompanying consolidated financial statements.

PART IV. CORPORATE GOVERNANCE

Evaluation system to measure or determine level of compliance with the Manual of Corporate Governance

The Company has undertaken constant self-rating assessment and performance evaluation exercises in relations to its Corporate Governance policies both for the purpose of monitoring compliance and instill deeper awareness and observance.

Measures undertaken to comply with leading practices

The Compliance Officer has been tasked to keep abreast of such developments and to constantly disseminate relevant information in this regard.

Deviations from the Manual on Corporate Governance

No deviation has been noted to date.

Plans to improve

Possible improvements in the Company's corporate governance policies and practices are being constantly studied and reviewed. On January 11, 2012, the Company revised its Manual of Corporate Governance in compliance with SEC Memorandum No. 006 series of 2009.

PART V. EXHIBITS AND SCHEDULES

Item 14.**EXHIBITS AND REPORTS ON SEC FORM 17-C**

Exhibits

EXHIBIT
Statement of Management's Responsibility
Consolidated Financial Statements
Supplementary Schedules

Reports on SEC Form 17-C

During the last twelve-month period covered by this report under SEC Form 17-C, the Company submitted the following notices to the Corporation Finance Department of the SEC disclosing certain events affecting the Company that had transpired:

Date Submitted:	Report and Event:
January 28, 2011	Corporate Governance Certification of Compliance; Certification of Director's Attendance; Corporate Governance – Self Rating Form
May 24, 2011	EAPRC disclosure on the assignment of 12,044,500 shares of East Asia Diesel Power (EADPC) to YNN Holdings Corporation; EAPRC assignment of all credit interests of EADPC and Its subsidiary, Duracom Mobile Power Corporation (DMPC) to YNN; EAPRC Postponement of Annual Stockholders Meeting from June to July 08, 2011.

May 27, 2011	Closing Transaction Agreement between EAPRC and YNN on (1) Credit Interests Deed of Assignment of EADPC and DMPC to YNN (2) Deed of Assignment of EADPC Shares of Stock to YNN.
May 31, 2011	Purchase Agreement entered between El Paso Philippines Energy Company Inc. (EPPECI) and Century Properties Inc. (CPI) for EPPECI's common and preferred shares of 284,250,000 issued and outstanding shares of stock of EPHE and 67,096,092 EAPRC common shares resulting in the change of ownership and control of EAPRC.
July 08, 2011	Results of the Annual Stockholders Meeting of the Company
July 11, 2011	Closing Sale Agreement between EPPECI and CPI on the following acquisitions: (1) 67,096,092 EAPRC common shares of stock equivalent to 1.888% of EAPRC and (2) 284,250,000 common and preferred shares of EPHE resulting in the indirect acquisition of equivalent to 91,695% of the total and outstanding capital stock of EAPRC.
July 12, 2011	Results of Special Board Meeting of the Board; Filing of SEC Form 19-1 Final Tender Offer Report
August 17, 2011	Results of the Special Meeting of the Board on the following (1) Setting of Special Stockholders Meeting of the Company on September 26, 2011 and record date of 02 September 2011; (2) Amendments to the Articles and By-laws; (3) Change of Name; (4) Increase in the Authorized Capital Stock of the Company; (5) Equity Restructuring, Decrease in Capital to eliminate deficit (6) Proposed Placing and Subscription Transaction.
September 19, 2011	Results of the Special Board of Directors Meeting on the following (1) Approval of the Interim Financial Statements as of July 31, 2011 (2) Fairness Opinion by Punongbayan (3) Resolution on the new par value of the Company
September 26, 2011	Results of the Special Stockholders Meeting
September 30, 2011	Disclosure on the SEC approval of the Articles of Merger between EPHE and CPI
November 02, 2011	Disclosure on the SEC approval of the Amendments to the Articles and By-laws of Company for (1) Change of Name to Century Properties Group Inc. (2) Increase in Capital Stock (3) Equity Restructuring and Decrease in Capital Stock to Ten Billion Shares at 0.53 par value

Reports on SEC Form 17-C as amended during the last six months

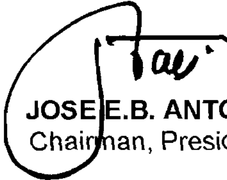
-None-

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on ______________.

CENTURY PROPERTIES GROUP INC.

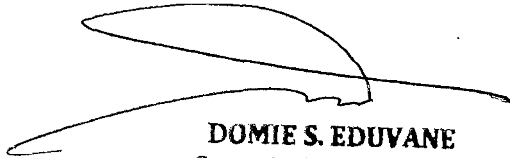
By:



JOSE E.B. ANTONIO
Chairman, President and CEO

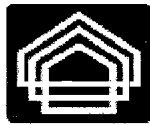
CARLO R. ANTONIO
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this ____ day of APR 1 3 2012 20__ affiants exhibiting to me his/their Residence Certificates, as follows:



Doc. No. 417;
Page No. 85;
Book No. III;
Series of 2012.

DOMIE S. EDUVANE
Commission No. M-190
Notary Public for Makati City
Until December 31, 2013
PTR No. 3176681 / 01.03.12 / Makati City
IBP No. 877870 / 01.04.12 / Zambales

 CENTURY
PROPERTIES GROUP, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **CENTURY PROPERTIES GROUP INC. AND ITS SUBSIDIARIES (the Group)** is responsible for all information and representations contained in the financial statements for the year ended **December 31, 2011**. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment 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: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability 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 internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the shareholders of the Company.

Sycip Gorres, Velayo and Co.,, the independent auditors and appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Financial Reporting Standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

CENTURY PROPERTIES GROUP INC.
By:

JOSE E.B. ANTONIO
Chairman
President and Chief Executive Officer

JOSE CARLO R. ANTONIO
Chief Financial Officer

SUBSCRIBE AND SWORN to before me this APR 1 3 2012 day of April 2012 at Makati City with affiant exhibiting the following

NOTARY PUBLIC

DOMIE S. EDUVANE
Commission No. M-190
Notary Public for Makati City
Until December 31, 2013
PTR No. 3176681 / 01.03.12 / Makati City
IBP No. 877870 / 01.04.12 / Zambales

Doc No. 419
Page No. 85
Book No. III
Series of 2012

COVER SHEET

1 1 5 7 3 5

SEC Registration Number

CENTURY PROPERTIES GROUP INC. (FORMERLY EAST ASIA POWER RESOURCES CORPORATION) AND SUBSIDIARIES

(Company's Full Name)

21st Floor Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City

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

Ramon S. Villanueva III

(Contact Person)

(02) 793-5520

(Company Telephone Number)

1 2 3 1

Month *Day*

(Calendar Year)

A A F S

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Century Properties Group Inc.
21st Floor Pacific Star Building
Sen. Gil Puyat corner Makati Avenue,
Makati City

We have audited the accompanying consolidated financial statements of Century Properties Group Inc. (formerly East Asia Power Resources Corporation) and its subsidiaries which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Century Properties Group Inc. (formerly East Asia Power Resources Corporation) and its subsidiaries, as at December 31, 2011 and 2010, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

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

April 13, 2012

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2011	2010*
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	**₱366,594,660**	₱282,715,479
Receivables (Notes 5 and 29)	**1,603,568,468**	469,963,115
Real estate inventories (Note 6)	**1,552,874,951**	1,615,449,019
Land held for future development (Note 7)	**1,306,154,808**	360,559,842
Due from related parties (Notes 26 and 29)	**155,766,632**	713,833,346
Advances to suppliers and contractors (Note 8)	**2,300,110,559**	844,478,340
Prepayments and other current assets (Note 9)	**842,249,007**	354,032,854
Total Current Assets	**8,127,319,085**	4,641,031,995
Noncurrent Assets		
Noncurrent real estate receivables (Notes 5 and 29)	**371,034,287**	194,138,362
Available-for-sale financial assets (Notes 10 and 29)	**10,001,819**	10,268,120
Investment properties (Note 11)	**1,119,186,858**	2,419,665,214
Property and equipment (Note 12)	**192,265,233**	68,813,834
Intangible assets (Note 13)	**2,730,433**	2,970,063
Deferred tax assets - net (Note 25)	**191,805,193**	211,354,326
Other noncurrent assets (Note 14)	**14,973,832**	6,989,905
Total Noncurrent Assets	**1,901,997,655**	2,914,199,824
	₱10,029,316,740	₱7,555,231,819
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 15 and 29)	**₱968,467,615**	₱599,767,954
Customers' advances and deposits (Note 16)	**2,730,578,449**	1,810,864,359
Short-term debt (Notes 17 and 29)	**16,465,771**	109,001,885
Current portion of:		
Long-term debt (Notes 17 and 29)	**369,337,615**	695,256,796
Liability from purchased land (Notes 7 and 29)	**19,618,922**	43,836,849
Due to related parties (Notes 26 and 29)	**115,147,630**	215,987,984
Income tax payable (Note 25)	**148,960,670**	37,512,615
Total Current Liabilities	**4,368,576,672**	3,512,228,442
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17 and 29)	**496,747,922**	421,799,543
Liability from purchased land - net of current portion (Notes 7 and 29)	**65,570,529**	101,388,465
Pension liabilities (Note 27)	**18,212,933**	18,742,807
Deferred tax liabilities - net (Note 25)	**748,537,504**	551,215,910
Total Noncurrent Liabilities	**1,329,068,888**	1,093,146,725
Total Liabilities	**5,697,645,560**	4,605,375,167

(Forward)

	2011	2010*
Equity		
Equity attributable to owners of the Parent Company:		
Capital stock	**₱4,010,187,241**	₱3,554,720,004
Additional paid-in capital	**3,235,454**	2,770,172,070
Retained earnings	**321,001,641**	1,304,468,457
Equity reserve	**–**	(4,622,854,809)
Unrealized loss on available-for-sale financial assets (Note 10)	**(4,671,259)**	(4,404,958)
	4,329,753,077	3,002,100,764
Non-controlling interests	**1,918,103**	(52,244,112)
Total Equity	**4,331,671,180**	2,949,856,652
	₱10,029,316,740	₱7,555,231,819

**These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).*

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010*	2009*
REVENUE			
Real estate sales	**₱3,760,533,565**	₱2,613,032,565	₱1,035,645,215
Property management fee and other services (Note 20)	**191,613,572**	172,283,780	158,486,220
Interest and other income (Note 21)	**750,339,399**	138,128,365	263,078,571
Gain from change in fair value of investment properties (Note 11)	**–**	148,174,000	816,123,300
	4,702,486,536	3,071,618,710	2,273,333,306
COSTS AND EXPENSES			
Cost of real estate sales (Note 6)	**2,444,311,048**	1,687,449,378	535,538,761
Cost of services (Note 22)	**141,692,989**	119,162,306	100,880,859
General, administrative and selling expenses (Note 23)	**794,372,406**	921,027,017	630,543,241
Interest and other financing charges (Note 24)	**74,775,546**	63,581,847	50,640,703
	3,455,151,989	2,791,220,548	1,317,603,564
INCOME BEFORE INCOME TAX	**1,247,334,547**	280,398,162	955,729,742
PROVISION FOR INCOME TAX (Note 25)	**381,085,383**	100,824,849	264,009,984
NET INCOME	**866,249,164**	179,573,313	691,719,758
OTHER COMPREHENSIVE INCOME			
Unrealized gain (loss) on available-for-sale financial assets (Note 10)	**(266,301)**	529,461	4,532,278
TOTAL COMPREHENSIVE INCOME	**₱865,982,863**	₱180,102,774	₱696,252,036
Net income (loss) attributable to:			
Equity holders of the Parent Company	**₱864,494,959**	₱224,870,713	₱692,509,474
Non-controlling interests	**1,754,205**	(45,297,400)	(789,716)
	₱866,249,164	₱179,573,313	₱691,719,758
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱864,228,658**	₱225,400,174	₱ 697,041,752
Non-controlling interests	**1,754,205**	(45,297,400)	(789,716)
	₱865,982,863	₱180,102,774	₱696,252,036
Basic/diluted earnings per share (Note 19)	**₱0.102**	₱0.063	₱0.195

**These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).*

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. (Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to Parent Company							
	Capital Stock (Note 18)	Additional paid-in capital (Note 18)	Retained Earnings (Note 18)	Equity Reserve (Note 18)	Unrealized Loss on AFS Financial Assets (Note 10)	Total	Non-controlling Interests	Total
At January 1, 2011*	**₱3,554,720,004**	**₱2,770,172,070**	**₱1,304,468,457**	**(₱4,622,854,809)**	**(₱4,404,958)**	**₱3,002,100,764**	**(₱52,244,112)**	**₱2,949,856,652**
Net income	–	–	**864,494,959**	–	–	**864,494,959**	**1,754,205**	**866,249,164**
Other comprehensive loss	–	–	–	–	**(266,301)**	**(266,301)**	–	**(266,301)**
Dividends declared (Note 18)	–	–	**(6,400,000)**	–	–	**(6,400,000)**	**(1,600,000)**	**(8,000,000)**
Issuance of shares by the subsidiaries (Note 1)	–	–	–	**522,079,997**	–	**522,079,997**	–	**522,079,997**
Debt condonation (Note 1)	–	**105,591,554**	–	**(105,591,554)**	–	–	–	–
Increase in ownership interest in a subsidiary (Note 1)	–	–	–	**(54,008,010)**	–	**(54,008,010)**	**54,008,010**	–
Share swap (Notes 1 and 18)	**4,011,671,023**	–	**(8,270,293,731)**	**4,260,374,376**	–	**1,751,668**		**1,751,668**
Quasi-reorganization (Note 18)	**(3,556,203,786)**	**(2,872,528,170)**	**6,428,731,956**	–	–	–	–	–
At December 31, 2011	**₱4,010,187,241**	**₱3,235,454**	**₱321,001,641**	**₱–**	**(₱4,671,259)**	**₱4,329,753,077**	**₱1,918,103**	**₱4,331,671,180**
At January 1, 2010*	₱3,554,720,004	₱2,770,172,070	₱1,083,597,744	(₱4,933,446,004)	(₱4,934,419)	₱2,470,109,395	(₱5,946,712)	₱2,464,162,683
Net income	–	–	224,870,713	–	–	224,870,713	(45,297,400)	179,573,313
Other comprehensive income	–	–	–	–	529,461	529,461	–	529,461
Dividends declared	–	–	(4,000,000)	–	–	(4,000,000)	(1,000,000)	(5,000,000)
Increase in equity reserve	–	–	–	310,591,195	–	310,591,195	–	310,591,195
At December 31, 2010	₱3,554,720,004	₱2,770,172,070	₱1,304,468,457	(₱4,622,854,809)	(₱4,404,958)	₱3,002,100,764	(₱52,244,112)	₱2,949,856,652

	Equity attributable to Parent Company							
	Capital Stock (Note 18)	**Additional paid-in capital** (Note 18)	**Retained Earnings** (Note 18)	**Equity Reserve** (Note 18)	**Unrealized Loss on AFS Financial Assets** (Note 10)	**Total**	**Non-controlling Interests**	**Total**
At January 1, 2009*	₱3,554,720,004	₱2,770,172,070	₱400,688,270	(₱6,093,619,597)	(₱9,466,697)	₱622,494,050	(₱2,756,996)	₱619,737,054
Net income	–	–	692,509,474	–	–	692,509,474	(789,716)	691,719,758
Other comprehensive income	–	–	–	–	4,532,278	4,532,278	–	4,532,278
Dividends declared	–	–	(9,600,000)	–	–	(9,600,000)	(2,400,000)	(12,000,000)
Increase in equity reserve	–	–	–	1,160,173,593	–	1,160,173,593	–	1,160,173,593
At December 31, 2009	₱3,554,720,004	₱2,770,172,070	₱1,083,597,744	(₱4,933,446,004)	(₱4,934,419)	₱2,470,109,395	(₱5,946,712)	₱2,464,162,683

**These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).*

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2011	2010*	2009*
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,247,334,547**	₱280,398,162	₱955,729,742
Adjustments for:			
Interest expense (Note 24)	**59,863,638**	33,463,640	50,554,519
Depreciation and amortization (Notes 12, 13 and 23)	**19,027,246**	25,801,482	20,076,746
Provision for impairment losses (Note 5)	**8,052,187**	1,910,144	640,305
Interest income (Note 21)	**(486,334,526)**	(76,782,002)	(99,731,812)
Gain on sale of AFS financial assets (Note 10)	**–**	(27,000)	–
Gain on change in fair value of investment properties (Note 11)	**–**	(148,174,000)	(816,123,300)
Operating income before working capital changes	**847,943,092**	116,590,426	111,146,200
Decrease (increase) in:			
Receivables	**(884,237,159)**	(469,159,089)	114,509,614
Real estate inventories	**707,313,723**	282,570,011	(404,005,170)
Advances from suppliers and contractors	**(1,455,632,219)**	(646,562,081)	(58,944,880)
Prepayments and other current assets	**(488,216,153)**	(66,716,532)	(179,954,802)
Land held for future development	**(43,000,000)**	–	80,900,680
Increase (decrease) in:			
Accounts and other payables	**367,699,661**	(41,580,530)	37,063,894
Customers' advances and deposits	**919,714,090**	30,651,611	(60,365,048)
Pension liabilities	**(529,874)**	2,082,537	(7,060,389)
Cash used in operations	**(28,944,839)**	(792,123,647)	(366,709,901)
Interest received	**52,018,220**	8,376,278	4,719,129
Interest paid	**(221,362,189)**	(92,558,371)	(76,723,020)
Income tax paid	**(53,507,636)**	(45,592,015)	(10,920,100)
Net cash used in operating activities	**(251,796,444)**	(921,897,755)	(449,633,892)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in noncurrent assets	**(5,513,813)**	(5,322,384)	493,330
Additions to:			
Investment properties	**(58,364,724)**	–	–
Property and equipment (Note 12 and 33)	**(168,874,169)**	(13,020,571)	(52,156,452)
Intangible assets (Note 13)	**(357,836)**	(40,672)	(758,984)
Proceeds from sale of AFS financial assets (Note 10)	**–**	262,101	–
Decrease (increase) in due from related parties	**558,066,714**	(90,749,268)	986,698,522
Net cash provided by (used in) investing activities	**324,956,172**	(108,870,794)	934,276,416

(Forward)

	Years Ended December 31		
	2011	2010*	2009*
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments (repayments) of:			
Short-term and long-term debt	**(₱343,506,916)**	₱950,134,429	(₱14,048,785)
Liability from purchased land	**(60,035,863)**	(91,194,066)	(158,961)
Additional (repayments of) financing from related parties	**421,239,643**	323,524,323	(619,533,884)
Payment of cash dividends	**(7,000,000)**	(5,000,000)	(12,000,000)
Net cash provided by (used in) financing activities	**10,696,864**	1,177,464,686	(645,741,630)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**83,856,592**	146,696,137	(161,099,106)
CASH FROM CONSOLIDATION OF THE PARENT COMPANY	**22,589**	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**282,715,479**	136,019,342	297,118,448
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱366,594,660**	₱282,715,479	₱136,019,342

**These consolidated financial statements represent continuation of the financial statements of the CPI subsidiaries, except for its capital structure (see Note 2).*

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Century Properties Group Inc. (formerly East Asia Power Resources Corp.) (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company and its subsidiaries were primarily engaged in power generation.

The Parent Company was a majority-owned subsidiary of EPHE Philippines Energy Corporation (EPHE). EPHE was a wholly-owned subsidiary of El Paso Philippines Energy Company, Inc. (EPPECI). EPPECI owned 1.9% of the Parent Company.

The Parent Company is a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code, which among others, defines a public corporation as any corporation with assets of at least ₱50.00 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities. As of December 31, 2010, the Parent Company has 501 shareholders, 488 of which are holding at least 100 shares each of the Parent Company's common shares.

The Parent Company, through its subsidiaries namely East Asia Diesel Power Corporation (EADPC) and Duracom Mobile Power Corporation (DMPC), owned four (4) power plant barges in Navotas, Metro Manila. As of December 31, 2010, EADPC's and DMPC's power plant barges remained shut down due to the inability to recover all of their operating costs. The Parent Company also owned, directly and indirectly, several inactive companies, namely, Sunrise Power Company, Inc., East Asia Global Management Limited, East Asia Power Services, Inc., East Asia Transmission and Distribution Corporation and First Engineering Utilities Service Corporation.

Prior to the acquisition of the Parent Company by CPI as discussed in the next section, the Parent Company executed a restructuring plan wherein it sold substantially all of its assets and settled all of its liabilities by way of condonation of debt. Total liabilities condoned amounted to ₱514.32 million which includes amounts payable to EPHE and EPPECI amounting to ₱105.59 million. The condonation of the payable to EPHE and EPPECI were recognized as additional paid-in capital by the Parent Company.

As of July 11, 2011, the Parent Company is merely a shell company with assets consisting of cash and pension assets from various funds.

Acquisition of EPHE and the Parent Company by Century Properties, Inc. (CPI)
CPI is a Philippine Company involved in the real estate industry. CPI develops and manages various real estate projects through its subsidiaries (CPI subs) as follows:

	Percentage Ownership		
	2011	2010	2009
Century Limitless Corporation (CLC)	**100%**	80%	80%
Century Properties Management, Inc. (CPMI)	**80%**	80%	80%
Century Communities Corporation (CCC)	**100%**	100%	100%
Century City Development Corporation (CCDC)	**100%**	100%	100%
Century City Development Corporation II	**100%**	100%	100%
Century Medical Development Corporation	**100%**	100%	100%
Century City Development Corporation V	**100%**	100%	100%
Milano Development Corporation	**100%**	100%	100%
Century City Development Corporation VII	**100%**	100%	100%
Century City Development Corporation VIII	**100%**	100%	100%
Century City Development Corporation X	**100%**	100%	100%
Century City Development Corporation XI	**100%**	100%	100%
Century City Development Corporation XII	**100%**	100%	100%
Century City Development Corporation XIV	**100%**	100%	100%
Century City Development Corporation XV	**100%**	100%	100%
Century City Development Corporation XVI	**100%**	100%	100%
Century City Development Corporation XVII	**100%**	100%	100%
Century City Development Corporation XVIII	**100%**	100%	100%

On July 11, 2011, EPPECI assigned to CPI all of its rights, title and interests in: (1) 284,250,000 issued and outstanding fully-paid common and preferred shares of stock in EPHE representing 100% ownership for ₱124.85 million and; (2) 67,096,092 issued and outstanding fully-paid common shares of stock in the Parent Company representing 1.9% ownership for ₱2.57 million.

The transaction resulted in CPI owning 100% of the outstanding common and preferred shares of EPHE and 93.6% of the outstanding shares of the Parent Company.

On August 17, 2011, EPHE's Board of Directors (BOD) approved the merger of EPHE and CPI, with CPI as the surviving entity in order for CPI to obtain direct ownership of the Parent Company.

Prior to the shares swap as discussed below, CPI infused additional capital to CCDC, CLC and CCC by way of subscription to additional common shares as follows:

Subsidiary	Amount	Date of Subscription
CCDC	₱170,349,383	July 11, 2011
CLC	158,500,000	May 11, 2011
	169,240,968	July 31, 2011
CCC	23,989,646	July 1, 2011
	₱522,079,997	

Share swap between the Parent Company and CPI
On August 17, 2011, the Parent Company's BOD approved the increase in authorized capital stock of the Parent Company from ₱6,000.00 million divided into 6,000,000,000 shares to ₱10,000.00 million divided into 10,000,000,000 shares with par value of ₱1.00 per share.

The purpose of the increase in authorized capital stock of the Parent Company was to enable it to issue additional common shares to CPI in exchange for CPI's ownership interest in CPI Subs (see Note 18).

On October 10, 2011, CPI entered into a deed of assignment with a certain minority shareholder of CLC wherein the minority shareholder assigned its 20% interest in CLC to CPI. The assignment increased the ownership interest of CPI in CLC from 80% to 100%.

Accounting for the share swap between the Parent Company and CPI
On October 27, 2011, the share swap with the Parent Company was accounted for as an acquisition of group of assets because the Parent Company does not constitute a business as defined under PFRS 3, *Business Combinations*. The consolidated financial statements of the Parent Company is merely a continuation of the consolidated financial statements of the CPI subs. The comparative information presented in these consolidated financial statements is that of the CPI subs, not that originally presented in the previous financial statements of the Parent Company, and also retroactively adjusted to reflect the legal capital of the Parent Company.

Changes in the Articles of Incorporation
On August 17, 2011, the BOD approved the change of the name of the Parent Company from East Asia Power Resources Corporation to Century Properties Group Inc. Likewise, the Parent Company changed its primary purpose to be a property developer engaged mainly in the development and construction of residential and commercial real estate projects. The change was approved by the SEC on October 27, 2011.

The registered office address of the Parent Company is located at 21st Floor Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City.

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on April 13, 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (the Group).

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale (AFS) financial assets that are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Group's functional currency. All values are rounded to the nearest peso except when otherwise indicated.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31, 2011, 2010 and 2009 and for each of the three years in the period ended December 31, 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests (NCI) represent the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from total equity attributable to owners of the Parent Company.

Losses within a subsidiary are attributed to the NCI even if that results in a deficit balance.

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

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

Reverse acquisition involving a non-trading shell company
The share swap between CPI and the Parent Company has been accounted for similar to a reverse acquisition of a non-trading shell company. Such transaction was accounted for in the consolidated financial statements of the legal parent as a continuation of the financial statements of the private entity (the legal subsidiary).

In accounting for such transaction, the comparative information presented in these consolidated financial statements is therefore that of the "CPI subs", not that originally presented in the previous financial statements of the legal parent (accounting acquiree, which in this case is CPGI), and also is retroactively adjusted to reflect the legal capital of CPGI.

Because these consolidated financial statements represent a continuation of the financial statements of the CPI Subsidiaries, except for its capital structure, the consolidated financial statements reflect:

a) the assets and liabilities of CPI Subs recognized and measured at their pre-share swap carrying amounts;

b) the retained earnings and other equity balances of the CPI Subs pre-share swap (i.e., not those of CPGI);

c) the total equity is that of the CPI Subs but the legal capital (common shares and APIC) would be that of CPGI;

d) any difference between (1) net assets of CPI Subs and (2) the sum of the legal capital of CPGI and the combined retained earnings of the CPI Subs, shall be accounted for as equity reserve; and

e) the income statement for the prior periods reflects that of the CPI Subs while the income statement for the current period reflects that of CPI Subs for the full period together with the post-share swap results of the Parent Company.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) which became effective beginning January 1, 2011. Except as otherwise indicated, the adoption of these new and amended standards and Philippine Interpretations did not have any significant effect on the consolidated financial statements.

- Philippine Accounting Standards (PAS) 24, *Related Party Disclosures* (Amendment)
  The Amendment clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities.

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

- Philippine Interpretation IFRIC 14 (Amendment) - *Prepayments of a Minimum Funding Requirement*
  The Amendment provides guidance on assessing the recoverable amount of a net pension asset. The Amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

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

Improvements to PFRSs 2010

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

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

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

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

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

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

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

- PAS 34, *Interim Financial Reporting*
  This Amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

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

Future Changes in Accounting Policies
The Group will adopt the following new and amended standards and Philippine Interpretations enumerated below when these become effective. The Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on the consolidated financial statements.

Effective 2012

- PAS 12, *Income Taxes* (Amendment) - *Deferred Tax: Recovery of Underlying Assets*
  The Amendment provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will normally be through sale.

- PFRS 7*, Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements*
  The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the entity's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

Effective 2013

- PAS 1, *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income*
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

- PAS 19, *Employee Benefits* (Amendment)
  Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company is currently assessing the impact of the amendment to PAS 19. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the new PFRS 10, *Consolidated Financial Statement* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Company does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

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

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

  The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013.

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

which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosures of Interests in Other Entities*
  PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

Effective 2014

- PAS 32*, Financial Instruments: Presentation — Offsetting Financial Assets and Financial liabilities*
  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing impact of the amendments to PAS 32.

Effective 2015

- PFRS 9*, Financial Instruments: Classification and Measurement*
  PFRS 9, as issued in 2010, reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in

  PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

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

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

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 (3) months or less from dates of placement and 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 statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and liabilities are initially recognized at fair value. Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities 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 receivable. 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. The Group determines the classification of its investment at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

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

As of December 31, 2011 and 2010, the Group's financial instruments are of the nature of loans and receivables, AFS financial assets and other financial liabilities.

Determination of fair value
The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has been no 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" difference
Where the transaction price in a non-active market is different than the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in profit or loss unless it qualifies for recognition as some other type of asset or liability. 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 profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference amount.

Loans and receivables
Loans and receivables are nonderivative 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 or financial assets at FVPL. This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables" and "Due from related parties, except for "Receivable from employees."

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included in profit or loss.

The losses arising from impairment of loans and receivables are recognized in profit or loss under "Miscellaneous expenses" in "General, administrative and selling expenses" account.

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. The Group's 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 recognized in other comprehensive income and are reported as “Unrealized gain or loss on AFS financial assets” in the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized under “Unrealized gain or loss on AFS financial assets” is recognized in profit or loss under “Other income” account or “Miscellaneous expenses” 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. The losses arising from impairment of such investments are recognized in profit or loss under the “Miscellaneous expenses” account.

Other financial liabilities
Other financial liabilities pertain to issued financial instruments that are not classified or designated as financial liabilities 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 applies primarily to the Group’s “Accounts and other payables”, “Due to related parties”, “Short-term debt”, “Long-term debt”, “Liability from purchased land” and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and pension liabilities).

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, 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 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 the use of an allowance account and the amount of loss is charged to profit or loss. 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.

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.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as type of counterparty, credit history, 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 case of equity investments classified as AFS, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss in the "Miscellaneous expense" account. Impairment losses on equity investments are not reversed through the consolidated statement of income.

Derecognition of Financial Assets and Liabilities
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 has 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 rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset; or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred 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 profit or loss.

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

Real Estate Inventories
Real estate inventories are carried at the lower of cost or net realizable value (NRV).

Cost includes those costs incurred for the development and improvement of the properties such as amounts paid to contractors for construction, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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 such as commissions.

Land Held for Future Development
Land held for future development consists of properties for future development that are carried at the lower of cost or NRV. Cost includes those costs incurred for development and improvement of the properties while NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Upon commencement of development, the subject land is transferred under "Real estate inventories".

Borrowing costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when

development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Interest in Joint Venture

Interest in joint venture is limited to jointly controlled operations entered into by the Group to various landowners for the development of the relevant real estate properties. A jointly controlled operation involves the use of assets and other resources of the Group and such landowners rather than the establishment of a corporation, partnership or other entity. The Group and such third parties recognize in their financial statements the assets that it controls and the liabilities that it incurs, the expenses it incurs and the share of income that it earns from the sale of goods or services by the joint venture. Accordingly, the Group recognized in the consolidated financial statements the relevant assets and liabilities to the extent of its contribution to the joint venture.

Investment Properties

Initially, investment properties are measured at cost including certain transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts based on recent real estate transactions with similar characteristics and location to those of the Group's investment properties. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

For a transfer from investment property to inventories, the change in use is evidenced by commencement of development with a view to sale. When the Group decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized and does not treat it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Property and Equipment

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

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

in which the costs are incurred. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation and amortization, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are put into operational use and is computed on a straight-line basis over the estimated useful life (EUL) of the property and equipment as follows:

	Years
Office equipment	3 – 5
Computer equipment	3 – 5
Furniture and fixtures	3 – 5
Transportation equipment	5
Construction equipment	5

Leasehold improvements are amortized on a straight-line basis over the term of the lease or the asset's EUL of five (5) years, whichever is shorter.

The useful lives and depreciation and amortization method are reviewed at financial year end to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.
When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

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

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the expense category of profit or loss consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

As of December 31, 2011 and 2010, the Group's intangible assets consist of software costs and trademarks.

Software cost
Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and accumulated impairment, if any. Otherwise, such costs are recognized as expense as incurred.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software. System development costs, recognized as assets, are amortized using the straight-line method over their useful lives, but not exceeding a period of 5 years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Trademarks
Licenses for use of intellectual property have been granted for a period of ten (10) years by the relevant government agency. The trademarks provide the option of renewal at little or no cost to the Group. Accordingly, these licenses are assessed as having indefinite useful life.

Impairment of Nonfinancial Assets
The Group assesses as at reporting date whether there is an indication that its nonfinancial assets (e.g., property and equipment and intangible assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other 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 expense categories of profit or loss consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any 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 accumulated depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation 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.

<u>Equity</u>
Capital stock
The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings
Retained earnings represent accumulated earnings of the Group less any dividends declared, if any.

Equity reserve
Equity reserve represents any difference between (1) net assets of CPI subs and (2) the sum of the legal capital of CPGI and the combined retained earnings of the CPI subs as a result of the accounting for reverse acquisition involving a non-trading shell company.

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

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

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' advances and deposits" account in the "Liabilities" section of the consolidated statement of financial position.

Property management fee and other services
Revenue from property management and other services is recognized when the related services are rendered. Property management fee and other services consist of revenue arising from management contracts, auction services and technical services.

Interest income
Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Commission income
Commission income is recognized by reference to the percentage of collection of the agreed sales price or depending on the term of the sale as provided under the marketing agreement.

Income from cancelled sales
Income from cancelled sales is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Other income
Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

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

Commission and other selling expenses
Selling expenses such as 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. These are recorded as "Deferred selling expenses" under "Prepayments and other current assets" account. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

General and administrative expenses
General and administrative expenses constitute costs of administering the business and are expensed as incurred.

Pension Cost
Retirement cost is computed 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 an option to accelerate when significant changes to underlying assumptions occur. Pension cost includes current service cost, interest cost, actuarial gains and losses, past service cost and the effect of any curtailment or settlement.

The liability recognized by the Group in respect of the unfunded defined benefit pension plan is the present value of the defined benefit obligation at the reporting date together with adjustments

for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of 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 are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses of the defined benefit plan at the end of the previous reporting year exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. These actuarial gains or losses are recognized over the expected average remaining working lives of the employees participating in the defined benefit plan.

Operating Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or 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 the 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 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) and at the date of renewal or extension period for scenario (b).

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 are recognized on a straight-line basis over the lease while the variable rent is recognized as an expense based on the terms of the lease contract.

Income Tax

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT)

over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

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

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

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

Foreign Currency Transactions
Transactions denominated in foreign currencies are initially recorded using the exchange rates prevailing at transaction dates. Foreign currency-denominated monetary assets and liabilities are retranslated using the closing exchange rates at reporting date. Exchange gains or losses arising from foreign currency transactions are credited or charged against current operations.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 30 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income attributable to common stockholders by the weighted average number of common shares issued and outstanding during

the year and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on earnings per share.

For purposes of the share swap transaction, the weighted average number of common shares outstanding (the denominator of the earnings per share calculation) is:

a. the number of common shares outstanding from the beginning of the year to the transaction date shall be computed on the basis of the weighted average number of common shares of the CPI subs outstanding during the period multiplied by the exchange ratio established in the share swap agreement; and

b. the number of common shares outstanding from the acquisition date to the reporting period shall be the actual number of ordinary shares of the Parent Company outstanding during that period.

The basic earnings per share for each comparative period before the share swap date presented in the consolidated financial statements following the share swap shall be calculated by dividing the profit or loss of CPI subs attributable to common shareholders in each of those periods by CPI subs's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the share swap agreement.

As of December 31, 2011 and 2010, the Parent Company and CPI subs have no dilutive potential common shares.

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

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

3. **Significant Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying 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 will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

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

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

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

Operating lease commitments - Group as lessee
The Group has entered into contracts of lease with La Costa Development Corporation (formerly Penta Pacific Realty Corporation) and other unit owners of the Pacific Star Building for its administrative office location and model units for ongoing projects. The Group has determined that these are operating leases since it does not bear substantially all the significant risks and rewards of ownership of these properties. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset.

Distinction between investment properties and land held for future development
The Group determines a property as investment property if such is not intended for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Land held for future development comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

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

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

Distinction between real estate inventories and land held for future development
The Group determines whether a land qualifies as land held for future development once the Group has a concrete plan on how the land shall be developed the following year. The Group shall then classify the land as part of the real estate inventories upon the commencement of the actual development of the land.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

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

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and cost of real estate sales and receivables. Carrying value of the real estate receivables amounted to ₱1,762.32 million and ₱547.54 million as of December 31, 2011 and 2010, respectively (see Note 5).

Collectibility of the sales price
In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 15% would demonstrate the buyer's commitment to pay.

Fair value of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data available for such properties. Gain on changes in fair value of investment properties amounted to nil, and ₱148.17 million as of December 31, 2011 and 2010, respectively. Carrying value of the investment properties amounted to ₱1,119.19 million and ₱2,419.67 million as of December 31, 2011 and 2010, respectively (see Note 11).

Impairment losses on receivables and due from related parties
The Group reviews its loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statement of financial position and any changes thereto in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors. Actual results may also differ, resulting in future changes to the allowance.

The Group maintains allowance for impairment losses 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 receivables' 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 classify 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 judgment and estimate.

Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

As of December 31, 2011 and 2010, the allowance for impairment losses on receivables of the Group amounted to ₱11.10 million and ₱3.05 million, respectively (see Note 5).

The carrying values of these assets are as follows:

	2011	2010
Receivables (Note 5)	**₱1,974,602,755**	₱664,101,477
Due from related parties (Note 26)	**155,766,632**	713,833,346

Estimating NRV of real estate inventories and land held for future development
The Group reviews the NRV of real estate inventories and land held for future development and compares it with the cost since assets should not be carried in excess of amounts expected to be realized from sale. Real estate inventories and land held for future development are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories and land held for future development is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in light of recent market transactions.

NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction less an estimate of the time value of money to the date of completion. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of these assets are as follows:

	2011	2010
Real estate inventories (Note 6)	**₱1,552,874,951**	₱1,615,449,019
Land held for future development (Note 7)	**1,306,154,808**	360,559,842

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets (e.g., property and equipment and intangible assets) and considers the following important indicators:

- 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;
- Significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and
- Significant negative industry or economic trends.

The Group's intangible assets with indefinite life are tested for impairment annually.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the nonfinancial assets follow:

	2011	2010
Property and equipment (Note 12)	**₱192,265,233**	₱68,813,834
Intangible assets (Note 13)	**2,730,433**	2,970,063

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2011 and 2010.

Estimating EUL of property and equipment and intangible assets
The Group estimates the useful lives of its property and equipment and intangible assets other than those with indefinite lives based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase depreciation and amortization expense and decrease noncurrent assets. Property and equipment amounted to ₱192.27 million and ₱68.81 million as of December 31, 2011 and 2010, respectively (see Note 12).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts 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. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of the future taxable income. As of December 31, 2011 and 2010, carrying values of these assets are ₱438.21 million and ₱342.23 million, respectively (see Note 25).

The Group has an unrecognized deferred tax asset amounting to ₱120.16 million and ₱141.97 million in 2011 and 2010, respectively (see Note 25).

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

The Group's net pension liabilities amounted to ₱18.21 million and ₱18.74 million as of December 31, 2011and 2010, respectively (see Note 27).

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes 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. See Note 29 for the related fair value disclosures.

4. Cash and Cash Equivalents

This account consists of:

	2011	2010
Cash on hand and in banks	**₱164,212,835**	₱169,793,962
Cash equivalents	**202,381,825**	112,921,517
	₱366,594,660	₱282,715,479

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 1.5% to 4.5% and 1.5% to 3.5% in 2011 and 2010, respectively.

Interest income on cash and cash equivalents amounted to ₱52.02 million, ₱8.38 million and ₱4.72 million in 2011, 2010 and 2009 respectively (see Note 21).

5. **Receivables**

This account consists of:

	2011	2010
Trade receivables		
Real estate	**₱1,762,324,519**	₱547,539,735
Management fee	**35,032,337**	30,359,706
Auction fee and commissions	**2,458,658**	2,952,021
Receivable from employees	**84,537,375**	40,267,077
Advances to customers	**7,796,391**	33,816,491
Receivable from related parties	**18,930,541**	–
Other receivables	**74,627,820**	12,219,146
	1,985,707,641	667,154,176
Allowance for impairment losses	**(11,104,886)**	(3,052,699)
	1,974,602,755	664,101,477
Noncurrent portion of real estate receivables	**(371,034,287)**	(194,138,362)
	₱1,603,568,468	₱469,963,115

Real estate receivables pertain to receivables from the sale of real estate properties including residential condominium units and subdivision house and lots. These are collectible in monthly installments over a period of one to five years and bear no interest. Titles to real estate properties are not transferred to the buyer until full payment has been made.

Management fees are revenues arising from property management contracts. These are collectible on a 15- to 30-day basis depending on the terms of the service agreement.

Auction fees and commissions are revenues earned by the Group in facilitating auction of properties and in marketing real estate properties developed by third parties and affiliates. Receivable from auction fees and commissions are due within 30 days upon billing.

Advances to customers pertain to expenses paid by the Group in behalf of the customers for the taxes and other costs incurred in securing the title in the name of the customers. These receivable are billed separately to the respective buyers and are expected to be collected within one (1) year.

Receivable from employees pertain to cash advances for retitling costs, taxes and other operational and corporate-related expenses. This also includes salary and other loans granted to the employees and are recoverable through salary deductions. Other receivables are due and demandable and bear no interest.

Other receivables pertain to the amount collectible from customers related to accruals made by the Company for VAT on real estate sales. These will be collected along with the monthly installments from customers over a period of one to five years.

Movements in the Group's allowance for impairment losses follow:

	December 31, 2011			
	Management fee	**Auction fee and commission**	**Receivable from employees**	**Total**
At January 1	**₱2,550,449**	**₱502,250**	**₱–**	**₱3,052,699**
Provision	**164,738**	**–**	**7,887,449**	**8,052,187**
At December 31	**₱2,715,187**	**₱502,250**	**₱7,887,449**	**₱11,104,886**
Individually impaired	**₱2,715,187**	**₱–**	**₱–**	**₱2,715,187**
Collectively impaired	**–**	**502,250**	**7,887,449**	**8,389,699**
Total	**₱2,715,187**	**₱502,250**	**₱7,887,449**	**₱11,104,886**

	December 31, 2010			
	Management fee	Auction fee and commission	Receivable from employees	Total
At January 1	₱640,305	₱579,492	₱–	₱1,219,797
Provisions	1,910,144	–	–	1,910,144
Recoveries	–	(77,242)	–	(77,242)
At December 31	₱2,550,449	₱502,250	₱–	₱3,052,699
Individually impaired	₱2,550,449	₱–	₱–	₱2,550,449
Collectively impaired	–	502,250	–	502,250
Total	₱2,550,449	₱502,250	₱–	₱3,052,699

Unamortized discount
As of December 31, 2011 and 2010, installment contracts receivable with a nominal amount of ₱1,977.93 million and ₱595.03 million were recorded at amortized cost of ₱1,762.32 million, ₱547.54 million, respectively. These receivables are noninterest-bearing and are due to be collected within one to five-year time. The fair value upon initial recognition is derived using the discounted cash flow model using discount rates ranging from 1.66% to 6.58% and 3.79% to 8.07% in 2011 and 2010, respectively.

Movements in the unamortized discount on installment contracts receivables follow:

	2011	2010
At January 1	**₱47,488,861**	₱28,820,280
Additions	**602,440,242**	87,074,305
Accretion for the year (Note 21)	**(434,316,306)**	(68,405,724)
At December 31	**₱215,612,797**	₱47,488,861

Receivable financing
In 2011 and 2010, the Group entered into various agreements with a local bank whereby the Group sold its real estate receivables at average interest rates of 7.50% to 12.00%. The purchase agreements provide that the Group will substitute defaulted contracts to sell with other contracts to sell of equivalent value.

The Group still retains the sold receivables in the receivables account and records the proceeds from these sales as long-term debt (see Note 17). The gross amount of real estate receivables used as collateral amounted to ₱1,085.75 million and ₱1,281.09 million as of December 31, 2011 and 2010, respectively.

6. Real Estate Inventories

This account represents the real estate projects for which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. Details of this account follow:

	2011	2010
Condominium units	**₱1,482,443,165**	₱1,415,232,087
Residential house and lots	**70,431,786**	200,216,932
	₱1,552,874,951	₱1,615,449,019

The rollforward of this account follows:

	2011	2010
At January 1	**₱1,615,449,019**	₱1,325,025,177
Construction costs incurred	**1,763,990,315**	1,404,879,367
Borrowing cost capitalized	**161,498,551**	65,246,534
Transfers (Notes 7 and 11)	**456,248,114**	507,747,319
Cost of real estate sales	**(2,444,311,048)**	(1,687,449,378)
At December 31	**₱1,552,874,951**	₱1,615,449,019

General borrowings were used to finance the Group's ongoing real estate projects. The related borrowing costs were capitalized as part of real estate inventories. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 7.00% to 10.00% and 12.16% to 13.45% in 2011 and 2010, respectively.

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱2,444.31 million, ₱1,687.45 million and ₱535.54 million in 2011, 2010 and 2009, respectively. Such cost of sales is derived based on the standard cost for the current reporting period.

7. Land Held for Future Development

Land held for future development consists of parcels of lot acquired by the Group for future real estate development.

This account consists of:

	2011	2010
Land held by CCDC	**₱1,065,345,052**	₱45,559,842
Land held by CLC	**240,809,756**	315,000,000
	₱1,306,154,808	₱360,559,842

Land held by CCDC

On June 14, 2006, CPI, together with Picar Holdings, Inc. (Picar), entered into a Deed of Conditional Sale with the Philippine Government for the acquisition of four parcels of land collectively referred as "International School Manila, Inc. (ISMI) properties", with a total area of 48,832 square meters, located in Makati City. The property was acquired on account at a cost of ₱1,399.62 million, net of discount.

Through a Compromise Agreement and thereafter under a Declaration of Trust (DOT) executed between both parties, the property was subdivided, with CPI owning 72.5% of the property and the remaining 27.5% to be owned by Picar (see Note 31). Under the terms of the DOT, CPI shall advance Picar's proportionate share of the purchase price.

On May 11, 2007, all of the CPI's interest over the said properties was transferred to CCDC (see Note 26). In light of the absolute assignment of rights, the Philippine Government, acting through its trustee, consequently executed the Deed of Absolute Sale with CCDC and Picar. CPI and Picar took effect the transfer of the ISMI properties in their joint names pending the execution of the partition.

The Deed of Partition was subsequently executed on November 24, 2007, wherein 30,718 square meters of the properties were allocated, transferred and registered in the names of CCDC and two of its subsidiaries, CCDC II and CCDC III while 11,652 square meters of the properties were transferred and registered to Picar. The road lot with an aggregate land area of 4,462 square meters were transferred and registered in the joint names of Picar, to the extent of 27.5% and each of the subsidiaries of CCDC, other than CCDC II and CCDC III, to the extent of 72.5%.

An additional lot with an aggregate area of 2,000 square meters was also transferred and registered in the same way as the road lot. Such lot was agreed by all parties to be donated to the City Government of Makati in proportion to their respective interests. However, this lot was subsequently assigned proportionately by CCDC to all of its subsidiaries in exchange for the subscription on the respective capital stock of the said entities. As of December 31, 2011, the said donation has yet to be formalized.

In accordance with CCDC's business development plan, the ISMI properties were subdivided into 10 lots. On the basis of business intent, certain lots, whose development plan consists of building commercial and retail centers were classified as investment properties. Total land area of the lots classified as investment properties is 18,877 square meters with corresponding cost of ₱593.13 million (see Note 11). The remaining lots pertain to the land areas that are intended for the future residential developments of CCDC.

On May 11, 2007, CCDC incorporated twelve (12) subsidiaries as special purpose corporations created for the purpose of developing the ISMI properties and taking an assignment of its rights previously acquired from CPI. CCDC and its subsidiaries deemed it necessary and beneficial to streamline the operations of the said companies by transferring to the subsidiaries a portion of the rights, interests and ownership of CCDC in the ISMI properties with an aggregate area of 1,450 square meters and value of ₱45.56 million. Accordingly, although intended to be donated to the City Government of Makati, CCDC and its subsidiaries executed a Deed of Absolute Assignment (DAA) wherein CCDC assigned and transferred a portion of its rights and interest over the ISMI properties in exchange for subscription to additional shares of stock in each of the subsidiaries.

Subsequently, the DAA had undergone a number of amendments to revise the details of the assignment and subscription.

The land was valued at ₱220.00 million, of which ₱6.44 million were exchanged for the subsidiaries' capital stock. Pursuant to the relevant business development plans, two lots covering 7,764 square meters and costs ₱166.67 million were classified as investment properties from the total land value transferred (see Note 11).

In 2011, investment properties of CCDC amounting to ₱1,019.79 million were transferred to land held for future development (see Note 11).

In 2010, land held for future development of CCDC amounting to ₱79.87 million was transferred to real estate inventories (see Note 6).

Land held by CLC
On April 5, 2011, CLC acquired a parcel of land in Mandaluyong City amounting to ₱43.00 million under the registered name of Noah's Ark Sugar Refinery.

On October 29, 2008, CLC entered into a contact to sell (CTS) with the United Coconut Planters Bank (UCPB) to purchase 24,837 square meters of industrial lot situated in Mandaluyong City.

The Group plans to subdivide the properties into three lots in accordance with the subdivision plans, each with separate land titles, and shall have a fair value based on the valuation as determined by the seller.

In September 2008, a case was filed against CLC before the Regional Trial Court of Makati City questioning the Memorandum of Agreement and CTS entered into by and between CLC and UCPB on the basis of a claim of part ownership of the property. CLC filed a motion to dismiss the case, which the trial court denied. On February 26, 2010, the Court of Appeals granted the petition of CLC and dismissed the case.

Outstanding balance of the liability from purchased land as presented in the consolidated statements of financial position amounted to ₱85.19 million and ₱145.23 million as of December 31, 2011 and 2010, respectively. Interest accruing since February 2009 has been waived until August 2010 as a result of the status of the case.

In 2011, land held for future development of CLC amounting to ₱117.19 million which started the design and development phase was transferred to real estate inventories (see Note 6).

8. Advances to Suppliers and Contractors

Advances to suppliers and contractors amounting to ₱2,300.11 million and ₱844.48 million as of December 31, 2011 and 2010, respectively, are recouped upon every progress billing payment depending on the percentage of accomplishment.

9. Prepayments and Other Current Assets

This account consists of:

	2011	2010
Deferred selling expenses	**₱403,354,835**	₱181,612,449
Input taxes	**268,645,901**	80,877,830
Advances to land owners (Note 31)	**158,563,765**	66,699,669
Tax credit certificates	**10,278,508**	11,997,207
Prepaid expenses	**662,348**	1,882,208
Creditable withholding taxes	**29,967**	10,194,181
Others	**713,683**	769,310
	₱842,249,007	₱354,032,854

Deferred selling expenses pertain to costs incurred in selling real estate projects prior to its development. These capitalized costs shall be charged to expense in the period in which the construction begins and the related revenue is recognized.

Advances to land owners represent the minimum share of the lot property owners in relation to the joint venture projects of the Group. In accordance with the respective joint venture agreements, CCC and CLC advanced these shares in significant installments throughout the term of the project. The advances shall be deducted from the proceeds of the sales and collection of the land owners' units. 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. In addition, this includes the expenses shouldered by CLC that are attributable to the land owners in accordance with the joint venture agreement, which shall also be applied to the subsequent remittance on the land owners' share in the joint venture project (see Note 31).

Tax credit certificates pertain to the Group's claims granted by the Bureau of Internal Revenue in relation to income and value added tax refunds.

Creditable withholding taxes are attributable to taxes withheld by third parties arising from property management fees.

Input taxes are fully realizable and will be applied against output VAT. Tax credit certificates and creditable withholding taxes will be applied against income tax payable.

Prepaid expenses mostly pertain to prepayments of insurance premiums which will be applied throughout the remaining term of the related contracts. The 2011 balance includes prepayments pertaining to marketing expenses which will be expensed upon the recognition of the revenue on the related project.

10. Available-for-sale Financial Assets

The Group's AFS financial assets consist of quoted equity securities which the Group intends to hold for cash management purposes. The cost of the AFS financial assets totaled ₱14.67 million as of December 31, 2011 and 2010. Net unrealized loss on AFS financial assets amounted to ₱4.67 million and ₱4.40 million as of December 31, 2011 and 2010, respectively.

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

	2011	2010
At January 1	**₱4,404,958**	₱4,934,419
Fair value changes during the year	**266,301**	(529,461)
At December 31	**₱4,671,259**	₱4,404,958

11. **Investment Properties**

Movements in this account follow:

	2011	2010
At January 1	**₱2,419,665,214**	₱2,699,367,414
Improvements	**58,364,724**	–
Transfers to land held for future development (Note 7)	**(1,019,785,216)**	–
Transfers to real estate inventories (Note 6)	**(339,057,864)**	(427,876,200)
Net gain from fair value adjustment	–	148,174,000
At December 31	**₱1,119,186,858**	₱2,419,665,214

Investment properties with an original cost of ₱170.83 million represent the portions of the ISMI property that are intended to be developed for commercial and retail purposes and to be subsequently leased out to third parties (see Note 7). The Group's investment properties are classified as shown below:

	2011	2010	2009
Undeveloped land	**₱1,060,822,141**	₱2,419,665,214	₱2,699,367,414
Underconstruction	**58,364,717**	–	–
At December 31	**₱1,119,186,858**	₱2,419,665,214	₱2,699,367,414

Investment properties are stated at fair value, which has been determined based on valuations performed by Cuervo Appraisers, Inc., an accredited independent valuer, as of December 31, 2011 and 2010. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties. The value of the land was estimated by using the Sales Comparison Approach, an approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

In 2011, 2010 and 2009, the gain on change in fair value of investment properties amounted to nil, ₱148.17 million and ₱816.12 million, respectively.

The Group implemented changes in the business plan for certain lots of the ISMI properties previously intended for leasing purposes during the following periods:.

In 2010, one of the lots with a fair value of ₱427.88 million was utilized for the development of Centuria Medical Towers, a project of CMDC, wherein the relevant units will be for sale. Such property was reclassified under the "Real estate inventories" with the latest fair value of the lot as its deemed cost (see Note 6).

In 2011, lots with fair value of ₱1,019.79 million and ₱339.06 million will be developed by the Group into a residential condominium building and commercial and office buildings, respectively, which will be available for sale.

Except for the change in the fair value investment properties, the Group did not earn any revenue from the use of the said real properties or incurred any direct operating expenses in relation to these investment properties in 2011 and 2010.

12. **Property and Equipment**

The composition and movements of this account are as follows:

	2011						
	Office Equipment	**Computer Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Leasehold Improvements**	**Construction Equipment**	**Total**
Cost							
At January 1	**₱8,360,084**	**₱9,076,968**	**₱8,175,576**	**₱25,268,551**	**₱14,392,098**	**₱70,110,466**	**₱135,383,743**
Additions	**642,326**	**1,350,822**	**942,214**	**8,866,363**	**485,000**	**156,587,444**	**168,874,169**
Disposals	**–**	**–**	**(3,635)**	**(802,248)**	**–**	**–**	**(805,883)**
At December 31	**9,002,410**	**10,427,790**	**9,114,155**	**33,332,666**	**14,877,098**	**226,697,910**	**303,452,029**
Accumulated Depreciation and Amortization							
At January 1	**4,228,428**	**6,748,770**	**7,486,000**	**16,082,768**	**5,946,121**	**26,077,822**	**66,569,909**
Depreciation and amortization (Note 23)	**749,860**	**1,410,891**	**1,506,258**	**4,628,354**	**2,894,809**	**34,232,598**	**45,422,770**
Disposals	**–**	**–**	**(3,635)**	**(802,248)**	**–**	**–**	**(805,883)**
At December 31	**4,978,288**	**8,159,661**	**8,988,623**	**19,908,874**	**8,840,930**	**60,310,420**	**111,186,796**
Net Book Value at December 31	**₱4,024,122**	**₱2,268,129**	**₱125,532**	**₱13,423,792**	**₱6,036,168**	**₱166,387,490**	**₱192,265,233**

	2010						
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Total
Cost							
At January 1	₱7,113,578	₱8,600,095	₱6,206,685	₱21,745,686	₱8,117,087	₱70,110,466	₱121,893,597
Additions	1,246,506	476,873	1,968,891	3,522,865	6,572,798	–	13,787,933
Disposals	–	–	–	–	(297,787)	–	(297,787)
At December 31	8,360,084	9,076,968	8,175,576	25,268,551	14,392,098	70,110,466	135,383,743
Accumulated Depreciation and Amortization							
At January 1	2,902,915	5,196,285	5,855,058	11,589,543	4,200,444	12,056,382	41,800,627
Depreciation and amortization (Note 23)	1,325,513	1,552,485	1,630,942	4,493,225	2,043,464	14,021,440	25,067,069
Disposals	–	–	–	–	(297,787)	–	(297,787)
At December 31	4,228,428	6,748,770	7,486,000	16,082,768	5,946,121	26,077,822	66,569,909
Net Book Value at December 31	₱4,131,656	₱2,328,198	₱689,576	₱9,185,783	₱8,445,977	₱44,032,644	₱68,813,834

The depreciation and amortization from property and equipment are recognized as:

	2011	2010
Real estate inventories (Note 6)	**₱26,992,990**	₱13,789,359
General, administrative and selling expenses (Note 23)	**18,429,780**	11,277,710
	₱45,422,770	₱25,067,069

Transportation equipments with aggregate carrying value of ₱5.04 million and ₱5.03 million as of December 31, 2011 and 2010, respectively, were pledged as security for bank financing liability (see Note 17).

13. **Intangible Assets**

The composition and movements of this account are as follows:

2011

	Software Cost	**Trademarks**	**Total**
Cost			
At January 1	**₱3,699,985**	**₱1,514,771**	**₱5,214,756**
Additions	**194,607**	**163,229**	**357,836**
At December 31	**3,894,592**	**1,678,000**	**5,572,592**
Accumulated Amortization			
At January 1	**2,244,693**	**–**	**2,244,693**
Amortization (Note 23)	**597,466**	–	**597,466**
At December 31	**2,842,159**	**–**	**2,842,159**
Net Book Value at December 31	**₱1,052,433**	**₱1,678,000**	**₱2,730,433**

2010

	Software Cost	Trademarks	Total
Cost			
At January 1	₱3,707,588	₱1,474,099	₱5,181,687
Additions	–	40,672	40,672
Impairment	(7,603)	–	(7,603)
At December 31	3,699,985	1,514,771	5,214,756
Accumulated Amortization			
At January 1	1,517,883	–	1,517,883
Amortization (Note 23)	734,413	–	734,413
Disposals	(7,603)	–	(7,603)
At December 31	2,244,693	–	2,244,693
Net Book Value at December 31	₱1,455,292	₱1,514,771	₱2,970,063

Software cost includes application software and intellectual property licenses owned by the Group.

Trademarks are licenses acquired separately by the Group. These licenses arising from the Group's marketing activities have been granted for a minimum of 10 years by the relevant government agency with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and enabled the Group to determine that these assets have an indefinite useful life. As of December 31, 2011 and 2010, no impairment has been assessed on these assets.

14. Other Noncurrent Assets

This account consists of:

	2011	2010
Miscellaneous deposits	**₱7,947,262**	₱3,855,500
Rental deposits	**5,888,700**	1,996,535
Others	**1,137,870**	1,137,870
	₱14,973,832	₱6,989,905

Rental deposits mostly pertain to security deposits held and applied in relation to the Group's lease contracts for their administrative and sales offices. The deposits are noninterest-bearing and are recoverable through application of rentals at the end of the lease term.

Miscellaneous deposits pertain primarily to utility deposits related to the construction activities of the Group.

Others include to the Group's deposit to San Miguel Village Association (SMVA), a homeowners' organization of San Miguel Village located near Century City. Such bond will be applied to any contingent damages that may occur in relation to the Group's project development.

15. Accounts and Other Payables

This account consists of:

	2011	2010
Accounts payable	**₱629,240,235**	₱444,813,021
Payable to related parties	**160,904,229**	–
Accrued expenses	**112,328,476**	59,458,822
Retention payable	**28,945,118**	27,572,949
Payable to Manila Jockey Club, Inc. (MJCI) (Note 31)	**22,824,595**	56,346,988
Other payables	**14,224,962**	11,576,174
	₱968,467,615	₱599,767,954

Accounts payable are attributable to the construction costs incurred by the Group. These are noninterest-bearing and are normally settled on 15-to 60-day terms. Accrued expenses consist mainly of utilities, marketing costs, professional fees, communication, transportation and travel, security, insurance, representation and taxes payable.

Payable to MJCI pertains to the unremitted share of MJCI on the sales of a joint venture project with CCC. The respective payables on MJCI's share over the sold units are expected to be settled upon turn-over of the units to the buyers within the year (see Note 31).

Retention payables are noninterest-bearing and are normally settled on a 30-day term upon completion of the relevant contracts.

Other payables consist mainly of payments received by the Group in behalf of Penta Pacific Realty Corporation (Penta Pacific) for the sales management transaction between CPMI and Penta Pacific. As of December 31, 2011, 2010 and 2009, it amounted to ₱7.44 million and ₱10.24 million, respectively.

16. Customers' Advances and Deposits

The Group requires buyers of residential units to pay a minimum percentage of the total selling price as deposit before a sale transaction is recognized. 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, a sale is recognized and these deposits and down payments will be applied against the related installment contracts receivable.

The account also includes the excess of collections over the recognized receivables based on percentage of completion. As of December 31, 2011 and 2010, customers' advances and deposits amounted to ₱2,730.58 million and ₱1,810.86 million, respectively.

17. Short-term and Long-term Debt

Short-term Debt

Short-term debt consists of:

	2011	2010
Bank loans - Philippine Peso	**₱10,165,080**	₱10,000,000
Trust receipts	**6,300,691**	99,001,885
	₱16,465,771	₱109,001,885

Trust receipts (TRs) are obtained for the purchase of construction materials for CCDC's projects with fixed interest rate of 8.5% per annum payable monthly in arrears and full payment of principal balance is at maturity of one year with option to prepay.

Bank loans, consisting of two (2) short-term promissory notes (PN) amounting to ₱5.00 million each, were obtained in 2009 from a local bank for CPMI's additional working capital requirements. These were renewed by CPMI in 2011 and 2010 for the same terms and rates of interest. Each PN has a term of one (1) year, the full payment of which is to be made at maturity date at a fixed interest rate of 6.74% per annum (p.a.) each.

Long-term Debt

Long-term debt consists of:

	2011	2010
Subsidiaries:		
Payable under CTS financing	**₱713,818,730**	₱962,816,936
Bank loan - Philippine Peso	**150,000,000**	150,000,000
Car loan financing	**2,266,807**	4,239,403
	866,085,537	1,117,056,339
Less current portion	**369,337,615**	695,256,796
	₱496,747,922	₱421,799,543

Payable under CTS financing

In 2008 and 2009, CCDC entered into various purchase agreements through facilities obtained from financial institutions whereby CCDC assigns, with recourse, its receivables from buyers covered by CTS (see Note 5). CCDC retains the assigned receivables in the "Trade receivables" account and records the proceeds from these sales as "Long-term debt". The purchase of CTS financing facilities, which were approved on October 5, 2009 and September 8, 2008, amounted to ₱500.00 million and ₱100.00 million, respectively. These bear an interest rate of 4% plus PDSTF and 12% per annum. The loans are payable based on equal monthly installments over a period of eight (8) to fifty-three (53) months depending on the remaining terms of the installment contracts receivables. In addition to the customers' post-dated checks, securities held by the bank for the related loans include a parcel of land held by CCDC having a carrying value of ₱133.35 million and fair value of ₱597.98 million as of December 31, 2011 and 2010.

In 2011 and 2010, CCDC obtained various loans from a local bank through credit line facilities via receivable financing as follows:

	2011	2010
Line 5	**₱618,870,000**	₱–
Line 4	–	400,000,000
Line 3	–	200,000,000
	₱618,870,000	₱600,000,000

The proceeds of the loans were used in the construction of its real estate projects. The facility, which was approved on April 30, 2008, is revolving, subject to 12% rate per annum payable monthly in arrears, with principal repayment made through post-dated checks of the projects' buyers. The related promissory notes have terms ranging from thirty-six (36) to forty-eight (48) months and are secured by the buyer's post-dated checks, the corresponding CTS, and parcels of land held by the Company.

On March 3, 2011, CCDC issued a Notice of Loan Repayment with the local bank stating their intention to pay all the outstanding availment on the above lines of credit by March and April 2011. As of December 31, 2011, all of the Company's outstanding availments from the above lines of credit were fully paid.

Bank loan – Philippine Peso

In 2010 and 2009, CCDC obtained a peso-denominated loan from a local bank amounting to ₱95.00 million and ₱55.00 million, respectively, with a term of forty-eight (48) months at a fixed interest rate of 8.5% per annum. Principal repayment is scheduled until the end of the third year,

with the remaining balance to be paid in full upon maturity. The loan is secured by a parcel of land held by the Group having a carrying value of ₱137.87 million and fair value of ₱696.81 million as of December 31, 2010.

These bank loans contain negative covenant that the Group's payment of dividend is subject to certain financial ratios.

Car loan financing
In 2011 and 2010, the Group, through CCDC and CPMI, entered into bank financing agreement for installment payments of its transportation equipments amounting to ₱4.69 million and ₱6.21 million, respectively. The said assets were acquired under a joint financing plan between the Group and its managerial level employees and are capitalized and depreciated over their EUL of five years. The same transportation equipments are held on chattel mortgage by the bank as security. The loan, which bears interest ranging from 12.21% to 12.88% and payable within (5) years, amounted to ₱2.00 million and ₱3.47 million as of December 31, 2011 and 2010, respectively.

In 2010, CLC obtained a car loan from a local bank amounting to ₱0.85 million and bears interest at 17.30% per annum payable in (2) years, to finance the acquired transportation equipment. As of December 31, 2011 and 2010, outstanding balance of this loan amounted to ₱0.27 million and ₱0.77 million, respectively (see Note 33).

Interest Expense
Interest expense recognized in 2011, 2010 and 2009 for the short-term and long-term debts amounted to ₱44.91 million, ₱22.95 million and ₱50.54 million, respectively (see Note 24).

18. Equity

Capital Stock
The details of the Company's common shares follow:

	2011	2010
Authorized shares	**10,000,000,000**	6,000,000,000
Par value per share	**₱0.53**	₱1.00
Issued and subscribed shares	**7,566,391,027**	3,554,720,004

On February 09, 2000, the Parent Company was listed with the Philippine Stock Exchange with a total of 3,554,720,004 common shares, issued, paid and outstanding out of the authorized capital stock of 6,000,000,000 shares. The offering of the shares was at ₱1.00 per share. As of December 31, 2011, there are 497 holders of the Parent Company's common stock.

On August 17, 2011, the Parent Company's BOD approved the increase in authorized capital stock of the Parent Company from ₱6,000.00 million divided into 6,000,000,000 shares to ₱10,000.00 million divided into 10,000,000,000 shares with par value of ₱1.00 per share.

On October 27, 2011, the Parent Company's application for increase in authorized common stock was approved by the SEC.

Share swap
On October 27, 2011, CPI subscribed to 4,011,671,023 shares of CPGI at a subscription price of ₱1.00 per share for a total of ₱4,011.67 million which is equivalent to the aggregate book value of CPI's shares in CPI subs as of July 31, 2011. This resulted to an increase in the capital stock account of the Parent Company amounting to ₱4,011.67 million. Also on the same date, the net assets of CPGI were consolidated amounting to ₱1.75 million.

Additional paid-in capital
On May 24, 2011, EPHE and EPPECI agreed to condone, release and waive all claims against the Parent Company. The condoned payable to stockholders amounting to a total of ₱105.59 million was recognized as additional paid-in capital.

Retained earnings
Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱324.86 million, ₱1,304.47 million and ₱1,083.60 million as of December 31, 2011, 2010 and 2009, respectively

The BOD of CPMI approved the declaration and payment of cash dividend of ₱8.00 million, ₱5.00 million and ₱12.00 million in 2011, 2010 and 2009, respectively. These dividends are reflected in the consolidated statements of changes in equity as dividends earned by the common shareholders of the Group.

Quasi-reorganization
On August 17, 2011, the Parent Company's BOD approved the equity restructuring of the Parent Company as follows:

a) the balance of additional paid-in capital amounting to ₱2,875.76 million to be applied against the Parent Company's deficit balance;
b) decrease in the par value of the Parent Company's common shares from ₱1.00 per share to ₱0.53 per share; and;
c) the resulting additional paid-in capital from the reduction in the par value of the common shares to be applied against the Parent Company's deficit balance.

On October 28, 2011, the SEC approved the Parent Company's capital restructuring. The table below summarizes the effects of the equity restructuring in the stand alone financial statements of the Parent Company:

	Before the Restructuring	Adjustments (a)	(b)	(c)	After the restructuring
Capital stock	₱3,554,720,004	₱4,011,671,023	(₱3,556,203,786)	₱–	₱4,010,187,241
Additional paid-in capital	2,875,763,624	–	3,556,203,786	(6,428,731,956)	3,235,454
Deficit	(6,428,731,956)	–	–	6,428,731,956	–
	₱1,751,672	₱4,011,671,023	₱–	₱–	₱4,013,422,695

(a) *Subscription of 4,011,671,023 common shares by CPI.*
(b) *Decrease in the par value of the Parent Company's common shares from ₱1.00 per share to ₱0.53 per share.*
(c) *Application of the additional paid-in capital against the Parent Company's deficit balance.*

As part of the above capital restructuring, the Parent Company applied the balance of additional paid-in capital amounting ₱6,428.73 million against equity reserves at the consolidated level.

Equity reserve
Equity reserve amounting to ₱4,622.85 million as of December 31, 2010, is the difference of the total net assets of the subsidiaries of CPI and legal capital of the Parent Company measured at their pre-share swap carrying amounts.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong and healthy consolidated statement of financial position to support its current business operations and drive its expansion and growth in the future.

The Group maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. No changes were made in the objectives, policies or processes during 2011 and 2010. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding equity reserve and loss on AFS financial assets amounting to a total of ₱4,334.42 million and ₱7,629.36 million as of December 31, 2011and 2010, respectively.

The Group is not subject to externally imposed capital requirements.

19. Earnings Per Share

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company for 2011, 2010 and 2009 follow:

	2011	2010	2009
Net income attributable to the owners of the Parent Company	**₱864,494,959**	₱224,870,713	₱692,509,474
Weighted average number of shares	**8,461,583,465**	3,554,720,004	3,554,720,004
Basic/diluted earnings per share	**₱0.102**	₱0.063	₱0.195

20. Property Management Fee and Other Services

This account consists of:

	2011	2010	2009
Property management fee	**₱190,019,331**	₱170,659,074	₱145,704,510
Technical services	**1,034,488**	1,624,706	5,646,018
Auction services	**559,753**	–	7,135,692
	₱191,613,572	₱172,283,780	₱158,486,220

Property management fee pertains mostly to facilities management and consultancy fees of condominium corporations, corporate facilities and prior projects of the Group, which have been turned over to the respective buyers.

Auction services are fees earned by the Group in facilitating auction of foreclosed real estate projects, which normally consist of a percentage for each sale made while technical services pertains to various services such as plan evaluation, consultation and project management.

21. Interest and Other Income

This account consists of:

	2011	2010	2009
Interest income:			
Cash and cash equivalents (Note 4)	**52,018,220**	₱8,376,278	₱4,719,129
Accretion of unamortized discount (Note 5)	**434,316,306**	68,405,724	95,012,683
Income from cancelled sales	**245,761,578**	46,210,450	152,549,486
Unrealized foreign exchange gain	**123,763**	310,245	3,365,420
Other income	**18,119,532**	14,825,668	7,431,853
	₱750,339,399	₱138,128,365	₱263,078,571

Income from cancelled sales includes both reservation fees that have prescribed from the allowable period of completing the requirements for such reservation as well as forfeited collections from defaulted contracts receivables that have been assessed by the Group's management as no longer refundable.

Other income mainly consists of the penalties and other surcharges billed against defaulted installment contracts receivable. Real estate buyers are normally charged a penalty of 3% of the monthly installment for every month in arrears from the time the specific installment becomes due and payable.

22. Cost of Services

This account consists of:

	2011	2010	2009
Salaries, wages and employee benefits (Note 27)	**₱128,759,994**	₱108,278,306	₱88,120,174
Outside services	**12,296,130**	10,344,000	8,356,072
Professional fees	**–**	540,000	1,238,541
Others	**636,865**	–	3,166,072
	₱141,692,989	₱119,162,306	₱100,880,859

23. General, Administrative and Selling Expenses

This account consists of:

	2011	2010	2009
Salaries, wages and employee benefits (Note 27)	**₱269,443,740**	₱187,088,604	₱165,728,858
Commissions	**198,366,974**	280,174,296	204,156,676
Marketing and promotions	**107,385,222**	269,951,951	166,771,276
Professional fees	**46,093,770**	32,585,672	11,761,571
Taxes and licenses	**41,769,869**	37,229,330	4,425,845
Entertainment, amusement and Recreation	**32,065,396**	37,831,628	25,605,059
Depreciation and amortization (Notes 12 and 13)	**19,027,246**	12,012,123	10,185,439
Communication	**15,961,220**	9,106,602	1,658,092
Rent (Note 28)	**15,279,546**	8,869,249	15,235,804
Transportation and travel	**6,104,963**	6,100,452	4,467,137
Supplies	**6,009,292**	4,803,796	2,590,072
Outside services	**4,826,236**	9,415,224	204,131
Utilities	**799,223**	9,714,906	5,260,230
Miscellaneous	**31,239,709**	16,143,184	12,493,051
	₱794,372,406	₱921,027,017	₱630,543,241

Miscellaneous expenses pertain mostly to repairs and maintenance and insurance.

24. Interest and Other Financing Charges

Details of this account follow:

	2011	2010	2009
Interest expense on:			
Short-term and long-term debt (Note 17)	**₱44,948,072**	₱22,952,043	₱50,543,975
Liability from purchased land (Note 7)	**14,915,566**	10,511,597	10,544
	59,863,638	33,463,640	50,554,519
Other financing charges	**14,911,908**	30,118,207	86,184
	₱74,775,546	₱63,581,847	₱50,640,703

Interest expense on liability from purchased land relates to the land held for future development by CLC (see Note 7).

Other financing charges mostly include charges from interbank transfers and other banking service fees.

25. **Income Tax**

The provision for income tax consists of:

	2011	2010	2009
Current			
RCIT/MCIT	**₱154,544,547**	₱37,512,615	₱44,942,066
Final	**10,411,144**	649,950	826,170
	164,955,691	38,162,565	45,768,236
Deferred	**216,129,692**	62,662,284	218,241,748
	₱381,085,383	₱100,824,849	₱264,009,984

Current tax
Provision for current tax pertains to final tax and RCIT/MCIT.

Income taxes include corporate income tax and final taxes paid at the rate of 20%, which is a final withholding tax on gross interest income from debt instruments and other deposit substitutes.

Interest allowed as a deductible expense is reduced by an amount equivalent to 33% of interest income subjected to final tax starting January 1, 2009.

The NIRC of 1997 also provides for rules on the imposition of a 2% MCIT on the gross income as of the end of the taxable year beginning on the fourth taxable year immediately following the taxable year in which the Group commenced its business operations. Any excess MCIT over the RCIT can be carried forward on an annual basis and credited against the RCIT for the three (3) immediately succeeding taxable years.

In addition, the NIRC of 1997 allows the Group to deduct from its taxable income for the current year its accumulated NOLCO from the immediately preceding three (3) consecutive taxable years.

As of December 31, 2011, carryover NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deductions against income tax liabilities are as follows:

NOLCO:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2008	₱216,204,156	(₱216,204,156)	₱–	2011
2009	58,310,814	(46,415,376)	11,895,438	2012
2010	103,253,205	–	103,253,205	2013
2011	709,036,647	–	709,036,647	2014
	₱1,086,804,822	(₱262,619,532)	₱824,185,290	

Deferred tax
The components of deferred taxes as of December 31, 2011 and 2010 are as follows:

Net deferred tax assets:

	2011	2010
Deferred tax assets on:		
Allowance for impairment losses	**₱965,231**	₱915,810
Difference between tax and book basis of accounting for real estate transactions	**146,544,647**	177,500,968
NOLCO	**168,858,082**	29,068,564
Retirement benefits	**5,463,880**	5,622,842
Unrealized foreign exchange loss	**6,151**	12,031
MCIT	**942,594**	–
	322,780,585	213,120,215
Deferred tax liabilities on:		
Capitalized borrowing costs	**55,467,725**	1,765,889
Prepayments	**75,507,667**	–
	130,975,392	1,765,889
Net deferred tax assets	**₱191,805,193**	₱211,354,326

Net deferred tax liabilities:

	2011	2010
Deferred tax assets on:		
Allowance for probable losses	**₱2,366,235**	₱–
Difference between tax and book basis of accounting for real estate transactions	–	129,108,735
Unrealized foreign exchange loss	–	–
NOLCO	**9,176,877**	–
	11,543,112	129,108,735
Deferred tax liabilities on:		
Change in fair value of investment property	**674,598,747**	674,598,764
Difference between tax and book basis of accounting for real estate transactions	**72,988,640**	–
Capitalized borrowing costs	**7,166,902**	5,632,825
Unrealized foreign exchange gain	**37,354**	93,074
Others	**5,288,973**	–
	760,080,616	680,324,663
Net deferred tax liabilities	**₱748,537,504**	₱551,215,928

Unrecognized deferred tax assets
The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized. These NOLCO and MCIT follow:

	2011	2010
NOLCO	**₱115,417,637**	₱141,822,575
MCIT	**4,740,864**	143,723
	₱120,158,501	₱141,966,298

Statutory reconciliation
The reconciliation of the provision for income tax computed at statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2011	2010	2009
Provision for income tax computed at statutory rate	**₱374,200,364**	₱84,119,449	₱286,718,922
Adjustments for:			
Income tax holiday	**1,261,969**	–	–
Nondeductible interest and other expenses	**10,991,751**	18,374,640	1,850,023
Change in unrecognized deferred tax assets	**(199,069)**	181,613	3,568,631
Interest income subjected to final tax	**(5,169,632)**	(1,850,853)	(443,501)
Nontaxable income	**–**	–	(27,684,091)
	₱381,085,383	₱100,824,849	₱264,009,984

Board of Investments (BOI) incentives
On January 6, 2010, the BOI issued in favor of the Group a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Azure Urban Residences in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects has been granted an Income Tax Holiday (ITH) for a period of four (4) years from December 2012 or the actual start of commercial operations or selling, whichever is earlier and importation of capital equipment, spare parts and accessories at zero percent duty from date of registration up to June 16, 2011.

26. **Related Party Transactions**

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements.

The effects of the foregoing transactions are shown under the following accounts in the consolidated financial statements:

2011

	Due from related parties	Due to related parties	Receivables	Accounts and other payables
Stockholders	**₱148,538,148**	**₱114,776,276**	**₱17,866,721**	**₱145,011,931**
Entities under common control	**7,228,484**	**371,354**	**1,063,820**	**–**
Other affiliates	**–**	**–**	**–**	**15,892,298**
	₱155,766,632	**₱115,147,630**	**₱18,930,541**	**₱160,904,229**

2010

	Due from related parties	Due to related parties	Receivables	Accounts and other payables
Stockholders	₱666,053,503	₱193,764,272	₱–	₱–
Entities under common control	47,779,843	22,223,712	–	–
Other affiliates	–	–	–	–
	₱713,833,346	₱215,987,984	₱–	₱–

Entities under common control are entities that are owned and controlled by the some of the BOD of the Parent Company and neither a subsidiary or associate of the Parent Company. These entities are in effect sister companies of the Parent Company by virtue of ownership.

Significant transactions of the Group with related parties are described below:

Assignment of rights over ISMI properties
On May 11, 2007, CPI and CCDC entered into a Deed of Absolute Assignment (DAA I) wherein CPI assigned, transferred and conveyed to CCDC its interests in the ISMI properties in exchange for CCDC's shares of stock for an aggregate subscription price of ₱1,038.84 million (see Note 7).

On the same date, CCDC incorporated twelve subsidiaries as special purpose entities created for the purpose of developing the ISMI properties and taking an assignment of its rights previously acquired from CPI. CCDC and its subsidiaries deemed it necessary and beneficial to streamline the operations of the said companies by transferring to the subsidiaries a portion of the rights, interests and ownership of CCDC in the ISMI properties with an aggregate area of 1,450 square meters and carrying value of ₱45.56 million. Accordingly, CCDC and its subsidiaries executed a Deed of Absolute Assignment (DAA II) wherein CCDC assigned and transferred a portion of its rights and interest over the ISMI properties in exchange for subscription to additional shares of stock in each of the subsidiaries.

On June 5, 2007, the DAA I was amended (1st Amendment) where the aggregate amount was changed to ₱1,014.72 million in consideration of the prepayment discount given by PMO. Under the 1st Amendment entered into by CPI and CCDC, CCDC shall issue an aggregate of 101.47 million common shares with a par value of ₱1 at issuance price of approximately ₱10 per share resulting in an aggregate issuance price of ₱1,014.72 million and additional paid-in capital of ₱913.25 million in relation to the assignment of the CPI's rights and interests in the ISMI properties.

Similarly, the DAA II was amended on the same date, taking into account such prepayment discount.

The application for issuance of shares of CCDC in favor of CPI was approved by Securities and Exchange Commission (SEC) on May 8, 2008.

On July 16, 2008, CCDC filed a petition for amendment of its initial application for issuance of additional shares in favor of CPI to reflect that instead of recording the ₱913.25 million as additional paid-in capital in favor of CPI, it should be ₱909.26 million, net of ₱3.99 million scrap sale, as advances in favor of CPI, or any of its assignees. In connection with this petition, CCDC amended the 1st Amendment (2nd Amendment) to reflect the true and correct will of the parties. The amended application for issuance of shares of CCDC in favor of CPI was approved by the SEC on December 24, 2008.

As of December 31, 2011 and 2010, ISMI properties distributed to CCDC and its subsidiaries are recorded under "Real estate inventories", "Land held for future development" and "Investment properties".

Allocation of Expenses
In the normal course of business, CPI shoulders and pays certain operating expenses on behalf of the Group such as rent, salaries and selling expenses. Total operating expenses allocated to the Group amounted to ₱200.78 million, ₱161.58 million and ₱174.83 million for the year ended December 31, 2011, 2010 and 2009, respectively.

Construction Management Contract
The Group has contracted Century Properties Management Construction Corporation (CPMCC) as the project manager that will handle the construction activities of the Group. CPMCC is owned by one of the key management personnel of the Group. As of December 31, 2011 and 2010, advances made to CPMCC recognized under the "Advances to contractors and suppliers" account amount to ₱35.50 million and ₱1.00 million, respectively.

Key management compensation
The key management personnel of the Group include all directors, executive, and senior management. The details of compensation and benefits of key management personnel in 2011, 2010 and 2009 follow:

	2011	2010	2009
Short-term employee benefits	**₱29,493,900**	₱18,844,861	₱20,372,854
Post-employment benefits (Note 27)	**2,612,141**	1,669,004	942,133
	₱32,106,041	₱20,513,865	₱21,314,987

Terms and condition of transactions with related parties
Outstanding balances at year-end are unsecured interest free and expected to be settled within one year after the reporting date. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2011 and 2010, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

27. Pension Cost

The Group has an unfunded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year service in accordance with Republic Act 7641. The benefits are based on current salaries and years of service and compensation on the last year of employment. An independent actuary conducts an actuarial valuation of the retirement benefit obligation using the projected unit credit method.

The components of retirement benefits expense included under “Salaries, wages and employee benefits” under general, administrative and selling expenses follow:

	2011	2010	2009
Current service cost	**₱4,634,214**	₱2,995,080	₱3,503,661
Interest cost on benefit obligation	**2,310,684**	1,811,680	1,644,052
Actuarial loss recognized during the year	**210,173**	–	86,360
Effect of settlement/curtailment	**(3,458,544)**	–	–
Retirement expense	**₱3,696,527**	₱4,806,760	₱5,234,073

The amounts recognized in the consolidated statements of financial position for the pension plan are as follows:

	2011	2010
Defined benefit obligation	**₱30,800,716**	₱28,739,853
Unrecognized actuarial gains (losses)	**(12,587,783)**	(9,997,046)
Liability recognized in the statements of financial position	**₱18,212,933**	₱18,742,807

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

	2011	2010
Balance at January 1	**₱28,739,853**	₱16,636,179
Current service cost	**4,634,214**	2,995,080
Interest cost	**2,310,684**	1,811,680
Benefits paid	**(4,226,401)**	(2,724,223)
Actuarial losses	**5,300,172**	10,021,137
Settlement/curtailment	**(5,957,806)**	–
Balance at December 31	**₱30,800,716**	₱28,739,853

The assumptions used to determine retirement benefits for the Group are as follows:

	2011	2010
Discount rate	**6.24%**	8.04%
Salary increase rate	**7.00%**	7.00%

The amount of unfunded status and experience adjustments for the current and the previous periods follow:

	2011	2010	2009	2008	2007
Defined benefit obligation	**₱30,800,716**	₱28,739,853	₱16,636,179	₱17,089,937	₱11,515,979
Experience adjustments on plan liabilities	**684,927**	2,018,230	(1,089,306)	2,325,683	–

28. **Operating Lease Agreements**

The Group is a lessee under operating leases covering the sales and administrative offices including the model units for prospective buyers. The leases have terms ranging from two to three years, with renewal options. Monthly rent payment is computed using a fix rate per square meter. Rental expense charged to operations amounted to ₱15.28 million, ₱8.87 million and ₱15.24 million in 2011, 2010 and 2009, respectively (see Note 23).

Future minimum rentals payable under operating leases follow:

	2011	2010	2009
Within one year	**₱22,716,768**	₱18,992,862	₱322,831
After one year but not more than five years	**11,575,944**	18,536,471	–
	₱34,292,712	₱37,529,333	₱322,831

29. Financial Instruments

Fair Value Information

The table below presents the carrying amounts and fair value of the Group's financial assets and liabilities are as follows:

	2011		2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Loans and receivables				
Cash and cash equivalents	**₱366,594,660**	**₱366,594,660**	₱282,715,479	₱282,715,479
Receivables				
Trade receivables				
Real estate	**1,762,324,519**	**1,931,014,222**	547,539,735	703,790,711
Management fee	**32,317,150**	**32,317,150**	27,809,257	27,809,257
Auction fee and commissions	**1,956,408**	**1,956,408**	2,449,771	2,449,771
Advances to customers	**7,796,391**	**7,796,391**	33,816,491	33,816,491
Receivable from related parties	**18,930,541**	**18,930,541**	–	–
Other receivables	**74,627,820**	**74,627,820**	12,219,146	12,219,146
Due from related parties	**155,766,632**	**155,766,632**	713,833,346	713,833,346
	2,420,314,121	**2,589,003,824**	1,620,383,225	1,776,634,201
AFS financial assets	**10,001,819**	**10,001,819**	10,268,120	10,268,120
Total Financial Assets	**₱2,430,315,940**	**₱2,599,005,643**	₱1,630,651,345	₱1,786,902,321
Other financial liabilities				
Accounts and other payables				
Accounts payable	**₱629,240,235**	**₱629,240,235**	₱444,813,021	₱444,813,021
Accrued expenses	**47,780,024**	**47,780,024**	17,032,069	17,032,069
Payable to MJCI	**22,824,595**	**22,824,595**	56,346,988	56,346,988
Retention payable	**28,945,118**	**28,945,118**	27,572,949	27,572,949
Payable to related parties	**160,904,229**	**160,904,229**	–	–
Other payables	**14,224,962**	**14,224,962**	11,576,174	11,576,174
Due to related parties	**115,347,630**	**115,347,630**	215,987,984	215,987,984
Short-term debt	**16,300,691**	**16,300,691**	109,001,885	109,001,885
Long-term debt	**864,251,540**	**849,991,390**	1,117,056,339	1,097,875,455
Liability from purchased land	**85,189,451**	**82,020,403**	145,225,314	128,285,402
Total Financial Liabilities	**₱1,985,008,475**	**₱1,967,579,277**	₱2,144,612,723	₱2,108,491,927

Fair Value of Financial Instruments

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

Financial assets

Cash and cash equivalents, receivables (excluding real estate receivables with more than one year tenor) and due from related parties - Carrying amounts approximate fair values due to the short-term maturities of these instruments.

Noncurrent real estate receivables - Fair value is based on undiscounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 3.20% to 8.00% and 2.51% to 5.41% in 2011 and 2010, respectively.

AFS financial assets - Fair values are based on quoted prices published in the market.

Other financial liabilities
The fair values of accounts and other payables, due to related parties and short-term debt approximate the carrying amount due to the short-term maturities of these instruments.

The fair value of long-term debt and liability from purchased land are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used for long-term debt ranged from 2.50% to 4.44% and 4.81% to 6.08% as of December 31, 2011 and 2010, respectively. The discount rates used for the liability from purchased land ranged from 3.83% to 5.37% and 1.41% to 5.20% as of December 31, 2011 and 2010, respectively.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

As of December 31, 2011 and 2010, the Group held AFS financial assets comprising of quoted equity securities which are measured at fair value. Accordingly, such investments are classified under Level 1. The Group has no financial instruments measured under Level 2 and 3.

In 2011 and 2010, the Group did not have transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Policies and Objectives
The Group has various financial assets and liabilities such as cash, receivables, accounts and other payables and due to related parties, which arise directly from its operations. The Group has availed short-term and long-term debt for financing purposes.

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

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

The Group's BOD reviews and approves the policies for managing each of these risks and they are summarized below:

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check

procedures which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for real estate receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

The Group has no significant concentrations of credit risk.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position.

	2011	2010
Cash and cash equivalents*	**₱366,511,108**	₱282,625,515
Receivables		
Trade receivables		
Real estate	**1,762,324,519**	547,539,735
Management fee	**32,317,150**	27,809,257
Auction fee and commissions	**1,956,408**	2,449,771
Advances to customers	**7,796,391**	33,816,491
Receivable from related parties	**18,930,541**	–
Other receivables	**74,627,820**	12,219,146
Due from related parties	**155,766,632**	713,833,346
AFS financial assets	**10,001,819**	10,268,120
Total credit risk exposure	**₱2,430,232,388**	₱1,630,561,381

**Excludes cash on hand*

The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements. The subject real estate units are held as collateral for all installment contracts receivable.

The table below shows the credit quality of the Group's financial assets:

2011

	Neither past due nor impaired			Past due but not		
	High grade	**Medium Grade**	**Low Grade**	**Impaired**	**Impaired**	**Total**
Cash and cash equivalent	**₱366,511,108**	**₱–**	**₱–**	**₱–**	**₱–**	**₱366,511,108**
Receivables						
Trade						
Real estate	**1,724,785,255**	–	–	**37,539,264**	–	**1,762,324,519**
Management fee	**32,317,150**	–	–	–	**2,715,187**	**35,032,337**
Auction fee and commissions	**1,956,408**	–	–	–	**502,250**	**2,458,658**
Advances to customers	**–**	–	–	**7,796,391**	–	**7,796,391**
Receivable from related parties	**18,930,541**	–	–	–	–	**18,930,541**
Others	**48,787,744**	–	–	**25,840,076**	–	**74,627,820**
Due from related parties	**155,766,632**	–	–	–	–	**155,766,632**
	2,349,054,838	–	–	**71,175,731**	**3,217,437**	**2,423,448,006**
AFS financial assets	**10,001,819**	–	–	–	–	**10,001,819**
Total	**₱2,359,056,657**	**₱–**	**₱–**	**₱71,175,731**	**₱3,217,437**	**₱2,433,449,825**

2010

	Neither past due nor impaired			Past due but not		
	High grade	Medium Grade	Low Grade	Impaired	Impaired	Total
Cash and cash equivalent	₱282,625,515	₱–	₱–	₱–	₱–	₱282,625,515
Receivables						
Trade						
Real estate	496,824,287	–	–	50,715,448	–	547,539,735
Management fee	27,809,257	–	–	–	2,550,449	30,359,706
Auction fee and commissions	2,449,771	–	–	–	502,250	2,952,021
Advances to customers	–	–	–	33,816,491	–	33,816,491
Others	9,980,076	–	–	2,239,070	–	12,219,146
Due from related parties	6,854,847	–	–	706,978,499	–	713,833,346
	826,543,753	–	–	793,749,508	3,052,699	1,623,345,960
AFS financial assets	10,268,120	–	–	–	–	10,268,120
Total	₱836,811,873	₱–	₱–	₱793,749,508	₱3,052,699	₱1,633,614,080

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

Cash and cash equivalents - based on the nature of the counterparty.

Receivables - high grade pertains to receivables with no default in payments; 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.

AFS financial assets, which are assessed by management as high grade, are investments in equity instruments in companies with good financial capacity.

As of December 31, 2011 and 2010, the aging analysis of the Group's receivables presented per class is as follows:

2011

	Neither Past Due nor Impaired	Past due but not impaired				Impaired Financial	
	<30 days	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Assets**	**Total**
Receivables							
Trade receivables							
Real estate	**₱1,724,785,255**	**₱10,514,446**	**₱5,150,135**	**₱21,874,683**	**₱**	**₱–**	**₱1,762,324,519**
Management fee	**32,317,150**	–	–	–	–	**2,715,187**	**35,032,337**
Auction fee and commissions	**1,956,408**	–	–	–	–	**502,250**	**2,458,658**
Advances to customers	–	**59,876**	–	–	**7,736,515**	–	**7,796,391**
Receivable from related parties	**18,930,541**	–	–	–	–		**18,930,541**
Other receivables	**48,787,744**	–	–	–	**25,840,076**	–	**74,627,820**
Due from related parties	**155,766,632**	–	–	–	–	–	**155,766,632**
Total	**₱1,982,543,730**	**₱10,574,322**	**₱5,150,135**	**₱21,874,683**	**₱33,576,591**	**₱3,217,437**	**₱2,056,936,898**

2010

	Neither Past Due nor Impaired	Past due but not impaired				Impaired Financial	
	<30 days	30-60 days	60-90 days	90-120 days	>120 days	Assets	Total
Receivables							
Trade receivables							
Real estate	₱496,824287	₱22,282,854	₱4,869,493	₱6,512,341	₱17,050,761	₱–	₱547,539,736
Management fee	27,809,257	–	–	–	–	2,550,449	30,359,706
Auction fee and commissions	2,449,771	–	–	–	–	502,250	2,952,021
Advances to customers	–	202,384	–	–	33,614,107	–	33,816,491
Other receivables	9,980,077	–	–	–	2,239,070	–	12,219,147
Due from related parties	6,854,847	–	–	501,113,372	205,865,127	–	713,833,346
Total	₱543,918,239	₱22,485,238	₱4,869,493	₱507,625,713	₱258,769,065	₱3,052,699	₱1,340,720,447

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt.

The following table shows the maturity profile of the Group's financial assets used for liquidity purposes and liabilities based on contractual undiscounted payments:

	2011			
	Within 1 Year	**1-5 years**	**More than 5 years**	**Total - Gross**
Financial assets				
Cash and cash equivalent	**₱366,511,108**	**₱–**	**₱–**	**₱366,511,108**
Receivables				
Trade receivables				
Real estate	**691,296,157**	**1,071,028,362**	**–**	**1,762,324,519**
Management fee	**32,317,150**	**–**	**–**	**32,317,150**
Auction fee and commissions	**1,956,408**	**–**	**–**	**1,956,408**
Advances to customers	**7,796,391**	**–**	**–**	**7,796,391**
Receivable from related parties	**18,930,541**	**–**	**–**	**18,930,541**
Other receivables	**74,627,820**	**–**	**–**	**74,627,820**
Due from related parties	**155,766,632**	**–**	**–**	**155,766,632**
	₱1,349,202,207	**₱1,071,028,362**	**₱–**	**₱2,420,230,569**
Financial liabilities				
Accounts and other payables	**₱903,919,163**	**₱–**	**₱–**	**₱903,919,163**
Due to related parties	**115,347,630**	**–**	**–**	**115,347,630**
Short-term debt	**16,300,691**	**–**	**–**	**16,300,691**
Long-term debt	**368,722,561**	**495,528,979**	**–**	**864,251,540**
Liability from purchased land	**18,761,470**	**66,427,981**	**–**	**85,189,451**
	₱1,423,051,515	**₱561,956,960**	**₱–**	**₱1,985,008,475**
Interest payable	**₱65,708,519**	**₱37,834,156**	**₱–**	**₱103,542,675**

	2010			
	Within 1 Year	1-5 years	More than 5 years	Total - Gross
Financial assets				
Cash and cash equivalent	₱282,625,515	₱–	₱–	₱282,625,515
Receivables				
Trade receivables				
Real estate	115,002,722	77,990,819	–	192,993,541
Management fee	30,665,282	–	–	30,665,282
Auction fee and commissions	2,560,574	–	–	2,560,574
Advances to customers	8,646,486	–	–	8,646,486
Other receivables	7,643,762	–	–	7,643,762
Due from related parties	342,478,698	–	–	342,478,698
	₱789,623,039	₱77,990,819	₱–	₱867,613,858
Financial liabilities				
Accounts and other payables	₱648,097,889	₱–	₱–	₱648,097,889
Due to related parties	231,195,082	–	–	231,195,082
Short-term debt	81,849,028	–	–	81,849,028
Long-term debt	94,509,012	1,099,537,483	–	1,194,046,495
Liability from purchased land	54,805,191	90,420,122	–	145,225,313
	₱1,110,456,202	₱1,189,957,605	₱–	₱2,300,413,807
Interest payable	₱62,054,745	₱103,542,675	₱–	₱165,597,420

Foreign currency risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. There are only minimal placements in foreign currencies and the Group does not have any foreign currency-denominated debt. As such, the Group's foreign currency risk is minimal.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and their peso equivalents as of December 31, 2011 and 2010:

	2011		2010	
	Original currency	**Peso Equivalent**	**Original Currency**	Peso Equivalent
Assets				
Cash and cash equivalents				
US Dollar	**$376,981**	**₱16,526,847**	$379,151	₱17,516,776
Euro	**€12,764**	**866,420**	€13,195	879,579
Total foreign currency denominated assets		**₱17,393,267**		₱18,396,355

The spot exchange rates used were ₱43.84 to US$1 and ₱67.88 to €1 in 2011; ₱43.84 to US$1 and ₱60.15 to €1 in 2010

	2011		2010	
	Increase/decrease in foreign exchange rates	**Effect on profit before tax**	Increase/decrease in foreign exchange rates	Effect on profit before tax
Dollar	**₱0.001**	**₱377**	₱0.004	₱1,517
	(0.001)	**(377)**	(0.004)	(1,517)
Euro	**₱0.099**	**₱1,264**	₱0.002	₱26
	(0.099)	**(1,264)**	(0.002)	(26)

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The following table sets out the carrying amount, by maturity, of the Group's long term debt that are exposed to interest rate risk.

	Interest terms (p.a.)	**Rate fixing period**	**Nominal amount**	**<1 year**	**1 to 5 years**
2011	**4%**	**Monthly**	**₱268,015,873**	**₱56,984,126**	**₱211,031,747**
2010	4%	Monthly	325,000,000	113,968,252	211,031,747

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Group's income before tax and equity (through the impact on floating rate borrowings).

	2011		2010	
	Increase/decrease in interest rates	Effect on profit before tax	Increase/decrease in interest rates	Effect on profit before tax
Basis points	**0.33%**	**₱887,892**	0.68%	₱2,219,374
	(0.33%)	**(887,892)**	(0.68%)	(2,219,374)

There is no other impact on the Group's total comprehensive income other than those already affecting the net income.

30. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operate follow:

- Real estate development - sale of high-end, upper middle-income and affordable residential lots and units and lease of residential developments under partnership agreements
- Property management - facilities management of the residential and corporate developments of the Group and other third party projects, including provision of technical and related consultancy services.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements

Details of the Group's operating segments as of December 31, 2011 and 2010 are as follows:

2011

	Real Estate Development	Property Management	Adjustments and Elimination	Consolidated
Revenue				
Real estate sales and property management fee and other services customers	₱3,760,533,565	₱191,613,572	₱–	₱3,952,147,137
Costs and expenses				
Cost of real estate sales and services	2,444,311,048	141,692,989	–	2,586,004,037
General, administrative and selling expenses	757,719,364	36,653,042	–	794,372,406
Operating income	558,503,153	13,267,541	–	571,770,694
Other income (expenses)				
Interest and other income	749,974,963	364,436	–	750,339,399
Interest and other financing charges	(73,932,456)	(843,090)	–	(74,775,546)
Income before income tax	1,234,545,660	12,788,887	–	1,247,334,547
Provision for income tax	377,051,611	4,033,772	–	381,085,383
Net income	₱857,494,049	₱8,755,115	₱–	₱866,249,164
Net income attributable to:				
Owners of the Parent Company	₱857,494,049	₱7,000,910	₱–	₱864,494,959
Non-controlling interests	–	1,754,205	–	1,754,205
	₱857,494,049	₱8,755,115	₱–	₱866,249,164
Other information				
Segment assets	₱14,519,772,026	₱75,450,934	(₱4,757,711,413)	₱9,837,511,547
Deferred tax assets	233,957,742	6,429,111	(48,581,660)	191,805,193
Total Assets	₱14,753,729,768	₱81,880,045	(₱4,806,293,073)	₱10,029,316,740
Segment liabilities	₱5,622,788,004	₱72,305,439	(₱745,985,388)	₱4,949,108,055
Deferred tax liabilities	797,119,165	–	(48,581,660)	748,537,505
Total Liabilities	₱6,419,907,169	₱72,305,439	(₱794,567,048)	₱5,697,645,560

2010

	Real Estate Development	Property Management	Adjustment and Elimination	Consolidated
Revenue				
Real estate sales and property management fee and other services	₱2,613,032,565	₱172,283,780	₱–	₱2,785,316,345
Costs and expenses				
Cost of real estate sales and services	1,687,449,378	119,162,306	–	1,806,611,684
General, administrative and selling expenses	871,566,608	49,460,409	–	921,027,017
Operating income	54,016,579	3,661,065	–	57,677,644
Other income (expenses)				
Gain from change in fair value of investment properties	148,174,000	–	–	148,174,000
Interest and other income	137,791,286	337,079	–	138,128,365
Interest and other financing charges	(62,771,338)	(810,509)	–	(63,581,847)
Income before income tax	277,210,527	3,187,635	–	280,398,162
Provision for income tax	99,244,488	1,580,361	–	100,824,849
Net income	₱177,966,039	₱1,607,274	₱–	₱179,573,313
Net income attributable to:				
Equity holders of Century Properties Group, Inc.	₱223,584,896	₱1,285,819	₱–	₱224,870,715
Non-controlling interests	(45,618,855)	321,455		(45,297,400)
	₱177,966,041	₱1,607,274	₱–	₱179,573,315
Other information				
Segment assets	₱7,277,766,151	₱66,111,341	₱–	₱7,343,877,492
Deferred tax assets	204,815,675	6,538,652	–	211,354,327
Total Assets	₱7,482,581,826	₱72,649,993	₱–	₱7,555,231,819
Segment liabilities	₱3,990,328,755	₱63,830,502	₱–	₱4,054,159,257
Deferred tax liabilities	551,215,910	–	–	551,215,910
Total liabilities	₱4,541,544,665	₱63,830,502	₱–	₱4,605,375,167

31. Real Estate Development Projects

Owner-Developer Projects

The owner-developer projects of the Group comprise of the developments on the ISMI properties (see Note 7), pursuant to the master plan over all these parcels of lots, which collectively will be named as “Century City”.

As of December 31, 2011, the Group, through CCDC and some of its subsidiaries, has four (4) projects launched and in progress based on such master plan. The details of the respective project completion and expected turnover of these projects are as follows:

	Project Completion		Expected
	2011	2010	Turn-over
Gramercy Residences	**85.27%**	61.54%	2012
Knightsbridge Residences	**52.27%**	16.54%	2013
Milano Residences	**6.59%**	0.00%	2015
Centuria Medical Tower	**0.00%**	0.00%	2014

Projects Under Partnership Agreements

The Canyon Ranch

On February 24, 2004, CCC entered into a Joint Venture Agreement (JVA I) with MJCI to develop a 17.09 hectare property owned by MJCI which is located at Brgy. Lantic, Carmona, Cavite, into an exclusive residential subdivision known as “The Canyon Ranch” project.

Under the JVA I, CCC shall develop the property at its own expense. MJCI, in turn, agrees to compensate CCC by sharing 50% of the sales proceeds pertaining to the residential and commercial lots. CCC, however, is entitled to the entire sales proceeds pertaining to the housing units to be constructed by CCC on MJCI’s property. CCC shall collect the payments for the house-and-lot units sold and shall remit to MJCI the latter’s share in the proceeds.

As of December 31, 2011 and 2010, CCC has outstanding payable to MJCI pertaining to unremitted share of MJCI in the sales proceeds amounting to ₱22.82 million and ₱56.35 million shown under “Accounts and other payables” in the consolidated statement of financial position (see Note 15).

The average percentage of completion of the project per phase as of December 31, 2011 are as follow:

	Land Development	Housing
Phase 1	100.00%	99.13%
Phase 2	99.00%	94.52%

Moderno at The Canyon Ranch

Incidental to the planned expansion of “The Canyon Ranch”, CCC entered into additional Joint Venture Agreements (JVAs) with certain individuals on November 28, 2006. The JVAs cover the development plan on parcels of land situated within the site of the initial project.

Under the JVAs, CCC shall develop the said properties at its own expense. The joint venture partners (JV partners), in turn, agree to compensate CCC by sharing 60% and 78%, respectively, of the net sales proceeds pertaining to the residential lots. CCC, however, is entitled to the entire sales proceeds pertaining to the housing units to be constructed by CCC on such properties. CCC shall collect the payments for the house-and-lot units sold and shall remit to the joint venture partners’ share in the proceeds.

“Advances to land owners” account under the “Prepayments and Other Current Assets”, includes the advances made by CCC to its JV Partners amounting to ₱57.27 million and ₱6.01 million, as of December 31, 2011 and 2010, respectively. These advances pertain to prepayments of assumed share of the JV partners and shall be applied upon remittance of actual collections generated in units attributable to the JV partners (see Note 9)

The average percentage of completion of the project per phase as of December 31, 2011 are as follow:

	Land Development	Housing
Moderno A	88.00%	9.11%
Moderno B	0.00%	0.00%

The Azure Urban Resort Residences
On February 18, 2010, CLC entered into a Joint Venture Agreement (JVA II) with Columbian Motors Corporation, Columbian Autocars Corporation and Asian Carmakers Corporation (collectively called the “Columbian Group”), to develop a 60,485 square meter property located at Bicutan, Parañaque City, into a multi-storey residential and /or mixed-use condominium project to be named as the “Azure” project.

Under JVA II, CLC is committed to complete, at its sole expense, the project within a period of twelve years from Day 1 as stipulated in the contract with Columbian Group, depending on the market feasibility and other conditions outlined in the agreement. The parties agree that Columbian Group shall be entitled to 12% of the total units and parking slots and shall receive 15% of this share in actual units. As further provided in JVA II, Columbian Group is guaranteed to receive significant payments over the duration of the agreement amounting to ₱400.00 million and any amount over and above such minimum amount depending on the sales and collection that will ultimately be generated from Columbian Group’s unit at the completion of the condominium project.

In 2010, CLC commenced the construction of its project and has two (2) of the nine (9) planned buildings of the Azure Residences as in progress at the end of the year. Project completion of the two (2) buildings is 48% and 31.29% for “Rio” and “Santorini,” respectively, as of December 31, 2011. CLC launched the the third and fourth buildings of the Azure Residences in 2011 and are still under the predevelopment stage as of December 31, 2011.

As of December 31, 2011, 2010 and 2009, CLC has outstanding receivable included under the “Advances to land owners” account under the "Prepayments and Other Current Assets" amounting to ₱101.29 million and ₱60.60 million, respectively, from Columbian Group arising from such prepayment of assumed share of the Columbian Group and shall be applied upon remittance of actual collections generated in units attributable to Columbian Group (see Note 9).

32. **Contingencies**

The Group is contingently liable for lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims or assessments. No provisions were made during the year.

33. Note to Consolidated Statements of Cash Flows

Below are the non-cash investing and financing transactions for the year ended December 31, 2011, 2010 and 2009:

a. Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱434.28 million, ₱68.41 million and ₱95.01 million for the year ended December 31, 2011, 2010 and 2009, respectively (see Note 5).

b. Capitalization of borrowing costs amounting to ₱161.50 million, ₱65.25 million and ₱31.54 million for the year ended December 31, 2011, 2010 and 2009, respectively, respectively (see Note 6).

c. Transfer of ₱339.06 million and ₱427.88 million worth of investment properties to real estate inventories for 2011 and 2010, respectively (see Notes 6 and 11).

d. Revaluation of investment properties amounting to nil, ₱148.17 million and ₱816.12 million for the years ended December 31, 2011, 2010 and 2009, respectively (see Note 11).

e. Transfer of ₱1,019.79 million worth of investment properties to land held for future development in 2011 (see Note 7).

f. Transfer of ₱117.19 million and ₱79.87 million worth of land held for future development to real estate inventories in 2011 and 2010, respectively (see Note 6 and 7).

g. On October 18, 2010, the Group purchased transportation equipment amounting to ₱0.85 million through a car loan obtained from a local bank, of which ₱0.77 million remain outstanding as of December 31, 2010 (see Note 17).

34. Events After the Reporting Date

On January 27, 2012, CPI's BOD approved the Purchase Agreement with APG which provides that upon the closing of the secondary shares offering of the Parent Company, CPI will sell a fixed number of commons shares to APG in exchange for the convertible bond, whereupon CPI will cancel the convertible bond and the security will be released.

The Parent Company entered into a Placement Agreement on February 18, 2012 with CPI, UBS AG (UBS) and Macquarie Capital (Singapore) Pte. Limited (Macquarie) wherein CPI has appointed UBS and Macquarie to offer 1,333,333,000 existing common shares (the Offer Shares) of the Parent Company at ₱1.75 per share (the Offer Price) outside the United States in reliance on Regulation S under the U.S. Securities Act. On the same day, the Parent Company and CPI entered into a Subscription Agreement wherein CPI has agreed to subscribe for the new common shares to be issued by the Parent Company in an amount equal to the number of the Offer Shares sold by CPI at a price equal to the Offer Price.

The existing common shares of the Parent Company are listed on the First Board of the Philippine Stock Exchange, Inc. under the symbol "CPG". The Offer Shares were delivered in book-entry form through the Philippine Depository and Trust Corporation on February 22, 2012.

On April 12, 2012, the BOD of CCDC approved the declaration of cash dividends amounting to ₱150.00 million for distribution to the stockholders of CCDC of record as of March 31, 2012.

On April 13, 2012, the BOD of the Parent Company approved the declaration of cash dividends amounting to ₱86.45 million for distribution to the stockholders of the Parent Company of record as of April 27, 2012.

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

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Century Properties Group Inc.
21st Floor Pacific Star Building
Sen. Gil Puyat corner Makati Avenue,
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Properties Group Inc. and its Subsidiaries as at December 31, 2011 and 2010 for each of the years in the period ended December 31, 2011, included in this Form 17-A and have issued our report thereon dated April 13, 2012. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respect the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna
Partner
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Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2009,
June 1, 2009, Valid until May 31, 2012
PTR No. 3174583, January 2, 2012, Makati City

April 13, 2012

CENTURY PROPERTIES GROUP INC.
(Formerly East Asia Power Resources Corporation) AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2011

Deficit, beginning	**(₱6,836,360,242)**
Add: Net income actually earned/realized during the year	
Net income during the period closed to retained earnings	403,774,718
Net income actually earned during the year	403,774,718
Less: Other adjustments - Quasi-reorganization	6,428,731,956
Deficit, end	**(₱3,853,568)**

See accompanying Notes to Consolidated Financial Statements.