COVER SHEET

CS200411593

SEC Registration Number

ANCHOR LAND HOLDINGS, INC.

(Company's Full Name)

11th Floor Locsin Bldg., Makati Avenue, Makati City

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

CHRISTINE P. BASE

(Contact Person)

844-3906

(Company Telephone Number)

12 31

Month *Day*

(Interim)

17Q

(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.

SEC Number **CS200411593**
File Number ___________.

ANCHOR LAND HOLDINGS, INC.

Company's Full name

Unit 11B, 11th Floor, L.V. Locsin Building, 6752 Ayala Avenue
Corner Makati Avenue, Makati City, Philippines 1228

Company's Address

(02) 886-3572 to 74

Telephone Number

December 31

Fiscal Year Ending
(month & day)

17-Q (1st Quarter) .

Form Type

____

Amended Designation (if applicable)

March 31, 2008

Period Ended Date

_____Registered and Listed_____.

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2008**

2. SEC Identification No. **CS200411593** 3. BIR Tax Identification No. **232-639-838-000**

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

5. ________________________________
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **Unit 11B, 11th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City, Philippines** **1228**
Address of issuer's principal office Postal Code

8. **(02) 886-3572 to 74**
Registrant's telephone number, including area code

9. ________________________________
Former name, former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	346,667,000
Loans payable	2,056,372

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [**X**] No [ ]

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

ANCHOR LAND HOLDINGS, INC.
FINANCIAL INFORMATION

Financial Statements

Basis of Preparation
The consolidated financial statements of Anchor Land Holdings, Inc. and Subsidiary (the Group) have been prepared using the historical cost basis and are presenting in Philippine Peso (₱).

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 statement of the Parent Company and its wholly owned subsidiary, MTDC. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company contains control, and continues to be consolidated until the date that such control ceases.

Management's Discussion and Analysis of Financial Condition and Results of Operation

The Company has selected and applied accounting policies so that financial statements will comply with all the requirements of (PFRS) Philippine Financial Reporting Standards. If there are no specific requirements, management has developed policies to ensure that the financial statements provide relevant and reliable information.

The Company maintains and adopted no change in accounting principle or practice, or in the method of applying any accounting principle or practice which affects relevance, reliability and comparability of the financial statements with those of prior periods.

The Company has no significant change in accounting estimates of the amount reported during the interim period of the financial year and in the other interim period or changes in estimates of amounts reported in prior financial years.

ANCHOR LAND HOLDINGS, INC.

KEY PERFORMANCE INDICATORS
FOR THE FIRST QUARTER 2008

The Company assessed its performance based on the following key performance indicators

	March 2008	Dec. 2007
Current Ratio (1)	.96:1	1.07:1
Debt to Equity Ratio (2)	.0018:1	.12:1
Earnings per Share (3)	.13:1	.35:1
Earnings before Interest and Taxes (4)	69.916 million	154.267 million
Return on Equity (5)	4%	15%

(1) Current Assets / Current Liabilities
(2) Bank Loans / Stockholders' Equity
(3) Net Income / Outstanding Shares
(4) Net Income plus Interest Expense and Provision for Income Tax
(5) Net Income / Average Stockholders' Equity

Note:

- The Stockholders' Equity in 2007 is P1,090,788,029 (outstanding & subscribed shares of 346,667,000).
- The Stockholders' Equity in 2006 is P268,815,382 (outstanding & subscribed shares of 260,000,000).

These key indicators were chosen in order to provide management with a measure of the Company's financial strength (Current Ratio and Debt to Equity) and ability to maximize the value of its stockholders' investment in the Company (Earnings per Share, Earnings before Interest and Taxes and Return on Equity).

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARY
MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements, including the related notes, contained herein.

Operations

The Parent Company successfully listed 346,667,000 common shares during its public offering last August 8, 2007, generating net proceeds of about ₱719 million. As of March 31, 2008, the Group's second project, Mayfair Tower, located at the corner of United Nations Avenue and Mabini Street in Ermita, Manila is 80% completed while the third project, Mandarin Square, located along Ongpin Street in Binondo, Manila is at 18% completed. The Group launched its fourth project, the Solemare Park Suites, located at Bradco Avenue, Aseana Business Park, Parañaque City before the end of 2007. On the other hand the bulk of 2006 revenues came from Lee Tower, which is 100% completed and sold

With the expansion mode and simultaneous projects in the pipeline, the Group is aggressively recruiting personnel to increase its sales network and back room support, filled up critical officers position, and increase advertisement of its projects and aggressive marketing effort.

Material Changes to the Statements of Income for the Three Months Ended March 31, 2008 Compared with the Three Months Ended March 31, 2007 (Increase/Decrease of 5% or more)

241% increase in Real estate revenues
Increase in real estate revenues is primarily due to higher number of units sold and higher project completion percentage of its high rise condominium projects. Revenue from MTDC , a wholly owned subsidiary of ALHI (parent company), accounted for 65% of the group's revenue due to its aggressive marketing campaign. Its strong performance resulted to a 241% growth in revenues from ₱69.7 million last year to ₱236.9 million this year, from two of its ongoing projects, the Mandarin and Mayfair tower.

73% decrease in Interest income
Interest income decreased by ₱1.95 million from ₱2.6 million in 2007 to ₱.7 million in 2008 due to lower effective interest income from receivables from customers.

19% increase in Operating expenses
Operating expenses increased by ₱2.8 million from ₱15.2 million to ₱18 million mainly due to its aggressive marketing strategy, expansion of the Group's office and showroom, and the recruitment of personnel to strengthen the sales force and backroom support. Salaries and wages and marketing expenses rose up to ₱3.7 million and ₱3.8 million respectively, from ₱2.48 and ₱2.5 last year over the same period.

77% decrease in interest expense
Interest expense decreased by ₱2.2 million from ₱2.9 million in 2007 to ₱.7 million in 2008 due to repayment of the outstanding loans.

258% increase in Real estate cost
Real estate cost increase from ₱41.7 million last year to ₱149.6 million this quarter primarily due to higher sales particularly in Mandarin Tower and increase in its project completion percentage.

485% increase in Net Income

On an overall, the Group posted a net income of ₱45.25 million for the three months ended March 31, 2008 compared with ₱7.73 million over the same period last year, or registered a growth of 485%.

Material Changes to the Balance Sheet as of March 31, 2008 compared to December 31, 2007 (Increase/Decrease of 5% or more)

56% decrease in Cash and cash equivalent

Cash and cash equivalents decreased from ₱456.22 million in 2007 to ₱202.8 million in 2008 or mainly due to payment of its short term loans from local banks and construction costs.

57% increase in Receivables

Receivables increased from ₱405.3 million in 2007 to ₱637 million in 2008 mainly due to a significant increase in sales for both projects of the Group.

18% increase in Condominium units held for sale

Condominium units held for sale increased by ₱164 million from ₱941.00 million in 2007 to ₱ 1,105 million in 2008 due mainly to the acquisition of parcels of land amounting to ₱214 23 million for future land development, and due to additional inventory of units for both Mayfair and Mandarin Tower.

6% decrease in Other current assets

Other current assets decreased by ₱7 2 million from ₱117 20 million in 2007 to ₱109 million in 2008 due to the utilization of the groups prepayments for current operation.

23% increase in Property and equipment

Property and equipment increased from ₱10.4 million in 2007 to ₱12.84 2008 million in 2008 as a result of acquisition of various furniture and fixtures and office equipment for the support of the expansion of the group's operation. Purchases of fixed assets for the period amounted to ₱3.4 million.

69% decrease in Deferred tax assets

Decrease in Deferred tax assets by ₱22 million from ₱31.6 million in 2007 to ₱9 5 million in 2008 represents the tax effect from booking revenue based on percentage of completion which are currently not taxable for income tax purposes

22% increase in Accounts payable

Increase in accounts payable amounted to ₱167 million from ₱749 million in 2007 to ₱916 million in 2008, is due to increase in payable to contractors of Mayfair and Mandarin Tower.

98% decrease in Loans payable

Decrease in loans payable amounted to ₱125.6 million from ₱127.68 million in 2007 to ₱2 million in 2008, mainly due to repayment of short term loans from local bank.

93% increase in Customer's advances

Customers' advances and deposits increased from ₱30 million in 2007 to ₱58 million in 2008, due to higher level of customers' deposits from sales of condominium units.

13% increase in Income taxes payable

Increase in income taxes payable pertains to the current provision for income taxes.

41% increase in Retained earnings

Retained earnings increased from ₱111.40 million in 2007 to ₱156.68 million in 2008, as a result of the reported net income of ₱45.2 million of the Group for the three months ended March 31, 2008

Signatures

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

Registrant: Anchor Land Holdings, Inc.

Mr. Arturo T. Falco
Chief Financial Officer

COVER SHEET

C S 2 0 0 3 1 5 4 9 6

SEC Registration Number

A N C H O R   L A N D   H O L D I N G S ,   I N C .   A N D   S U
B S I D I A R Y

(Company's Full Name)

1 1 t h   F l o o r   L o c s i n   B l d g . ,   M a k a t i   A
v e n u e ,   M a k a t i   C i t y

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

Mr. Arturo Falco

(Contact Person)

888-6688

(Company Telephone Number)

1 2 | 3 1

Month *Day*

(Interim)

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

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARY

Consolidated Financial Statements
March 31, 2008 and 2007
and Years Ended December 31, 2007, 2006

NCHOR LAND HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS		
Cash and cash equivalents (Notes 4 and 12)	**₱202,831,635**	₱456,215,620
Receivables (Notes 5,10 and 12)	**637,264,837**	405,292,504
Advances to related parties	**3,267,471**	3,267,471
Condominium units for sale - at cost	**1,105,842,428**	941,003,611
Available-for-sale financial asset	**47,531,283**	47,531,283
Property and equipment - net (Notes 6 and 11)	**12,839,289**	10,398,463
Deferred tax assets - net (Note 9)	**9,587,235**	31,646,401
Other assets	**109,946,170**	117,232,063
	₱2,129,110,347	₱2,012,587,416
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 7 and 12)	**₱916,874,605**	₱749,840,886
Loans payable (Notes 8 and 12)	**2,056,372**	127,688,424
Customers' advances and deposits (Note 12)	**58,010,323**	30,044,853
Income tax payable	**16,134,924**	14,225,224
Total Current Liabilities	**993,076,223**	921,799,387
Equity (Note 13)		
Capital stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Retained earnings (Note 14)	**156,679,840**	111,433,744
Total Equity	**1,136,034,124**	1,090,788,029
	₱2,129,110,347	₱2,012,587,416

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	March 31,		December 31,	
	2008	2007	2007	2006
	Unaudited	Audited	Audited	
REVENUE				
Real estate sales	**₱236,877,94**	₱69,684,8	₱406,390,0	₱358,078,9
Interest and others	**732,48**	2,679,4	80,589,2	23,659,8
	237,610,42	72,364,2	486,979,2	381,738,7
COSTS AND EXPENSES				
Real estate	**149,614,67**	41,742,9	265,716,6	248,022,5
Administrative and selling (Note 11)	**18,079,44**	15,243,1	66,995,5	27,462,5
Interest	**701,34**	2,988,5	2,988,5	18,385,8
	168,395,40	59,974,7	335,700,7	293,870,9
INCOME BEFORE INCOME TAX	**69,214,96**	12,389,5	151,278,4	87,867,8
PROVISION FOR INCOME TAX (Note 9)	**23,968,86**	4,661,7	48,660,0	31,835,5
NET INCOME	**₱45,246,09**	₱7,727,8	₱102,618,3	₱56,032,2
EARNINGS PER SHARE - basic and diluted (Note 16)	**₱0.1**	₱0.0	₱0.35	₱0

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	March 31,		December 31,	
	2008	**2007**	**2007**	**2006**
	Unaudited	**Audited**	**Audited**	
CAPITAL STOCK - ₱1 par value in 2007 and 2006 and ₱100 in 2005 (Note 13)				
Authorized - 1,000,000,000 shares in 2007 and 2006 and 100,000 shares in 2005				
Issued				
Balance at beginning of year	**346,667,00**	155,000,000	₱260,000,000	12,500,00(
Issuance of shares			86,667,000	–
Stock dividend		105,000,00	–	105,000,00(
Subscribed			–	142,500,00(
Balance at end of year	**346,667,00**	260,000,00	346,667,000	260,000,00(
ADDITIONAL PAID-IN CAPITAL	**632,687,28**		632,687,284	-
RETAINED EARNINGS				
Balance at beginning of year	**111,433,74**	8,815,38	8,815,382	57,783,10{
Stock dividends (Note 13)			–	(105,000,00(
Net income	**45,246,09**	7,727,85	102,618,363	56,032,27
Balance at end of year	**156,679,84**	16,543,24	111,433,745	8,815,38
	1,136,034,12	276,543,24	₱1,090,788,029	268,815,38

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31,		December 31,	
	2008	2007	2007	2006
	Unaudited	Audited	Audited	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax				
Adjustments for:				
Depreciation (Notes 6 and 11)	**968,37**	769,73	3,395,98	1,182,72
Interest expense	**701,34**	2,988,59	2,988,59	18,385,84
Interest income	**(732,48**	(2,679,40	(21,314,60	(20,876,01
Operating income before working capital changes	**46,183,32**	13,468,48	136,348,42	86,560,42
Decrease (increase) in:				
Receivables	**(231,972,33**	(53,040,95	(181,370,72	50,247,09
Condominium units for sale	**(164,838,81**	(20,253,23	(411,682,23	(86,815,71
Other current assets	**7,285,89**	(6,480,27	(174,891,51	(3,191,70
Increase (decrease) in:				
Accounts and other payables	**167,033,71**	(14,824,30	497,432,97	83,677,08
Customers' advances and deposits	**27,965,46**	64,212,30	(152,235,96	(71,917,11
Other current liabilities	**23,968,86**			(180,000,00
Cash generated from (used in) operations	**(124,373,87**	(16,917,97	(286,399,03	(121,439,92
Interest received	**732,48**	55,54	20,101,64	395,03
Interest paid	**(701,34**	(2,988,59	(2,988,59	(18,385,84
Income taxes paid		(6,65	(3,172,78	(8,096,48
Net cash provided by (used in) operating activities	**(124,342,73**	(19,857,67	(272,458,77	(147,527,22
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of available-for-sale financial assets			(47,531,28	
Acquisitions of property and equipment (Note 6)	**(3,409,19**	(4,419,60	(8,422,10	(5,046,56
Cash used in investing activities	**(3,409,19**	(4,419,60	(55,953,38	(5,046,56
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans		42,832,81	7,734,06	307,232,75
Payment of loans	**(125,632,05**			(201,578,39
Increase (decrease) in advances from related parties		142,416,91	(109,786,80	2,851,11
Increase (decrease) in subscription receivable		142,500,00	(142,500,00	
Proceeds from issuance of stocks			719,354,28	
Net cash provided by (used in) financing activities	**(125,632,05**	9,094,14	474,801,54	108,805,47
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(253,383,98**	(15,183,13	146,389,39	(43,768,30
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**456,215,62**	24,826,22	24,826,22	68,594,53
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)				

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Anchor Land Holdings, Inc. (the Parent Company) was registered with the Securities and Exchange Commission (SEC) on July 29, 2004 and started commercial operations on November 25, 2005. The Company's registered office and principal place of business is at 11th Floor Locsin Bldg.,Makati Avenue, Makati City.

The Parent Company and its wholly owned subsidiary, Manila Towers Development Corporation (MTDC) have principal business interest in real estate organized to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

On March 28, 2007, the SEC approved the Parent Company's application for an increase in its authorized capital stock from ₱10.00 million to ₱1,000 million divided into ₱1,000 million common shares with a par value of ₱1.00 per share.

The subscriptions receivable relating to capital increase amounting to ₱142.50 million were subsequently collected on January 31, 2007.

The above transactions were recorded as a uniting of interest as both companies are under common Control in accordance with PFRS 3, Business Combinations, which states that a business combination involving entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The consolidated balance sheets as of December 31, 2007, 2006 and 2005 then ended show related adjustments of the transactions.

In 2007, the Parent Company listed its shares at the Philippine Stock Exchange and offered to the public an additional primary issue of 86,667,000 shares with par value of ₱1.00 per share. The offer increase total paid in capital by ₱718,354,204 with ₱632,687,284 credited to additional paid-in capital.

2. Summary of Significant Accounting Policies

Basis for Preparation

The accompanying consolidated financial statements of the Parent Company and its Subsidiary (the Group) have been prepared using the historical cost basis. The Group's functional and presentation currency is the Philippine Peso (₱).

Statement of Compliance

The accompanying 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 Parent Company and its wholly owned subsidiary, MTDC. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtain control, and continue to be consolidated until the date that such control ceases.

Acquisition of the subsidiary is accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

All intra-company balances and transactions, including income, expenses and dividends are eliminated in full.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

PFRS 7, *Financial Instruments: Disclosures*

PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces Philippine Accounting Standards (PAS) 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*, and the disclosure requirements in PAS 32, *Financial Instruments: Disclosure and Presentation*. It is applicable to all entities that report under PFRS.

The Group adopted the amendment to the transitional provisions of PFRS 7, as approved by the Financial Reporting Standards Council, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Group does not need to present comparative information for the disclosures required by paragraphs 31-42 of PFRS 7, unless the disclosure was previously required under PAS 30 or PAS 32. Adoption of PFRS 7 resulted in additional disclosures, which are included throughout the consolidated financial statements. These disclosures include presenting such as Group's capital management, contractual maturity analysis of financial liabilities credit quality of financial assets and aging analysis of financial assets that are past due but not impaired. See Note 12.

Amendment to PAS 1, *Presentation of Financial Instruments*

The amendment to PAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. Adoption of the Amendments resulted to the inclusion of additional disclosures on capital management (see Note 12).

Amendment to PAS 1, *Amendment on Statement of Comprehensive Income*

This Amendment which become effective January 1, 2008 requires the statement of changes in equity to include only transactions with owners, while all non-owner changes will be presented in

equity as a single line with details included in a separate statement. Owners are defined as holders of instruments classified as equity.

In addition, the amendment to PAS 1 provides for the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the statement of income together with ‘other comprehensive income’. The revisions specify what is included in other comprehensive income, such as gains and losses on AFS financial assets, actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income.

PAS 23, *Borrowing Costs* (Revised) *(effective for annual periods beginning on or after January 1, 2009)*
The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group early adopted the Standard and is currently assessing the effect of the amendment on the consolidated financial statements.

Philippine Interpretation IFRIC 8, *Scope of PFRS 2*
This interpretation requires PFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. This interpretation does not have a significant impact on the consolidated financial statements as the Group currently has no such scheme.

Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*
This interpretation states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the Group.

Philippine Interpretation IFRIC 10, *Interim Financial Reporting and Impairment*
This Interpretation provides that the frequency of financial reporting does affect the amount of impairment charge to be recognized in the annual financial reporting with respect to goodwill and available-for-sale (AFS) financial assets. It prohibits the reversal of impairment losses on goodwill and AFS equity investments recognized in the interim financial reports even if impairment is no longer present at the annual balance sheet date. Adoption of this Interpretation did not have any significant impact on the consolidated financial statements.

Current and Future Changes in Accounting Policies
PFRS 8, *Operating Segments (effective for annual periods beginning on or after January 1, 2009)*
This PFRS adopts a management approach to reporting segment information. PFRS 8, will replace PAS 14, *Segment Reporting* and is required to be adopted only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the SEC for purposes of issuing any class of instruments in a public market. The adoption of this Standard has no impact on the consolidated financial statements as the Group has no operating segments.

Philippine Interpretation IFRIC 11, PFRS 2, *Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007)*
This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instruments of the parent. The Group does not expect this interpretation to have a significant impact on the consolidated financial statements.

Philippine Interpretation IFRIC 12, *Service Concession Arrangement (effective for annual periods beginning on or after January 1, 2008)*
This interpretation will become effective January 1, 2008. This Interpretation covers contractual arrangements arising from public-to-private service concession arrangements if control of the assets remain in public hands but the private sector operator is responsible for construction activities as well as for operating and maintaining the public sector infrastructure. This Interpretation will have no impact on the consolidated financial statements as this is not relevant to the Group's current operations.

Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008)*
This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this Interpretation will have no impact on the consolidated financial statements as no such scheme currently exists.

Philippine Interpretation IFRIC 14 PAS 19, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008)*
This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. The Group expects that this Interpretation will have no impact on the financial position or performance of the Group as the Group does not have such scheme.

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

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at fair value through profit or loss (FVPL), the initial measurement of

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

Financial instruments are classified as liabilities 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. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

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

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

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

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method less impairment. Gains and losses are recognized in the consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Group’s loans and receivables pertain to the consolidated balance sheet account “Cash and cash equivalents”, “Receivables and “Advances to related parties”.

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

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

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as "Unrealized gain (loss) on available-for-sale financial assets" in the consolidated statement of changes in equity.

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

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

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. This category includes loans payable, accounts and other payables and advances from related parties.

Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized, as well as through the amortization process.

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 where:
(a) the right to receive cash flows from the assets has expired;
(b) the Group retains the rights 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 control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a

guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

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

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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

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

AFS financial assets
For AFS financial assets, the Group assesses at each balance sheet 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 the consolidated statement of income - is removed from the consolidated statement of changes in equity and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income.

Increases in fair value after impairment are recognized directly in the consolidated statement of changes in equity.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of Interest income in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated balance sheet.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in “Real estate inventories, “Investment properties” and “Property and equipment” accounts in the consolidated balance sheet). Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the assets exceeds its recoverable amount, an impairment loss is recorded. Capitalized

borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

Condominium Units for Sale

Condominium units for sale 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. NRV is the selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale such as commissions. Cost includes those costs incurred for development and improvement of the properties, including capitalized borrowing costs.

Property and Equipment

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

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

Leasehold improvements	2 years or term of the lease, whichever is shorter
Office equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Transportation equipment	3 to 5 years

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

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

Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an 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 assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the

consolidated statement of income in those expense categories consistent with the function of the impaired asset.

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

Revenue and Cost Recognition

Revenue and cost from sales of completed real estate projects are accounted for using the full accrual method. The percentage of completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included as trade payables in the "Accounts and other payables" in the liabilities section of the consolidated balance sheet.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

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

Income Taxes

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

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

taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax assets to be utilized.

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

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

Foreign Currency Transactions and Translations

Transactions in foreign currencies are recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rates prevailing at balance sheet dates. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against current operations.

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares.

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 balance sheet date and adjusted to reflect the current best estimate.

Contingencies

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

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

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

3. Significant Accounting Judgments and Use of Estimates

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

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

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

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

Impairment of AFS equity investments
The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities

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

Estimating allowance for impairment losses
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. The collective assessment would require the Group to group its receivables based on the credit risk characteristics (industry, customer type, customer location, 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 March 31, 2008, the Group has not set any allowance for impairment losses on its receivables. Receivables amounted to ₱637.26 million and ₱405.29 million as of March 31, 2008 and December 31, 2007, respectively
(see Note 5).

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 revenues and costs. The Group's revenue from real estate sales 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, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Evaluation of asset impairment
The Group reviews property and equipment for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in discontinuing the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. 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 net selling price, except for investments where value in use computation is applied. The net selling price 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 arise from the investments. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property and equipment.

Property and equipment, net of accumulated depreciation amounted to ₱12.80 million and ₱10.40 million as of March 31, 2008 and December 31, 2007 respectively (see Note 6).

Evaluation of NRV of condominium units for sale
The Group reviews the net realizable value of condominium units for sale and compares it with the cost since assets should not be carried in excess of amounts expected to be realized from sale. Condominium units for sale are written down below cost when the estimated net realizable value is found to be lower than the cost. Net realizable value is determined with reference to estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of condominium units for sale may not be

recoverable if the selling prices have declined or the estimated costs of completion or the estimated costs to make the sale have increased. The Group estimates net realizable value based on the most reliable evidence available at the time the estimates are made. These estimates take 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 balance of condominium units for sale amounted to ₱1.11 billion and ₱941.00 million as of March 31, 2008 and December 31, 2007 respectively.

Estimating useful lives of property and equipment
The Group estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. Property and equipment, net of accumulated depreciation amounted to ₱12.84 million and ₱10.40 million as of March 31, 2008 and December 31, 2007 respectively (see Note 6).

Deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income. Deferred tax assets amounted to ₱9.59 as of March 31, 2008 and ₱31.64 million as of December 31, 2007 (see Note 9).

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at its fair value by using the discounted cash flow methodology (see Note 12).

4. Cash and Cash Equivalents

This account consists of:

	2008	2007
Cash on hand and in banks	**₱32,612,192**	₱32,683,107
Short-term investments	**170,219,443**	423,532,513
	₱202,831,635	₱456,215,620

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the cash requirements of the Group, and earn interest at the respective short-term investment rates.

5. Receivables

This account consists of:

	2008	2007
Installment contracts receivable:		
Commercial	**₱32,579,640**	₱15,117,886
Residential	**370,819,621**	188,864,951
	403,399,261	203,982,837
Receivables from:		
Contractors, suppliers and brokers	**233,865,576**	201,309,667
	₱637,264,837	₱405,292,504

Installment contracts receivable consist of accounts collectible in equal monthly principal installments with various terms up to a maximum of 5 years. The corresponding titles to the condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Interest rates on installment contracts receivable ranges from 10.00% and 12.00%.

6. Property and Equipment

The rollforward analysis of this account is as follows:

2008

	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Total
Cost					
At January 1	4,470,165	2,247,798	7,665,588	4,113,085	18,496,636
Additions	744,611	94,752	2,569,833		3,409,196
Disposal					
At March 31					
Accumulated Depreciation					
At January 1	990,565	1,623,222	3,558,653	1,925,733	8,098,173
Depreciation (see Note 11)	90,069	165,150	448,357	264,793	968,370
Disposal					
At March 31	1,080,634	1,788,372	4,007,010	2,190,526	9,066,543
Net Book Value	**4,134,142**	**554,178**	**6,228,411**	**1,922,559**	**12,839,289**

2007

	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Total
Cost					
At January 1	402,727	1,576,330	5,482,530	2,775,453	10,237,040
Additions	4,067,438	833,974	2,183,058	1,337,632	8,422,102
Disposal	–	(162,506)	–	–	(162,506)
At December 31	4,470,165	2,247,798	7,665,588	4,113,085	18,496,636
Accumulated Depreciation					
At January 1	228,798	970,145	2,900,268	765,488	4,864,699
Depreciation (see Note 11)	761,767	815,583	658,385	1,160,245	3,395,980
Disposal	–	(162,506)	–	–	(162,506)
At December 31	990,565	1,623,222	3,558,653	1,925,733	8,098,173
Net Book Value	**3,479,600**	**624,576**	**4,106,935**	**2,187,352**	**10,398,463**

7. Accounts and Other Payables

This account consists of:

	2008	2007
Trade and payable to contractors	**₱769,481,958**	₱570,216,752
Taxes payable	**134,862,096**	132,533,746
Retention payable	**12,176,354**	46,736,191
Contractor bond deposits	**354,197**	354,197
	₱916,874,605	₱749,840,886

Accounts and other payables are due within one year after the balance sheet date.

8. Loans Payable

Notes payable represents short-term unsecured bank loans used to finance construction of the Group's on-going projects with floating interest rates ranging from 8% to 9%. Loans payable balance as of March 31, 2008 and December 31, 2007 amounted to ₱2.06 million and ₱127.69 million respectively.

9. Income Taxes

The provision for income tax represents the regular corporate income tax in both years.

The Group's deferred tax assets and deferred tax liability consist of the following:

	2008	2007
Deferred tax assets:		
Difference between tax and book basis of accounting for real estate transactions	**₱12,765,628**	**₱34,824,795**
Unamortized costs on financial instruments	**1,387,502**	**1,387,502**
	14,153,130	**36,212,297**
Deferred tax liability:		
Capitalized interest	**4,565,895**	**4,565,895**
	₱9,587,235	**₱31,646,402**

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	March 31,		December 31,	
	2008 Unaudited	2007 Audited	2007 Audited	2006
Statutory income tax rate				
Tax effect of:				
Nondeductible expenses			–	–
Interest income subjected to final tax	**(0.32)**	2.7	(2.83)	1.35
Effect of change in tax rate		(0	–	(1
Effective income tax rate				

Republic Act (RA) No. 9337
RA No. 9337 was enacted into law amending various provisions in the existing 1997 National Internal Revenue Code. On October 18, 2005, the Supreme Court has rendered its final decision declaring the validity of the RA No. 9337. Among the reforms introduced by the said RA, which became effective on November 1, 2005, are as follows:

- Increase in the corporate income tax rate from 32% to 35% with a reduction thereof to 30% beginning January 1, 2009;
- Increase in value-added tax (VAT) rate from 10% to 12% effective February 1, 2006 as authorized by the Philippine President pursuant to the recommendation of the Secretary of Finance;
- Revised invoicing and reporting requirements for VAT; and,
- Expanded scope of transactions subject to VAT.

10. **Related Party Transactions**

The Group, in the normal course of business, enters into transactions with related parties consisting primarily of non-interest bearing advances for working capital requirements. Outstanding balances with related parties amounted to ₱3.27 million as of March 31, 2008 and December 31, 2007.

Compensation of key management personnel pertaining to director's fees and allowances amounted to ₱1.17 million and ₱0.3 million for the 3 months period March 31, 2008 and 2007 respectively, and ₱1.67 million in 2007, ₱1.70 million in 2006

11. Administrative and Selling Expenses

	March 31,		December 31,	
	2008 Unaudited	**2007 Audited**	**2007**	**2006**
			Audited	
Salaries and wages (see Note 10)	**3,846,04(**	2,460,822	₱15,058,513	7,649,038
Sales and marketing	**3,705,49?**	2,529,877	11,112,258	7,133,601
Taxes and licenses	**2,797,33(**	2,380,895	10,952,491	4,587,002
Professional fees	**2,096,34!**	2,310,450	8,207,893	955,742
Rental	**1,562,28:**	1,551,186	6,899,920	2,006,275
Depreciation (see Note 6)	**968,37(**	769,737	3,395,980	1,182,726
Utilities	**979,67:**	1,228,896	3,052,683	1,566,264
Others	**2,123,89!**	2,011,331	8,315,763	2,381,864
	18,079,44?	15,243,194	₱66,995,501	27,462,512

12. Financial Instruments

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of non interest-bearing advances to related parties. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets and liabilities such as cash and cash equivalents, receivables, accounts and other payables, loans payable, customers' advances and deposits and advances to and from related parties, which arise directly from its operations.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 70%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash. Capital includes equity attributable to the equity holders of the parent.

	2008	2007
Accounts and other payables	**₱916,874,605**	₱749,840,887
Loans payable	**2,056,372**	127,688,424
Customers' advances and deposits	**58,010,323**	30,044,853
	976,941,300	907,574,164
Less: Cash and cash equivalent	**202,831,635**	P456,215,620
Net debt	**774,109,665**	451,358,544
Equity	**1,136,034,124**	1,090,788,029
Total equity and net debt	**1,910,143,789**	1,542,146,573
Gearing ratio	**41%**	29%

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign exchange risk. The Board of Directors (BOD) reviews and agrees policies for managing each of these risks which are summarized below:

Liquidity risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Capital expenditures, operating expenses and working capital requirements are sufficiently funded through cash collections and advances from related parties.

All financial liabilities are due within one year from the balance sheet date.

Interest rate risk
The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates.

The Group's policy is to manage its interest cost by entering into a mixed of fixed and floating rate debts. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivable in order to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing:

	2008	2007

	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial Assets				
Cash in bank	**0.75% to1.00%**	**₱32,612,192**	**0.75% to1.00%**	**₱32,652,607**
Short-term investments	**3.00% to4.80%**	**170,219,443**	**3.00% to4.80%**	**423,532,513**
Installment contracts receivable	**10.00% to 12.00%**	**334,895,243**	**10.00% to 12.00%**	**203,982,837**
Total		**₱537,726,878**		**₱660,167,957**
Financial Liabilities				
Notes payable	**–**	**₱700,847**	**8.00% to 9.00%**	**₱122,000,000**
Trade receivables financing	**–**	**1,355,525**	**8.00% to 9.00%**	**4,104,879**
Bank loans	**10.00%**	**2,056,372**	**10.00%**	**1,583,545**
Total		**₱2,056,372**		**₱127,688,424**

Credit risk
The Group trades only with recognized, creditworthy third parties. The Group's advances to related parties are monitored on an ongoing basis resulting to insignificant exposure to bad debts.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, 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 banks which have demonstrated financial soundness for the past five years.

Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment schemes offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The maximum exposure to credit risk for the components of the balance sheet pertains to its total receivables amounting to₱637.26 million and ₱405.29 million in March 31, 2008 and December 31, 2007respectively. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements. The subjected condominium units sold are held as collateral for all installment contracts receivables.

The Group has no significant credit risk concentration. As of March 31, 2008, all components of receivables such as installment contracts receivable and receivable from contractors, suppliers and brokers are neither past due nor impaired and of high credit quality. Those accounts that are considered neither past due nor impaired and with high credit quality are receivables without any default in payments and those accounts wherein the management has assessed that recoverability is high.

For cash and cash equivalents, credit quality is determined based on the nature of the counterparty and the Group's internal rating system

The fair values of cash and cash equivalents, receivables, advances from and to related parties, accounts and other payables and loans payable are approximately equal to their carrying amounts due to the short-term nature of the transactions.

For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

13. Equity

On December 13, 2006, the BOD and the stockholders authorized and approved the following:

- the increase in the authorized capital stock of the Company from ₱10.00 million divided into 100,000 common shares with par value of ₱100 per share to ₱1.00 billion divided into 1.00 billion shares with par value of ₱1; and the subscription to shares of stock by the stockholders of record of the Company through cash payment of ₱142.50 million.

- the declaration of stock dividends of ₱105.00 million equivalent to 1.05 million shares out of the unrestricted retained earnings to all stockholders of record as of September 30, 2006 to be issued from the increased authorized capital stock in proportion to their shareholdings payable upon SEC's approval of the merger of the Company with Anchor Properties Corporation (APC); and

- the plan of merger with APC, with the Company as the surviving entity. Under the arrangement, the Company will issue 107.50 million of its shares to the stockholders of the APC as agreed upon by both parties.

On March 28, 2007, the SEC approved the increase in authorized capital stock of the Company and the plan of merger of the Company with APC.

The subscriptions receivable relating to capital increase amounting to ₱142.50 million were subsequently collected on January 31, 2007.

The above transactions were recorded as a uniting of interest as both companies are under common control in accordance with PFRS 3, *Business Combinations*, which states that a business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

14. Prior Period Adjustment

The January 1, 2005 retained earnings has been restated from the amount previously reported to reflect the adjustments pertaining to the write-off of various payables. The 2005 consolidated balance sheet, consolidated statement of income and consolidated cash flows have likewise been restated to reflect the adjustment.

15. Business Combination

The fair values of the identifiable assets and liabilities of APC as at the date of acquisition are equal to the book values as follows:

Cash and cash equivalents	₱4,069,573
Receivables	220,814,341
Condominium units for sale	30,768,385
Advances to related parties	303,947,331
Other current assets	455,739
Property and equipment – net	690,511
Deferred tax assets	3,003,594
Loans payable	(172,352,689)
Accounts and other payables	(252,048,580)
Customers' deposits	(12,158,331)
Advances from related parties	(17,775,000)
Fair value of net assets	₱109,414,874

16. **Earnings Per Share**

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Group:

	March 31,		**December 31,**	
	2008	**2007**	**2007**	**2006**
	Unaudited	**Audited**	**Audited**	
Net income	**45,246,09**	7,727,85	₱102,618,363	₱56,032,27
Weighted average number of common shares	**346,667,00**	260,000,00	296,111,250	129,375,00
EPS	**₱0.1**	₱0.03	₱0.35	₱0.43

The declaration of stock dividends and the additional subscription of common shares on December 13, 2006 were considered in computing the weighted average number of common shares.