



August 15, 2011

PHILIPPINE STOCK EXCHANGE

Listing and Disclosure Department
Exchange Road, Ortigas Center, Pasig City

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

Subject: Vista Land & Lifescapes, Inc.: **SEC 17Q- June 30, 2011**

Gentlemen:

Please find SEC Form 17Q for the three months ended June 30, 2011 filed with the Securities and Exchange Commission today.

Very truly yours,

A handwritten signature in black ink, appearing to read 'BNE', with a horizontal line extending to the right.

BRIAN N. EDANG
Officer-in-Charge

COVER SHEET

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S.E.C. Registration Number										

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(Company's Full Name)

L	A	S		P	I	N	A	S		B	U	S	I	N	E	S	S		C	E	N	T	E	R
N	A	T	I	O	N	A	L		R	O	A	D	,		T	A	L	O	N	,		L	A	S
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(Business Address : No. Street/City/Province)

Brian N. Edang
Contact Person

584-5730 loc 108
Company Telephone Number

1 2	3 1
<i>Month</i>	<i>Day</i>
Calendar Year	

17-Q
FORM TYPE

0 6	1 5
<i>Month</i>	<i>Day</i>
Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number									

_____ LCU

Document I.D.									

_____ Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **June 30, 2011**

2. SEC Identification Number **CS-200703145**

3. BIR Tax Identification No. **006-652-678**

4. **Vista Land & Lifescapes, Inc.**

Exact name of the registrant as specified in its charter

5. **Metro Manila, Philippines**

Province, country or other jurisdiction of incorporation

6. Industry Classification Code (SEC Use Only)

7. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City**

Address of Principal Office

1746
Postal Code

8. **(632)-8065758**

Registrant's telephone number, including area code

9. **N/A**

Former name, former address and former fiscal year, if change since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of common stock outstanding
Common stock (as of 06/30/2011)	8,536,378,614 (net of 2,362,000 Treasury Shares)

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

Yes No

12. Check whether the registrant:

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

Yes No

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

Yes No

TABLE OF CONTENTS

PART I - FINANCIAL STATEMENTS

Item 1. Financial Statements

- Consolidated Statements of Financial Position as of June 30, 2011 and December 31, 2010
- Consolidated Statements of Comprehensive Income for the six months ended June 30, 2011 and 2010
- Consolidated Statement of Changes in Equity for the six months ended June 30, 2011 and 2010
- Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010
- Notes to Consolidated Financial Statements

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

- 1st Semester of 2011 vs. 1st Semester of 2010
- Top Five (5) Key Performance Indicators
- Material Changes (5% or more)- Statement of Financial Position
- Material Changes (5% or more)- Statement of Comprehensive Income
- Financial Condition
- Commitments and Contingencies

PART II-OTHER INFORMATION

Item 3. 1st Semester of 2011 Developments

Item 4. Other Notes to 1st Semester of 2011 Operations and Financials



Vista Land & Lifescapes, Inc.
 Consolidated Statements of Financial Position
 As of June 30, 2011 and December 31, 2010
 (In Million Pesos)

	Unaudited 6/30/2011	Audited 12/31/2010
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 12)	2,052	3,482
Short-term cash investments (Notes 5 and 12)	1,616	1,659
Receivables – net (Notes 6 and 12)	10,063	10,820
Real estate inventories (Note 7)	12,121	12,499
Other assets	1,003	817
Total Current Assets	26,855	29,277
Noncurrent Assets		
Long-term cash investments (Notes 5 and 12)	4,978	1,754
Receivables - net (Notes 6 and 12)	11,118	8,253
Available for sale - financial assets (Notes 5 and 12)	41	41
Land for future development (Note 7)	19,169	18,042
Investment in an associate	696	696
Property and equipment	169	119
Interests in joint ventures (Note 8)	1,860	1,888
Deferred tax assets	24	27
Other assets	314	384
Total Noncurrent Assets	38,369	31,204
Total Assets	65,224	60,481
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts and other payables (Notes 10 and 12)	4,625	4,710
Customers' advances and deposits	3,933	3,096
Payable to related parties (Note 12)	297	386
Income tax payable	46	63
Bank loans (Notes 9 and 12)	1,393	399
Loans payable (Notes 9 and 12)	593	696
Liabilities for purchased land (Note 12)	690	988
Total Current Liabilities	11,577	10,338
Noncurrent Liabilities		
Bank loans (Notes 9 and 12)	1,752	2,318
Loans payable (Notes 9 and 12)	1,800	2,794
Liabilities for purchased land (Note 12)	329	124
Notes payable (Notes 11 and 12)	7,559	4,258
Pension liabilities	161	161
Deferred tax liabilities	2,435	2,311
Total Noncurrent Liabilities	14,036	11,966
Total Liabilities	25,613	22,304
Stockholders' Equity		
Capital stock (Note 13)	8,539	8,539
Additional paid in capital	19,329	19,329
Retained earnings	11,750	10,309
Treasury shares	(7)	–
Total Stockholders' Equity	39,611	38,177
Total Liabilities & Stockholders' Equity	65,224	60,481



Vista Land & Lifescapes, Inc.
 Consolidated Statements of Comprehensive Income
 For the six months ended June 30, 2011 and 2010
 (In Million Pesos)

	Unaudited Apr-June Q2-2011	Unaudited Jan-June 2011	Unaudited Apr-June Q2-2010	Unaudited Jan-June 2010
REVENUE AND OTHER INCOME				
Real estate	3,335	6,616	2,806	5,490
Unrealized foreign exchange gains (loss)	(9)	1	(28)	(19)
Interest income	159	343	159	355
Equity in net income of an associate	1	–	–	–
Miscellaneous - net	172	259	177	235
Total Revenue	3,658	7,219	3,114	6,061
Loss on settlement	–	–	(112)	(112)
	3,658	7,219	3,002	5,949
COST AND EXPENSES				
Real estate	1,671	3,328	1,445	2,822
Operating expenses	800	1,538	590	1,177
Interest and financing charges	196	368	178	309
	2,667	5,234	2,213	4,308
INCOME BEFORE INCOME TAX	991	1,985	789	1,641
PROVISION FOR INCOME TAX	120	241	43	201
NET INCOME	871	1,744	746	1,440
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME	871	1,744	746	1,440
Net income attributable to:				
Equity holders of Vista Land & Lifescapes, Inc.	871	1,744	746	1,440
Minority interest	–	–	–	–
	871	1,744	746	1,440
Total comprehensive income attributable to:				
Equity holders of Vista Land & Lifescapes, Inc.	871	1,744	746	1,440
Minority interest	–	–	–	–
	871	1,744	746	1,440
Weighted average common shares	8,539	8,539	8,539	8,539
Basic/Diluted earnings per share	Php0.10	Php0.20	Php0.09	Php0.17



Vista Land & Lifescapes, Inc.
 Consolidated Statements of Changes in Equity
 For the six months ended June 30, 2011 and 2010
 (In Million Pesos)

	<u>Unaudited</u> <u>6/30/2011</u>	<u>Unaudited</u> <u>6/30/2010</u>
CAPITAL STOCK		
Common – P1 par value		
Authorized – 4,000,000 shares in February 28, 2007		
12,000,000,000 shares in May 23, 2007 and		
11,000,000,000 shares in November 24, 2010		
Issued – 1,000,000 shares as of February 28, 2007		
and 8,538,740,614 shares as of June 30, 2011	8,539	8,539
Preferred – P0.10 par value		
Authorized – P10,000,000,000 shares in November 24, 2010	–	–
Balance at end of period	8,539	8,539
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	19,329	19,329
Charges	–	–
Balance at end of period	19,329	19,329
RETAINED EARNINGS		
Balance at beginning of period	10,309	7,757
Dividends	(303)	–
Net income	1,744	1,440
Balance at end of period	11,750	9,197
TREASURY SHARES (Note 13)	(7)	–
	39,611	36,065



Vista Land & Lifescapes, Inc.
 Consolidated Statements of Cash Flows
 For the six months ended June 30, 2011 and 2010
 (In Million Pesos)

	Unaudited Apr-Jun Q2-2011	Unaudited Jan-Jun 2011	Unaudited Apr-Jun Q2-2010	Unaudited Jan-Jun 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	991	1,985	789	1,641
Adjustments for:				
Interest expense	196	368	178	309
Depreciation and amortization	18	36	25	47
Unrealized foreign exchange gains (loss)	9	(1)	28	19
Interest income	(159)	(343)	(159)	(355)
Loss on settlement	-	-	112	112
Operating income before changes in operating assets and liabilities	1,055	2,045	973	1,773
<i>Decrease (increase) in:</i>				
Receivables	(1,188)	(2,125)	554	(979)
Real estate inventories	199	378	(3,827)	311
Other current assets	(41)	(186)	482	292
<i>Increase(decrease) in:</i>				
Accounts and other payables	(72)	(92)	789	412
Customers' advances and deposits	(124)	837	(548)	(288)
Liabilities for purchased land	(59)	(93)	9	(149)
Pension liability	(14)	-	(12)	(4)
Cash provided by (used in) operations	(244)	764	(1,580)	1,368
Interest received	129	313	126	322
Interest paid	(111)	(278)	(180)	(304)
Income taxes paid	(50)	(131)	(261)	(261)
Net cash provided by (used in) operating activities	(276)	668	(1,895)	1,125
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in short-term and long-term cash investments	(2,995)	(2,953)	74	71
Decrease (increase) in land for future development	(738)	(1,127)	2,206	(1,535)
Acquisition of property and equipments	(25)	(67)	(2)	(28)
Decrease (increase) in other noncurrent assets	67	51	(241)	(38)
Net (contribution) collection from joint venture partners	(58)	28	(45)	(45)
Decrease (increase) in investment in associate	(1)	-	-	-
Net cash provided by (used in) investing activities	(3,750)	(4,068)	1,992	(1,575)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from note issuance	3,175	3,175	-	-
Payments of bank loans and loans payable	(110)	(813)	(483)	(483)
Payment of dividends declared	(296)	(296)	-	-
Increase (decrease) in payable to related parties	(6)	(89)	80	41
Acquisition of treasury shares	(7)	(7)	-	-
Settlement of long-term notes	-	-	(506)	(554)
Net cash provided by (used in) financing activities	2,756	1,970	(909)	(996)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,270)	(1,430)	(812)	(1,446)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,322	3,482	2,377	3,011
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,052	2,052	1,565	1,565

Vista Land & Lifescapes, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address and principal place of business is at 3rd Level Starmall Las Piñas, C.V. Starr Avenue, Pamplona, Las Piñas City.

The Parent Company is the holding company of the Vista Group (the Group) which is comprised of the following domestic subsidiaries:

- 1) Camella Homes, Inc. (CHI) and Subsidiaries;
- 2) Brittany Corporation (Brittany);
- 3) Crown Asia Properties, Inc. (CAPI);
- 4) Communities Philippines, Inc. (CPI) and Subsidiaries; and
- 5) Vista Residences, Inc. (VRI)

The Group is engaged mainly in the development of residential subdivisions and construction of housing and condominium units. The Group offers a range of products from socialized and affordable housing to middle income and high-end subdivision house and lots and condominium projects.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱).

Statement of Compliance

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

Basis of Consolidation

Basis of consolidation from January 1, 2010

The consolidated financial statements comprise the financial statements of the Group as at June 30, 2011 and December 31, 2010 and for the six months ended June 30, 2011 and 2010.

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

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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

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

Basis of consolidation prior to January 1, 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to January 1, 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized in goodwill.
- Losses incurred by the Group were attributed to non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless non-controlling interest had a binding obligation to cover these. Losses prior to January 1, 2010 were not reallocated between non-controlling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at January 1, 2010 has not been restated.

The consolidated financial statements include the financial statements of the Parent Company and the following wholly owned domestic subsidiaries:

	Percentages equity interest		
	30-Jun-2011	31-Dec-2010	31-Dec-2009
Brittany	100.00%	100.00%	100.00%
CAPI	100.00	100.00	100.00
CHI	100.00	100.00	100.00
Household Development Corp.	100.00	100.00	100.00
Mandalay Resources Corp.	100.00	100.00	100.00
C&P International Limited	100.00	100.00	100.00
CPI	100.00	100.00	100.00
Communities Bulacan, Inc.	100.00	100.00	100.00
Communities Cagayan, Inc.	100.00	100.00	100.00
Communities Cebu, Inc.	100.00	100.00	100.00
Communities Davao, Inc.	100.00	100.00	100.00
Communities General Santos, Inc.	100.00	100.00	100.00
Communities Iloilo, Inc.	100.00	100.00	100.00
Communities Isabela, Inc.	100.00	100.00	100.00

Communities Leyte, Inc.	100.00	100.00	100.00
Communities Naga, Inc.	100.00	100.00	100.00
Communities Negros Occidental, Inc.	100.00	100.00	100.00
Communities Pampanga, Inc.	100.00	100.00	100.00
Communities Pangasinan, Inc.	100.00	100.00	100.00
Communities Tarlac, Inc.	100.00	100.00	100.00
Communities Zamboanga, Inc.*	100.00	100.00	—
Communities Ilocos, Inc.*	100.00	100.00	—
VRI	100.00	100.00	100.00

*incorporated in 2010

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the adoption of the following new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2010. Except as otherwise stated, the adoption of the new and amended Standards and Interpretations did not have any impact on the consolidated financial statements.

- PFRS 2, *Share-based Payment (Amendment) - Group Cash-settled Share-based Payment Transactions*
The amendment to PFRS 2 clarified the scope and the accounting for group cash-settled share-based payment transactions.
- PFRS 3 (Revised), *Business Combinations, and PAS 27, Consolidated and Separate Financial Statements (Amendment)*
PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.
- PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss.

Furthermore, the Amendment changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by PFRS 3 (Revised) and PAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after January 1, 2010.

- PAS 39, *Financial Instruments: Recognition and Measurement (Amendment) - Eligible Hedged Items*
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. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the Amendment will have no impact on its financial position or performance as it has not entered into any such hedges.
- Philippine Interpretation IFRIC 17, *Distribution of Non-cash Assets to Owners*
This Philippine Interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

Improvements to PFRS

Improvements to PFRS, an omnibus of amendments to standards, deal primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

Improvements to PFRSs 2008

- PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of noncurrent assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such noncurrent assets or discontinued operations.

Improvements to PFRSs 2009

- PFRS 2, Share-based Payment: the Amendment clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3.
- PFRS 8, Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- PAS 1, Presentation of Financial Statements: the Amendment clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.
- PAS 7, Statement of Cash Flows: states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities.
- PAS 17, Leases: the Amendment now requires that leases of land are classified as either 'finance' or 'operating' in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.
- PAS 36, Impairment of Assets: the Amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.
- PAS 38, Intangible Assets: the Amendment clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. It also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.
- PAS 39, Financial Instruments: Recognition and Measurement: the Amendment clarifies the following:
 - i. that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.

- ii. that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken.
 - iii. that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.
- Philippine Interpretation IFRIC 9, Reassessment of Embedded Derivatives: the Amendment clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.
 - Philippine Interpretation IFRIC 16, Hedge of a Net Investment in a Foreign Operation: the Amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

Future Changes in Accounting Policies

The Group will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on the consolidated financial statements.

Effective 2011

- PAS 24 (Amended), *Related Party Disclosures*
The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.
- PAS 32 (Amendment), *Financial Instruments: Presentation - Classification of Rights Issues*
The amendment to PAS 32 is effective for annual periods beginning on or after February 1, 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.
- Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*
The Amendment to Philippine Interpretation IFRIC 14 is effective for annual periods beginning on or after January 1, 2011, with retrospective application. The Amendment provides guidance on assessing the recoverable amount of a net pension asset and permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
This Philippine Interpretation is effective for annual periods beginning on or after July 1, 2010. The Philippine Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

Improvements to PFRS 2010

The omnibus amendments to PFRSs issued in May 2010 were issued primarily with a view to removing inconsistencies and clarifying wordings. The amendments are effective for annual periods beginning January 1, 2011, except as otherwise stated. The Group has not yet adopted the following amendments and anticipates that these changes will have no material effects on the consolidated financial statements.

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

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

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

- PFRS 7, *Financial Instruments: Disclosures*
This Amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendments to quantitative and credit risk disclosures are as follows:
 - a. Clarify those only financial assets whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
 - b. Requires, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).

- c. Remove disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
 - d. Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
 - e. Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.
- PAS 1, *Presentation of Financial Statements*
This Amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
 - PAS 27, *Consolidated and Separate Financial Statements*
This Amendment clarifies that the consequential amendments from PAS 27 made to PAS 21, The Effect of Changes in Foreign Exchange Rates, PAS 28, Investments in Associates and PAS 31, Interests in Joint Ventures apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier.
 - Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
This Amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Effective 2012

- Philippine Interpretation IFRIC 15, *Agreement for the Construction of Real Estate*
This Philippine Interpretation, effective for annual periods beginning on or after January 1, 2012, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The 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.

The adoption of this Philippine Interpretation may significantly affect the determination of the revenue and the corresponding costs, and the related real estate trade receivables, customers' deposits, inventories, deferred tax liabilities and retained earnings accounts. The adoption of this Philippine Interpretation will be accounted for retrospectively, and will result to restatement of prior period financial statements. The Group is in the process of quantifying the impact of adoption of this Philippine Interpretation when it becomes effective in 2012.

- PAS 12 (Amendment), *Income Taxes - Deferred Tax: Recovery of Underlying Assets*
The amendment to PAS 12 is effective for annual periods beginning on or after January 1, 2012. It provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will normally be through sale.

- PFRS 7 (Amendments), *Financial Instruments: Disclosures - Disclosures - Transfers of Financial Assets*

The amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2011. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Effective 2013

- PFRS 9, *Financial Instruments: Classification and Measurement*
PFRS 9, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The Standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, hedge accounting and derecognition will be addressed. The completion of this project is expected in second quarter of 2011. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

3. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has two reportable operating segments as shown below:

- *Horizontal Projects*
The housing market segment of the Group caters on the development and selling of residential lots and units, and affordable housing units and lots.
- *Vertical Projects*
This segment caters the development and selling of residential high-rise condominium projects across the Philippines. Vertical home projects involve dealing with longer gestation periods and requirements that are different from those of horizontal homes.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment income or loss before income tax. Segment income or loss before income tax is based on the same accounting policies as consolidated income or loss. The Group has no intersegment revenues. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess the performance of the Group.

The financial information about the operations of these operating segments for the six-month period ended June 30, 2011 is summarized below (amounts in millions):

	Horizontal	Vertical	Total
Real estate revenue	₱5,926	₱690	₱6,616
Cost and operating expenses	4,299	567	4,866
Segment income before income tax	1,627	123	1,750
Interest income	338	5	343
Miscellaneous income	249	10	259
Interest and other financing charges	(311)	(57)	(368)
Unrealized foreign exchange gain	1	—	1
Income before income tax	1,904	81	1,985
Provision for income tax	232	9	241
Net income	₱1,672	₱72	₱1,744

The financial information about the segment assets and liabilities of these operating segments as of June 30, 2011 is summarized below (amounts in millions):

	Horizontal	Vertical	Total
Other Information			
Segment assets	₱57,525	₱6,938	₱64,463
AFS financial assets	41	—	41
Investment in an associate	696	—	696
Deferred tax assets	24	—	24
Total Assets	₱52,286	₱6,938	₱65,224
Segment liabilities	₱19,947	₱2,934	₱22,881
Payable to related parties	(1,956)	2,253	297
Deferred tax liabilities	2,252	183	2,435
Total Liabilities	₱20,243	₱5,370	₱25,613

The Group has no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

4. Cash and Cash Equivalents

This account consists of:

Cash on hand and in banks	2,003
Cash equivalents	49
	2,052

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to six months depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rates.

5. Investments

Short-term cash investments

Short-term cash investments consist of money market placements with maturities of more than six months up to one year and earn interest ranging from 0.75% to 6.50% in 2011 and 2010.

Long-term cash investments

Long-term cash investments consist of money market placements made for varying periods of more than one (1) year. These investments earn interest ranging from 1.75% to 4.00% in 2011 and 2010. The investment is used as collateral to secure the bank loans of the Parent Company.

Available-for-sale financial assets

This account pertains to unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects and other operations. These are carried at cost less impairment, if any.

6. **Receivables**

This account consists of:

Installment Contracts Receivables:	
Short –term	9,501
Long-term	8,353
	<hr/>
	17,854
Receivables from Contractors suppliers, brokers and others	
	<hr/>
	3,467
	21,321
Less: allowance for impairment losses	140
	<hr/>
Total Receivables, net	21,181
Less: current portion	10,063
	<hr/>
	11,118
	<hr/>

Installment contracts receivable

Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of fifteen years. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivable are interest-bearing except for those that are with installment schemes within two years. Interest rates on installment contracts receivables range from 16.00% and 19.00% in 2011 and 2010.

Receivable from contractors

Receivable from contractors are recouped every progress billing payment date depending on the percentage of accomplishment.

Receivable from buyers

Receivables from buyers pertain to sale of real estate units owned by joint venture partners that were sold by the Group by virtue of a marketing agreement between the Group and the joint venture partners. These sales do not form part of the Group's revenue and collections from buyers are remitted to the joint venture partners net of any marketing fees agreed by the parties.

Receivable from brokers

Receivable from brokers are recouped every progress billing depending on the collection milestone and submission of necessary buyer's documents.

Receivable from employees

Receivable from employees pertains to cash advances for retitling costs, taxes and other site related expenses.

Others

Other receivables consist mainly of receivables from various individuals and private entities and other nontrade receivables. These are due and demandable.

The following presents the breakdown of installment contracts receivable and receivables from contractors, suppliers, brokers and others by maturity dates:

Due within 1 yr	
Installment receivable	9,501
Receivables from contractors suppliers, brokers and others	562
	<hr/>
	10,063
Due over 1 yr	
Installment receivable	8,353
Receivables from contractors suppliers, brokers and others	2,905
	<hr/>
	11,258
	<hr/>
Total Receivables, gross	21,321

7. Real Estate Inventories and Land for Future Development

These accounts consist of:

Subdivision land available for sale	13,133
Less: reserve for land development	5,358
	<hr/>
	7,775
Residential house and condominium units for sale and development	4,346
	<hr/>
Total subdivision land and residential units for sale and developments	12,121
Land for future development	19,169
	<hr/>
Total	31,290

Subdivision land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines.

8. Interests in Joint Ventures

Interests in joint ventures pertain to deposits, cash advances and other charges in connection with the land development agreement (LDA) entered into by the Group with individuals, corporate entities and certain related parties for the development of real estate projects. The LDA provides, among others, the following: a) the Group will undertake the improvement, subdivision and development of the real estate project within a certain periods as prescribed by the LDA, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory of the real estate project in accordance with the ratio mutually agreed.

9. Bank Loans and Loans Payable

Bank loans

Bank loans pertain to the borrowings of the Group from various local financial institutions. Further analysis is provided below:

Parent company	2,834
Subsidiaries	2,704
	<hr/>
	5,538
Less current portion	1,986
	<hr/>
Total	3,552

The Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱270.00 million which bears fixed interest rate of 7.50% and will mature on November 18, 2010. The loan is secured by a real estate mortgage over certain properties of CAPI with a book value amounting to ₱450.0 million. On November 18, 2010, the Parent Company renewed the term loan with the local bank for another year with interest at 6.50%.

On July 30, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱207.34 million which bear fixed interest rate of 8.39% and will mature on July 30, 2013. The loan is secured by real estate mortgage of certain properties of Brittany and CAPI with a book value amounting to ₱296.00 million.

On November 2, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱199.23 million which bear fixed interest rate of 7.83% and will mature on October 31, 2013. The loan is secured by real estate mortgage of certain properties of Brittany and CAPI with a book value amounting to ₱284.61 million.

On December 9, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱1,600.00 million which bear fixed interest rate of 6.50% and will mature on December 6, 2015. The loan is secured by a hold-out on the US dollar deposits amounting to US\$40.00 million.

On June 16, 2011 and June 27, 2011, the Parent Company obtained a peso-denominated bank loans from a local bank amounting to ₱300.00 million each which bear fixed interest rate of 5.50% and will mature on July 18, 2011 and June 15, 2012, respectively. The loans are secured by a hold-out on the US dollar deposits amounting to US\$73.5 million.

The bank loans of the Parent Company and certain subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of June 30, 2011 and December 31, 2010.

Loans Payable

Loans payable pertain to sold "Installment contracts receivable" of Subsidiaries. These loans bear fixed interest rates ranging from 9.50% to 13.00% in 2011 and 2010, payable on equal monthly installments over a maximum period of 3 to 15 years depending on the terms of the installment contracts receivables.

10. Accounts and Other Payables

This account consists of:

Accounts payable	1,888
Accrued expenses	899
Retention payable	764
Commission payable	335
Deferred VAT payable	510
Others	229
Total	4,625

Accounts payable, accrued expenses, retention payable and commissions payable are noninterest-bearing and are expected to be settled within a year after the reporting date.

Accrued expenses consist mainly of accruals for project cost estimate, interest, light and power, marketing costs, professional fees, postal and communication, supplies, repairs and maintenance, transportation and travel, security, and insurance.

Retentions payable pertains to 10% retention from the contractors' progress billings which will be later released after the completion of contractors' project. The 10% retention serves as a security from the contractor should there be defects in the project.

Commissions payable pertain to fees paid to brokers for services rendered.

Others include amounts pertaining to dividends payable, and other non-trade liabilities.

11. Notes Payable

On May 6, 2011, the Company re-opened its 8.25% five-year Senior Unsecured Notes for an additional US\$75 million. This additional issuance was consolidated and form a single series with the US\$100 million note issued last 2010 and will have the same provisions as that of the previously issued notes as discussed below.

On September 30, 2010, the Parent Company issued US\$100.00 million notes (the Notes) with a term of five years from the issue date. The interest rate is 8.25% per annum payable semi-annually in arrears on March 30 and September 30 of each year commencing on March 30, 2011. The Notes are unconditionally and irrevocably guaranteed by the subsidiaries of the Parent Company. Other pertinent provisions of the Notes follow:

Redemption at the option of noteholders

The Parent Company will, at the option of any noteholder, redeem such Note on September 30, 2013 at its principal amount.

Redemption at the option of the issuer

At any time prior to September 30, 2013, the Parent Company may redeem up to 35% of the aggregate principal amount of the Notes originally issued at a redemption price equal to 108.25% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption with the net cash proceeds of an equity offering; provided that: (i) at least 65% of the aggregate principal amount of Notes originally issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 60 days of the date of the closing of such equity offering.

Covenants

The Notes provide for the Parent Company and Subsidiaries to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. These covenants were complied with by the Group as of June 30, 2011 and December 31, 2010.

12. Financial Assets and Liabilities

The following table sets forth the carrying values and fair values of the Group's financial assets and liabilities recognized as of June 30, 2011 and December 31, 2010 (in million pesos):

	Jun 30, 2011		Dec 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Loans and receivable				
Cash and cash equivalents	₱2,052	₱2,052	₱3,482	₱3,482
Short-term cash investments	1,616	1,616	1,659	1,659
Installment contract receivables	17,854	20,324	16,041	18,261
Other receivables	1,619	1,619	1,516	1,516
Long-term cash investments	4,978	5,776	1,754	2,035
	28,119	31,387	24,452	26,953
AFS financial assets	41	41	41	41
Total Financial Assets	₱28,160	₱31,428	₱24,493	₱26,994
Financial Liabilities				
Other financial liabilities				
Bank loans	₱3,145	₱3,112	₱2,717	₱2,689
Loans payable	2,393	2,260	3,490	3,297
Liabilities for purchased land	1,019	998	1,112	1,089
Accounts and other payables	4,131	4,131	4,174	4,174
Payable to related parties	297	297	386	386
Notes payable	7,559	9,166	4,258	5,163
Total Financial Liabilities	₱18,544	₱19,964	₱16,137	₱16,798

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents and short-term cash investments: Due to the short-term nature of the account, the fair value of cash and cash equivalents and short-term cash investments approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivables: Estimated fair value of installment contracts receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 2.50% to 8.15% in 2011 and 2010.

Other receivables: due to the short-term nature of the account, the fair value of other receivables approximates the carrying amounts.

Long-term cash investments: The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rate used ranges from 1.30% to 4.96% in 2011 and 2010.

Payable to related parties: due to the short-term nature of the account, carrying amounts approximate their fair values.

AFS financial assets: for AFS investment in unquoted equity securities, these are carried and presented at cost since fair value is not reasonably determine due to the unpredictable nature of future cash flows and without any other suitable methods of arriving at a reliable fair value.

The AFS financial assets carried at cost are preferred shares of a utility company issued to the Group as a consequence of its subscription to the electricity services of the said utility company needed for the Group's residential units. The said preferred shares have no active market and the Group does not intend to dispose these because these are directly related to the continuity of its business.

Accounts and other payables: fair values of accounts and other payables approximate their carrying amounts in the consolidated statement of financial position due to the short-term nature of the transactions.

Bank loans, loans payable, notes payable, liabilities for purchased land and LTNs: estimated fair values of bank loans, liabilities for purchased land and LTNs are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 6.50% to 15.50% in 2011 and 2010 using the remaining terms to maturity.

The Group uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no financial instruments measured at fair value as of June 30, 2011 and December 31, 2010.

Financial Risk Management Objectives and Policies

Financial Risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables, liabilities for purchased land and long term notes payable. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivables, cash and cash equivalents and short-term and long-term cash investments, which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk

The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into a mixed of fixed and floating rate debts. The Group's interest rate on US dollar denominated Notes has been fixed over a 5-year period. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing (in million pesos except for the effective interest rate):

	Jun 30, 2011		Dec 31, 2010	
	Effective Interest Rate	Amount	Effective Interest Rate	Amount
Financial Assets				
<i>Fixed Rate</i>				
Cash and cash equivalents (excluding cash on hand)	1.60% - 4.06%	₱2,039	1.60% - 4.06%	₱3,471
Short-term cash investments	0.75% - 6.50%	1,616	0.75% - 6.50%	1,659
Long-term cash investments	1.75% to 4.0%	4,978	1.75% to 4.0%	1,754
Installment contracts receivable	7.50% - 19.0%	17,854	7.50% - 19.0%	16,041
Total		₱26,487		₱22,925
Financial Liabilities				
<i>Fixed rate</i>				
Notes payable	8.25%	₱7,559	8.25%	₱4,258
Bank loans	9.50% to 12.0%	3,145	9.50% to 12.0%	2,717
Loans payable	9.50% to 13.0%	2,393	9.50% to 13.0%	3,490
Liabilities for purchased land	8.25%	35	8.25%	39
Total		₱13,132		₱10,504

Foreign exchange risk

The Group's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). Approximately 19.40% of the debt of the Group as of June 30, 2011 and December 31, 2010 are denominated in USD. The Group's foreign currency-denominated debt comprises of the Bonds in 2011 and 2010. Below are the carrying values and the amounts in US\$ of these foreign currency denominated financial assets and liabilities (in million).

	Jun 30, 2011		Dec 31, 2010	
	Peso	US\$	Peso	US\$
Cash and cash equivalents	2	—	229	5
Short-term cash investments	1,600	37	1,534	35
Long-term cash investments	4,978	114	1,754	40
Notes payable	7,559	174	4,258	97

In translating the foreign currency-denominated monetary assets in peso amounts, the exchange rates used were P43.49 to US\$1.00 and P43.84 to US\$1.00, the Philippine Peso – US Dollar exchange rates as of June 30, 2011 and December 31, 2010, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate until its next quarterly reporting date, with all other variables held constant, of the Group's 2011 profit before tax (due to changes in the fair value of monetary assets and liabilities) as of June 30, 2011.

	Increase/decrease in US Dollar rate	Effect on profit before tax (in million)
Cash and cash equivalents	+1	₱ -
	-1	-
Short-term cash investments	+1	37
	-1	(37)
Long-term cash investments	+1	114
	-1	(114)
Note payable	+1	(174)
	-1	174

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the current observable market environment, showing no material movements as in prior years.

There are no items affecting equity except for those impacting profit or loss.

Credit Risk

The Group transacts only with recognized and creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash and cash equivalents, short-term and long-term cash investments and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years. The Group's investments in AFS are incidental to its housing projects and are considered by the Group to be of high quality because these are investments with the biggest electric utility company in the country.

Liquidity Risk

The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2011 and 2010.

13. Equity

Capital Stock

The details of the Parent Company's capital stock follow:

	<u>June 30</u>	<u>December 31</u>	
	<u>2011</u>	2010	2009
<u>Common</u>			
Authorized shares	11,000,000,000	11,000,000,000	12,000,000,000
Par value per share	₱1.00	₱1.00	₱1.00
Issued shares	8,538,740,614	8,538,740,614	8,538,740,614
Treasury shares	2,362,000	–	–
<u>Preferred</u>			
Authorized shares	10,000,000,000	10,000,000,000	–
Par value per share	₱0.10	₱0.10	–
Issued shares	–	–	–

On August 13, 2010, the BOD approved the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share into 10.0 billion new preferred shares with a par value of ₱0.10 per share and the amendment of the Parent Company's Articles of Incorporation to reflect the reclassification of the unissued common shares into new preferred shares. On September 27, 2010, the Parent Company's stockholders ratified the reclassification.

On November 24, 2010, the SEC approved the amendments to the Parent Company's Articles of Incorporation embodying the reclassification of the unissued common shares to new preferred shares.

The new preferred shares are voting, cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10% per annum.

Treasury Shares

On June 15, 2011, the BOD of the Parent Company approved the buyback of its shares up to the extent of the total purchase price of ₱1.50 billion pesos subject to the prevailing market price at the time of buyback over the next 24 months but subject to periodic review by the management.

As of June 30, 2011, the Parent Company has bought back from the market a total of 2,362,000 shares.

Retained Earnings

On May 17, 2011, the BOD approved the declaration and payment of special cash dividends from unrestricted retained earnings of the Parent Company amounting to ₱303.26 million or ₱0.035 per share payable to stockholders of record at the close of business on June 01, 2011. The said dividends were paid on June 28, 2011.

Capital Management

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

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

The following table shows the component of the Company's capital as of June 30, 2011 and December 31, 2010 (in million pesos).

	Jun 30, 2011	Dec 31, 2010
Total paid-up capital	27,868	27,868
Treasury shares	(7)	-
Retained earnings	11,750	10,309
	39,611	38,177

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering 1st Semester of 2011 vs. 1st Semester of 2010

Revenues

Real Estate

The Company recorded revenue from real estate sales of ₱6,616 million for the 1st Semester of 2011, an increase of 21% from ₱5,490 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly of that of Camella Homes and Communities Philippines during the 1st Semester of 2011 compared to the 1st Semester of 2010. The Company uses the percentage-of-completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue of Camella Homes increased by 48% to ₱2,232 million for the 1st Semester of 2011 from ₱1,507 million for the 1st Semester of 2010. This was primarily attributable to the increase in the overall completion rate of sold inventories in the 1st Semester of 2011 compared with 1st Semester of 2010. Camella Homes caters to the mid to low-end segment of the market.
- Communities Philippines posted real estate revenue of ₱2,307 million for the 1st Semester 2011, an increase of 22% from ₱1,893 million for the 1st Semester of 2010. This was primarily attributable to the increase in the overall completion rate of its sold inventories in the 1st Semester of 2011 compared to the 1st Semester of 2010. Communities Philippines is the business unit of Vista Land that offers residential properties outside the Mega Manila area.
- Real estate revenue of Crown Asia increased by 10% to ₱1,045 million for the 1st Semester 2011 from ₱949 million in the 1st Semester of 2010. This was primarily attributable to the increase in the overall completion rate of its sold inventories in the 1st Semester of 2011 compared to the 1st Semester of 2010. Crown Asia is Vista Land's business unit for the upper-middle income segment of the market
- Real estate revenue of Brittany decreased by 15% to ₱607 million for the 1st Semester 2011 from ₱718 million for the same period last year. This was primarily attributable to a lower incremental rate of completion of Brittany's sold inventories in the 1st Semester of 2011 compared with the 1st Semester of 2010. Brittany caters to the high-end segment of the market.
- Real estate revenue of Vista Residences decreased by ₱2 million to ₱425 million for the 1st Semester 2011 from ₱423 million for the same period last year. This segment caters the development and selling of vertical projects across the Philippines.

Unrealized foreign exchange gains

Unrealized foreign exchange gain of ₱1 million for the 1st Semester of 2011 was due to the appreciation of the reporting currency for the period.

Miscellaneous

Miscellaneous revenue increased by 10% million to ₱259 million for the 1st Semester of 2011 from ₱235 for the 1st Semester of 2010 due to forfeitures from cancellations during the period.

Costs and Expenses

Cost and expenses increased by 21% from ₱4,308 million for the 1st Semester of 2010 to ₱5,234 million in the 1st Semester of 2011. The 21% increase in the account was primarily attributable to the following:

- Cost of real estate sales increased by 18% from ₱2,822 million for the 1st Semester of 2010 to ₱3,328 million for the 1st Semester of 2011. This was primarily due to the increase in the overall recorded sales of Vista Land's business units.
- Operating expenses increased by 31% to ₱1,538 million for the 1st Semester of 2011 from ₱1,177 million for the 1st Semester of 2010. This was primarily due to the following:
 - an increase in commission expenses to ₱377 million for the 1st Semester of 2011 from ₱277 million for the 1st Semester of 2010 primarily due to increased real estate sales;
 - an increase in advertising and promotions to ₱395 million for the 1st Semester of 2011 from ₱311 million for the 1st Semester of 2010 resulting from marketing activities implemented during the period;
 - an increase in the repairs and maintenance from ₱82 million for the 1st Semester of 2010 to ₱137 million for the 1st Semester of 2011 resulting from increase in maintenance for the period.
- Interest and financing charges increased by 19% from ₱309 million for the 1st Semester of 2010 to ₱368 million for the 1st Semester of 2011 due to the increase in the interest from various interest bearing liabilities paid for the period.

Provision for Income Tax

Provision for income tax was ₱241 million for the 1st Semester of 2011 and ₱201 million in the 1st Semester of 2010, representing an increase of 20%. The increase was due primarily due to higher taxable income reported during the period.

Net Income

As a result of the foregoing, the Company's net income increased by 21% from ₱1,440 million for the 1st Semester of 2010 to ₱1,744 million for the 1st Semester of 2011.

For the 1st Semester of 2011, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. There are no significant elements of income or loss that arise from the Company's continuing operations.

Financial Condition as of June 30, 2011 vs. December 31, 2010

Total assets as of June 30, 2011 were ₱65,224 million compared to ₱60,481 million as of December 31, 2010, or an 8% increase. This was due to the following:

- Cash and cash equivalents including short-term and long-term cash investments increased by 25% from ₱6,895 million as of December 31, 2010 to ₱8,646 million as of June 30, 2011 primarily due the proceeds from the additional issuance of notes payable during the period.
- Receivables increased by 11% from ₱19,073 million as of December 31, 2010 to ₱21,181 million as of June 30, 2011 due to the revenue recognized for the period.
- Property and equipment increased by 42% from ₱119 million as of December 31, 2010 to ₱169 million as of June 30, 2011 due primarily to acquisitions for the period.
- Other assets increased by 10% from ₱1,201 million as of December 31, 2010 to ₱1,317 million as of June 30, 2011 due primarily to the increase in creditable withholding taxes, miscellaneous deposits and prepaid expenses.

Total liabilities as of June 30, 2011 were ₱25,613 million compared to ₱22,304 million as of December 31, 2010, or an increase of 15%. This was due to the net effect of the following:

- Customers' advances and deposits increased by 27% from ₱3,096 million as of December 31, 2010 to ₱3,933 million as of June 30, 2011 due to the collections from a higher sales take up recorded for the period.
- Due to related parties decreased by 23% from ₱386 million as of December 31, 2010 to ₱297 million as of June 30, 2011 due to settlements made during the period.
- Income tax payable decreased by 27% from ₱63 million as of December 31, 2010 to ₱46 million as of June 30, 2011 due to payments made during the period.
- Bank loans increased by 16% from ₱2,717 million as of December 31, 2010 to ₱3,145 million as of June 30, 2011 due to proceeds from bank loans for the period.
- Loans payable decreased by 31% from ₱3,490 million as of December 31, 2010 to ₱2,393 million as of June 30, 2011 due to payments made for the period.
- Notes payable increased by 78% from ₱4,258 million as of December 31, 2010 to ₱7,559 million as of June 30, 2011 due to additional issuance of notes during the period.
- Liabilities for purchased land decreased by 8% from ₱1,112 million as of December 31, 2010 to ₱1,019 as of June 30, 2011 due to settlements made during the period.

Total stockholder's equity increased by 4% to ₱39,611 million as of June 30, 2011 from ₱38,177 million as of December 31, 2010 due to the net profit realized for the period.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	06/30/2011	12/31/2010
Current ratio ^(a)	2.32:1	2.83:1
Debt-to-equity ratio ^(b)	0.65:1	0.58:1

	06/30/2011	06/30/2010
Interest expense/Income before Interest expense ^(c)	15.7%	15.9%
Return on assets ^(d)	2.7%	2.6%
Return on equity ^(e)	4.4%	3.9%

Notes:

- (a) *Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.*
- (b) *Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.*
- (c) *Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably*
- (d) *Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.*
- (e) *Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.*

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of June 30, 2011 is lower than that of December 31, 2010 due to the decrease in cash and cash equivalents and increase in customers' advances and deposits current portion of bank loans. The decrease in cash and cash equivalents was due to payment for working capital increases while the increases in customers' advances and deposits and current portion of bank loans were due to the increase in sales and borrowings, respectively.

Debt to equity ratio as of June 30, 2011 increased from that of December 31, 2010 due to the proceeds from various borrowings and additional notes issuance made during the period.

Interest expense as a percentage of income before interest expense for the six months ended June 30, 2011 is slightly lower compared to the ratio for the six months ended June 30, 2010 due to higher income before interest expense for the 1st Semester 2011 compared to that of the prior period.

Return on asset is higher as of June 30, 2011 compared to June 30, 2010 due to the higher net income recorded for the 1st Semester of 2011.

Return on equity increased due to the higher net income recorded for the 1st Semester of 2011 compared to that of the prior period.

Material Changes to the Company's Statement of Financial Position as of June 30, 2011 compared to December 31, 2010 (increase/decrease of 5% or more)

Cash and cash equivalents including short-term and long-term cash investments increased by 25% from ₱6,895 million as of December 31, 2010 to ₱8,646 million as of June 30, 2011 primarily due the proceeds from the additional issuance of notes payable during the period.

Receivables increased by 11% from ₱19,073 million as of December 31, 2010 to ₱21,181 million as of June 30, 2011 due to the revenue recognized for the period.

Property and equipment increased by 42% from ₱119 million as of December 31, 2010 to ₱169 million as of June 30, 2011 due primarily to acquisitions for the period.

Other assets increased by 10% from ₱1,201 million as of December 31, 2010 to ₱1,317 million as of June 30, 2011 due primarily to the increase in creditable withholding taxes, miscellaneous deposits and prepaid expenses.

Customers' advances and deposits increased by 27% from ₱3,096 million as of December 31, 2010 to ₱3,933 million as of June 30, 2011 due to the collections from a higher sales take up recorded for the period.

Due to related parties decreased by 23% from ₱386 million as of December 31, 2010 to ₱297 million as of June 30, 2011 due to settlements made during the period.

Income tax payable decreased by 27% from ₱63 million as of December 31, 2010 to ₱46 million as of June 30, 2011 due to payments made during the period.

Bank loans payable increased by 16% from ₱2,717 million as of December 31, 2010 to ₱3,145 million as of June 30, 2011 due to proceeds from bank loans for the period.

Loans payable decreased by 31% from ₱3,490 million as of December 31, 2010 to ₱2,393 million as of June 30, 2011 due to payments made for the period.

Notes payable increased by 78% from ₱4,258 million as of December 31, 2010 to ₱7,559 million as of June 30, 2011 due to additional issuance of notes during the period.

Liabilities for purchased land decreased by 8% from ₱1,112 million as of December 31, 2010 to ₱1,019 as of June 30, 2011 due to settlements made during the period.

Material Changes to the Company's Statement of Comprehensive Income for the 1st Semester of 2011 compared to the 1st Semester of 2010 (increase/decrease of 5% or more)

Revenue from real estate sales increased by 21% from ₱5,490 million for the 1st Semester of 2010 to ₱6,616 million for the 1st Semester of 2011 primarily attributable to the increase in the overall completion rate of sold inventories of its business units during the 1st Semester of 2011 compared to the 1st Semester of 2010.

Unrealized foreign exchange gain of ₱1 million for the 1st Semester of 2011 was due to the appreciation of the reporting currency for the period.

Miscellaneous revenue increased by 10% million to ₱259 million for the 1st Semester of 2011 from ₱235 for the 1st Semester of 2010 due to the increase in the forfeitures from cancellations during the period.

Cost of real estate sales increased by 18% from ₱2,822 million for the 1st Semester of 2010 to ₱3,328 million for the 1st Semester of 2011 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 31% from ₱1,177 million for the 1st Semester of 2010 to ₱1,538 million for the 1st Semester of 2011 primarily due to the increase in commissions expenses due primarily to the increase in real estate sales, increase in advertising and promotions resulting from marketing activities implemented during the period and increase in the repairs and maintenance.

Interest and financing charges increased by 19% from ₱309 million for the 1st Semester of 2010 to ₱368 million for the 1st Semester of 2011 due to the increase in the interest from various interest bearing liabilities paid for the period.

Provision for income tax was ₱241 million for the 1st Semester of 2011 and ₱201 million in the 1st Semester of 2010, representing an increase of 20%. The increase was due primarily due to higher taxable income reported during the period.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company. The Subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for all its real estate projects.

The Company is contingently liable with respect to certain lawsuits and other claims which are being contested by the subsidiaries and their legal counsels. Management and their legal counsels believe that the final resolution of these claims will not have a material effect on the consolidated financial statements.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company sourced its capital requirements through a mix of internally generated cash, sale of liquid assets like installment contracts receivables, pre-selling and joint venture undertakings. The Company does not expect any material cash requirements beyond the normal course of the business. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation except for those items disclosed in the 1st Semester of 2011 Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 1st Semester of 2011 Financial Statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Company.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

There are no explanatory comments on the seasonality of the operations. There are no material events subsequent to the end of the fiscal period that have not been reflected in the financial statements.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in a prior period of the current financial year.

COMMITMENTS AND CONTINGENCIES

The Parent Company's subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

PART II - OTHER INFORMATION

Item 3. 1st Semester of 2011 Developments

A. New Projects or Investments in another line of business or corporation.

None

B. Composition of Board of Directors

Marcelino C. Mendoza	Chairman of the Board
Benjamarie Therese N. Serrano*	Director, President & CEO
Manuel Paolo A. Villar*	Director, CFO
Cynthia J. Javarez	Director, Controller
Maribeth C. Tolentino	Director
Ruben O. Fruto	Independent Director
Marilou O. Adea	Independent Director
Gemma M. Santos	Corporate Secretary

**At the special meeting of the Board of Directors of Vista Land & Lifescapes, Inc. held on July 22, 2011, Mr. Manuel Paolo A. Villar was elected President and Chief Executive Officer of the Company, replacing Ms. Benjamarie Therese N. Serrano who resigned to assume a senior executive position in Fine Properties, Inc. to head Business Development for the Villar Group of Companies. Ms. Serrano will remain as a member of the Vista Land Board.*

In the same meeting, Mr. Ricardo B. Tan was elected as Chief Financial Officer of the Company, replacing Mr. Manuel Paolo A. Villar.

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

₱0.035 per share Special Cash Dividend

Declaration Date: May 17, 2011

Record date: June 01, 2011

Payment date: June 28, 2011

₱0.054 per share Regular Cash Dividend

Declaration Date: September 15, 2010

Record date: September 30, 2010

Payment date: October 26, 2010

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable.

- H.** Other information, material events or happenings that may have affected or may affect market price of security.

None.

- I.** Transferring of assets, except in normal course of business.

None.

Item 4. Other Notes as of 1st Semester of 2011 Operations and Financials.

- J.** Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

- K.** Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

- L.** New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

- M.** Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None

- N.** The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None

- O.** Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None

- P.** Existence of material contingencies and other material events or transactions during the interim period

None.

- Q.** Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None

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

None.

- S.** Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development and construction requirements which are well within the regular cash flow budget coming from internally generated funds.

- T.** Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of June 30, 2011, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 1st Semester of 2011 financial statements.

- U.** Significant elements of income or loss that did not arise from continuing operations.

None.

- V.** Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

- W.** Seasonal aspects that had material effect on the financial condition or results of operations.

None.

- X.** Disclosures not made under SEC Form 17-C.

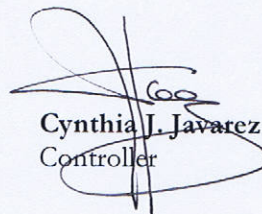
None.

SIGNATURES

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

Vista Land & Lifescapes, Inc.
Issuer

By:



Cynthia J. Javarez
Controller

Date: August 15, 2011