

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

ROBERTO S. ROCO

Contact Person

637-20-48 OR 637-45-81

Company Telephone Number

1	2
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Month

3	1
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Day

calendar year

Definitive Information Statement (SEC FORM 20-IS)

FORM TYPE

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Month

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Day

annual meeting

Secondary License Type, If Applicable

[illegible]

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

[illegible]

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document I.D.

[illegible]

Cashier

STAMPS

GLOBAL-ESTATE RESORTS, INC.


NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the Annual Stockholders' Meeting of **GLOBAL-ESTATE RESORTS, INC.** will be held on 30 June 2011 at 9:00 a.m. at the **Grand Ballroom, Eastwood Richmond Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Philippines.**

The Agenda for the meeting shall be as follows:

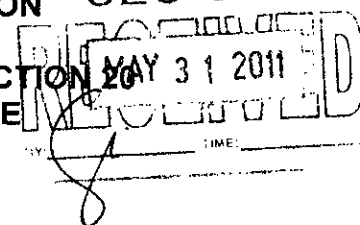
1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 26th August 2010
4. Annual Report of Management
5. Approval of Audited Financial Statements for the Preceding Year
6. Ratification of Acts and Resolutions of the Board of Directors and Corporate Officers
7. Ratification of Issuance of Five Billion Common Shares to Alliance Global Group, Inc.
8. Appointment of External Auditors
9. Election of Directors
10. Other Matters
11. Adjournment

Stockholders of record as of 23 May 2011 shall be entitled to notice and vote at the meeting.


ATTY. DOMINIC V. ISBERTO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SEC-CFD



1. Check the appropriate box:

- ☐ Preliminary Information Statement
☐ Amended Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter GLOBAL-ESTATE RESORTS, INC.

3. Metro Manila, Philippines

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number AS094-4462

5. BIR Tax Identification Code 430-000-426-523

6. 7th Floor, Renaissance Towers, Meralco Avenue, Pasig City 1600

Address of principal office

Postal Code

7. Registrant's telephone number, including area code (632) 634-0634

8. Date, time and place of the meeting of security holders: 30 June 2011, 9:00 a.m., Grand Ballroom, Eastwood
Richmonde Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Philippines
Date, time and place of the meeting of security holders

9. June 8, 2011

Approximate date on which the Information Statement is first to be sent or given to security holders

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class

Number of Shares of Common Stock

Outstanding or Amount of Debt Outstanding

Common shares

8,350,000,000*

*Reported by the stock transfer agent as of 30th April 2011

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes X No _____

The Registrant's common shares are listed on the Philippine Stock Exchange.

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO
SEND US A PROXY**

PART 1

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- | | | | |
|-----|---|---|---|
| (a) | Date | - | 30 June 2011 |
| | Time | - | 9:00 A. M. |
| | Place | - | Grand Ballroom, Eastwood Richmond Hotel
17 Orchard Road, Eastwood City, Bagumbayan
Quezon City, Philippines |
| | Principal Office | - | 7 th Floor, Renaissance Towers
Meralco Avenue, Pasig City |
| (b) | Approximate date
IS first to be sent - | | on or around the 8 th of June 2011 |

Item 2. Dissenters' Right of Appraisal

The appraisal right is available in the following instances stated in the Corporation Code, to wit:

- (1) any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence. (Sec. 81);
- (2) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Sec. 81);
- (3) any merger or consolidation of the Corporation with or into another entity (Sec. 81); and
- (4) any investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Corporation was organized (Sec. 42).

The procedure for the exercise by a dissenting stockholder of his appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code, to wit:

- (1) A stockholder voted against a proposed action of the Corporation.
- (2) The dissenting stockholder shall make a written demand on the Corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. The failure of the stockholder to make the demand within the thirty (30)-day period shall be deemed a waiver of his appraisal right;
- (3) If the proposed corporate action is implemented, the Corporation shall pay to such stockholder member, upon surrender of the corresponding certificates of stock representing his shares, the fair market value thereof on the day prior to the date on which the vote was taken;

- (4) If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Company and a third to be named by the two already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award.
- (5) Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the Corporation.

However, the present meeting is being called in order to approve the following matters, namely:

1. approval of the minutes of the Annual Stockholders' Meeting held on 26th August 2010
2. approval of Audited Financial Statements for the preceding year
3. ratification of acts and resolutions of the Board of Directors and Corporate Officers
4. ratification of issuance of five billion common shares to Alliance Global Group, Inc.
5. appointment of external auditor; and
6. election of director.

Therefore, the matters to be taken up during the meeting do not call for the availability and the exercise of the shareholder's appraisal right.

Item 3. Interest of Certain Persons In or Opposition to Matters to be Acted Upon

None of the directors, officers, nominee for director or associate of any of the foregoing, have any substantial interest, direct or indirect, by security holdings or otherwise, which will be acted upon during the meeting, other than election to office.

None of the directors of the Corporation has informed the Corporation that he intends to oppose any action to be taken by the Corporation at the stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders

- (a) As resolved by the Board of Directors, stockholders of record of the Corporation as of 23 May 2011 shall be entitled to vote during the meeting on 30 June 2011. The outstanding capital stock of the Corporation as of 30 April 2011 is 8,350,000,000 common shares, each with par value of P1.00.

Under Article V, Section 6 of the By-Laws of the Corporation, at every meeting of the stockholders of the Corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name in the books of the Corporation; provided the shares have not been declared delinquent. However, in case of election of directors, Article V, Section 7 of the By-Laws of the Corporation provides that each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him for as many persons as the number of directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided, that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The Chairman shall appoint two tellers to supervise the election of Directors who shall hold office during the year following the date of their election. No candidate for the office of Director may hold office of the teller.

Security Ownership of Certain Record and Beneficial Owners of at least 5% of the Company's Securities as of 23 May 2011

Type of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held ("R" or "B")	Percent (Based in total shares)
Common shares	Alliance Global Group, Inc. 7/F 1880 Eastwood Avenue, Eastwood City Cyber Park, 188 E. Rodriguez Jr., Quezon City	Alliance Global is both record and beneficial owner. Mr. Andrew L. Tan is usually designated as its representative, with authority to vote its shares at meetings of stockholders.	Filipino	5,000,000,000 R	59.880%
Common shares	Fil-Estate Management, Inc. 6/F Renaissance Tower, Meralco Avenue, Pasig City	Fil-Estate Management, Inc. is both record and beneficial owner. Robert John L. Sobrepeña is usually designated as its authorized representative with authority to vote its shares at meetings of stockholders	Filipino	1,514,305,829 R	18.135%
Common shares	PCD Nominee Corporation (Filipino) 37/F Tower 1, Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City	Various shareholders (Direct)	Filipino	1,275,990,679 R	15.281%
Common shares	PCD Nominee Corporation (Non-Filipino) 37/F Tower 1, Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City	Various shareholders (Direct)	Foreign	425,073,005	5.091%

Other than the abovementioned, the Company has no knowledge of any person who, as of 30 April 2011, was directly or indirectly the beneficial owners owner of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to shares comprising more than 5% of the outstanding capital stock of the Company.

Security Ownership of Management as of 23 May 2011

Type of Class	Name and Address of Beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Andrew L. Tan 28/F The World Centre 330 Sen. Gil Puyat Avenue, MakatiCity	Nil*	Filipino	0.0%
Common	Robert John L. Sobrepeña 7/F Renaissance Tower Meralco Avenue, Pasig City	1,617,485	Filipino	0.019%
Common	Noel M. Cariño 7/F Renaissance Tower Meralco Avenue, Pasig City	23 @ (direct)	Filipino	0.0%
Common	Ferdinand T. Santos 7/F Renaissance Tower Meralco Avenue, Pasig City	30,009 @ (direct)	Filipino	0.0%
Common	Wilbur L. Chan 7/F Renaissance Tower Meralco Avenue, Pasig City	2,611,826 (direct)	Filipino	0.031%
Common	Cresencio P. Aquino 28/F World Finance Center Gil Puyat Avenue, MakatiCity	Nil*	Filipino	0.0%
Common	Garry V. De Guzman 28/F World Finance Center Gil Puyat Avenue, MakatiCity	Nil*	Filipino	0.0%
Common	Roberto S. Roco 7/F Renaissance Tower Meralco Avenue, Pasig City	266,448 @ (direct)	Filipino	0.0%
Common	Atty. Dominic V. Isberto 28/F World Finance Center Gil Puyat Avenue, MakatiCity	0	Filipino	0.0%
Common	Rolando D. Siatela 23/F World Finance Center Gil Puyat Avenue, MakatiCity	0	Filipino	0.0%
	Aggregate for above named directors and officers	4,525,794		0.0542%

*Each of these directors is the registered owner of at least one (1) qualifying share.

(3) Changes in Control Since the Last Fiscal Year

On 22 December 2010, the Company signed a Subscription Agreement with Alliance Global Group, Inc. (Alliance Global) paving the way for Alliance Global to subscribe to 5 billion common shares of the Company at a subscription price of One Peso (P1.00) per share for a total subscription price of P5 billion, Philippine currency. The shares were to be entirely issued from a planned P5 billion increase in the capital stock of the Company from P5 billion to P10 billion, which increase was to be fully subscribed to by Alliance Global.

The planned P5 billion increase in capital stock of the Company was approved by the stockholders of the Company in its annual meeting of August 28, 2007.

On January 12, 2011, Alliance Global paid in cash the amount of One Billion Two Hundred Fifty Million Pesos (P1,250,000,000.00) representing twenty-five percent (25%) of the total subscription price. Subsequently, Alliance Global fully paid the balance of the subscription price of Three Billion Seven Hundred Fifty Million Pesos (P3,750,000,000.00).

The Company's application for increase in authorized capital stock was approved by the Securities and Exchange Commission on 29 March 2011. Following approval by the Securities and Exchange Commission of the increase in capital stock from P5 billion to P10 billion, the Company issued 5 billion fully paid shares of the Company to Alliance Global. The 5 billion shares represent sixty percent (60%) of the outstanding capital stock of the Company.

Item 5. Directors and Executive Officers

Term of Office

Directors shall hold office for a period of one (1) year until their successors shall have been elected and qualified during the succeeding annual meeting of the stockholders, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of the Directors that elected or appointed them unless such officers are sooner removed for cause.

Background Information

Directors

The following are the names, ages, citizenship and periods of service of the incumbent directors/independent directors of the Company, all of whom have been nominated for re-election at the Annual Meeting:

Name	Age	Citizenship	Period during which individual has served as such
Andrew L. Tan	61	Filipino	January, 2011 up to present
Robert John L. Sobrepeña	56	Filipino	1994 up to present
Noel M. Cariño	56	Filipino	1994 up to present
Wilbur L. Chan*	51	Filipino	January, 2011 up to present
Cresencio P. Aquino*	57	Filipino	January, 2011 up to present
Garry V. de Guzman	43	Filipino	January, 2011 up to present
Ferdinand T. Santos	60	Filipino	1994 up to present

*Independent Directors

Following the approval by the Securities and Exchange Commission on March 29, 2011 of the amendment in the Company's Articles of Incorporation increasing the number of directors of the Company from seven (7) to nine (9), the following have been nominated as additional directors in the Board of the Company for the ensuing calendar year, namely: Ms. Lourdes G. Clemente and Mr. Robert Edwin C. Lim.

None of the above named nominees has declined to stand for re-election or election to the Board of Directors. The Company has complied with the requirements on the Nomination and Election of Independent Directors set forth in SRC Rule 38, as amended. The said requirements have been incorporated in the By-Laws of the Company under Article III, Section 2 and Article V, Section 7.

The above nominees appear on the Final List of Candidates issued by the Company's Nominations Committee. The Nominations Committee is chaired by Wilbur L. Chan with Andrew L. Tan and Ferdinand T. Santos as members.

Officers

The following are the names, ages, positions, citizenship and periods of service of the incumbent officers of the Company:

Name	Age	Position	Citizenship	Period during which individual has served as such
Andrew L. Tan	61	Chairman & CEO	Filipino	January, 2011 up to present
Robert John L. Sobrepeña	56	Co-Chairman	Filipino	January, 2011 up to present
Noel M. Carino	56	Vice-Chairman	Filipino	1994 up to present
Ferdinand T. Santos	60	President	Filipino	1994 up to present
Roberto S. Roco	58	Chief Financial Officer/ Treasurer	Filipino	1995 up to present
Atty. Dominic V. Isberto	36	Corporate Secretary	Filipino	January, 2011 up to present
Rolando D. Siatela	50	Assistant Corporate Secretary	Filipino	January, 2011 up to present

Independent Directors

Under its Manual on Corporate Governance submitted to the Securities and Exchange Commission (SEC), the Corporation is required to have at least two (2) independent directors (as defined under the Manual of Corporate Governance) or such number of independent directors as shall constitute at least twenty percent (20%) of the members of the Board of Directors of the Corporation, whichever is lesser. The Articles of Incorporation and By-laws of the Corporation provides for nine (9) directors. Taking into account the number of directors required in the Corporation's Articles of Incorporation and By-laws, the Corporation has to elect two (2) independent directors.

The By-Laws of the Corporation also provides that the nomination of directors, including independent directors, shall be conducted by the Nomination Committee at least thirty (30) days prior to the date of annual stockholder's meeting. All recommendations shall be signed by the stockholders making the nomination and should have the written acceptance and conformity of the nominees.

The Nomination Committee shall pre-screen the qualifications and prepare a final list of candidates for directors, specifying the nominated independent directors. For this purpose, the Nomination Committee shall promulgate such screening policies and parameters to enable it to effectively review the qualifications of the nominees.

The Nomination Committee shall prepare a Final List of Candidates in accordance with Part IV(A) and (C) of SRC Rule 12 and other applicable rules, or any subsequent amendments thereof. The Final List of Candidates shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the information statement or proxy statement in accordance with applicable rules. The name of the stockholder who nominated the candidate for director or independent director shall be identified in such report. Only nominees whose names appear on the Final List of Candidates, or during the annual stockholders' meeting, shall be allowed [As amended by the Board of Directors on 18 July 2003 and by the stockholders on 30 July 2003]

The Corporation's Nomination Committee, in accordance with the guidelines in the Manual on Corporate Governance, the Code of Corporate Governance (SEC Memorandum Circular No. 5, Series of 2002) and the Guidelines in the Nomination and Election of Independent Director (SRC, Rule 38) has selected Mr. Wilbur L. Chan and Atty. Cresencio P. Aquino as candidates for independent directors of the Corporation. Both were nominated by Alliance Global Group, Inc. There is, however, no existing Deed of Trust or any contract or arrangement with Alliance Global attached to the said nominations.

The Nomination Committee has determined that Mr. Wilbur L. Chan and Atty. Cresencio P. Aquino meet the qualifications for independent directors and were recommended for such positions for the forthcoming fiscal year.

Pursuant to SEC Memorandum Circular No. 16 (Series of 2002), the Corporation's Nomination Committee promulgated the following guidelines to govern the conduct of the nomination for independent directors.

1. The Committee shall ascertain that all candidates for nominees meet the qualifications of an independent director pursuant to the Revised Code of Corporate Governance and applicable issuances from the SEC.
2. Each of the Committee members shall choose possible nominees from candidates nominated by shareholders. The nominees must meet the following minimum qualifications:
 - (i) He shall have at least one (1) share of stock of the corporation;
 - (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
 - (iii) He shall possess integrity / probity; and
 - (iv) He shall be assiduous.

Business Experience of the Directors and Officers

The business experience of the Directors (including those nominated for election as additional directors) and Officers for the last five (5) years are as follows:

ANDREW L. TAN was elected as Chairman of the Board and Chief Executive Officer of the Company on 12 January 2011. He is also the Chairman of the Board of Alliance Global Group, Inc. since 2006 and concurrently the Chairman of the Board and President of Megaworld Corporation. He has broad experience in the real estate, food and beverage, and quick service restaurants industries. Mr. Tan is concurrently the Chairman of the Board and President of Megaworld Land, Inc., Megaworld Globus Asia, Inc., Megaworld Newport Property Holdings, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmonde Hotel Group International Limited, The Bar Beverage, Inc. and Yorkshire Holdings, Inc. He is also the Chairman of Alliance Global Group Cayman Islands, Inc., Empire East Land Holdings, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Consolidated Distillers of the Far East, Inc., Townsquare Development, Inc., and Emperador Distillers, Inc. He sits in the boards of Megaworld Cayman Islands, Inc., Forbes Town Properties & Holdings, Inc., Gilmore Property Marketing Associates, Inc., Eastwood Cyber One Corporation, Megaworld Central Properties, Inc., Raffles & Company, Inc., Travellers International Hotel Group, Inc., and The Andresons Group, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. Mr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science in Business Administration.

ROBERT JOHN L. SOBREPENA, Filipino, 56 years old, is Co-Chairman of the Board. Currently, he is also the Chairman of the Board of various companies such as Fil-Estate Management Inc., Fil-Estate Corporation, Fil-Estate Properties Inc., Fil-Estate Ecocentrum Corp., Fil-Estate Golf & Development Inc., Fil-Estate Urban & Development Corporation, Fil-Estate Realty Corporation, Fil-Estate Marketing Association, Inc., Fil-Estate Network, Inc., Camp John Hay Development Corporation, Camp John Hay Hotel, Inc., Sherwood Hills Development, Inc., Club Leisure Management, Inc., Manila Southwoods Golf & Country Club, Sherwood Hills Golf & Country Club, Camp John Hay Golf Club, Summit Estate Realty & Development Corporation, Pacific Touch Group Ltd., Metro Rail Transit Holdings, Inc., Metro Rail Transit Holdings II, Inc., Metro Rail Transit Corporation, MRT Development Corporation, and Monumento Rail Transit Corporation. A member

of the American Chamber of Commerce and the Rotary Club of Manila, he earned his Bachelor's Degree in Psychology and Marketing from the De La Salle University in 1978.

NOEL M. CARIÑO, Filipino, 56 years old, is Vice-Chairman of the Company since 1994. He has more than 35 years of experience in sales and marketing. He's a marketing man par excellence. He became the youngest Branch Manager of V.V. Soliven, the top real estate marketing company during the 70's era for breaking sales records a few months after he joined the said company. Co-Founded the Fil-Estate Realty Corporation in 1981 which earned its first P15 million during its first 15 days of operation. Currently the Chairman of Fil-Estate Realty Sales Associates Inc., Fairways and Bluewaters Resort Golf & Country Club and the Caliraya Springs Golf & Country Club. He is also the Chairman of the Board of the War Against Poverty Foundation, the founder and adviser of several non-government organizations including Bangon Lakas Pilipino, Makapinay, Kumpas and Makabago.

WILBUR L. CHAN, Filipino, 51 years old, was elected as Independent Director of the Company on January 12, 2011. He is also an Independent Director in the following corporations: Fairways & Bluewater Resorts Golf & Country Club, Inc., Harbortown Development Corporation, Aklan Holdings Corporation, La Compañía de Sta. Barbara, Inc., Sto. Domingo Place Development Corporation, Fil-Estate Urban Development Corporation, Blue Sky Airways, Inc., Pioneer L-5 Realty Corporation and Novo Sierra Holdings Corporation. He is also a Director in Uni-Asia Properties, Inc. and Iguazu Investment. He has a Masteral Degree in Business Management at Asian Institute of Management, Master Degree in National Security Administration (Silver Medalist) at National Defense College of the Philippines and a Degree in Command & General Staff Course at Command & General Staff College. He was a former board member of Philippine Postal Savings Bank.

CRESENCIO P. AQUINO, 57 years old, Filipino, was elected as Independent Director of the Company on 12 January 2011. He is concurrently an Independent Director of Suntrust Home Developers, Inc. He is the Managing Partner of The Law Firm of CP Aquino and Partners Law Office, a position he has held since June 1998. He is a graduate of the San Sebastian College Manila with degrees in Bachelor of Arts and Bachelor of Laws. Atty. Aquino has extensive experience in both the public and private sector and the former positions he has held are: Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, the Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, member of the Board of Directors of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, Executive Director of the Department of Interior and Local Government (DILG) from 1998 to 1992, and Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino has extensive experience in legal and corporate restructuring, management, human resources management, and litigation/collection matters and was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus and the Lawyers League of the Philippines.

GARRY V. DE GUZMAN, 43 years old, was elected as Director of the Company on 12 January 2011. He heads the Legal Affairs Department of Megaworld Corporation. Mr. De Guzman serves as director ERA Real Estate Exchange, Inc., Megaworld Resort Estates, Inc. and Oceanic Realty International Group, Inc. He is concurrently Director, Corporate Secretary and Treasurer of Fairways & Bluewater Resort Golf & Country Club, Inc. Mr. De Guzman has been in continuous litigation practice for more than twelve (12) years and is in charge of the Company's litigation, licensing, registration and titling activities. Before joining Megaworld, he was an Associate at the ACCRA Law Offices and Tax Assistant in Punongbayan and Araullo, CPAs. He obtained his Bachelor of Laws in 1994 from San Beda College where he graduated Class Salutatorian and was admitted to the Integrated Bar of the Philippines in 1995. In 1989, he obtained his bachelor's degree in Commerce major in Accounting from the same institution graduating Magna Cum Laude and Class Valedictorian. Mr. De Guzman is a member of the Commercial Law Affiliates, Asia Law, Philippine Institute of Certified Accountants and is Past President of the Rotary Club, Parañaque City Chapter.

FERDINAND T. SANTOS, Filipino, 60 years old, is currently the President of the Company. He has been with the Company since its incorporation in 1994. He is also the President of Fil-Estate Management Inc., Fil-Estate Development Inc., Fil-Estate Properties Inc., MRT Development Corporation, St. Benedict Realty & Development Inc., Royal Jade Memorial Inc., and Mt. Zion Memorial Inc. He graduated from Arellano University with Bachelor of Arts degree in 1970 and

took his Bachelor of Laws at San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar (2nd Place).

LOURDES G. CLEMENTE, 47 years old, Filipino, is currently the Senior Executive Vice President for Finance and Administration of Megaworld Corporation. Ms. Clemente joined Megaworld in 1990. She is a Certified Public Accountant and is a member of Megaworld's Management Executive Committee. Ms. Clemente graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting. She is the Chairman of Megaworld's property management arm, First Oceanic Property Management, Inc. She is currently a director of Suntrust Properties, Inc., Forbes Town Properties & Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Homes, Inc., Oceantown Properties, Inc., Palm Tree Holdings & Development Corporation, Eastwood Cyber One Corporation and Prestige Hotels & Resorts, Inc. She is a trustee and Corporate Secretary of Megaworld Foundation, Inc. Prior to joining Megaworld, she was Audit Manager of Philippine Aluminum Wheels, Inc. and Senior Auditor in Cabanero Katigbak Clemente & Associates and RubberWorld Philippines.

ROBERT EDWIN C. LIM, Filipino, 54 years old, is currently the Vice President for Corporate Planning and Landbanking of Empire East Land Holdings, Inc., a position he has held since 1994. Prior to joining Empire East, he worked with Woodland Real Estate Development, Inc. as Head of Project Planning, Supervision and Control. He also worked as Staff Consultant of PSR Consulting, Inc. He worked as Contracts Administrator and Structural Engineer at the DCCD Engineering Corporation. Mr. Lim obtained his bachelor's degree in Civil Engineering and Masters Degree in Business Administration from the University of the Philippines.

Key Executive Officers

ROBERTO S. ROCO, Filipino, 58 years old, is Senior Vice President. He also assumed this year the position of Compliance Officer and Corporate Information Officer of the Company. He is also the Chief Finance Officer and is a Director of the Fil-Estate Ecocentrum Corporation. Mr. Roco was formerly the Executive Vice President and Chief Operating Officer of Smith Bell & Co., Inc. He also held concurrent positions in various Smith Bell companies.

DOMINIC V. ISBERTO, 36 years old, Filipino, was elected as the Corporate Secretary and Asst. Corporate Information Officer of the Company on 12 January 2011. He is also the Corporate Secretary of Alliance Global Group, Inc., Twin Lakes Corporation, Suntrust Properties, Inc. and Eastwood City Estates Association, Inc. He is currently a Senior Assistant Vice President for Corporate Management of Megaworld Corporation, where he is primarily responsible for negotiation, preparation and review of joint venture and sale and purchase agreements for the acquisition of property, lease agreements, loan agreements, and other corporate contracts and agreements and the handling of legal cases. Mr. Isberto has experience in litigation and banking and corporate law. He has a degree in Management Engineering from the Ateneo de Manila University and obtained his Bachelor of Laws degree from the University of the Philippines.

ROLANDO D. SIATELA, 50 years old, Filipino was elected as Assistant Corporate Secretary of the Company on 12 January 2011. He concurrently serves in PSE-listed companies, Alliance Global Group, Inc. and Megaworld Corporation as Assistant Corporate Secretary, and in Suntrust Home Developers, Inc. as Corporate Secretary and Corporate Information Officer. He is also the Assistant Vice President for Corporate Management of Megaworld Corporation. Prior to joining Megaworld Corporation, he was employed as Administrative and Personnel Officer with Batarasa Consolidated, Inc. and served as Assistant Corporate Secretary and Chief Administrative Officer of The Andresons Group, Inc. He is a member of the board of Asia Finest Cuisine, Inc., serves as Corporate Secretary of ERA Real Estate Exchange, Inc. and Oceanic Realty Group International, Inc. and as Documentation Officer of Megaworld Foundation.

Significant Employees

The Corporation considers its entire work force as significant employees. The Corporation relies on the contribution of all employees to achieve its corporate objectives.

Family Relationships

There are no family relationships known to the Company.

Involvement in Certain Legal Proceedings

There are no events or legal proceedings occurring in the last five years up to the latest date that are material to an evaluation of the ability or integrity of any director or person nominated to become a director or executive officer of the Corporation.

The Corporation is not aware of any litigation or conviction to which any of its Directors and Officers is a party, whether pending or threatened.

There is no pending litigation or claim by or against, or contingent liability of them that will materially and adversely affect the Corporation's balance sheets nor any judgment or settlement rendered by a government agency or any other party either in favor or against the Corporation.

Likewise, the Corporation has not filed any bankruptcy petition. Neither is it subject to any bankruptcy order or judgment.

Certain Relationships and Related Transactions

Related party transactions include sales, purchases, loans, transfers, leasing agreements, offsetting arrangements and guarantees.

- a. On March 5, 2007, an Omnibus Agreement was entered into between Fil-Estate Land, Inc. (the "Parent Company") as guarantor, Fil-Estate Urban Development Corporation (a wholly-owned subsidiary) as borrower, Lim Asia Multi Strategy Fund (LAMS) as Lender and Lim Asia Special Situations Master Fund Limited (LIM Marketing) which provided a revolving facility of up to USD12.5M to finance various projects of FEUDC including the Boracay Project and Cathedral Heights Project. Various extension letters were issued which were agreed to by LAMS and LIM Marketing.
- b. On July 1, 2008, the Parent Company (as Guarantor) and FEUDC entered into a Memorandum of Agreement (MOA) with CJDEVCO wherein CJDEVCO will assign the project to perform specific development obligations to FEUDC in return for suites and cabin units, and receivables arising from the contracts to sell intended to fund the furnishing of the projects. The MOA is intended to complete the development of the Camp John Hay Suites and Forest Cabins. CJDEVCO is to contribute its leasehold rights over the projects and the technical data undertaken in relation to the project. FEUDC shall contribute cash to finance the completion of the projects funded by drawdowns from Lim Asia Arbitrage Fund.

By virtue of the MOA and in consideration of the guarantee of the Parent Company to make available to FEUDC the funding necessary to complete the projects, CJDEVCO assigned to the Parent Company or any of its subsidiaries or affiliates developmental rights to construct the buildings for Leisure Homes and over certain lots and residual cash from the projects.

- c. The Parent Company granted a two-year loan to CJHDEVCO amounting to P32.4 million which bears an annual interest rate of 16%. Principal is payable in four (4) equal semi-annual amortizations beginning December 24, 2008 and interest is payable quarterly in arrears beginning September 24, 2008 based on the outstanding principal balance. The loan is secured by assignment of leasehold rights over three (3) lot pads with carrying values of P49,956,000 (*Note 7*). Interest earned on this loan amounts to P5,241,600 and P5,256,000 for the Year 2010 and 2009, respectively (*Note 15.1*). Interest receivable accrued from this loan amounts to P12,025,196 and P6,769,857 as at September 30, 2010 and 2009, respectively (*Note 6*).
- d. On June 29, 2010, the Parent Company and one of its affiliates, Pioneer L-5 Realty Corporation, mortgaged certain properties in favor of one of the country's local banks for a credit accommodation facility to be granted to Novo Sierra Holdings Corporation. The Parent Company is to further stand Surety thereof considering that this transaction is essential and would translate into measurable economic advantage to the Parent Company. The accommodation facility covers for a principal accommodation amount of P275,000,000 payable within three (3) years with interest rate set at three (3) year PDST-F plus 4% spread plus Gross Receipts Tax. The proceeds

from this accommodation facility are used to refinance an existing loan from LIM Investments, Inc. which was used for the completion of certain project leasehold assets.

The Parent Company placed certain portions of its building, specifically its Mezzanine, unit F301 of the 3rd floor and unit F501 of the 5th floor (see Note 10), while Pioneer L-5 Realty Corporation, an affiliate of the Parent Company, also placed its property located along the North East side of Pioneer Street, Brgy. Barranca, Ilaya, Mandaluyong City as additional mortgage to the accommodation facility.

- e. In accordance with the covenants of the Convertible Bond Issuance Facility, the Parent Company granted interest bearing advances to its subsidiaries and affiliates funded by the proceeds from the Lim Asia convertible bonds for use in financing the development of the Group's projects. Interest income recognized by the Parent Company related to these interest bearing advances amounted to P41,952,625 and P44,131,391 for the year 2010 and 2009, respectively in the rate of 4% (Note 21.1).

Due to the possible redemption of the convertible bonds resulting from the happening of the event after reporting date, where approximately 60% of the ownership of the Parent Company was agreed to be bought by Alliance Global Group, Inc., additional interest of 12% will be charged to affiliates who availed of Interest-bearing advances from the Parent Company. Total interest income resulting from the additional charge amounts to P153,429,703 as of reporting date (Note 21.1).

Total interest charged to affiliates for 2010, after adjustment for accrual of additional charges due to redemption of convertible bonds, amounts to P144,373,748 while interest charged in 2009 amounted to P45,580,000. (See Note 21.3)

- f. The Parent Company also leases its office premises to its affiliates. Annual rental income from these operating lease transactions amounts to P18,372,439 and P 12,289,481 for 2010 and 2009, respectively. (See Note 31.1)
- g. The Parent Company has subscriptions payable to FEUDC amounting to P750,000 as at September 30, 2010 and 2009. This amount is presented as a reduction from the Parent Company's Investment in its Subsidiary.

Item 6. Compensation of Directors and Executive Officers

(1) General

Article III, Section 8 of the Corporation's By-laws provides that:

'Section 8. Compensation - By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper.'

(2) Summary Compensation Table

NAME	POSITION	SALARY	BONUS	Other Annual Compensation	TOTAL
A. Five Most Highly Compensated officer	Year 2011*	P 9.7M			P 9.7M
	2010	4.8M			4.8M
	2009	4.8M			4.8M
Ferdinand T. Santos	President				
Roberto S. Roco	SVP and Chief Finance Officer				

Alice Odchigue-Bondoc Roy V. Movido Nicholas A. Aquino	Vice President Vice President Vice President				
B. All other officers and directors as a group unnamed	Year 2011* 2010 2009	P 23.4M 20.6M 20.6M			P23.4M 20.6M 20.6M

*Note: This forecasted figure includes estimated compensation of new key officers for the year 2011

The total annual compensation paid to all senior personnel from AVP and up are all payable in cash. The total annual compensation includes the basic salary and 13th month pay. The company has no other arrangement with regard to the remuneration of its existing officers aside from the compensation received as herein stated.

(3) Compensation of Directors & Executive Officers

The directors receive a per diem of P20,000 per attendance at board meetings.

The Company since 1995 has not accrued or provided for certain executive compensation as this matter is still subject to study and will be implemented upon approval of the Board of Directors.

Item 7. Independent Public Accountants

KL Siy & Associates (KL Siy) was the auditor of the Group for the fiscal year ended 30 September 2010.

Punongbayan & Araullo (P&A) is being recommended for election as external auditor of the Company at the scheduled Annual Stockholders' Meeting.

The audit committee is chaired by Atty. Cresencio P. Aquino with Mr. Wilbur L. Chan and Atty. Garry V. de Guzman as members.

C. OTHER MATTERS

Item 8. Action with Respect to Reports

The minutes of the annual stockholders' meeting held on 26 August 2010 will be submitted to the stockholders for approval (a copy is attached hereto). The minutes will refer to the adoption of stockholders' resolutions pertaining to the following:

1. Approval of Minutes of the Previous Annual Meeting
2. Appointment of External Auditors
3. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
4. Election of Directors

The approval or disapproval of the minutes will constitute merely an approval or disapproval of the correctness of the minutes but will not constitute an approval or disapproval of the matters referred to in the minutes.

Item 9. Other Proposed Action

The stockholders will be asked to approve the Audited Financial Statements for the fiscal year ended 30 September 2010 and to ratify all acts and resolutions of the Board of Directors and Corporate Officers, including:

- (i) Approval of projects and investments;
- (ii) Treasury matters related to opening of accounts and bank transactions;
- (iii) Appointment of legal counsels for cases arising from the ordinary course of business;
- (iv) Approval of agreements relating to settlement of debt obligations;
- (v) Approval of sale transactions of real and personal properties; and
- (vi) Other similar activities.

The stockholders will also be asked to ratify the issuance of Five Billion Common Shares to Alliance Global Group, Inc. ("Alliance Global"). On 22 December 2010, the Company signed a Subscription Agreement with Alliance Global paving the way for Alliance Global to subscribe to 5 billion common shares of the Company at a subscription price of One Peso (P1.00) per share for a total subscription price of P5 billion, Philippine currency. The shares were to be entirely issued from a planned P5 billion increase in the capital stock of the Company from P5 billion to P10 billion, which increase was to be fully subscribed to by Alliance Global. The planned P5 billion increase in capital stock of the Company was approved by the stockholders of the Company in its past annual meeting of August 28, 2007.

On January 12, 2011, Alliance Global paid in cash the amount of One Billion Two Hundred Fifty Million Pesos (P1,250,000,000.00) representing twenty-five percent (25%) of the total subscription price. Subsequently, Alliance Global fully paid the balance of the subscription price of Three Billion Seven Hundred Fifty Million Pesos (P3,750,000,000.00).

The Company's application for increase in authorized capital stock was approved by the Securities and Exchange Commission on 29 March 2011. Following such approval, the Company issued 5 billion fully paid shares of the Company to Alliance Global. The 5 billion shares represent sixty percent (60%) of the outstanding capital stock of the Company.

Item 19. Voting Procedures

(a) *Approval and Ratification of the minutes of the annual stockholders' meeting held on August 26, 2010*

1. Vote required: A majority of the outstanding common shares present in person or by proxy constituting a quorum.
2. Method by which votes shall be counted: Each outstanding common share shall be entitled to one (1) vote.

(b) *Approval of the Audited Financial Statements of preceding year*

1. Vote required: A majority of the outstanding common shares present in person or by proxy constituting a quorum.
2. Method by which votes shall be counted: Each outstanding common share shall be entitled to one (1) vote.

(c) *Ratification of the Acts of the Board of Directors and Corporate Officers including the ratification of the issuance of 5B shares to Alliance Global*

1. Vote required: A majority of the outstanding common shares present in person or by proxy constituting a quorum.

2. Method by which votes shall be counted: Each outstanding common share shall be entitled to one (1) vote.

(d) Election of Independent External Auditor

1. Vote required: A majority of the outstanding common shares present in person or by proxy in a meeting where there is a quorum.
2. Method by which votes shall be counted: Each outstanding common share shall be entitled to one (1) vote.

(a) Election of Directors

1. Vote required: The nine (9) candidates receiving the highest number of votes shall be declared elected.
2. Method by which votes shall be counted: The election of Directors shall be by ballot when requested by voting stockholder, and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him for as many persons as the number of Directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by his shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

All above matters for voting shall be by viva voce and voting by ballot shall be dispensed with upon assent of a majority of the outstanding shares. However, should there be a voting by ballot, a Committee shall be created to supervise the same in the presence of an external auditor. However, if the matter for voting relates to the election of Directors, if requested by a voting stockholder, voting shall be by ballot with the Chairman appointing two tellers to supervise the election of Directors as provided in the Company's By-Laws.

The By-Laws of the Corporation also provides that the Corporate Secretary shall act as inspector at the election of directors and, as such, to determine the number of shares of stocks outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and to do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 27th of May 2011.

GLOBALESTATE RESORTS, INC.

By:



Roberto S. Roco

SVP and Chief Finance Officer

GLOBAL-ESTATE RESORTS, INC.
(formerly Fil-Estate Land, Inc.)

MANAGEMENT REPORT

For the
2011 Annual Meeting of the Stockholders
Pursuant to SRC Rule 20 (4)

Item 8. Financial and Other Information

Audited Financial Statements

The consolidated financial statements as of 30 September 2010 are attached hereto including the interim financial statements as of March 31, 2011. The statement of Management Responsibility, Schedules Required under Part IV (c) of Rule 48 are included in the Annual Report (Form 17-A).

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) which became effective on January 1, 2008, and amendments to existing standards that become effective in 2008 as stated.

Impact of New Amendments and Interpretations to Existing Standards

(a) Effective in 2008

The following are effects of the new interpretation and amended standards which are mandatory in 2008.

- Philippine Interpretation IFRIC 11, PFRS 2, *Group and Treasury Share Transactions* – This Philippine Interpretation took effect March 1, 2007 and requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or (b) the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instruments of the parent.

Adoption of this amendment to Philippine Interpretation did not have any impact on the group's financial statements since the Group has no group and treasury share transactions.

- Philippine Interpretation IFRIC 14, Philippine Accounting Standards (PAS) 19, *The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction* – This Philippine Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit plan that can be recognized as an asset under PAS 19, Employee Benefits.

Adoption of this amendment to Philippine Interpretation did not have any impact on the Group's financial statements since, even though the Group provides for post-employment benefits, it does not maintain fund assets to cover these provisions. The Group will apply this amendment prospectively when it becomes applicable.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangements* – This Philippine Interpretation covers contractual arrangements arising from public-to-private service concession arrangements if control of the assets remains in public hands but the private operator is responsible for construction activities as well as for operating and maintaining the public sector infrastructure.

Adoption of this Philippine Interpretation did not have an impact on the Group's financial statements since the Group does not involve in the provision of public sector infrastructure assets and services. The Group will apply this amendment prospectively when it becomes applicable and relevant to its operation.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes* (effective for annual periods beginning on or after 1 July 2008) – This Philippine 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 realized in income over the period that the award credits are redeemed or has expired.

Adoption of this Philippine Interpretation did not have an impact on the Group's financial statements since the Group does not provide their customer incentives to buy goods or services by providing awards as a part of sale transaction.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation* (effective from October 1, 2008). This interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group the hedging instrument can be held in the hedge of a net investment, and how an entity should determine the amount of foreign currency gain or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Adoption of this Philippine Interpretation did not have an impact on the Group's financial statements since the Group does not have any foreign operations.

(b) Effective in 2009

The following new standards, effective for annual periods beginning on or after January 1, 2009, have been adopted:

- Amendment of PAS 1 (Revised 2007): *Presentation of Financial Statements*. The amendment requires an entity to present all items of income and expense recognized in the period in a single Statement of Comprehensive Income or in two statements: a separate Income Statement and a Statement of Comprehensive Income. The Statement of Comprehensive Income shall disclose income and expense recognized in profit and loss in the same way as the current version of PAS 1. The Statement of Comprehensive Income shall disclose profit or loss for the period, plus each component of income and expense recognized outside of profit and loss classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). Changes in equity arising from transactions with owners are excluded from the Statement of Comprehensive Income (e.g., dividends and capital increase). An entity would also be required to include in its set of financial statements a statement showing its financial position (or balance sheet) at the beginning of the previous period when the entity retrospectively applies an accounting policy or makes a retrospective restatement. The Group applied the presentation requirement of this standard as at reporting date and had no significant impact on the financial statements.
- PAS 23 (Revised 2007), *Borrowing Costs* (effective from January 1, 2009). Under the revised PAS 23, all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The option of immediately expensing borrowing costs that qualify for asset recognition has been removed. 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 has initially determined that adoption of this new standard will not have significant effects on the financial statements for 2010, as well as for prior and future periods, as the Group's current accounting policy is to capitalize all interest directly related to qualifying assets. The transitional provision provide for a prospective application of change.

- Amendments to PAS 32, *Financial Instruments: Presentation* and PAS 1, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* – These Amendments specify, among others, that puttable financial instruments will be classified as equity if they have all of the following specified features: (a) the instrument entitles the holder to required the entity to repurchase or redeem the instrument (either on an ongoing basis or on liquidation) for a pro rata share of the entity's net assets; (b) the instrument is in the most subordinate class of instruments, with no priority over other claims to the assets of the entity on liquidation; (c) all instruments in the subordinate class have identical features; (d) the instrument does not include any contractual obligation to pay cash or

financial assets other than the holder's right to a pro rata share of the entity's net assets; and (e) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

- Amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Equity or Associate* – The amended PFRS 1 allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: a) cost determined in accordance with PAS 27; b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39; or c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS.
- Amendment to PFRS 2, *Share-based Payment – Vesting Condition and Cancellations* – The Standard has been revised to clarify the definition of a vesting condition as a condition that includes an explicit or implicit requirement to provide services. It further requires non-vesting conditions to be treated in a similar fashion to market conditions. Failure to satisfy a non-vesting condition that is within the control of either the entity or the counterparty is accounted for as a cancellation. However, a failure to satisfy a non-vesting condition that is beyond the control of either party does not give rise to a cancellation.
- Revised PFRS 3, *Business Combinations* and PAS 27, *Consolidated and Separate Financial Statements*. Revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Revised PAS 27 requires, among others, that: (a) change in ownership interest of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and non-controlling interests (previously referred to as 'minority interests'); even if the losses exceed the non-controlling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be re-measured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by revised PAS 27 must be applied retrospectively with a few exceptions. The changes will affect future acquisitions and transactions with non-controlling interest.

The Group initially determined that early adoption of this amendment will not have any effect on its 2010 financial statements.

- PFRS 7, *Financial Statements: Disclosures (effective for annual periods beginning on or after January 1, 2009)* requires additional disclosures about the fair value measurement and liquidity risk. Fair value measurement related to items recorded at fair value are to be disclosed by source of inputs using three (3) level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level three (3) fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy.
- PFRS 8, *Operating Segments* – PFRS 8 will replace PAS 14, *Segment Reporting*, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. PFRS 8 is required for adoption only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Securities and Exchange Commission (SEC) for the purpose of issuing any class of instruments in a public market.
- Amendments to PAS 27, *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* - When an entity prepares separate financial statements and accounts for investments in subsidiaries, jointly controlled entities and associates in accordance with PAS 39 (rather than at cost), such investments will

continue to be measured using PAS 39 even if classified as held for sale in accordance with PFRS 5. Investment measured at cost will continue to be re-measured in accordance with PFRS 5 when classified as held for sale.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement – Eligible Hedged items*. Amendment to PAS 39 will be effective on July 1, 2009, which addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item.
- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*. This Interpretation covers accounting for all non-reciprocal distribution of non-cash assets to owners. It provides guidance on when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability and the consequences of doing so.
- Philippine IFRIC 18, *Transfer of Assets from Customers*. This Interpretation applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. It also applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

(c) Effective in 2010

- Amendment to PFRS 2, *Share-based Payment: Group Cash-settled Share-based Payment Transactions*, (effective for financial years beginning on or after January 1, 2010) clarifies the scope and the accounting for the Company cash-settled share based payment transactions.

The Group initially determined that adoption of this amendment will not have any effect on its 2010 financial statements as the Group is not involved in any similar transactions.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective on or after July 1, 2010), addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability (debt for equity exchanges or swaps).

The Group believes that if its financial liability (convertible bond) was extinguished as at reporting date, it would affect the Group's statements of income by realizing a loss equivalent to P489,608,000 computed as the difference of the fair value of P1,587,008,000 less fair value of financial liability amounting to P1,097,400,000. Due to the events after reporting date, the Group foresees that it would be liquid enough to pay out its financial liability when it falls due.

Future Changes in Accounting Policies

The Group will adopt the amendments to the existing accounting standards and Philippine Interpretations enumerated below when become effective.

(a) Effective in 2011

- Philippine Interpretation IFRIC 14, *Prepayment of Minimum Funding Requirement*, addresses the unintended consequences that can arise from previous requirement when an entity prepays future contributions into define benefit pension plan. It sets out guidance on when an entity recognizes an asset in relation to a PAS 19 surplus for define benefit plans that are subject to minimum funding requirement.

(b) Effective in 2012

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*
This Philippine Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

After assessing the effect of this amendment, the group expects that this will not have a significant effect on the Group's financial statements since it has been the Group's policy to recognize income based on the stage of completion method accounted under PAS 11. The Group believes that this amendment will not require any retrospective adjustment or result to the restatement of prior period financial statements as disclosed in the prior year notes.

(c) Effective in 2013

- *PFRS 9, Financial Instruments: Classification and Measurement of Financial Assets*, addresses the emerging issues, classification and measurement of financial assets. The standard sets out criteria for debt instrument whether to measure at amortized cost or at fair value through profit or loss. A Debt instruments that does not qualify for amortized cost or not managed on a "hold to collect" basis shall be measured at fair value with changes in fair value are taken through profit or loss.

The Group does not expect any significant effect on the Group's financial statements from this amendment since the Group does not hold any debt instrument.

Improvements to Existing Accounting Standards

In May 2008 and April 2009, the International Accounting Standards Board issued its first omnibus of amendments to certain standards, primarily with a view to removing inconsistencies and clarifying wordings. The group expects the amendments to the following standards did not have significant effects on the financial statements. There are separate transitional provisions for each standard which become effective January 1, 2010.

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations*. When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.
- *PFRS 7, Financial Instruments: Disclosures*, removes the reference to "total interest income" as a component of finance cost.
- *PAS 1, Presentation of Financial Statements*. The amendment clarifies that financial instruments classified as held for trading in accordance with PAS 39 are not necessarily required to be presented as current assets or current liabilities. Instead, normal classification principles under PAS 1 should be applied.
- *PAS 7, Statements of Cash Flows*, provides expenditure that result in recognizing an asset can be classified as a cash flow from investing activities.
- *PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*, clarifies that only the implementation guidance that is an integral part of a PFRS is mandatory when selecting accounting policies.

- PAS 10, *Events after the Balance Sheet Date*, clarifies dividends declared after the end of reporting periods are not obligations.
- PAS 16, *Property, Plant and Equipment*. The amendment replaces the term 'net selling price' with fair value less costs to sell', to be consistent with PFRS 5 and PAS 36, *Impairment of Assets*. Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds of such sales are subsequently shown as revenue. Cash payments on initial recognition of such items, the cash receipts from rents and subsequent sales are all shown as cash flows from operating activities.
- PAS 18, *Revenue*, replaces the term "direct costs" with "transaction costs" as defined in PAS 39, *Financial Instruments: Recognition and Measurement*.
- PAS 19, *Employee Benefits*. The Amendment revises the definition of 'past service cost' to include reductions in benefits related to past services ('negative past service cost') and to exclude reductions in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailments.

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

It also revised the definition of 'short term' and 'other long term' employee benefits to focus on the point in time at which the liability is due to be settled and it deletes the reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

- PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, provides that loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant.
- PAS 23, *Borrowing Costs*. This Amendment revises the definition of borrowing costs to consolidate the types of items that are considered components of 'borrowing costs', i.e. components of the interest expense calculated using the effective interest rate method.
- PAS 28, *Investment in Associates*. If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loan applies.

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

- PAS 27, *Consolidated and Separate Financial Statements*, states that when a parent entity accounts for a subsidiary in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- PAS 29, *Financial Reporting in Hyperinflationary Economies*. This Amendment revises the reference to the exception that assets and liabilities should be measured at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list.
- PAS 31, *Interests in Joint Ventures*. If a joint venture is accounted for at fair value in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the

venture and the joint venture, as well as summary financial information about the assets, liabilities, income and expense, will apply.

- PAS 36, *Impairment of Assets*. When discounted cash flows are used to estimate 'fair value less costs to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- PAS 38, *Intangible Assets*. The amendment that have been made in the standard are primarily concerned with clarifying the notion of "identifiability" as it relates to intangible assets, the useful life and amortization of intangible assets, and the accounting for in-process research and development projects acquired in business combination.
- PAS 39, *Financial Instruments: Recognition and Measurement*. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was changed. A financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.
- PAS 40, *Investment Property*. The amendment to the standard is to include property under construction or development for future use as investment property in its definition of investment property. This results in such property being within the scope of PAS 40; previously, it was within the scope of PAS 16. Also, if an entity's policy is to measure investment property at fair value, but during construction or development of an investment property the entity is unable to reliably measure its fair value, then the entity would be permitted to measure the investment property at cost until construction or development is complete. At such time, the entity would be able to measure the investment property at fair value.
- PAS 41, *Agriculture*. This Amendment removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either pre-tax or post-tax discount rate depending on the valuation methodology used.

It also removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Instead, cash flows that are expected to be generated in the 'most relevant market' are taken into account.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the Group's Statements of Financial Position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition of financial instruments

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss, includes transaction cost.

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 without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using

appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

'Day 1' Profit

Where the transaction price in a non-active market is different to 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' profit) in the company statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the Group Statements of Comprehensive 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.

Financial assets or financial liabilities at FVPL

This category consists of financial assets or financial liabilities that are held for trading or designated by management as at FVPL on initial recognition. Derivatives instruments, except those covered by hedge accounting relationships, are classified under this category.

Financial assets or financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the Group Statements of Financial Position at fair value, with changes in the fair value recorded in the Group Statements of Comprehensive Income. Interest earned or incurred is recorded in investment income or interest expense, respectively, while dividend income is recorded when shareholders' right to receive the payment has been established under the investment income account.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Group Statements 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.

1. Financial Assets

Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Date of recognition

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs. Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the income statement.

Initial recognition of financial assets

Financial assets are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The group classifies financial assets in the following categories: Current Trade and Other Receivables and Non-current Receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of the investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The foregoing categories of financial instruments are more fully described below.

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling it in the near term or if so designated by management. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the reporting date.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Group does not have financial assets recognized as at fair value through profit or loss as at September 30, 2010 and 2009.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

The Group's loans and receivables are presented as Trade and Other Receivables and Noncurrent Receivables in the Group's Statements of Financial Position.

Installment Contract Receivables

The Group recognizes installment contract receivables, using the installment method of accounting, at the time of sale of real estate/condominium unit and presented net of unrealized gross profit (see Note 5) which is viewed as a valuation account that represents the deferred profit recognized over the period of the installment contract.

Under the installment method of accounting, cash collections are regarded as partial recovery of cost and partial realization of profit in the same proportion that these two elements are present in the original selling price.

(c) *Held-to-maturity Investments*

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to maturity if the Group has the positive intention and ability to hold them until maturity. Investments intended to be held for an undefined period are not included in this classification. The Group currently has no Held-to-maturity investments as of reporting date.

Held-to-maturity investments are measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

The Group has not designated any financial assets as held-to-maturity as at September 30, 2010 and 2009.

(d) *Available-for-sale Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group does not have any Available-for-sale financial assets as of reporting date.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the Group Statement of Comprehensive Income when they are sold or when the investment is impaired. In the case of impairment, the cumulative loss previously recognized directly in equity is transferred to the Group Statement of Comprehensive Income. If circumstances change, impairment losses on available-for-sale equity instruments are not reversed through the Group Statement Comprehensive Income. On the other hand, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in Group Statement of Comprehensive Income, the impairment loss is reversed through the Group Statement of Comprehensive Income.

Impairment losses recognized on financial assets (if any) are presented as part of Other Income (Expenses/Losses) in the Group Statement of Comprehensive Income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured. All income and expense relating to financial assets recognized in profit or loss if any are presented in the Group Statement of Comprehensive Income line item Interest Income (expense) or Other Income (Expenses/Losses).

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivable carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rates (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss, if any, is recognized in the Group Statements of Comprehensive Income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observance data that comes to the attention of management about loss events such as, but not limited to significant financial difficulty of the counterparty, a breach of contract, such as default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

If, in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Group Statements of Comprehensive Income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in the Group Statements of Comprehensive Income under "Other income" account. Any subsequent reversal of an impairment loss is recognized in the Group Statements of Comprehensive Income under "Provision for (reversal of) impairment losses" account, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

Impairment of Financial Assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial asset 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.

Derecognition of Financial Assets

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

- The rights to receive cash flows from the asset have expired;
- 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
- The Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset 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.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that had been recognized directly in equity shall be recognized in Group Statement of Comprehensive Income.

II. Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognized as an expense in the Group Statements of Comprehensive Income under the caption Finance Cost. Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Financial liabilities are initially recognized at their fair value and subsequently measured at amortized cost less settlement payments. 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. Any effects of restatement of foreign currency-denominated liabilities are recognized in the Group Statement of Comprehensive Income.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the shareholders.

Financial liabilities are derecognized from the Group Statements of Financial Position only when the obligations are extinguished either through discharge, cancellation or expiration. 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 Group Statement of Comprehensive Income.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Group owes money, goods or services directly to a creditor with no intention of trading the payables. Other liabilities are carried at cost or amortized cost in the Group Statement of Financial Position. Amortization is determined using the effective interest rate method. Other liabilities are included in current liabilities if maturity is within 12 months from the reporting date.

The Group's other liabilities consist of Accrued Interest, Taxes Payable, Security Deposits, Offsetting

Payables etc.

III. Treasury Shares

IAS 32 incorporates the conclusion previously 32 in SIC-32 *Share Capital – Reacquired Own Equity Instrument* that the acquisition or subsequent resale by an entity of its own equity instruments does not result in a gain or loss for the entity. Rather it represents a transfer between those holders of equity instruments who have given up their equity interest and those who continue to hold an equity instrument.

Inventory

Inventory represents real estate and resort shares for sale and is valued at the lower of cost or net realizable value. Cost includes the acquisition cost of the land plus all costs directly attributable to the development of the projects where the Group is the landowner, and includes actual development cost incurred up to reporting date for projects where the Group is the developer. Founder shares, assigned to the Group by virtue of the Articles of Incorporation are valued at its par value. Interest on loans (borrowing costs) incurred during the development phase is also capitalized as part of the development cost of real estate properties.

Net realizable value is the selling price in the ordinary course of business less cost to complete and to market. Real estate and resort shares for sale are written down when the net realizable values of the properties are less than the carrying amounts.

Property and equipment

Property and equipment consists of buildings, computer and office equipment and office furniture and fixture and communication equipment. Buildings are held for use or for rental to others.

Property and equipment are stated at historical cost less accumulated depreciation and impairment value if any.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is calculated on the straight-line basis over the estimated useful life of the property and equipment as follows:

Land Improvements	20 years
Buildings and improvements	10-20 years
Slides, pools and improvements	10 years
Computer and office equipment	3-5 years
Office furniture and fixtures, and communication equipment	3-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Group Statement of Comprehensive Income in the year the item is derecognized.

Investment Properties

The Group's investments on land held for future development are accounted for using the cost model in accordance with the provisions of PAS 40, "Investment Property". Investment Property refers to properties held to earn rentals or for capital appreciation or both.

Investment property is stated at cost less accumulated depreciation less and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized. Directly attributable expenditure includes professional fees for legal services, property transfer taxes and other transaction costs. Investment property shall be recognized as an asset when it is probable that the future economic benefit that are associated with the investment property will flow to the entity and the cost of the investment property can be measured reliably.

A transfer from investment property to inventories is made after completion of development with a view to sell the same. When the Group decides to dispose on the 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.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss in the period of the retirement or disposal.

With the entry of Alliance Global Group, Inc. into the Parent Company, the Group is optimistic that development of these properties located in prime tourist spots such as Tagaytay, Nasugbu and Boracay will soon commence.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the Group financial statements.

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

As of reporting date, no provision for retirement liability was recognized in the financial statement (see Note 3.2, *Retirement Liability*)

Revenue and Cost Recognition

Sale of Real Estate and Resort Shares

Revenues on sale of real estate and resort share are recognized upon receipt of sufficient payment (at least 24%).

Gain from sale of completed residential and commercial lots and resort share where a sufficient down payment has been received, the collectability of sales price is reasonably assured, the refund period has expired, the receivables are not subordinated and the seller is not obligated to complete improvements, is accounted for under the full accrual method.

Percentage of completion is used to recognize income from sale of residential/commercial condominium buildings, townhouses, and golf club and resort shares if the Group has material obligations under the sales contract, to complete or provide improvements after the property is sold. Under this method, the gain on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of the physical portion of the contract work. Any excess of collections over the receivables are included in the "deferred income on real estate sales" account in the statements of financial position.

Contract costs include all direct materials and labor 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.

Cost of resort shares sold, where the Group is the landowner, is determined on the basis of the cost of the land.

The Group recognized the effect of revisions in the total project cost estimates of the real estate projects in the year in which these changes become known. Any impairment losses from the projects are charged to operations in the period in which the losses are determined.

Related commission is recognized as expense in the same period when the gain on sale of real estate and resort shares is realized. The amount of commission pertaining to deposit on real estate sales is shown as part of other current assets account in the consolidated statements of financial position.

As at reporting date, the Group's revenues generated came from rental income on buildings leased out.

Rental Income

Revenue is recognized as accrued on a straight-line basis over the term of the lease agreements.

Other Revenue

- *Interest* – revenue is recognized as the interest accrues (taking into account the effective yield on the asset).
- *Dividend* – revenue is recognized when the Group's right to receive the payment is established.
- *Other Income* – other income is recorded when earned.
- *Unrealized Foreign Exchange Gain* – revenue is recognized from the translation of one account from foreign currency to the operational currency of the Group as at reporting period.
- *Realized Foreign Exchange Gain* – revenue is recognized as a result of exchange differences arising from the settlement of transactions reported at foreign currency and settled in the operational currency of the Group.

Cost and Expense Recognition

Costs and expenses are recognized in the Group's Statements of Comprehensive Income upon utilization of the service or at the date they are incurred. Cost and Expenses are presented as Cost of Sales and Services, General and Administrative Expenses (*Note 16*), Other Expenses/Losses (*Note 15.2*) and Finance Cost (*Note 15.3*) in the Group Statements of Comprehensive Income.

Finance Cost

Finance Cost relate to the share of the Group in the interest cost of a US Dollar convertible Bonds obtained from LIM ASIA Arbitrage Fund obtained last September 14, 2007

It is customary for the Parent Company to obtain a loan for use by the Parent and its subsidiaries and affiliates. The Finance Cost related to this loan is allocated to the Parent Company's subsidiaries and affiliates based on a weighted average of the loans availed by each subsidiary and affiliate including the Parent Company over total loan multiplied by the Finance Cost incurred.

Cost of Sales and Services

As at reporting date, the Cost of Sales and Services pertain to Depreciation Cost on the buildings leased out and there are no repairs and maintenance cost incurred on the buildings.

Functional Currency and Foreign Currency Transactions

- *Functional and Presentation Currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Philippine pesos, which is the Group's functional currency.

- *Transaction and Balances*

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions are recorded on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency on transaction dates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Group Statement of Comprehensive Income.

The Effects of Changes in Foreign Exchange Rates

Provides certain restrictions in allowing the capitalization of foreign exchange differentials. The Group has US Dollar denominated bonds payable with Lim Asia Arbitrage Fund, Inc. which are translated into Philippine pesos at prevailing exchange rates at transaction dates and recognizes foreign exchange gains and losses at settlement dates and at year-end exchange rates. The resulting gains or losses from these translations are recognized in the Statements of Income. As at September

30, 2010 the Group recognized a net unrealized and realized foreign exchange gain amounting to P 93,879,192 and a net foreign exchange loss of P14,924,146 in 2009. (See Note 15.1 and 15.2 of the AFS)

Impairment of Non-financial Assets

The Parent Company's property, plant and equipment are subject to impairment testing. These assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Employee Benefits

(a) Short term Employee Benefits

In accordance with the provisions of the Labor Code, the Group provides basic salaries, 13th month Pay, Social Security contributions, Pag-ibig Membership contributions, Home Mutal Development Fund Membership contributions and Philhealth Membership contributions to all employees (See Note 14).

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Retirement Benefits Obligations

Pension benefits are provided to Group employees through an unfunded, non-contributory defined benefit plan. The normal retirement consists of an eligible employee's attainment of age sixty (60) and upon completion of five (5) years of faithful and continuous service. Based on the years of service, the normal retirement benefit provides for lump-sum benefits equivalent to a range of 85% to 150% of the employee's monthly salary per year of service depending on the service tenure. The plan also provides for early retirement benefit for employees attaining the age of fifty with the completion of no less than ten (10) years of service.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit pension plan covers all permanent full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately.

Past-service costs are recognized immediately in the Group consolidated statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

(d) Other short-term employee benefits

Other short-term benefits includes special benefits program of clothing benefit, savings and loans benefit program, transportation benefits, funeral benefit, and rice subsidy.

Borrowing Costs

Borrowing costs are recognized as expenses in the period, in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

To the extent that the Group borrows funds generally and used them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining the qualifying asset. The amount of borrowing costs that the Group capitalizes does not exceed the amount of borrowing costs applicable to its own borrowings.

Related Party Transactions and Relationships

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise and its key management personnel, directors, or its stockholders.

Related party relationships are a normal feature of commerce and business. The Group sometimes grants/secures interest-bearing and non-interest bearing advances to/from its affiliates and/or shareholders. Interest-bearing advances are covered by promissory notes renewable annually. Advances to/from affiliates and/or shareholders are presented as part of Trade and Other Receivables/Trade and Other Payables in the Group statement of financial position.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Income Taxes

Current income tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the Group's Statements of Comprehensive Income.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset to be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset 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 reporting date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the Group's Statements of Comprehensive Income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

Earnings Per Share

Basic earnings per share is computed by dividing the net income for the year attributable to equity holders of the Group by the weighted average number of ordinary shares issued and outstanding during the year after considering the retroactive effect, if any, of stock dividends declared during the year, excluding treasury shares.

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

For purposes of calculating diluted earnings per share, the Group adjusts profit and loss attributable to ordinary equity holders of the Group by the tax effect of:

- (a) any dividends or other items related to dilutive potential ordinary shares
- (b) any interest recognized in the period related to dilutive potential ordinary shares
- (c) any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

Warrants to purchase convertible instruments are assumed to be exercised to purchase the convertible instrument whenever the average prices of both the convertible instrument and the ordinary shares obtainable upon conversion are above the exercise price of the warrant.

Equity

Share Capital is determined using the nominal value of shares that have been issued (*See Note 20 of the AFS*).

Additional paid-in capital includes any premiums received on the initial issuing of capital stock. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained earnings include all current and prior period results as disclosed in the Group's Statements of Comprehensive Income.

Events after the Balance Sheet Date

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue (*See Note 30 of the AFS*).

The Group adjusts the amounts recognized in the financial statements to reflect adjusting events after the financial position date. Non-adjusting events are not recognized in the financial but are disclosed in the notes to financial statements.

External Auditor

The Group has engaged the services of KL Sy and Associates during the most recent fiscal year. There were no disagreements with KL Sy and Associates on any matter of accounting and financial disclosure.

Attendance of Accountants at the Meeting

Representatives of the Corporation's external accountants, KL Sy & Associates., for the Fiscal Year 2010, are expected to be present at the Annual Stockholders' Meeting scheduled on 30 June 2011. Said accountants will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions on the Corporation's financial statements.

BUSINESS AND GENERAL INFORMATION

Form and Date of Organization

Global-Estate Resorts, Inc.(GERI), formerly known as "Fil-Estate Land, Inc. was incorporated on May 18, 1994 to consolidate the real estate interests and development activities of the Global-Estate Resorts, Inc. Group of Companies. GERI is also tasked to engage in land acquisitions and to maintain an inventory of raw land for future development by its subsidiaries. GERI went public in November 1995 when its common shares were listed in the Philippine Stock Exchange (PSE).

GERI has three (3) wholly owned major development companies, namely, Fil-Estate Properties, Inc. (FEPI), to engage primarily in residential subdivision and condominium development, Fil-Estate Golf and Development, Inc. ("FEGDI"), to engage primarily in golf and leisure development and Fil-Estate Urban Development Corporation (FEUDC) for the development of certain residential and commercial projects.

GERI also owns 20% of the equity of each of the five (5) marketing companies, namely Fil-Estate Realty Corporation, Fil-Estate Marketing Associates, Inc., Fil-Estate Network, Inc., Fil-Estate Sales, Inc. and Fil-Estate Realty Sales Associates, Inc.

GERI is one of the leading property development and marketing companies in the Philippines and has operated through predecessor companies since 1981. The Company engages primarily in the horizontal development of residential subdivision lots, integrated residential, golf and other leisure-related properties, and vertical development of mixed-use towers in Metro Manila.

The Company reduces its capital exposure substantially by acquiring its land bank through joint ventures with landowners. These agreements generally provide that the Company will undertake the development and marketing of the project.

PLAN OF OPERATION

On December 22, 2010, Alliance Global Group, Inc. (AGI) subscribed to 5 billion common shares of the company at a subscription price of One Peso (P1.00) per share for a total subscription price of P 5 billion. The shares were to be issued from a P 5 billion capital increase of the company from P 5 billion to P 10 billion.

On January 24, 2011, the increase in capital was approved by the Securities and Exchange Commission and the subscription fully paid by AGI which acquired a 60% majority stake in the company.

It is envisioned by AGI that the company will be the vehicle for the Group for the development of tourism oriented projects in the country's prime tourist spots such as Boracay, Tagaytay/Laurel and Nasugbu.

MAJOR PROJECTS

The company's plans for the major projects are as follows:

Boracay - The Company plans to add twenty more hectares to its land holdings in the popular island destination of Boracay, eventually expanding its shoreline to more than one kilometer. The company intends to develop this property into an integrated tourism estate named Newcoast Station. The development will include hotels, retail, sports and leisure facilities, residential villages and condominiums.

Twin Lakes - is a 1200 hectare development located in Tagaytay/Laurel, Batangas facing Taal Lake. The company is preparing the first phase of development which will include a hotel, spa, shopping and residential village. Future phases will include a retirement village, wellness centre, vineyard farm plantation chateau, a golf course, lakeside residential houses, a sports and country club and more hotels.

Nasugbu Harbortown - is a 600 hectare integrated residential and leisure development located in Nasugbu Batangas. The company is currently revising its masterplan to bring it in line with the rapid development in the area. The company plans to develop a residential community, a golf course, a marina, ocean villas and water sports facilities among other components that are under study.

HIGH RISE PROJECTS

The company plans to complete the following high rise projects in Metro Manila:

Sto. Domingo Clusters (The Steps) - consist of two five-storey medium rise residential condominium projects located in Sto. Domingo corner Don Manuel Avenues, Sta. Mesa Heights, Quezon City.

These condominium projects have been re-designed to address the affordable housing market. The units range from studio units of 21 square meters to two-bedroom units of 75 square meters.

Sto. Domingo Residential Tower – is also situated in the same complex. It is a 15-storey residential tower with commercial spaces in the ground floor.

Capitol Plaza – is a 33-storey residential condominium project with commercial spaces in the ground floor up to the 2nd floor. This project is located in the heart of Quezon City right beside the City Hall.

Renaissance 5000 – is a 30-storey residential condominium project. It is the fourth condominium project of the company to be constructed in the Renaissance Center which buildings are wrapped around a center 3-storey podium structure which includes amenities such as swimming pools, gym, tennis courts, café, wine store, salon and convenience stores. All three other buildings in the Renaissance Center have been fully completed and turned-over to buyers and are now thriving communities.

RESIDENTIAL SUBDIVISION PROJECTS

The company plans to complete the following residential subdivision projects:

Sta. Barbara Iloilo – is a 150-hectare project with Phase I at about 17 hectares. This is right beside Iloilo Golf & Country Club and will feature fairway lots overlooking the golf course. It is also very close to the new Iloilo International Airport.

Sherwood Hills Residential Estate and Golf Club – is a 350-hectare integrated development located in Trece Martires, Cavite. Upon completion, the development will include residential lots, a 27-hole golf course, a golf clubhouse, a village clubhouse and other facilities.

Mountain Meadows – is a 260 -hectare residential subdivision project located in Cagayan de Oro, with Phase I consisting of 67 hectares. It has 4-hectare commercial area at the entrance of the project. The proximity of the project to the city makes the project very promising.

Forest Hills Residential Estate and Golf Club – is a 550 hectare integrated development located in Antipolo Rizal. Upon completion, the development will include residential and commercial lots, an aqua park, two 18-hole golf courses and a community clubhouse.

Newport Hills - is a 127 hectare integrated residential and golf development located in Lian Batangas. When completed, the development will include residential lots and a beach clubhouse.

PROJECTS IN THE PIPELINE

The company also plans to develop the following projects.

Scout Hill Forest Cabins – The Forest Cabins project is one of the most saleable projects in Camp John Hay. It has 40 duplexes which translate to 80 units. The floor area/saleable area per unit is 120 to 150 square meters. The value of this development shall be enhanced by the extension of the North Luzon Expressway all the way up to Rosario, La Union which will cut travel time from Manila to Baguio to three and a half hours.

Eco Centrum BPO Project

The Project is situated at the exit of Southwoods Interchange along the South Luzon Expressway (SLEX) in Binan, Laguna. With the recently completed Skyway Project, the location has now become a viable site for the development of a BPO campus due to its proximity to Metro Manila and is considered as the gateway to the Southern corridor. As of July, 2010, the Philippine Economic Zone Authority (PEZA) has proclaimed an 11.7 hectares portion of the project as a "Special Economic Zone" to allow BPO locators to establish their business operations in the area. To create the impetus for development, the company will soon embark on the construction of its first four-level BPO building with

a gross floor area of approximately 10,000 square meters to cater to BPO companies and the completion of the road network for ease of access. This development will be complemented with a strip mall development, residential/housing accommodations and a future hotel and hospital project. The Project, once completed, is envisioned to be the premier destination for business, shopping and entertainment with a total land area of 76 hectares.

FUND SOURCES

In order to fund these development initiatives, the company intends to utilize equity to be augmented with debt when required. Also, co-development arrangements may be entered into for selected projects.

MARKETING AND SALES

Marketing of the projects shall be undertaken by an in-house marketing and sales division for each of its projects. The marketing and sales division shall be staffed by a trained group of property consultants who exclusively market the Company's projects. The Company shall also employ a marketing services staff that provides auxiliary services for the sales and promotional activities of the division. The Company will also continue to work with its existing marketing companies which will compete directly with the Company's in-house marketing and sales division.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Key Performance Indicators

LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	September 30, 2010	September 30, 2009	Change Increase (Decrease)
Debt to Total Assets	42.82%	40.58%	2.24%
Equity to Total Assets	57.18%	59.42%	(2.24%)
Debt to Equity	74.90%	68.29%	6.61%

Debt to Total Assets

It shows the creditors contribution to the total resources of the organization. The increase was due to loan availed by the company's subsidiary.

Equity to Total Assets

It shows the extent of owners' contribution to the total resources of the organization. There is a slight decrease compared to last year due mainly to loss incurred during the year.

Debt to Equity

It relates the exposure of the creditors to that of the owners. To date, the creditors' exposure is higher than that of the owners. The increase was brought about by additional loans availed during the year.

ACTIVITY RATIOS

	September 30, 2010	September 30, 2009	Change Increase (Decrease)
Assets Turnover	3.08%	3.2%	(0.12%)
Equity Turnover	5.39%	5.38%	0.01%

Assets Turnover

It measures the level of capital investment relative to sales volume. The slight decrease was due to decrease in sales realized during the year.

Equity Turnover

It tests the productivity of the owners' investments. There is a slight increase as compared to last year.

PROFITABILITY RATIOS

	September 30, 2010	September 30, 2009	Change Increase (Decrease)
Earnings per Share	₱ (0.15)	₱ (0.05)	₱ (0.092)
Book Value per Share	₱ 2.705	₱ 2.761	₱ (0.056)

Earnings per Share (EPS)

It indicates the earnings for each of the common shares held. The EPS for the year decreased by ₱ 0.092 because of the net loss incurred during the year.

Book Value per Share

It shows the value of each common share based on the recorded net assets. The book value per share slightly decreased due to net loss incurred during the year.

Management discussion and analysis

2010 vs 2009

RESULTS OF OPERATIONS

The Group incurred a Net Loss of P493 Million in 2010. Losses were incurred mainly due to accruals made for the additional 12% interest on the US\$25 million Convertible Bonds which the company intends to redeem before maturity. Consolidated revenues decreased slightly to P 488 million, down by 2% from the previous year's revenues of P 498 million. The Group sales of real estate and golf club and resort shares of ₱ 367.5 million came from sale of residential lots in Forest Hills in Antipolo City, Riverina in San Pablo City, Puerto Real De Iloilo in Iloilo City, Goldridge Estate in Bulacan, and Southwood Peak in Cavite. Income from rentals and contract services of various golf course maintenance contracts amounted to ₱ 121.0 million.

Cost of Sales and Services increased by 156 million or 66% from the previous year due to adjustments made by the company on the manner of calculation of the cost of sales from real estate sales. General and administrative expenses went down by P 19.8 million to P 341.8 million from P 361.7 million due to cost reduction measures of the Group. Finance cost increased by P 277.4 million from P 105.0 million to P 382.4 million due to accruals made for the additional 12% interest on the US\$25 million Convertible Bonds.

REVIEW OF FINANCIAL CONDITION

Total assets as of September 31, 2010 amounted to P 15.85 billion compared to P 15.56 billion as of September 30, 2009.

Current assets amounted to P 10.06 billion as of September 30, 2010 compared to P 9.68 billion as of September 30, 2009. On the other hand, current obligations amounted to P 4.36 billion as of September 30, 2010 compared to P 3.88 billion as of September 30, 2009. Cash and Cash Equivalents decreased by 58% from P193 million to P82 million due to utilization of funds for the completion of various projects and operating expenses. Trade and Other Receivables increased by P988 million to P3.5 billion from previous year's level of P2.5 billion. Inventory went down by 8% to P5.9 billion from P6.5 billion the previous year mainly due to sales during the period and the effects of recalculation made by the company on the manner of recognizing cost of sales of real estate.

Bonds Payable amounted to P1.097 billion, a decrease by 8% (92 million) as a result of the movement in foreign exchange rate due to the appreciation of the Philippine Peso. Loans payable increased by P36.9 million from P468 million the previous year to P505 million. Loan availed by a subsidiary (FEUDC) from LIM Asia in the amount of P226 million was retired during the year. Another subsidiary, (Novo Sierra) acquired a P275 million loan package from a local bank

Material Changes in the year 2010 Financial Statements (Increase/decrease of 5% or more versus September 31, 2009)

Income Statement

Cost of Sales and Services increased by 156 million or 66% as compared to the previous year due to adjustments made by the company on the manner of calculation of the cost of sales from real estate sales.

Other Revenues increased by P22 million or 9% as compared the previous year mainly due to interest income (P59 million) on the accrual of additional interest on the Convertible Bonds which in turn is being charged to the subsidiaries that utilized the CB Fund . The balance of other revenues came from amortization of receivables carried at amortized cost (P63 million), unrealized foreign exchange gains on the dollar denominated loans (P110 million), dividend income (P1.7 million), and miscellaneous income (P32.3 million).

Equity in Net Losses of Associates and Joint Ventures of P7.2 million was recognized during the year.

General & Administrative Expenses went down by P20 million (5.5%) to P342 million from P362 million the previous year.

Marketing Expenses went down by P18.9 million from previous year as lesser commissions and advertising expenses were paid and incurred during the year.

Other Expenses/Losses of P26.7 million incurred during the year was 74% lower than the previous year mainly due to minimal foreign exchange losses incurred during the year as a result of the appreciation of the peso and reduced losses incurred on refund to buyers.

Finance Costs amounting to **P382 million** incurred during the year is **264%** higher than the previous year mainly due to accrual of the additional 12% interest on Convertible Bonds as provided in the Convertible Bonds Facility Agreement.

Income Tax Expense increased by **P25 million** from previous year due to effects of deferred tax liability on deferred income from real estate sales, accrued interest income and unrealized foreign exchange gains.

Financial Condition

Cash and Cash Equivalents decreased by **58%** from **P193 million** to **P82 million** due to utilization of funds for the completion of various projects and operating expenses.

Trade and Other Receivables increased by **P988 million** to **P3.5 billion** from previous year's level of **P2.5 billion**.

Inventory went down by **8%** to **P5.9 billion** from **P6.5 billion** the previous year mainly due to sales during the period and the effects of recalculation made by the company on the manner of recognizing cost of sales of real estate.

Other Current Assets increased by **6%** (**P26 million**) mainly due to increase in input tax, creditable withholding tax and prepayments.

Property and Equipment stood at **P556 million**, a decrease by **5%** from previous year due to depreciation and amortization.

Noncurrent Receivables increased by **24%** to **P377 million** from **P305 million** the previous year mainly due to increase in advances to other realty and development companies as a result of the amortization of receivables carried at amortized cost.

Deferred Assets stood at **P405 million**, a decrease by **P35 million** from the previous year.

Other noncurrent assets which consists of deposits decreased by **P6.9 million** to **P16 million** from **P22.9 million** the previous year.

Trade and other payables increased by **15%** to **P2.7 billion** from the **P2.3 billion** level the previous year.

Bonds Payable amounted to **P1.097 billion**, a decrease by **8%** (**92 million**) as a result of the movement in foreign exchange rate due to the appreciation of peso.

Loans payable increased by **P36.9 million** from **P468 million** the previous year to **P505 million**. Loan availed by a subsidiary (FEUDC) from LIM Asia in the amount of **P226 million** was retired during the year. Another subsidiary, (Novo Sierra) acquired a **P275 million** loan package from a local bank.

Deferred Tax Liability increased by **13%** (**P38 million**) to **P325 million** primarily due to tax effects on deferred income from real estate sales and unrealized foreign exchange gains.

OTHERS

For the year ended September 30, 2010, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.
- Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period

2009 vs 2008

RESULTS OF OPERATIONS

The Group incurred a Net Loss of P134 Million in 2009. Losses were incurred mainly due to decrease in Revenues. Revenues decreased to P 641.8 million, down by 29% from the previous year's revenues of P 906 million. The Group sales of real estate and golf club and resort shares of P 175.1 million came from sale of condominium units and residential lots Forest Hills in Antipolo City, Riverina in San Pablo City, Sto Domingo Place in Quezon City, and Southwood Peak in Cavite. Income from rentals and contract services of various golf course maintenance contracts amounted to P 121.5 million. Financial income increased by 53% from P 131.2 million in September 2008 to P 200.6 million as of September 2009. The balance of P 144.6 million in revenue was contributed by other income, gain on sale of assets and equity in net earnings of associates and joint ventures.

Cost and Expenses increased slightly by 0.3% from P 765.9 million as of September 30, 2008 to P 768.0 million as of September 30, 2009. General and administrative expenses increased by P 7.7 million to P 413.0 million from P 405.3 million. Finance cost increased by P 36.9 million from P 244.2 million to P 281.2 million due to accrual of interest expense of various loans.

REVIEW OF FINANCIAL CONDITION

Total assets as of September 31, 2009 amounted P 15.12 billion compared to P 15.31 billion as of September 30, 2008.

Current assets amounted to P 7.62 billion as of September 31, 2009 compared to P 7.64 billion as of September 30, 2008. On the other hand, current obligations amounted to P 3.64 billion as of September 30, 2009 compared to P 3.72 billion as of September 30, 2008. Cash and Cash Equivalents decreased by 41% from P329 million to P193 million due to utilization of funds for the completion of various projects and operating expenses. Receivables went up by P293 million to P1.038 billion from previous year's level of P745 million. The increase in Installment Contract Receivables and advances to contractors and suppliers contributed to the 39% increase in receivables as of end September 2009. Due from related parties decreased from P1.011 billion to P868 million due to payments and or offsetting arrangements by related parties. Due from other realty and development companies decreased from P674 million to P525 million primarily due to receivables which were carried at amortized cost and is therefore subjected to yearly amortization.

Landheld for future development amounted to P1.8 billion. Investment Properties held for lease were up by P2.8 million to P48.4 million. Deferred Tax Assets decreased by 6% or 29 million on account of realized gross profit on sale of Real Estate and Golf Club and Resort Shares during the year. Deferred charges and other non-current assets stood at P53 million, up from previous year's level of P46 million.

Bonds Payable amounted to P1.19 billion on account of the issuance of a five (5)-year and one day fixed rate convertible bonds with a total face value of US\$25 million. Proceeds from the issuance of the convertible bonds were received in November 2007 and January 2008. Loans in the amount of P235 million was availed by a subsidiary for the completion of projects in Camp John Hay, Baguio City. Accounts payable and other current liabilities decreased by 23% or P380 million from P1.7 billion in 2008 to P1.3 billion in 2009. Payment to contractors and suppliers for various ongoing projects attributed to the decrease in accounts payable. Due to related parties stood at P451 million, as compared to P323 million the previous year mainly due advances made by related parties on behalf of the company. Due to other realty and development companies decreased by P81 million from the P374 million level due to retirement of some payables. Other Non-current Liabilities amounted to P 70 million, up from the P57 million level the previous year.

Material Changes in the year 2009 Financial Statements
(Increase/decrease of 5% or more versus September 31, 2008)

Income Statement

Service and Rental Income went down by **P45 Million** to **P122 Million** due to reduced income from golf course maintenance contracts.

Interest income from the amortization of due from other realty and development companies, temporary investment of unutilized funds and unrealized foreign exchange gains were the major contributors of increased **Financial Income** of the Company which accounted for **P200 million** of the total consolidated revenues or an increase of 53% from previous year's level of **P131 million**.

Equity in Net Earnings of Associates and Joints Ventures of **P15 million** was recognized during the year compared to Net Loss of Associates and Joint Ventures of **P11 million** the previous year.

Other income generated by the company increased by **P 38 million** to **P115 million** primarily due to gain on dacion en pago transactions.

Financial expenses went up to **P281 million** from **P244 million** the previous year due to unrealized and realized foreign exchange losses, interest expense on convertible bonds and increase in amortization of due to other realty and development companies.

Cost of services is at **P73 million**, with a **30%** reduction from previous year's level of **P105 million** due to decrease in maintenance contracts.

Financial Condition

Consolidated Assets as of September 30, 2009 totaled **P15.1 billion**, slightly lower than the **P15.3 billion** level the previous year.

Cash and Cash Equivalents decreased by **41%** from **P329 million** to **P193 million** due to utilization of funds for the completion of various projects and operating expenses.

Receivables-net went up by **P293 million** to **P1.038 billion** from previous year's level of **P745 million**. The increase in Installment Contract Receivables and advances to contractors and suppliers contributed to the **39%** increase in receivables as of end September 2009.

Due from related parties decreased from **P1.011 billion** to **P868 million** due to payments and or offsetting arrangements made by related parties.

Due from other realty and development companies decreased from **P674 million** to **P525 million** primarily due to receivables which were carried at amortized cost and is therefore subjected to yearly amortization.

Landheld for future development amounted to **P1.8 billion**.

Investment Properties held for lease were up by **P2.8 million** to **P48.4 million**.

Deferred Tax Assets decreased by 6% or **29 million** on account of realized gross profit on sale of Real Estate and Golf Club and Resort Shares during the year.

Deferred charges and other non current assets stood at **P53 million**, up from previous year's level of **P46 million**.

Bonds Payable amounted to **P1.19 billion** on account of the issuance of a five (5)-year and one day fixed rate convertible bonds with a total face value of **US\$25 million**. Proceeds from the issuance of the convertible bonds were received in November 2007 and January 2008.

Loans in the amount of **P235 million** was availed by a subsidiary for the completion of projects in Camp John Hay, Baguio City.

Accounts payable and other current liabilities decreased by 23% or **P380 million** from **P1.7 billion** in 2008 to **P1.3 billion** in 2009. Payment to contractors and suppliers for various ongoing projects attributed to the decrease in accounts payable.

Due to related parties stood at **P451 million**, as compared to **P323 million** the previous year mainly due advances made by related parties on behalf of the company.

Due to other realty and development companies decreased by **P81 million** from the **P374 million** level due to retirement of some payables.

Other Non-current Liabilities amounted to **P70 million**, up from the **P57 million** level the previous year.

OTHERS

For the year ended September 30, 2009, there are no:

- Known trends, demands, commitments, events or uncertainties that would have a material impact in the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.
- Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period

2008 vs 2007

RESULTS OF OPERATIONS

The Company performed better in 2008 as it posted a Net Income of P92.5 Million, 59% higher than the P58.3 Million level the year before. The increase in income was primarily due to guarantee income, and increase in financial income and service and rental income. Consolidated revenues increased to P 906.1 million, up by 35% from the previous year's revenues of P 670.7 million. Consolidated revenues composed of the Group sales of real estate and golf club and resort shares of P 201.7 million came from sale of condominium units and residential lots in Forest Hills in Antipolo City, Riverina in San Pablo City, Puerto Real De Iloilo in Iloilo City, and Monte Cielo de Peñafrancia in Camarines Sur. Income from rentals and contract services of various golf course maintenance contracts amounted to P 166.9 million. Financial income increased by 35% from P 97.3 million in September 2007 to P 131.2 million as of September 2008. The balance of P 406.4 million in revenue was contributed by other income, guarantee income, gain on sale of asset and equity in net earnings of associates and joint ventures.

Cost and Expenses increased by 26% from P 608.0 million as of September 30, 2007 to P 766.0 million as of September 30, 2008. General and administrative expense increased by P 12.5 million to P 405.3 million from P 392.8 million. Finance cost increased by P 169.42 million from P 74.8 million to P 244.2 million due to accrual of interest expense of various loans.

REVIEW OF FINANCIAL CONDITION

Total assets as of September 31, 2008 amounted to P 15.19 billion compared to P 14.08 billion as of September 30, 2007.

Current assets amounted to P 9.58 billion as of September 30, 2008 compared to P 8.44 billion as of September 30, 2007. On the other hand, current obligations amounted to of P 3.52 billion as of September 30, 2008 compared to P 3.40 billion as of September 30, 2007. Cash and Cash Equivalents increased by 62% from P203 million to P329 million due to remaining unutilized proceeds of convertible bonds that was temporarily invested in money market placements. Receivables-net went up by P144 million to P1.031 billion from previous year's level of P887 million. Increase in Installment Contract Receivables and various advances to contractors and suppliers contributed to the 16% increase in receivables as of end September 2008. Due from related parties increased from P913 million to P1.33 billion largely due to 45% increase in due from various joint venture partners. Due from other realty and development companies amounted to P881 million or an increase of 19% from previous year of P739 million. The increase is due to advances made to these related parties.

Landheld for future development amounted to P1.9 billion. Investment Properties went down by P6.5 million due to depreciation and amortization. Deferred Tax Assets decreased by 16% or 88 million on account of realized gross profit on sale of Real Estate and Golf Club and Resort Shares during the year.

Bonds Payable amounted to P1.17 billion on account of the issuance of a five (5)-year and one day fixed rate convertible bonds with a total face value of US\$25 million. Proceeds from the issuance of the convertible bonds were received in November 2007 and January 2008. Loans in the amount of P135 million was availed from a stockholder and a P100 million peso loan was renewed for another 12 months to mature on October 2009. Accounts payable and other current liabilities increased by 6% or P87 million from P1.43 billion in 2007 to P1.51 billion in 2008 due to various supplies and services made by suppliers and contractors. Due to related parties stood at P296 million, with an increase of 27% as compared to P234 million from previous year. The increase can be traced on various sales of inventories and payment to third parties on behalf of the related parties. Deposit on real estate sales went down by P149 million or 10% as recognition of real estate sales were made during the year. Due to other realty and development companies decreased by P55 million from the P516 million level the previous year due to remittance of share on sale of real estate to various joint venture partners. Deferred Tax Liabilities went down by 17% or P51 million as tax effects on capitalized interest and

deferred commissions were reduced. Other Non-current Liabilities amounted to P57 million, an 11% (6.9 million) decrease from the P64 million last year.

Material Changes in the year 2008 Financial Statements
(Increase/decrease of 5% or more versus September 31, 2007)

Income statement

Consolidated revenues increased to **P906 million**, up by **35%** from the previous year largely due to guarantee income received from CJH DevCo as guarantor for its wholly owned subsidiary, FEUDC, for providing funds for the completion of the CJH Suites and Forest Cabins.

The Company performed better in 2008 as it posted a **Net Income** of **P92.5 Million**, **59% higher** than the **P58.3 Million** level the year before. The increased in income was primarily due to guarantee income, and increase in financial income and service and rental income.

Service and Rental Income went up by **P21 Million** to **P167 Million** due to increase in income generated from golf course maintenance contracts.

Gross profit on Sale of Real Estate went down to **P202 Million** from **P280 Million** the previous year despite an increase in **Sales of Real Estate** by 32% or **P131 million**. The decline was due to adjustments on realization of profit related to the sales during the period

Interest income from temporary investment of unutilized funds and unrealized foreign exchange gains were the major contributors of increased **Financial Income** of the Company which accounted for **P131 million** of the total consolidated revenues or an increase of **35%** from previous year's level of **P97 million**.

Operating expenses increased slightly, up by **3%** or **12.5 million** to **P405 million**.

Financial expenses went up to **P244 million** from **P75 million** the previous year due to unrealized and realized foreign exchange losses, interest payments in relation on outstanding loans and increase in discount charges in valuation of payables.

Cost of services is at **P105 million**, with a **14%** reduction from previous year's level of **P122 million**. The decrease is due to reduction in the purchase of materials and labor for golf course maintenance.

Equity in Net Losses of Associates and Joints Ventures decreased by **6%** at **P10.9 million** as compared to **P11.6 million** level last fiscal year due to net income realized for the period by Associates and Joint Ventures.

FINANCIAL CONDITION

Cash and Cash Equivalents increased by **62%** from **P203 million** to **P329 million** due to remaining unutilized proceeds of convertible bonds that was temporarily invested in money market placements.

Receivables-net went up by **P144 million** to **P1.031 billion** from previous year's level of **P888 million**. Increase in Installment Contract Receivables and various advances to contractors and suppliers contributed to the **16%** increase in receivables as of end September 2008.

Due from related parties increased from **P913 million** to **P1.33 billion** largely due to **45%** increase in due from various joint venture partners.

Due from other realty and development companies amounted to **P881 million** or an increase of **19%** from previous year of **P739 million**. The increase is due to advances made to these related parties on certain transactions.

Landheld for future development amounted to **P1.9 billion**.

Investment Properties went down by **P6.5 million** due to depreciation and amortization.

Deferred Tax Assets decreased by **16%** or **88 million** on account of realized gross profit on sale of Real Estate and Golf Club and Resort Shares during the year.

Bonds Payable amounted to **P1.17 billion** on account of the issuance of a five (5)-year and one day fixed rate convertible bonds with a total face value of **US\$25 million**. Proceeds from the issuance of the convertible bonds were received in November 2007 and January 2008.

Loans in the amount of **P135 million** was availed from a stockholder and a **P100 million** peso loan was renewed for another 12 months to mature on October 2009.

Accounts payable and other current liabilities increased by **6%** or **P87 million** from **P1.43 billion** in 2007 to **P1.51 billion** in 2008 due to various supplies and services made by suppliers and contractors.

Due to related parties stood at **P296 million**, with an increase of **27%** as compared to **P234 million** from previous year. The increase can be traced on various sales of inventories and payment to third parties on behalf of the related parties.

Deposit on real estate sales went down by **P149 million** or **10%** as recognition of real estate sales were made during the year.

Due to other realty and development companies decreased by **P55 million** from the **P516 million** level the previous year due to remittance of share on sale of real estate to various joint venture partners.

Deferred Tax Liabilities went down by **17%** or **P51 million** as tax effects on capitalized interest and deferred commissions were reduced.

Other Non-current Liabilities amounted to **P57 million**, an **11% (6.9 million)** decrease from the **P64 million** last year.

OTHERS

For the year ended September 30, 2008, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.

- Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period

Interim Period - First Quarter Fiscal Year 2011 (October 01 to December 31, 2010)

REVIEW OF RESULTS OF OPERATIONS

Revenues for the three-month period amounted to P 90.0 million. The Company's sales of real estate and golf club and resort shares of P 39.4 million came from sale of condominium units and residential lots Forest Hills in Antipolo City, Riverina in San Pablo City, Puerto Real De Iloilo in Iloilo City and golf club and resort shares in Fairways and Bluewaters in Boracay. Income from rentals and contract services of various golf course maintenance contracts amounted to P 28.1 million. Balance of revenues were contributed by equity in net earnings and other income of P 22.5 million

The company posted a P140.87 million Net Loss for the three-month period ended December 31, 2010, as compared to a P18.51 million net income realized as of December 31, 2009 due finance cost and other charges incurred for the period.

As a result, Earnings per share decreased to P (0.0459) from the previous year (P 0.0062).

REVIEW OF FINANCIAL CONDITION

Consolidated Total Assets as of December 31, 2010 is P15.95 billion. Cash and cash equivalents increased by P52.81 million (64.43%) to P134.76 million from the end of September 2010 level of P81.96 million due to payment of subscription receivable. Trade and other payables increased to P2.83 billion from the P2.69 billion level as of end September 2010 due to additional trade payables.

Material Changes in the Fiscal year 1Q2011 (October 2010 to December 2010) Financial Statements (Increase/decrease of 5% or more versus December 31, 2009)

Income statement

20.21% Decrease in Sale of Real Estate and Golf Club and Resort Shares – Sale of real estate and golf and resort shares went down by P9.99 million as compared to the previous year's level due to lower sales volume generated by the company during the reporting period.

15.62% Increase in Service and Rental Income – Service and rental income for the period ending December 31, 2010 increased by P3.80 million to P28.13 million from the P 24.33 million.

71.92% Decrease in Equity in Net Earnings of Associates, Joint Ventures, interest and other income – Due to decrease in other income.

44.94% Decrease in Cost of Real Estate and Golf Club and Resort Shares Sold - As a result of decreased Sales, Cost of Sales also went down by P8.29 million (44.94%) to P10.16million from last year's level of P18.44 million.

9.58% Increase in Cost of Services - Cost of Services is up by P1.75 million (9.58%) to P20.06 million from last year's level of P18.31 million on account of increase in labor and materials used in golf course maintenance.

25.50% Increase in General & Administrative Expense - Mainly due to additional administrative expense.

252.39% Increase in Interest and other charges - Financial expense during the period went up to P121.29 million from the previous year's level of P34.42 million.

Financial Condition

Cash and cash equivalents increased by P52.81 million (64.43%) to P134.76 million from the end of September 2010 level of P81.96 million due to payment of subscription receivable.

Trade and other payables increased to P2.83 billion from the P2.69 billion level as of end September 2010 due to additional trade payables.

OTHERS

For the year ended December 31, 2010, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.
- Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period

Interim Period - First Quarter Calendar Year 2011 (January 1, 2011 - March 31, 2011)

On March 29, 2011, the SEC approved the changes in accounting period of the Group from Fiscal (September 30) to Calendar method. The Group adopted the calendar method of financial reporting effective 1st quarter of 2011

RESULTS OF OPERATIONS

Revenues for the three-month period amounted to ₱ 261.2 million. The Company's sales of real estate and golf club and resort shares of ₱ 140.8 million came from sale of condominium units in Eight Sto Domingo Place in Quezon City, residential lots in Magnificat Exec. Village in Lipa Batangas, Monte Cielo De Naga in Naga City, Sta. Barbara Heights in Ilo-Ilo City and sale of commercial lots in Carmona Cavite. Income from rentals and golf course maintenance contracts amounted to ₱ 45.2 million. Balance of revenues were contributed by equity in net earnings of associates and other income of ₱ 75.2 million

The company posted a ₱44.1 million Net Income for the three-month period ended March 31, 2011, as compared to a ₱11.23 million net income realized as of March 31, 2010, mainly due to increase in real estate sales and other services.

As a result, Earnings per share increased to ₱ 0.0055 from the previous year's level of ₱ 0.0028.

REVIEW OF FINANCIAL CONDITION

Consolidated Total Assets as of March 31, 2011 is ₱18.01 billion. Cash and cash equivalents increased by ₱2.31 billion (1,240.51%) to ₱2.49 billion from the end of December 2010 level of ₱185.97 million as a result of the subscriptions received from Alliance Global Group Inc.(AGI). Trade and other receivables increased by ₱154.72 million (5.35%) to ₱3.05 billion from the end of December 2010 level of ₱ 2.89 billion due to additional sales bookings. Investment properties increased by ₱ 497.67 million due to additional land acquisition.

Other current liabilities decreased to ₱1.28 billion from the ₱1.81 billion level as of end December 2010 mainly due to payment of accrued interest. Loans payable and Bonds payable were paid during the period. Equity attributable to parent company increased by ₱ 5.04 billion mainly due to investment of AGI.

Material Changes in the Calendar year 1Q2011 (January 2011 to March 2011) Financial Statements

(Increase/decrease of 5% or more versus March 31, 2010)

Income statement

90.91% Increase in Sale of Real Estate and Golf Club and Resort Shares – Sale of real estate and golf and resort shares increased by ₱67.03 million as compared to the previous year's level due to higher sales generated by the company during the reporting period.

76.83% Increase in Service and Rental Income – Service and rental income for the period ending March 31, 2011 increased by P19.63 million to P45.17 million from P 25.55 million.

65.65% Increase in Equity in Net Earnings of Associates, Joint Ventures, interest and other income – Primarily due to increase in other income.

50.89% Increase in Cost of Real Estate and Golf Club and Resort Shares Sold - As a result of increase in Sales, Cost of Sales also increased by P19.29 million (50.89%) to P57.19million from last year's level of P37.90 million.

29.06% Increase in Cost of Services - Cost of Services is up by P4.77 million (29.06%) to P21.20 million from last year's level of P16.43 million on account of increase in labor and materials used in golf course maintenance.

20.65% Increase in General & Administrative Expense – Mainly due to additional administrative expense.

232.11% Increase in Interest and other charges – Financial expense during the period went up to P46.95 million from the previous year's level of P14.14 million.

Financial Condition

Cash and cash equivalents increased by P2.31 billion (1,240.51%) to P2.49 billion from the end of December 2010 level of P185.97 million as a result of the subscriptions received from Alliance Global Group Inc.(AGI).

Trade and other receivables increased by P154.72 million (5.35%) to P3.05 billion from the end of December 2010 level of P 2.89 billion due to additional sales bookings.

Investment Properties increased by P 497.67 million due to additional land acquisition.

Other current liabilities decreased to P1.28 billion from the P1.81 billion level as of end December 2010 mainly due to payment of accrued interest.

Loans payable and Bonds payable were paid during the period.

Equity attributable to parent company increased by P 5.04 billion mainly due to investment of AGI.

OTHERS

For the year ended March 31, 2011, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the Company.

- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
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AUDIT AND AUDIT- RELATED FEES

For the audit of the Corporation's financial statements provided by the external auditors in connection with statutory and regulatory filings for the last two fiscal years, the aggregate audit fee was approximately P 1.0 million in 2010 and P2.7 million in 2009.

No other assurance and related services have been rendered by the external auditors to the Corporation other than the items discussed above.

Item 9. Market for Registrant's Common Equity and Related Stockholder Matters

(1) Stock Prices

Global-Estate Resorts, Inc. common shares are listed in the Philippine Stock Exchange. Share prices have been retroactively adjusted to reflect the effects of stock dividends paid by the Company up to 30 September 2010.

Year	Philippine Stock Exchange Average Closing Price per Share (P)	
	High	Low
<u>2011</u>		
First Quarter	1.93	1.93
As of May 26, 2011	1.88	1.83
<u>2010</u>		
First Quarter	0.35	0.33
Second Quarter	0.42	0.40
Third Quarter	0.33	0.24
Fourth Quarter	0.93	0.91
<u>2009</u>		
First Quarter	0.25	0.24
Second Quarter	0.24	0.18
Third Quarter	0.33	0.24
Fourth Quarter	0.37	0.29

2008

First Quarter	1.07	1.03
Second Quarter	0.82	0.79
Third Quarter	0.55	0.53
Fourth Quarter	0.42	0.41

The market capitalization of GERI as of 12 May 2011 based on the closing price at P1.96 per share of GERI's shares at that date, was approximately P16.366 billion.

(2) Holders

The number of shareholders of record as of 23 May 2011 was approximately 4,686.

TOP 20 STOCKHOLDERS AS OF RECORD DATE 23 MAY 2011

No.	Stockholder	No. of Shares	% of Ownership
1	Alliance Global Group, Inc.	5,000,000,000	59.88%
2	Fil-Estate Management, Inc.	1,514,035,829	18.14%
3	PCD Nominee Corporation (Filipino)	1,275,990,679	15.28%
4	PCD Nominee Corporation (Foreign)	425,073,005	5.10%
5	Dynaland Properties & Developers, Inc.	11,700,000	0.14%
6	CAP Pension Trust Fund	9,263,280	0.11%
7	Greenfield Development Corporation	8,640,000	0.10%
8	John T. Lao	7,035,100	0.08%
9	Lucio W. Yan	5,755,000	0.07%
10	Southern Heights Land Dev't. Corporation	4,219,815	0.05%
11	Romeo G. Roxas	3,716,000	0.04%
12	Avesco Marketing	3,512,106	0.04%
13	RBL Fishing Corporation	2,924,998	0.04%
14	Wilbur Chan	2,611,825	0.03%
15	Buenafortuna, Incorporated	2,262,992	0.03%
16	Jennifer C. Lee or Josephine C. Lim	2,000,000	0.02%
17	Federal Homes, Inc.	1,939,860	0.02%
18	Philippine Veterans Bank Fao: Comprehensive Annuity Plans And Pension Corp. TA#0245	1,837,428	0.02%
19	Fritz L. Dy	1,813,500	0.02%
20	Robert John L. Sobrepeña	1,617,485	0.02%

(3) Dividends

The retained earnings account as of 30 September 2010 is restricted from being declared as dividends to the extent of the undistributed net earnings of subsidiaries, associates and joint ventures amounting to P4.1 billion in 2010 and P4.2 billion in 2009. No declaration of cash dividends was made in the last four (4) years.

(4) Recent Sale of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

On March 29, 2011, the Securities and Exchange Commission (Commission) approved the Corporation's application for increase in the capital stock of the Corporation from P5 billion to P10

billion. The entire increase of 5 billion shares was subscribed by Alliance Global Group, Inc. at P1.00 per share for a total subscription price of P5 billion payable in cash. On the basis of the approval of the subscription by the Commission, the Corporation subsequently issued 5 billion new common shares to Alliance Global Group, Inc.

There were no underwriters to whom the securities were sold and no commissions paid relating to the transaction.

Other than the above securities issued to Alliance Global Group, Inc., during the last three (3) years up to the period ending April 30, 2011, the Corporation did not sell any other securities which were not registered under the Code. During the same period, the Corporation did not sell any reacquired securities nor issued securities in exchange for property, services or other securities or new securities resulting from the modification of outstanding securities

Discussion on Compliance with Leading Practice on Corporate Governance

The Corporation had adopted the Self-Rating System on Corporate Governance being implemented by the Securities and Exchange Commission through SEC Memorandum Circular No. 5, Series of 2003 to assess compliance with leading practices on corporate governance. The Compliance Officer meets with the directors and top-level management from time to time to evaluate compliance with the Corporation's Manual on Corporate Governance.

In order to comply fully with the adopted leading practice on good corporate governance, the Compliance Officer is present at all meetings of the Board of Directors and closely coordinates with the Chairman and the President to ensure full compliance with the adopted leading practices on good corporate governance. The Compliance Officer furnishes the Board of Directors and top-level management with copies of new rules, regulations, circulars and orders of the Securities and Exchange Commission and the Philippine Stock Exchange to continuously update its Directors and top-level management with new requirements for compliance with leading practices on corporate governance. In addition, the Compliance Officer requires and encourages its Directors and top-level management to attend seminars on good corporate governance.

There are no material deviations to date from the Corporation's Manual of Corporate Governance. The Board has no immediate plans to adopt new policies for corporate governance.

Undertaking to Provide Annual Report

The Corporation undertakes to provide each stockholder without charge a copy of its Annual Report on SEC Form 17-A upon written request addressed to either of:

Mr. Roberto S. Roco
Corporate Information Officer
5th Floor Renaissance Tower
Meralco Ave., Pasig City

Banco de Oro Unibank, Inc.
Stock Transfer Department
Makati Ave. Cor. H.V. dela Costa St.
Makati City