September 8, 2010

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 17A- December 31, 2009 (Amended)**

Gentlemen:

Please find SEC Form 17A Amended Report for the year ended December 31, 2009 filed with the Securities and Exchange Commission (SEC) today to effect minor adjustments made on certain items on the balance sheet and cash flow statements.

Very truly yours,

BRIAN N. EDANG
Officer-in-Charge

COVER SHEET

C	S	2	0	0	7	0	3	1	4	5

S.E.C. Registration Number

VISTA LAND & LIFESCAPES, INC.

(Company's Full Name)

LAS PINAS BUSINESS CENTER NATIONAL ROAD, TALON, LAS PINAS CITY

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

Brian N. Edang
Contact Person

584-5730 loc 108
Company Telephone Number

1	2	3	1

Month *Day*
Calendar Year

17-A AMENDED
FORM TYPE

0	6	1	5

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

VISTA LAND
& LIFESCAPES INC.

September 8, 2010

Securities and Exchange Commission
SEC Building, EDSA
Greenhills, Mandaluyong City
Metro Manila

Attention: **Director Justina F. Callangan**
Corporation Finance Department

Re: Vista Land & Lifescapes, Inc.
Amendment to 2009 Annual Report (SEC Form 17-A)
filed April 15, 2010

Gentlemen:

Please find enclosed herewith the 2009 Annual Report (SEC Form 17-A), which was amended to reflect minor adjustments made on certain items on the balance sheet and cash flow statements as follows:

1. On the balance sheet an adjustment of the deferred tax liabilities;
2. Update cash flow statement to reflect proper classification of various cash flow reconciling items.

We trust that you will find the amended 2009 Annual Report in order. Should you have further comments on the same or wish to clarify any of the foregoing, please do not hesitate to let us know.

Very truly yours,

VISTA LAND & LIFESCAPES, INC.
By:

FRITZIE V. LOAYON
Assistant Controller

3rd Level Starmall Las Piñas CV Starr Avenue, Pamplona Las Piñas City 1746
UGF Worldwide Corporate Center Shaw Blvd. Mandaluyong City 1552
CALL: (+632) 583-5308 / (+632)584-5305 FAX: (+632) 584-5731

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2009**

2. SEC Identification Number **03145** 3. BIR Tax Identification No. **006-652-678-000**

4. Exact name of issuer as specified in its charter **VISTA LAND & LIFESCAPES, INC.**

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

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

7. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City** — **1746**
   Address of principal office — Postal Code

8. **(632) 806-5758**
   Issuer's telephone number, including area code

9. **Las Piñas Business Centre, National Road, Talon, Las Piñas City**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares (12/31/2009)	**8,538,740,614 Shares**
Amount of Debt Outstanding	**₱ 5.1 billion**

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

    Yes [**x**] No [ ]

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of securities listed: **Common Stocks**

    8,538,740,614 Common shares have been listed with the Philippine Stock Exchange as of December 31, 2009.

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**x**] No [ ]

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

Yes [**x**] No [ ]

13. Aggregate market value of voting stocks held by non-affiliates:

₱5.2 billion as of December 31, 2009; ₱5.8 billion as of March 31, 2010

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

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

Yes [ ] No [ ] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

Consolidated Financial Statements as of and for the year ended December 31, 2009 (incorporated as reference for Item 7 and 12 of SEC Form 17-A)

TABLE OF CONTENTS

PART I – BUSINESS

Item 1. Business

Overview

Vista Land & Lifescapes, Inc. (Vista Land) was incorporated in Metro Manila, Philippines, on February 28, 2007 as an investment holding company. Vista Land through its subsidiaries harnesses more than 30 years of professional expertise in residential real estate development, and believes it has established a nation-wide presence, superior brand recognition and proven track record. Its projects include master-planned developments and stand-alone residential subdivisions which offer lots and/or housing units to customers in the low-cost (which includes socialized housing), affordable, middle-income and high-end market segments. The Company operates through five distinct business units:

- ***Brittany*.** Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱9.0 million or above.;

- ***Crown Asia***. Crown Asia caters to the middle market housing segment in Mega Manila, primarily offering houses priced between ₱3.5 million and ₱9 million;

- ***Camella Homes***. For over 30 years, Camella Homes has been servicing the low-cost (including socialized) housing segment (houses priced below ₱1.3 million) and the affordable housing segment (houses priced between ₱1.3 million and ₱3.5 million) in the Mega Manila area.; and

- ***Communities Philippines***. Communities Philippines offers residential properties outside the Mega Manila area in the low-cost, affordable and middle market segments. The Company believes Communities Philippines has the widest coverage of developments in the regions outside Mega Manila of any homebuilder in the Philippines. Communities Philippines offers housing under the "Camella" and "Crown Asia" brands and utilizes Camella Homes' and Crown Asia's expertise and designs to offer houses in regional areas that it believes are on par, in terms of quality, with the developments in the Mega Manila area. These projects were located in key cities and municipalities, covering most of the Philippines' main urban areas, including Pangasinan, Pampanga, Bulacan, Batangas, Iloilo, Cebu, Leyte, Cagayan de Oro and Davao.

- ***Vista Residences, Inc.*** Vista Residences, Inc. caters to 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.

Recent Developments

Camella Homes, Inc. and Subsidiaries
On October 30, 2007, SEC approved the merger between Palmera Homes, Inc., Eastridge Estates, Inc., Ridgewood Estates, Inc. and Household Development Corp. (HDC), the latter being the surviving entity. All of these entities are within the group of Camella Homes. HDC did not issue any consideration in exchange for the shares of the three other subsidiaries. HDC and the Parent Company has accounted for this transaction as reorganization of entities under common control, using pooling of interest method. Accordingly, the accompanying consolidated financial statements have been prepared as if the current corporate structure had been in existence in all periods presented.

On August 15, 2008, the shareholders ratified the BOD approval of the amendment of the name of the corporation from "C & P Homes, Inc." to "Camella Homes, Inc." Likewise, the shareholders ratified the BOD resolution to change the par value of shares from ₱1.00 per share to ₱10,000 per share. The amendments in the articles of incorporation was approved by SEC on March 12, 2009, to increase the par value from ₱1.00 per share to ₱10,000 per share and correspondingly decrease the number of shares comprising the authorized capital stock of CHI from seven (7) billion to 700,000 shares.

Crown Asia Properties, Inc.
On August 13, 2008, SEC approved the merger between Symmetrical Ventures, Inc., Crown Asia Properties (North), Inc., and Crown Asia Properties, Inc., the latter being the surviving entity. Crown Asia Properties Inc. did not issue any consideration in exchange for the shares accounted for this transaction and accounted this transaction as reorganization of entities under common control, using pooling of interest method. Accordingly, the accompanying financial statements have been prepared as if the current corporate structure had been in existence in all periods presented.

Communities Philippines, Inc. and Subsidiaries
At a meeting on August 6, 2008, the BOD approved the increase of the authorized capital of CPI from fifty million pesos (₱50,000,000) divided into five hundred thousand (500,000) shares with par value of one hundred pesos (₱100) per share to one billion (10,000,000,00) divided into ten million (10,000,000) shares with par value of one hundred pesos (₱100) per share. Also, on the same date, the BOD and the stockholders amended the corporate name from "Crown Communities Holdings, Inc" to "Communities Philippines, Inc." The SEC approved the increase of capital stock and the application of change in corporate name on September 24, 2008. Out of the increase in the authorized capital stock of CPI, the amount of five hundred million (₱500,000,000) pesos has been actually subscribed by the Parent Company and the amount of five hundred four million three hundred seventy-two thousand nine hundred (₱504 million) pesos has been paid, inclusive of premium, by way of assignment of shares of stocks on the following subsidiaries:

- Communities Cebu, Inc.
- Communities Davao, Inc.
- Communities Iloilo, Inc.
- Communities Pampanga, Inc.

In 2009, the BOD and the stockholders approved the change in the corporate names of CPI's subsidiaries which was approved by SEC on various dates as follows:

Former Name	Current Name	Date Approved
Communities Philippines Cam. Sur, Inc.	Communities Naga, Inc.	March 13, 2009
Crown Communities (Batangas), Inc.	Communities Batangas, Inc.	April 1, 2009
Crown Communities (Bulacan), Inc.	Communities Bulacan, Inc.	July 31, 2009
Crown Communities (Cagayan), Inc.	Communities Cagayan, Inc.	April 15, 2009
Crown Communities (Cebu), Inc.	Communities Cebu, Inc.	June 30, 2009
Crown Communities (Davao), Inc.	Communities Davao, Inc.	April 3, 2009
Crown Communities (Iloilo), Inc.	Communities Iloilo, Inc.	April 16, 2009
Crown Communities (Pampanga), Inc.	Communities Pampanga, Inc.	April 3, 2009
Crown Communities (Pangasinan), Inc.	Communities Pangasinan, Inc.	July 7, 2009

Moreover, the BOD and stockholders approved the change of registered address of all fifteen (15) subsidiaries under CPI which has now a uniform principal address at Mezzanine Floor, Starmall Complex, EDSA cor. Shaw Blvd., Mandaluyong City. The SEC subsequently approved the amendment on various dates above.

Vista Residences, Inc.
On October 29, 2009, the Group acquired from Polar Property, through the Parent Company, 100% voting shares of VRI in exchange of 320,686,000 treasury shares valued at ₱660.61 million plus ₱1.00 million cash. The fair value of the shares is the published price of the shares of the Parent Company at the acquisition date. The Parent Company accounted for the acquisition using the purchase method.

On December 4, 2009, the BOD and the stockholders approved the change in the corporate name from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc. ". On January 29, 2010, the SEC approved the change in corporate name.

Development of the business of the registrant and its key operating subsidiaries or affiliates

Vista Land & Lifescapes, Inc. – parent company was incorporated on February 28, 2007 and was listed on the PSE on June 25, 2007.

Brittany Corporation – incorporated in May 29, 1984, 100.00% owned by Vista Land, offers luxury houses to the high-end market segment. The company's project over the past three years includes Portofino, Crosswinds, La Posada, Mosaic and Avant.

Crown Asia Properties, Inc. – incorporated in August 31, 1995, wholly owned by Vista Land, offers house and lot packages to the middle market segment. Projects of the Company for the past three years include Citta Italia, Maia Alta and Ponticelli.

Camella Homes, Inc. – incorporated in December 1994, 99.97% owned by Vista Land, offers house and lot packages to the low and affordable market segment. Projects of the Company for the past three years include Tierra Nevada, Nova Romania, Cerritos, Pacific Residences and Trevi Towers.

Crown Communities Holdings, Inc. – incorporated in April 12, 1996, 99.98% owned by Vista Land, offers house and lot packages outside Mega Manila area in the low-cost, affordable and middle market segments. Projects of the Company for the past three years include Savannah in Iloilo, Plantacion Meridienne in Batangas, Solariega in Davao, Frontera in Cagayan de Oro Azienda Milan in Cebu and Wedgewood in Pangasinan.

Vista Residences, Inc. - On October 29, 2009, the Group acquired from Polar Property, through the Parent Company, 100% voting shares of VRI in exchange of 320,686,000 treasury shares. Vista Residences, Inc. 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.

On December 4, 2009, the BOD and the stockholders approved the change in the corporate name from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc. ". On January 29, 2010, the SEC approved the change in corporate name.

Land acquisition

The Company sources land for its projects either through direct purchase or through joint venture arrangements with land owners. As a matter of policy, the Company conducts due diligence before acquiring any property or entering into any joint venture. The evaluation process focuses on 4 major factors: (a) legality of the documents covering the piece of property; (b) valuation of the property; (c) technical characteristics of the property; and (d) other factors impacting on the suitability and feasibility of future projects.

The Company prefers to acquire land or enter into joint ventures to develop land that has already been titled (i.e., covered by a Transfer Certificate of Title). The Company has specialists who conduct extensive checks on both the owner involved and the land itself, with a particular focus on the veracity of the title over the land, and that it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title.

The Company also conducts its own appraisal process of the asking price of the property under consideration by reference to comparison with other similar properties in the market; and an assessment of the potential income derivable from any development suitable for the property and the calculated value of the land given the potential income.

Before directly acquiring land or entering into a joint venture arrangement with a land owner, the Company conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter.

These factors include:

- the general economic condition of the broad environment of the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits, authorizations, and adding necessary improvements and infrastructure, including sewage, roads and electricity against a purchase price that will maximize margins within the limits of available financing.

Joint ventures

Historically, the Company has grown its land bank primarily through direct purchases. In the past, however, the Company has begun to enter into joint venture agreements with land owners. These joint venture arrangements offer certain advantages to the Company, particularly because the Company is not required to pay for the land in advance. The Company's interest in these joint ventures varies depending on the value of the land against the estimated development cost. The Company holds a majority interest under most of its existing joint venture arrangements.

Historically, the Company has not experienced any material difficulties in finding joint venture partners to supply land and currently does not expect to experience any such difficulties in the future. The Company believes that this is due to its track record of reliability and of successful projects, particularly in the suburban areas where many of the Company's projects have been located, which gives its joint venture partners confidence that their project will be handled successfully. Further, there is a prevalence of land owners in the Philippines who wish to develop their land but who may not have the resources, both financial and expertise, to do so. The Company has also entered into joint venture agreements with commercial banks, such as BDO Uni Bank (formerly Equitable PCI Bank), Union Bank and United Coconut Planters Bank (UCPB), to develop specific assets of the banks.

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development and the construction of subdivision facilities. The Company and its joint venture partner then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests.

Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price (typically 12.0% to 15.0%) for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

The joint venture partner is also required to warrant his/her title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land. All costs relating to clearing the land of tenants and informal occupants are the responsibility of the joint venture partner, although the Company may provide cash advances to cover a portion of these costs, which will then be deducted from any sale proceeds attributable to the joint venture partner.

Project development

After extensive site evaluation by the Company and certain third party contractors and the land has been acquired (either directly or through a joint venture agreement) and the Company has decided to develop such land, the Company will begin the project development process.

Before the site development process can begin, the Company must obtain regulatory approvals and clearances from various Government departments. These include the Department of Environment Natural Resources and the Department of Agrarian Reform, as well as from the local government unit with jurisdiction over the area where the project will be located.

The site development process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of houses and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two months), obtains the necessary Government approvals and permits and conducts pre-marketing activities. Once the project has received a development permit from the relevant local government unit and a permit to sell from the Housing and Land Use Regulatory Board, pre-sales of subdivision lots can begin (often on an initial phase of the project), as well as some initial development work on the project site. Future expansion of the project will depend on the level of sales. As one phase is sold, a new phase of the project will be open for sales and this process is repeated until project completion.

The Company, as often as possible, utilizes its in-house design capabilities and market research data to plan developments. Aside from determining the feasibility of a project, the objective of this study is to determine the property type to develop (i.e., whether a project will be developed as a lot-only project, a house and lot project or a combination of both). The Company believes that its extensive experience and expertise in residential real estate development allows it to reduce costs, maintain competitive prices and increase sales. From time to time, the Company hires third-parties to design and plan projects. The work performed by these third-parties must comply with specifications provided by the Company and, in all cases, is subject to the Company's review. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

Typically, projects in the socialized sector are developed with a view to generating house-and-lot sales, while projects in the affordable sector are developed to generate a mix of lot-only and house-and-lot sales. Middle-income and high-end projects normally generate a greater proportion of lot-only sales, because customers for these projects purchase the lot with a view to future development or would prefer to construct housing units of their own design and built to their specifications. The Company may also sell an initial phase of a project on a lot-only basis but later on develop additional phases with a view to generating house-and-lot sales.

For its housing units, the Company internally develops the construction designs. The Company's architects and engineers are trained to design structures to maximize efficiency and minimize production costs. The Company's current designs allow customers to upgrade finishing details on a customized basis after the housing units are delivered and future vertical expansion through the addition of a second storey. The Company will continue to invest in the development of design and planning construction to further reduce costs and continue to meet customer needs.

Congruent with the over-all strategy of creating unique themed developments, the Company also develops and implements specific design parameters for houses to be built in its middle-income and high-end subdivision projects. This helps the Company market each project based on a particular design aesthetic and its own unique characteristic and personality. The Company takes inspirations from well-established and unique architectural designs from the Mediterranean, the Swiss Alps, Italy, San Francisco, the Caribbean and the American South. In themed residential developments, the Company also requires that houses built by customers that have bought lots only conform to the specific architectural theme.

The Company finances the development of projects through a combination of pre-sales and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. The Company also maintains some flexibility in timing the progress of its development projects to match the progress of pre-sales. Thus, the progress of a development is greatly influenced by the level of pre-sales. As one phase is sold, a new phase of the project will be opened for pre-sale and the process is repeated until the project completion. From time to time, the Company sells receivables to help finance larger housing and land development projects.

Site development and construction

Site development and construction work for the Company's projects is contracted out to various qualified and accredited independent contractors. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. For smaller-scale projects, such as the construction of certain structures within a project or of specific housing units, the Company will directly contract specific contractors based on its previous experience with such contractor for a specific type of project. In all cases, the Company’s accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company maintains relationships with various accredited independent contractors and deals with each of them on an arm's-length basis. The Company is not and does not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company does not enter into long-term arrangements with contractors. The awarded contracts typically cover the provision of contractor's services in relation to a particular project or particular housing units. To ensure compliance with Company requirements and to maintain the quality of the developments, the Company has a team of project engineers who perform the following functions:

- Directly managing site development and construction activities;
- Coordinating the activities of the Company's contractors and suppliers;
- Overseeing quality and cost controls; and
- Ensuring compliance with zoning and building codes and other regulatory requirements.

Typically, the Company enters into fixed-price contracts with its contractors, with the cost of materials included as part of the price.

Site development work or housing unit construction will typically take three (3) to twelve (12) months to complete depending on the size.

Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts. In certain cases, the Company guarantees payment to the Company-specified suppliers for purchases by contractors of construction materials. In these cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors.

Progress payments are made to contractors during the term of the contract based on the accomplishment of pre-determined project performance milestones. The Company usually retains 10.0% of each progress payment in the form of a guarantee bond or cash for up to one year from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers thereby limiting the financial burden on the Company.

Research and Development

While the Company engages in research and development activities focusing on the types of construction materials used for its housing units, construction methodology, value-engineering for its projects and quality assurance, the expenses incurred by the Company in connection with these activities are not material. The Company's research and development activities include organizing regular trips for its operations personnel, architects and engineers to various cities in America and Europe to enable them to become more attuned to high quality developments and latest trends from overseas.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policies include coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. The Company does not carry business interruption insurance.

Sales and Marketing

The Company believes it has one of the most extensive marketing networks of all Philippines housing development companies.

Local Marketing Network

The Company's local marketing and distribution network of independent contractors and agents consists of approximately 715 teams, with a combined total of approximately 11,506 active agents. Of the 715 marketing teams, 635 are accredited realtors, 70 are exclusively contracted marketing teams, and 10 teams are direct marketing groups.

The Company believes that it offers its marketing teams competitive compensation terms. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure.

The Company's exclusively contracted marketing teams are compensated through a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. Broker companies are compensated with relatively higher commissions with funding allocations for business development programs.

International Marketing Network

The Company believes that the OF population constitutes a significant portion of the demand for its housing and land development projects. The demand comes from both the direct purchase by the OF or purchase by relatives of the OF financed by OFW remittance. As such, the Company seeks to adequately service and reach the OF and international markets. For that purpose, the Company has established an extensive international marketing network.

The Company's international marketing network consisted of 54 partners and 1,700 independent agents as of December 31, 2009. Through this network, the Company is well-represented in key cities abroad with the highest concentration of OF communities. The Company's presence is significant in countries and continents such as North America, Europe, Middle East and Asia including Japan. These international brokers are established in their respective areas and serve as the Company's marketing and promotion agents in their territories, to promote the Company and its products. In addition, some of these agents actually bought houses from the Company in the past. The Company believes that its long standing relationships with these agents over the years distinguish it from its competitors.

The Company, together with these international brokers and agents, regularly sponsors roadshows and participates in international fairs and exhibits, Filipino social and professional gatherings, and other OF related events.

Awareness efforts are primarily conducted through sustained TV advertising on The Filipino Channel and print advertising on national and geo-based publications. As added support, the Company through this special division called Prime Properties International has set-up support marketing groups focused on and dedicated to servicing the international market.

Marketing Support

The Company's sales and marketing efforts include but are not limited to:

- tri-media advertising campaigns, including maintenance of billboards in strategic locations;
- maintenance of sales booths and product exhibits in pre-selected locations;
- project site activities such as Property Preview and Grand Open House activities;
- direct mailing campaigns;
- saturation drives; and
- regular monthly meetings.

In addition, the Company engages in non-traditional marketing efforts such as:

- telemarketing;
- sponsorship of concerts, conventions and other events;
- corporate presentations;
- strategic alliances with other marketing channels; and
- cyberspace marketing and e-based transactions.

The Company also has below-the-line marketing efforts, including producing and providing the sales force with brochures, leaflets, handouts and other sales materials.

Recruiting and training

Due to its growing number of projects and the continuous expansion of existing developments, the Company seeks to recruit and maintain quality sales people. This is achieved by continuous training of the sales force conducted by the in-house training group as well as by professional consultants. Recruitment is an on-going activity, encouraged by the Company to continuously search for individuals and sales groups with potential and/or proven track record in sales.

Customer financing

As customer financing is a critical element in the success of the Company's housing and land development business, the Company offers 4 modes of financing:

- cash purchases;
- bank financing;
- in-house financing; and
- Government-assisted financing.

Under these four major modes of payments, the Company designs flexible and creative financing packages for its customers to make their acquisitions possible.

Cash-basis acquisitions are given special discounts. Negotiated discounts are also allowed for accelerated payment schedules and other bulk payments. This is to encourage capable buyers to pay upfront for their property acquisition.

Specific to the socialized market, the Company provides assistance to its customers in obtaining financing from the Government. Government-subsidized loans under the GFI programs still continue to be the largest source of purchaser financing for the socialized market.

For the affordable, middle and upscale markets, mortgage loans from private banks are available. These are offered to buyers who are perceived to be acceptable credit risks. To streamline the loan processing application, the Company has arrangements with several banks regarding the financing of unit purchases.

The Company also offers in-house financing to buyers who either do not qualify or do not wish to avail of bank or government financing. Further, there are cases wherein in-house financing schemes serve as stepping stones to facilitate transactions. In these instances, the buyers use the in-house financing facility but convert to bank financing within a certain period.

In-house financing

The Company has established processes and procedures designed to screen homebuyers applying for in-house financing to ensure that they are financially capable of paying their monthly amortizations. The Company conducts strict and thorough credit checks which include but are not limited to:

- employment/career/business background checks;
- credit card verification using national credit databases; and
- conducting physical verification of claims regarding residences and properties owned by the buyer.

The Company typically finances 80.0% of the total purchase price of the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five to 10 years. The interest rates charged by the Company for in-house financing typically range from 16% per annum to 19% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company will retain the title to the property until full payment of the loan. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer.

Mortgage loans

Mortgage loans from commercial banks are available to individuals who meet the credit risk criteria set by the relevant bank and those who are able to comply with such bank's documentary requirements and credit investigation. To assist prospective buyers obtain mortgage financing from commercial banks, the Company has arrangements with several commercial banks, such as BDO, Union Bank, PS Bank, UCPB, RCBC Savings Bank and Metropolitan Bank & Trust Co., to assist qualified customers to obtain financing for housing unit purchases. Further, the Company ensures that all its units are properly and completely documented to adequately comply with the bank’s requirements.

In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("HGC"). The HGC is a Government-owned and controlled corporation that operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes provided by banks and financial institutions. In the event a buyer defaults in connection with an HGC-registered loan or credit facility, the HGC guarantees the payment to the extent of the outstanding balance, interest and yield. The interest and yield on loans and credits guaranteed by the HGC is exempt from taxation.

Customer service and warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period, including during house lay-out, construction, move-in and introduction to the homeowners' association. The Company's Customer Care Department (the "CCD") has qualified staff dedicated to addressing these concerns.

Apart from the standard contractual warranties on the purchased unit, for each project the Company engages the services of a professional property management group which oversees the affairs of the homeowners' association. This helps homebuyers to achieve a smooth introduction to their new neighborhood and further enhances good customer relations. The property management group's functions include financial management, security, landscape maintenance and association social activities.

Pre-construction procedures

Homebuyers are advised on the commencement of the house construction. A pre-lay out discussion is initiated by the CCD with the homebuyer and the technical team which includes the plans showing actual lay-out of the house on a selected lot. The meeting also serves as the venue where homebuyers have the option to decide on various matters including house color, grille work designs or other aspects available for buyer's choice, depending on the package or the subdivision. The CCD representative proceeds to discuss the highlights on the house plan, house specifications and a brief on the policies and guidelines of the Homeowner's Association.

Construction stage

At this stage, the production team takes over and starts the actual construction of the unit. However, the CCD still takes active part by coordinating with the homebuyers and updating them on the developments of his housing unit. At any time of the construction, the homebuyer can opt to enroll in a CCD program where he can schedule a visit and inspection of his housing unit with the assistance of a technical staff who will be on hand to explain or answer any questions or requests.

Move-in and introduction to homeowners' association

Upon completion of the house, the CCD facilitates turn-over of the unit to the homebuyer. This includes delivery of certificates of warranty/guarantee on the housing unit and a comprehensive homeowner's kit. The Company has an established system to address homebuyer's concerns especially in the first 3 months of move-in. The Company puts great emphasis on the timing of responding to any such concerns, ensuring that repairs/rectification procedures are at par with the Company's standards. While there is a standard policy on repairs, the Company, on a case-to-case basis, extends its services beyond these procedures to better achieve total customer satisfaction.

Bankruptcy, Receivership or Similar Proceeding

None for any of the subsidiaries and affiliates above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years

None

Various diversification/new product lines introduced by the Company during the last three years

None

Competition

The residential development market in the Philippines is intensely competitive. The Company has significant competitors for its residential housing and land development business. Compared to the commercial real estate and high-rise residential building markets, which require the resources to acquire land in expensive urban areas and the experience to manage these projects successfully, horizontal residential housing and land development projects have relatively lower barriers to entry. Because of the availability of joint venture arrangements with landowners and the ability to finance these projects through unit pre-sales, it is relatively easy for smaller players to enter into this business. There is, therefore, competition for land that is suitable for project development. There is also competition among various developers for residential real estate brokers.

Currently, the Company's competitors include companies such as Ayala Land Inc., Filinvest Land, Inc., DMCI Development Homes Inc., Extraordinary Development Corporation, Sta. Lucia Realty, Megaworld, Robinsons Land and others. On the basis of publicly available information and its own market knowledge, the Company's management believes that it is the leader in the real estate housing sector. The Company's management also believes that the Company is able to offer competitive commissions and incentives for brokers, and that the Company is able to compete on the basis of the pricing of its products, which encompasses products for different market sectors, as well as its brand name and its track record of successful completed quality projects.

The Company expects to face strong competition in the condominium market. The Company believes that its main competitors in these markets will include companies such as Ayala Land Inc., Filinvest Land, Inc., Megaworld, Robinsons Land and others.

Supplier

The Company has a broad base of suppliers.

Customers

Vista Land has a broad market base including local and foreign individual and institutional clients.

Transactions with related parties

Please refer to Item 12 of this report (“Certain Relationships and Related Transactions).

Intellectual Property

The Company, through its subsidiaries, has a number of trademarks for its development projects as well as applications for the registration of various trademarks of its property developments pending with the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company’s and its subsidiaries property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for

a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier. The Company has also registered a number of the business names it uses for its property developments with the Department of Trade and Industry. Registering a business name with the Department of Trade and Industry precludes another entity engaged in the same or similar business from using the same business name as one that has been registered. A registration of a business name shall be effective for five years from the initial date of registration and must be renewed within the first six months following the expiration of the five-year period from the date of original registration.

Government approvals/regulations

The Company secures various government approvals such as license to sell, development permits, environmental compliance certificate, etc. as part of the normal course of its business

Employees

The Company, through its subsidiaries, had a total of 424 and 399 employees as of December 31, 2009 and 2008, respectively. This is broken down by function as follows:

Function	Number of employees	
	2009	**2008**
Operations	150	145
Administrative	142	133
Technical	132	121
Total	**424**	**399**

The Company recognizes that there may be a need to hire additional personnel to handle increase in the volume of business over the next twelve months. However, all such hiring decisions will be made taking into account the uncertainties surrounding the current market environment in addition to the long-term requirements of the business. As such, the Company does not anticipate a significant increase in the number of employees this year.

The Company has no collective bargaining agreements with its employees and none of the Company's employees belong to a union. The Company believes it has a good relationship with its employees and there has been no turnover of key personnel during the past three years.

Employees are provided with on-the-job-training and other development programs that assist them in effectively carrying out their jobs and that prepare them for career advancement in the Company.

The Company considers itself as an employer of choice in the Philippine real estate industry and offers competitive compensation plans to attract quality employees. The Company does not have an employee stock option plan.

Risks related to the Companies Business

Risks relating to competition

The Philippine residential real estate industry is highly competitive. Vista Land's income from sales of its projects and market values of its current housing and land development projects and land holdings are affected by the projects' market awareness level, market acceptance rate, and proven and perceived product advantage when compared to similar types of projects in their immediate neighborhood and broader environment. The income and values are also affected by the ability of Vista Land to correctly assess the market for its projects. Important factors that could affect Vista Land's ability to effectively compete include: (a) a project's location versus that of its competitors; (b) presence and/or proximity to transportation facilities, commercial centers, educational and medical institutions, service and convenience retail establishments; (c) the total quality of the housing project and related facilities offered by Vista Land; (d) and the overall, tangible and intangible, attractiveness of the project.

To mitigate this risk, Vista Land conducts regular market study and business intelligence updates in order to understand industry and market dynamics.

Risks relating to land acquisition and landbank management

The Company's future growth and development depends on continuous development of land, whether acquired or controlled through joint venture. The Company faces strong competition from fellow developers for ideal parcels of land suitable for development. In addition other factors make the task of acquisition difficult, including (a) ideal location; (b) suitable size; (c) economically acceptable price; and (d) legal and informal settler issues. In this area of the Company's operations, it faces greater difficulty in sourcing parcels of land located within Metro Manila and other urban areas throughout the Philippines.

The Company may have difficulty in attracting land owners to enter into joint venture agreements with it. Key issues revolve around profit and development cost sharing which affect expected investment returns. Other issues could be differences in intangible objectives, land ownership squabbles and other non-economic hindrances.

In the event the Company is unable to acquire suitable land, or to enter into agreements with joint venture partners to develop suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

a) The Company also faces risks relating to the management of its land bank, which could adversely affect its margins.

   The land banking function is critical to the success and future operations of the Company. The Company must continuously acquire land for replacement and expansion of land inventory within its current markets. The risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. The Company cannot assure investors that the measures it employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its balance sheet, as well as reduce the amount of property available for sale. Any of the foregoing events would have a material adverse effect on Vista Land's business, financial condition and results of operations.

   The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

b) Titles over land owned by the Company may also be contested by third parties.

The Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government); however, it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. From time to time the Company has had to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company.

Historically, these claims have not had a material adverse effect on the Company and its business, but in the event that a greater number of similar third-party claims are brought against the Company in the future, or any such claims are made against land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending against such claims. Should any of these claims prosper, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could adversely affect the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company uses legal and technical research to establish the integrity of the legal title to any piece of land before concluding any transaction, be it an acquisition or joint venture.

Risks relating to joint-venture agreements and transactions

The interests of joint venture partners for the Company's housing and land development projects may differ from the Company's and they may take actions that adversely affect the Company.

The Company enters into joint venture agreements with landowners as part of its overall land acquisition strategy and intends to continue to do so. Under the terms of most of these joint venture agreements, the Company takes responsibility for project development and project sales, while its joint venture partner typically supplies the land for development. A joint venture involves special risks where the joint venture partner may have economic or business interests or goals that are different from those of the Company's. The joint venture partner may also take actions contrary to the Company's instructions or requests, or in direct opposition to the Company's policies or objectives with respect to the real estate investments, or the joint venture partner may not meet its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partner could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in the project and consequently have a material adverse effect on the Company's results of operations and financial condition.

To mitigate this risk, the Company as a standard policy ensures that a binding agreement/contract with any joint-venture partner is made at the start of any partnership. Further, a constant open communication is maintained with all business partners.

Risk relating to property development and construction management

a) The Company is in a business that carries significant risks distinct from those involved in the ownership and operation of established properties. This includes the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. Slippages may occur in obtaining required Government approvals and permits, resulting in more costs than anticipated, or inability to complete the project on schedule and within budget.

Likewise, the time and the costs involved in completing the development and construction of residential projects can be adversely affected by many factors, including: (a) shortages of materials, equipment, skilled labor; (b) adverse weather conditions; (c) peso depreciation; (d)

natural disasters; (e) labor disputes with contractors and subcontractors; (f) accidents; (g) changes in laws or in Government priorities; and (h) other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

To mitigate this risk, the Company continuously seeks to improve its internal control procedures and internal accounting and to enhance project management and planning. Further, the Company substantially finances its development projects through pre-sales and internally generated funds, which allows it to maintain some flexibility in timing the progress of its projects to match market conditions.

b) The Company relies to a significant extent on independent contractors for the development and construction of the Company's products. Their availability and quality of workmanship may not meet the Company's quality standards, or cause project delays and cost overruns. The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor who is willing to undertake a particular project within the Company's budget, which could result in costs increases or project delays. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's quality standard requirements. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its housing and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

As with most major property development companies, the Company manages these development and construction risks by ensuring that contractual arrangements with builders, engineers, suppliers and other contractors clearly specify costs, responsibilities and the appropriate benefits or penalties that may accrue to all parties in the event of favorable or adverse developments. The Company also maintains an experienced in-house team of engineers and technicians who are tasked to oversee and manage each project. As and when needed, the Company may also avail of the services of independent project managers and quantity surveyors to supplement its in-house project management capabilities.

Risks relating to specific target markets

Vista Land's sales to OFWs and expatriate Filipinos comprise a significant portion of the Company's revenues. While the Company sees this segment as continuously growing, and providing it with buyers in the years to come, it is also prone to downturns, which can affect the Company's performance. These downturns may lead to (a) reduced deployment of new OFWs; (b) reduced remittances from abroad; (c) a lower purchasing power of expatriate Filipinos than currently enjoyed; or (d) any combination or all of the above, and could adversely affect demand for Vista Land's projects from OFWs and expatriate Filipinos. Such reduction in demand could have a material adverse effect on Vista Land's business, financial condition and results of operations.

To mitigate the possible impact of a sudden downturn in the OFW market, it is Vista Land's business strategy to diversify its product offerings to serve as wide a market as possible. Any adverse developments in any one property sector may be offset or mitigated by more positive developments in other sectors. The Company also closely monitors the factors that may affect the OFW market so that Vista Land can take the necessary corrective measures.

Risks relating to external marketing groups

The Company engages third-party brokers to market and sell its residential housing and land development projects domestically and internationally. It is a known practice in the Philippine real estate industry that these same brokers may also be promoters and sellers for other developers in the same markets in which the Company operates. More importantly, there can be no assurance that they will not favor the interests of their other clients over the interests of the Company in any lease or sale opportunities, or otherwise act in the Company's best interests.

The intense competition for the services of reputable and successful third-party brokers in the Philippines impels industry competitors to try to recruit brokers away from competing companies. The Company is not immune to such attempts. Competitors of the Company attempt to recruit brokers away from the Company from time to time. If a large number of these third-party brokers were to stop selling for the Company, this could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

The Company mitigates this risk by establishing its own in-house sales force, who are tasked to market and sell only Company products. The Company also provides its brokers and sales agents with competitive commission schemes and other incentives. Beyond this, the Company gives its sales force skills-build-up programs as a way of planning and managing their career growth with the Company. A parallel effort is the continuous recruitment of competent brokers and sales agents.

Risks relating to project and end-buyer financing

a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Vista Land's and its customers' ability to obtain financing.

   Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on Vista Land and on the demand for its products. For example:

   - In connection with Vista Land's property development business, higher interest rates make it more expensive for Vista Land to borrow funds to finance ongoing projects or to obtain financing for new projects.

   - Because a substantial portion of the Company's customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

In order to mitigate these risks, Vista Land substantially finances its development projects through pre-sales and internally generated funds. In this way, Vista Land maintains some flexibility in timing the progress of its development projects to match market conditions. Vista Land attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk.

b) Vista Land is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company offers in-house financing to customers, which may expose the Company to risks of customers missing on their payments and/or defaulting on their obligations that may lead to sales cancellations. The Company cannot adequately assure the resale of any property whose prior sale has been cancelled.

The Company has used funds obtained from receivables rediscounting facilities with commercial banks to balance its liquidity position. An inability to sell receivables would remove a source of potential external financing, increasing its reliance on internally generated funds or non-receivable external financing.

To mitigate these risks, the Company attempts to decrease the occurrence of financial defaults and sales cancellations due to the inability to pay by enforcing strict credit investigation policies and procedures. For ongoing in-house loans, the Company monitors each and every account to assist buyers and to provide immediate remedial measures in problem cases. The Company also spreads the financing risk by encouraging buyers to avail of commercial bank retail financing facilities.

c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations.

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

Historically, the Company has not experienced a material number of cancellations to which the Maceda Law has applied; however, this is no assurance that such an event will not happen. An economic downturn, high interest rate episodes, and others could trigger such sales cancellations. Should this happen, the Company may not have enough funds on hand to pay the necessary cash refunds to buyers, or the Company may have to incur indebtedness in order to pay such cash refunds. As mentioned earlier, the Company cannot assure the resale of a cancelled property, particularly during periods of economic slowdowns or downturns. Any of these events would adversely affect the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions and sells installment contract receivables. The Company ensures that all buyers are made aware of their responsibilities and obligations, and the resulting penalties for non-compliance. Each and every account is monitored to assist buyers and to provide immediate remedial measures in problem cases.

Risk relating to management of growth

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

The Company intends to continue to pursue an aggressive growth strategy for its residential property and land development business. The Company foresees that this strategy will mean that management resources will be reallocated from the Company's current operations. The growth strategy will also entail creating and managing relationships with a larger group of third parties such as customers, suppliers, contractors, service providers, lenders, etc. This expansion of the Company's operations will require significant capital expenditure to finance new housing and land development projects, causing the Company to take on additional debt. It thus becomes necessary to manage the internal control and compliance functions so that compliance with legal and contractual obligations is maintained and, at the same time, operational and compliance risks are minimized.

Even with these safeguards, there is no assurance that the Company will not experience any difficulties in the course of implementing its growth strategy. These difficulties can come in the form of capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. An inability or failure to successfully adapt to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could adversely affect the Company's reputation, the business, and results of operations or financial condition.

To mitigate this risk, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions.

b) The Company is still in the process of fully upgrading and integrating its operational and financial reporting systems and may experience difficulty in providing the Company's management and investors with financial information, particularly for interim periods.

Until recently, each of Vista Land's business units had operated as an independent company, with its own management and financial teams as well as its own information and technology (IT) systems. With the integration of the operations, records and database, Vista Land may experience delays in generating period-end financial information, particularly in situations where manually recorded financial information is required to be reconciled with information generated by the consolidated system. There can be no assurance that these constraints will not materially hinder the timeliness of such information in the future or affect Vista Land's ability to generate and management's and investors' ability to receive promptly information regarding Vista Land's consolidated financial condition and results of operations.

To mitigate this risk, Vista Land conducts regular meetings and requires briefing from key departments.

Risks relating to natural catastrophes

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

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could adversely affect the Company's business, financial condition and results of operations.

Risks relating to over-reliance on some key Company personnel

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. While the Company has provided its Directors and key Senior Management with generous compensation, a highly skilled and reputable executive is always subject to piracy by competitors. Additionally, key personnel could also be lost due to catastrophic diseases (i.e., cerebral stroke, cancer, heart attacks), incapacitated by an accidents and death.

To lessen the potential negative impact of these events, the Company has institutionalized critical operational systems and procedures as a way of minimizing the over-dependence on individuals. The Company also has established organizational development policies and procedures to ensure the continuous development of its officers and staff. Performances are regularly monitored and appraised, and appropriate and timely action is taken to reward or correct the performances of its officers and staff. The Company maintains a continuous training program and an informal apprenticeship agenda to provide a constant pool of executive-calibre personnel ready for promotion.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects and engineers. However, this valuable human resource is also in demand not only by the Company's competitors, but also from companies outside the Philippines, particularly companies operating in the Middle East. It is important to point out that other development companies face the same risks.

Any inability on the part of Company to hire and, more importantly, retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house. If these situations occur, the Company will be left with no recourse but engage third-party consultants thereby incurring additional costs.

To mitigate this risk, the Company provides its technical personnel with competitive compensation and incentive programs.

Risks relating to the Company's reputation

Infringement of the Company's intellectual property rights over the various names, brands and logos which are used for its operations, including the names "Brittany," "Crown Asia" and "Communities Philippines", would have a material adverse effect on the Company's business. There can be no assurance that the actions the Company has taken will be adequate to prevent third parties from using these names, brands and logos or from naming their products using the same.

In addition, there can be no assurance that third parties will not assert rights in, or ownership of the Company's name, trademarks and other intellectual property rights. Because Vista Land believes that the reputation and track record it has established under its brands is key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the use of these names and of any associated trademarks by third parties or if the Company was restricted from using such marks.

The Company, through its corporate communications team maintains a clear, accurate brand and company image and perception in the market to mitigate this risk. The legal team also monitors all intellectual ownership issues of the Company.

Other risks that the Company may be exposed are the following:

- Risks relating to the general Philippine economic condition
- Risks relating to operating in a highly-regulated environment
- Risks relating to political uncertainties
- Risks relating to international credit valuators
- Risks relating to Philippine foreign ownership limitations
- Risks relating to changes in construction material, labor, power and other costs.

To mitigate the above mentioned risks, Vista Land shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to properly manage the various business risks it faces.

Working Capital

Vista Land finances its working capital requirements through a combination of internally-generated cash, pre-selling, joint ventures, borrowings and proceeds from sale of installment receivables.

Domestic and Export Sales

Amounts of revenue, profitability and identifiable assets attributable to domestic and foreign operations for 2009, 2008 and 2007 follow:

(in Php)	2009	2008	2007
Revenues			
Domestic	10,812,844,473	11,610,559,239	11,150,965,475
Foreign	–	–	–
Net operating Income			
Domestic	3,725,287,887	4,326,298,414	5,282,040,773
Foreign	–	–	–
Net income *(attributable to equity holders of VLL)*			
Domestic	2,299,408,170	2,819,203,031	3,463,493,788
Foreign	–	–	–
Total Assets			
Domestic	55,072,544,441	52,669,426,152	44,440,162,849
Foreign	–	–	–

Item 2. Properties

Details of the Company's raw land inventory as of December 31, 2009 are set out in the table below:

	Area (in hectares)		
Location	**Owned**	**JV***	**Total**
Bacolod	4.6	-	4.6
Batangas	73.5	-	73.5
Bulacan	93.6	39.1	132.6
Cagayan de Oro	52.8	-	52.8
Caloocan	1.4	-	1.4
Cavite	448.6	37.3	485.9
Cebu	62.0	16.5	78.5
Davao	31.3	-	31.3
Iloilo	165.3	-	165.3
Laguna	15.6	42.6	58.1
Las Pinas	368.3	192.3	560.7
Mandaluyong	0.5	-	0.5
Muntinlupa	9.4	13.0	22.5
Ortigas	-	0.1	0.1
Pangasinan	13.4	-	13.4
Pasig	0.2	-	0.2
Quezon City	1.7	-	1.7
Rizal	20.3	-	20.3
Tarlac	46.3	-	46.3
Total	**1,408.8**	**340.9**	**1,749.7**

*Represents area attributable to the Company

Item 3. Legal Proceedings

The Company is not subject to any civil or criminal lawsuit or other legal actions. The Subsidiaries are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases include adverse claims against a Subsidiary's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, the Subsidiaries also dispute taxes that have been assessed against them by the Philippine Bureau of Internal Revenue. In the opinion of the Company's management, none of the lawsuits or legal actions to which the Subsidiaries are currently subject will materially affect the daily operations of their business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during the fourth quarter of 2008.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

Vista Land's common shares are listed with the Philippine Stock Exchange. The company was listed on June 25, 2007. Data on the quarterly stock price movement of Vista Land since its listing date:

	2009			2008			2007		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
1st	1.12	0.69	0.78	6.00	3.00	3.00	NA	NA	NA
2nd	1.78	0.72	1.60	3.50	2.65	3.00	7.20	3.65	7.20
3rd	2.80	1.54	2.32	2.90	1.68	1.82	7.10	4.50	5.10
4th	2.30	1.78	1.88	1.84	0.94	1.02	6.10	4.75	6.00

The market capitalization of VLL as of December 31, 2009, based on the closing price of ₱1.88/share, was approximately ₱16.1billion.

As of March 31, 2010, VLL's market capitalization stood at ₱17.8billion based on the ₱2.08/share closing price.

Stockholders

There are approximately 1,123 holders of common equity security of the Company as of December 31, 2009 (based on the number of accounts registered with the Stock Transfer Agent). The following are the top 20 holders of the common securities of the Company:

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[1]
1	Fine Properties, Inc.	2,892,615,495	33.876%
2	Adelfa Properties, Inc.	2,069,431,666	24.236%
3	PCD Nominee Corporation (Non-Filipino)	1,804,494,968	21.133%
4	PCD Nominee Corporation (Filipino)	936,086,657	10.963%
5	Polar Property Holdings, Corp.	777,497,000	9.106%
6	Bestimes Investment Limited	26,814,493	0.314%
7	ML&H Corporation	10,983,363	0.129%
8	Althorp Holdings, Inc.	5,000,000	0.059%
9	Cedar Commodities, Inc.	3,970,000	0.046%
10	Barclays Bank PLC	3,565,800	0.042%
11	John T. Lao	1,602,000	0.019%
12	Sulficio Tagud, Jr. &/or Ester Tagud	401,000	0.005%
13	Tomas L. Chua	400,000	0.005%
14	Luisito T. Hizon &/or Eva A. Hizon	353,000	0.004%
15	Federal Homes, Inc.	324,850	0.004%
16	Christian A. Aguilar	290,617	0.003%
17	Chan Chak Ching	250,000	0.003%
18	Marcelino C. Mendoza	206,690	0.002%
19	Benjamarie Therese N. Serrano	200,000	0.002%
20	Maribeth Tolentino	200,000	0.002%
		8,534,687,599	**99.953%**

[1] based on the total shares issued of 8,538,740,614

Dividends

₱0.033 per share Cash Dividend
Declaration Date: November 23, 2009
Record date: December 8, 2009
Payment date: December 29, 2009

₱0.064 per share Cash Dividend
Declaration Date: April 2, 2008
Record date: April 17, 2008
Payment date: May 14, 2008

Dividend Policy

The Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the Banko Sentral ng Pilipinas.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividends

The Company declares dividends to shareholders of record, which are paid from the Company's unrestricted retained earnings.

The Company intends to maintain an annual cash dividend payment ratio for its Shares of approximately 20% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. Circumstances which could restrict the payment of cash dividends include, but are not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent Sale of Unregistered Securities

None

Stock Options

None

Item 6. Management's Discussion and Analysis or Plan of Operation

REVIEW OF YEAR END 2009 VS YEAR END 2008

RESULTS OF OPERATIONS

Revenues

Real Estate
The Company recorded revenue from real estate sales of ₱9,629.7 million in the year ended December 31, 2009, a decrease of 8% from ₱10,435.8 million in same period last year. This was primarily attributable to the decline in the sales take up starting 3rd quarter of 2008 where most of the revenue for the year 2009 came from and the effect of the extension of the payment period for the buyer's equity from 12 months to 18 months which was also introduce last year. 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 decreased by 23% to ₱2,884.13 million in the year ended December 31, 2009 from ₱3,276.0 million for the year ended December 31, 2008. This was primarily attributable to the decline in the sales take up starting 3rd quarter of 2008 where most of the revenue for the year ended 2009 came from and the effect of the extension of the payment period for the buyer's equity from 12 months to 18 months which was also introduce last year. Camella Homes caters to the affordable segment of the market.

- Real estate revenue of Communities Philippines increased to ₱3,618.2 million in the year ended December 31, 2009, an increase of 5% from ₱3,463.2 million in the year ended December 31, 2008. This increase was principally due to the increased completion of sold inventories of the year of Company's various projects from various areas outside Mega Manila.

- Real estate revenue of Crown Asia decreased by 23% to ₱1,264.8 million in the year ended December 31, 2009 from ₱1,632.2 million in the year ended December 31, 2008. The decline in the revenue was primarily attributable to the decline in the sales take up starting 3rd quarter of 2008 where most of the revenue for the year ended of 2009 came from and the effect of the extension of the payment period for the buyer's equity from 12 months to 18 months which was also introduce last year. Crown Asia is Vista Land's business unit for the middle income segment of the market

- Real estate revenue of Brittany decreased by 16% to ₱1,352.5 million in the year ended December 31, 2009 from ₱1,614.4 million in the same period last year. The decline in the revenue was due to the decrease in the completion of sold inventories of the Company for the period. Brittany caters to the high-end segment of the market.

- Real estate revenue from Vista Residences for the year ended December 31, 2009 amounted to ₱510.1 million.

Equity in net gain of an associate
Equity in net gain of an associate increased due to the higher net income reported by an associate.

Miscellaneous
Miscellaneous income decreased by 18% to ₱279.7 million in the year ended December 31, 2009 from ₱342.8 million in the year ended December 31, 2008 due to decrease in real estate sales deposit forfeitures.

Costs and Expenses

Cost and expenses increased by 2% to ₱8,000.0 million in the year ended December 31, 2009 from ₱7,856.6 million in the year ended December 31, 2008. Costs and Expenses as a

percentage of real estate revenue increased from 75% in the year ended December 31, 2008 to 83% in the year ended December 31, 2009. The 2% net increase in the account was primarily attributable to the following:

- Cost of real estate sales decreased by 5% to ₱5,004.0 million in the year ended December 31, 2009 from ₱5,273.0 million in the year ended December 31, 2008. This was primarily due to the decrease in the overall recorded sales of Vista Land's business units.

- Interest and financing charges increased by 51% to ₱593.0 million in the year ended December 31, 2009 from ₱391.4 million in the year ended December 31, 2008. This was due to the increased level of interest bearing payables during the period.

- Unrealized foreign exchange loss decreased significantly from ₱180.9 million in the year ended December 31, 2008 to ₱0.6 million in the year ended December 31, 2009 due to partial settlement of foreign currency denominated liability.

Loss on Settlement of Loan

The Company recorded a loss on settlement of loan amounting to ₱318.8 million from the settlement of long-term notes amounting to ₱1,020 million (US $28.53 million).

Provision for Income Tax

Provision for income tax was ₱513.5 million in the year ended December 31, 2009 and ₱920.9 million in the year ended December 31, 2008 representing a decrease of ₱407.4 million. The decrease was primarily due to change in the regular corporate income tax from 35% in the year ended December 31, 2008 to 30% in the year ended December 31, 2009 and a lower taxable income reported for the period.

Net Income

As a result of the foregoing, the Company's net income decreased by 19% to ₱2,299.4 million in the year ended December 31, 2009 from ₱2,833.1 million in the year ended December 31, 2008.

For the year ended December 31, 2009, 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 did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2009 vs. December 31, 2008

Total assets as of December 31, 2009 were ₱55,072.5 million compared to ₱52,669.4 million as of December 31, 2008, or a 5% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments posted a significant decrease of ₱1,897.9 million, from ₱5,044.5 million as of December 31, 2008 to ₱3,146.6 million as of December 31, 2009 due to partial retirement of long-term debt and payments of working capital expenses.

- Real estate for sale and development increased by 14% to ₱28,721.7 million as of December 31, 2009 from ₱25,246.6 million as of December 31, 2008 due primarily to acquisitions of lands for future development as well as opening of new projects.

- Investment in an associate increased by 7% from ₱647.7 million to ₱693.7 million due to the recognition of share in the higher net income of an associate.

- Advances to real estate joint ventures decreased by ₱98.0 million, from ₱1,648.9 million as of December 31, 2008 to ₱1,550.9 as of December 31, 2009 due to the increase in advances given to joint venture partner

- Other assets increased by 67% from ₱1,196.8 million as of December 31, 2008 to ₱2,004.6 million as of December 31, 2009 due primarily to increase in prepaid expenses, input vat, creditable withholding taxes and miscellaneous deposits and others.

Total liabilities as of December 31, 2009 were ₱19,447.9 million compared to ₱19,652.8 million as of December 31, 2008, or a 1% decrease. This was due to the following:

- Interest bearing bank loans and loans payable representing the sold portion of the Company's installment contracts receivables with recourse, increased by 31% to ₱4,556.5 million as of December 31, 2009 from ₱3,488.7 million as of December 31, 2008 due to availment of additional loans and selling of in-house receivables during the year.

- Accounts and other payables increased by 36% from ₱4,005.5 million as of December 31, 2008 to ₱5,430.0 million as of December 31, 2009 due primarily to the increase in accrued expenses and accounts payable to suppliers. The increase in those accounts is due to the on-going construction of some of the Company's condominium development projects.

- Customers' advances and deposits decreased by 18% from ₱4,437.7 million as of December 31, 2008 to ₱3,638.5 million as of December 31, 2009 due to a decrease in the in the minimum amount of advances and deposits required from buyers during the initial stage of a sale transaction.

- Liabilities for purchased land decreased by 30% from ₱2,632.8 million as of December 31, 2008 to ₱1,848.6 million as of December 31, 2009 due to payments made during the year.

- Due to related parties decreased by 53% from ₱910.4 million as of December 31, 2008 to ₱428.9 million as of December 31, 2009 due to the payment of advances to related parties.

- Income tax payable decreased by 24% from ₱125.0 million as of December 31, 2008 to ₱ 95.5 million as of December 31, 2009 primarily due to change in the regular corporate income tax from 35% in the year ended December 31, 2008 to 30% in the year ended December 31, 2009.

- Pension liability increased by 117.77 million from ₱14.8 million as of December 31, 2008 to ₱132.5 million as of December 31, 2009 due to actuarial adjustments.

- Deferred tax liabilities (net) posted an increase of 11% from ₱2,145.8 million as of December 31, 2008 to ₱2,385.6 million as of December 31, 2009. The decrease was due primarily to the reversal of the deferred tax liability pertaining to the day one gain recorded in 2007.

- Long Term Notes including Long Term Commercial Papers decreased by 66% from ₱1,474.6 million as of December 31, 2008 to ₱495.4 million as of December 31, 2009 due primarily to partial retirement of long-term debt.

Total stockholder's equity increased to ₱35,624.7 million as of December 31, 2009 from ₱33,016.6 million as of December 31, 2008 due to the increase in additional paid in capital and issuance of treasury shares arising from the acquisition of Polar Mines Realty Ventures, Inc., and net income reported for the period.

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

Notes:

Key Performance Indicators	12/31/2009	12/31/2008
Current ratio [(a)]	3.20:1	3.36:1
Debt-to-equity ratio [(b)]	0.55:1	0.60:1
Interest expense/Income before Interest expense [(c)]	17.4%	9.4%
Return on assets [(d)]	4.2%	5.4%
Return on equity [(e)]	6.5%	8.6%

(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 December 31, 2009 decreased from that of December 31, 2008 due to increase in bank loans arising from additional interest bearing loans and sold receivables during the year.

Debt-to-equity ratio improved due to the increase in the total stockholders' equity brought about by the increase in additional paid in capital and issuance of treasury shares arising from the acquisition of Polar Mines Realty Ventures, Inc., and net income reported for the period and decrease in total liabilities due to partial retirement of long-term notes.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2009 compared to the ratio for the year ended December 31, 2008 due to an increase in the interest expense from interest bearing liabilities for the period.

Return on asset posted a lower ratio for December 31, 2009 compared to that on December 31, 2008 due primarily to the lower level of real estate revenues and net income and higher level of total assets for the period.

Return on equity decreased due to lower net income and higher stockholders' equity reported in the year ended December 31, 2009.

Material Changes to the Company's Balance Sheet as of December 31, 2009 compared to December 31, 2008 (increase/decrease of 5% or more)

Cash and cash equivalents including short term cash investments decreased by 38% from ₱ 5,044.5 million as of December 31, 2008 to ₱3,146.6 million as of December 31, 2009 due to partial retirement of long-term debt and payments of working capital expenses.

Real estate for sale and development increased by 14% from ₱25,246.6 million as of December 31, 2008 to ₱28,721.7 million as of December 31, 2009 due primarily to acquisitions of lands for future development as well as opening of new projects.

Advances to real estate joint ventures decreased by ₱98.0 million, from ₱1,648.9 million as of December 31, 2008 to ₱1,550.9 as of December 31, 2009 due to the increase in advances given to joint venture partner

Investment in an associate increased by 7% from ₱647.7 million to ₱693.7 million due to the recognition of share in the higher net income of an associate.

Other assets increased by 67% from ₱1,196.8 million as of December 31, 2008 to ₱2,004.6 million as of December 31, 2009 due primarily to increase in prepaid expenses, input vat, creditable withholding taxes and miscellaneous deposits

Interest bearing bank loans and loans payable representing the sold portion of the Company's installment contracts receivables with recourse, increased by 31% to ₱4,556.5 million as of December 31, 2009 from ₱3,488.7million as of December 31, 2008 due to availment of additional loans and selling of in-house receivables during the year.

Accounts and other payables increased by 36% from ₱4,005.5 million as of December 31, 2008 to ₱5,430.0 million as of December 31, 2009 due primarily to the increase in accrued expenses and accounts payable to suppliers. The increase in those accounts is due to the on-going construction of some of the Company's condominium development projects.

Customers' advances and deposits decreased by 18% from ₱4,437.7 million as of December 31, 2008 to ₱3,638.5 million as of December 31, 2009 due to a decrease in the in the minimum amount of advances and deposits required from buyers during the initial stage of a sale transaction.

Liabilities for purchased land decreased by 30% from ₱2,632.8 million as of December 31, 2008 to ₱1,848.6 million as of December 31, 2009 due to payments made during the year.

Due to related parties decreased by 53% from ₱910.4 million as of December 31, 2008 to ₱428.9 million as of December 31, 2009 due to the payment of advances to related parties made during the year.

Income tax payable decreased by 24% from ₱125.0 million as of December 31, 2008 to ₱ 95.5 million as of December 31, 2009 primarily due to change in the regular corporate income tax from 35% in the year ended December 31, 2008 to 30% in the year ended December 31, 2009.

Pension liability increased by 117.7 million from ₱14.8 million as of December 31, 2008 to ₱ 132.5 million as of December 31, 2009 due to actuarial adjustments.

Deferred tax liabilities (net) posted an increase of 11% from ₱2,145.8 million as of December 31, 2008 to ₱2,385.6 million as of December 31, 2009. The increase was due primarily to the increase in unrealized gain on real estate transactions and unamortized discount on long-term notes.

Long Term Notes including Long Term Commercial Papers decreased by 66% from ₱1,474.6 million as of December 31, 2008 to ₱495.4 million as of December 31, 2009 due primarily to partial retirement of long-term debt.

Total stockholder's equity increased to ₱35,624.7 million as of December 31, 2009 from ₱33,016.6 million as of December 31, 2008 due the net income reported for the period and increase in additional paid in capital and issuance of treasury shares arising from the acquisition of Polar Mines Realty Ventures, Inc.

Material Changes to the Company's Statement of income for the year ended December 31, 2009 compared to the year ended December 31, 2008 (increase/decrease of 5% or more)

Revenue from real estate sales decreased by 8% from ₱10,435.8 million in the year ended December 31, 2008 to ₱9,629.7 million in the year ended December 31, 2009 mainly due to the decline in the sales take up starting 3rd quarter of 2008 where most of the revenue for the year 2009 came from and the effect of the extension of the payment period for the buyer's equity from 12 months to 18 months which was also introduce last year. 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.

Equity in net gain of an associate increased by ₱35.7 million from ₱10.2 million in the year ended December 31, 2008 to ₱45.9 million in the year ended December 31, 2009. The decrease was primarily due to higher net income reported by an associate.

Miscellaneous income decreased by 18% to ₱279.7 million in the year ended December 31, 2009 from ₱342.8 million in the year ended December 31, 2008 due to decrease in real estate sales deposit forfeitures.

Cost of real estate sales decreased by 5% to ₱5,004.0 million in the year ended December 31, 2009 from ₱5,273.0 million in the year ended December 31, 2008. This was primarily due a decrease in the overall recorded sales of Vista Land's business units.

Interest and financing charges increased by 51% to ₱593.0 million in the year ended December 31, 2009 from ₱391.4 million in the year ended December 31, 2008. This was due to the increased level of interest bearing payables during the period.

Unrealized foreign exchange loss decreased significantly from ₱180.9 million in the year ended December 31, 2008 to ₱0.6 million in the year ended December 31, 2009 due to partial settlement of foreign currency denominated liability.

Provision for income tax was ₱513.5 million in the year ended December 31, 2009 and ₱920.9 million in the year ended December 31, 2008 representing a decrease of ₱407.4 million. The decrease was primarily due to change in the regular corporate income tax from 35% in the year ended December 31, 2008 to 30% in the year ended December 31, 2009 and a lower taxable income reported for 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.

REVIEW OF YEAR END 2008 VS YEAR END 2007

RESULTS OF OPERATIONS

Revenues

Real Estate

The Company recorded revenue from real estate sales of ₱10,435.8 million in the year ended December 31, 2008, an increase of 27% from ₱8,223.6 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of Vista Land's business units particularly that of Camella Homes and Communities Philippines during 2008 compared to that of 2007. 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 110% to ₱3,726.0 million in the year ended December 31, 2008 from ₱1,773.1 million for the year ended December 31, 2007.

This was due to increase in the completion of sold inventories for the period from the Company's projects, specifically Cerritos 1 & 2, Glenmont, Pacific Residences, Frontera and Tierra Nevada. Camella Homes caters to the affordable segment of the market.

- Real estate revenue of Communities Philippines increased to ₱3,463.2 million in the year ended December 31, 2008, an increase of 59% from ₱2,171.7 million in the year ended December 31, 2007. This increase was principally due to the increased completion of sold inventories of the year of Company's various projects from various areas outside Mega Manila such as Savannah in Iloilo, Plantacion Meridienne in Batangas, Toscana in Davao, Provence in Bulacan and Grenadines in General Santos City. Communities Philippines is the business unit of Vista Land that offers residential properties outside the Mega Manila area.

- Real estate revenue of Crown Asia decreased by 13% to ₱1,632.2 million in the year ended December 31, 2008 from ₱1,877.0 million in the year ended December 31, 2007. The decline in the revenue was due to the decrease in the completion of sold inventories of the Company for the period. Brittany caters to the high-end segment of the market.

- Real estate revenue of Brittany decreased by 33% to ₱1,614.4 million in the year ended December 31, 2008 from ₱2,401.8 million in the same period last year. The decline in the revenue was due to the decrease in the completion of sold inventories of the Company for the period. Brittany caters to the high-end segment of the market.

Unrealized foreign exchange gain (loss)
Unrealized foreign exchange gain decreased by 191.6% resulting to an unrealized foreign exchange loss of ₱180.9 million in the year ended December 31, 2008 from an unrealized foreign exchange gain ₱197.5 million in the year ended December 31, 2007. This was due to the depreciation of the reporting currency for the period.

Interest Income
Interest income increased to ₱821.7 million in the year ended December 31, 2008 from ₱813.6 million in the year ended December 31, 2007. There is only a 1% increase in the interest due to some foregone interest from sold receivables.

Miscellaneous
Miscellaneous income decreased by 5% to ₱342.8 million in the year ended December 31, 2008 from ₱362.0 million in the year ended December 31, 2007 due to decrease in real estate sales deposit forfeitures.

Gain on restructuring
The Company recorded a non-recurring gain on restructuring of ₱1,443.5 million in the year ended December 31, 2007 as a result of Camella Homes' restructuring of its foreign currency denominated obligation, FRN.

Costs and Expenses

Cost and expenses increased by 21% to ₱7,856.6 million in the year ended December 31, 2008 from ₱6,512.3 million in the year ended December 31, 2007 but as a percentage of real estate sales, Costs and Expenses as a percentage of real estate revenue improved from 79% in the year ended December 31, 2007 to 75% in the year ended December 31, 2008. The 21% increase in the account was primarily attributable to the following:

- Cost of real estate sales increased by 31% to ₱5,273.0 million in the year ended December 31, 2008 from ₱4,031.4 million in the year ended December 31, 2007. This was primarily due an increase in the overall recorded sales of Vista Land's four business units.

- Operating expenses increased by 9% to ₱2,011.2 million in the year ended December 31, 2008 from ₱1,837.6 million in the year ended December 31, 2007. This was primarily due to the following:

- an increase in the advertising and promotions to ₱552.3 million in the year ended December 31, 2008 from ₱380.2 million in the year ended December 31, 2007 resulting from aggressive marketing activities for the year;

- an increase in commissions to ₱434.3 million in the year ended December 31, 2008 from ₱408.2 million in the year ended December 31, 2007 due to increased real estate sales; and

- a decrease in professional fees to ₱90.7 million in the year ended December 31, 2008 from ₱173.2 million in the year ended December 31, 2007 primarily due to the increase in the number of employees for the year.

- Interest and financing charges decreased by 39% to ₱391.4 million in the year ended December 31, 2008 from ₱643.4 million in the year ended December 31, 2007. This was due reduced level of interest bearing payables during the period.

Provision for Income Tax

Provision for income tax was ₱920.9 million in the year ended December 31, 2008 and ₱1,169.7 million in the year ended December 31, 2007, representing a decrease ₱248.8 million. The decrease was due to the recognition of the deferred tax liability from the gain on restructuring recorded in 2007 and none in 2008.

Net Income

As a result of the foregoing, the Company's net income decreased by 18% to ₱2,833.1 million in the year ended December 31, 2008 from ₱3,469.0 million in the year ended December 31, 2007.

For the year ended December 31, 2008, 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 did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2008 vs. December 31, 2007

Total assets as of December 31, 2008 were ₱52,251.9 million compared to ₱44,440.2 million as of December 31, 2007, or an 18% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments posted a significant decrease of ₱1,773.4 million, from ₱6,818.0 million as of December 31, 2007 to ₱5,044.5 million as of December 31, 2008 due to payments of working capital expenses.

- Receivables increased by 45% from ₱12,476.9 million as of December 31, 2007 to ₱18,072.9 million as of December 31, 2008 due to higher sales recognized for the period.

- Real estate for sale and development increased by 15% from ₱21,950.5 million as of December 31, 2007 to ₱25,246.6 million as of December 31, 2008 due primarily to acquisitions of lands for future development as well as opening of new projects.

- Property and equipment increased by 30% from ₱72.7 million as of December 31, 2007 to ₱94.8 million as of December 31, 2008 due primarily to additions of transportation equipment and other fixed assets.

- Advances to real estate joint ventures increased by ₱135.8 million, from ₱1,513.1 million as of December 31, 2007 to ₱1,648.9 as of December 31, 2008 due to the increase in advances given to joint venture partners.

- Other assets increased by 80% from ₱666.7 million as of December 31, 2007 to ₱1,196.8 million as of December 31, 2008 due primarily to increase in creditable withholding taxes, input vat and miscellaneous deposits and others.

Total liabilities as of December 31, 2008 were ₱19,235.3 million compared to ₱13,169.6 million as of December 31, 2007, or a 46% increase. This was due to the following:

- Interest bearing bank loans decreased by 64% to ₱92.3 million as of December 31, 2008 from ₱254.8 million as of December 31, 2007 due to payments made during the year.

- Loans payable, representing the sold portion of the Company's installment contracts receivables with recourse, increased significantly by 100% to ₱3,372.3 million as of December 31, 2008 from nil as of December 31, 2007 due to the selling of in-house receivables during the year.

- Accounts and other payables increased by 23% from ₱3,254.3 million as of December 31, 2007 to ₱4,005.5 million as of December 31, 2008 due primarily to the increase in accrued expenses and accounts payable to suppliers. The increase in those accounts is due to the on-going construction of some of the Company's condominium development projects.

- Customers' advances and deposits increased by 22% from ₱3,640.6 million as of December 31, 2007 to ₱4,437.7 million as of December 31, 2008 due to an increase in the number of uncontracted accounts.

- Liabilities for purchased land increased by 8% from ₱2,445.6 million as of December 31, 2007 to ₱2,632.8 million as of December 31, 2008 due to new acquisitions of land for future development.

- Due to related parties increased by 72% from ₱530.1 million as of December 31, 2007 to ₱910.4 million as of December 31, 2008 due to the proceeds of advances from related parties.

- Income tax payable increased by ₱13.5 million from ₱111.4 million as of December 31, 2007 to ₱125.0 million as of December 31, 2008 due to a higher taxable income for the period.

- Pension liability decreased by 85% from ₱100.0 million as of December 31, 2007 to ₱ 14.8 million as of December 31, 2008 due to actuarial adjustments.

- Deferred tax liabilities posted a significant increase of 33% from ₱1,610.7 million as of December 31, 2007 to ₱2,145.8 million as of December 31, 2008. The increase in the account was due to the increase in the sales that will be subjected to tax only upon collection and not during the recognition of the revenue.

- Long Term Notes including Long Term Commercial Papers increased by 23% from ₱1,221.9 million as of December 31, 2007 to ₱1,498.6 million as of December 31, 2008 due to foreign exchange translation.

Total stockholder's equity increased to ₱32,986.8 million as of December 31, 2008 from ₱31,244.5 million as of December 31, 2007 net profit realized for the year reduced by the dividends paid and treasury shares.

Minority interest increased by 56% from ₱31.6 million as of December 31, 2007 to ₱49.2 million as of December 31, 2008 due mainly minority share in net income for the year.

Notes:

Key Performance Indicators	12/31/2008	12/31/2007
Current ratio [(a)]	3.43:1	3.24:1
Debt-to-equity ratio [(b)]	0.58:1	0.42:1
Interest expense/Income before Interest expense [(c)]	9.4%	12.2%
Return on assets [(d)]	5.4%	7.8%
Return on equity [(e)]	8.6%	11.1%

(f) Current Ratio: This ratio is obtained by dividing the Current Assets (Cash and Cash Equivalents, Short term cash investments & Receivables) of the Company by its Current liabilities (Bank loans , Accounts and Other Payables & Liabilities for purchased land). This ratio is used as a test of the Company's liquidity.

(g) 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.

(h) 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

(i) 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.

(j) 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 December 31, 2008 improved from that of December 31, 2007 due to a significant increase in the receivables accounts and the slight increase in the account and other payables account. The increase in receivables was due to higher sales recognized for the period

Debt-to-equity ratio's slightly increased was due increase in the total liabilities. The increase in the total liabilities was due primarily to the increase in the loans payable which represents the Company's proceeds from sold receivables.

Interest expense as a percentage of income before interest expense was reduced in the year ended December 31, 2008 compared to the ratio for the year ended December 31, 2008 due to a reduction in the interest expense from interest bearing liabilities for the period.

Return on asset posted a lower ratio for December 31, 2008 compared to that on December 31, 2007 due primarily to the higher net income posted in the prior year which includes a significant one-time restructuring gain.

Return on equity decreased due to the higher net income for the year ended December 31, 2007 compared to that of December 31, 2008. The higher net income posted in the prior year includes a significant one-time restructuring gain.

Material Changes to the Company's Balance Sheet as of December 31, 2008 compared to December 31, 2007 (increase/decrease of 5% or more)

Cash and cash equivalents including short term cash investments decreased by 26% from ₱ 6,818.0 million as of December 31, 2007 to ₱5,044.5 million as of December 31, 2008 due to payments of working capital expenses.

Receivables increased by 45% from ₱12,476.9 million as of December 31, 2007 to ₱18,072.9 million as of December 31, 2008 due to higher sales recognized for the period.

Real estate for sale and development increased by 15% from ₱21,950.5 million as of December 31, 2007 to ₱25,246.6 million as of December 31, 2008 due primarily to acquisitions of lands for future development as well as opening of new projects.

Property and equipment increased by 30% from ₱72.7 million as of December 31, 2007 to ₱ 94.8 million as of December 31, 2008 due primarily to additions of transportation equipment and other fixed assets.

Advances to real estate joint ventures increased by 9% from ₱1,513.1 million as of December 31, 2007 to ₱1,648.9 as of December 31, 2008 due to the increase in advances given to joint venture partners.

Other assets increased by 80% from ₱666.7 million as of December 31, 2007 to ₱1,196.8 million as of December 31, 2008 due primarily to increase in creditable withholding taxes, input vat and miscellaneous deposits and others.

Bank loans decreased by 64% from ₱254.8 million as of December 31, 2007 to ₱92.3 million as of December 31, 2008 due to payments made during the year.

Loans payable increased by 100.0% from nil as of December 31, 2007 to ₱3,372.3 million as of December 31, 2008 due to the selling of in-house receivables during the year.

Accounts and other payables increased by 23% from ₱3,254.3 million as of December 31, 2007 to ₱4,005.5 million as of December 31, 2008 due primarily to the increase in accrued expenses and accounts payable to suppliers. The increase in those accounts is due to the on-going construction of some of the Company's condominium development projects.

Customers' advances and deposits increased by 22% from ₱3,640.6 million as of December 31, 2007 to ₱4,437.7 million as of December 31, 2008 due to an increase in the number of uncontracted accounts.

Liabilities for purchased land increased by 8% from ₱2,445.6 million as of December 31, 2007 to ₱2,632.8 million as of December 31, 2008 due to new acquisitions of land for future development.

Due to related parties increased by 72% from ₱530.1 million as of December 31, 2007 to ₱910.4 million as of December 31, 2008 due to the proceeds of advances from related parties.

Income tax payable increased by 12% from ₱111.4 million as of December 31, 2007 to ₱ 125.0 million as of December 31, 2008 due to a higher taxable income for the period.

Pension liability decreased by 85% from ₱100.0 million as of December 31, 2007 to ₱14.8 million as of December 31, 2008 due to actuarial adjustments.

Deferred tax liabilities posted a significant increase of 33% from ₱1,610.7 million as of December 31, 2007 to ₱2,145.8 million as of December 31, 2008. The increase in the account was due to the increase in the sales that will be subjected to tax only upon collection and not during the recognition of the revenue.

Long Term Notes including Long Term Commercial Papers increased by 23% from ₱1,221.9 million as of December 31, 2007 to ₱1,498.6 million as of December 31, 2008 due to foreign exchange translation.

Total stockholders' equity increased by 6% from ₱31,270.5 million as of December 31, 2007 to ₱33,016.6 million as of December 31, 2008 due to the net profit realized for the year reduced by the dividends paid and treasury shares.

Material Changes to the Company's Statement of income for the year ended December 31, 2008 compared to the year ended December 31, 2007 (increase/decrease of 5% or more)

Revenue from real estate sales increased by 27% from ₱8,223.6 million in the year ended December 31, 2007 to ₱10,435.8 million in the year ended December 31, 2008 mainly due to increase in the completion of sold inventories of Vista Land's business units.

Unrealized foreign exchange gain decreased by 191.6% resulting to an unrealized forex loss of ₱180.9 million in the year ended December 31, 2008 from an unrealized foreign exchange gain of ₱197.5 million in the year ended December 31, 2007. This was due to the depreciation of the reporting currency for the period.

Operating expenses increased by 9% from ₱1,837.6 million in the year ended December 31, 2007 to ₱2,011.2 million in the year ended December 31, 2008 mainly due to increase in marketing and selling expenses, particularly advertising and promotions and commissions resulting from aggressive marketing activities as well as increase in the salaries and wages due to the increase in the number of employees for the year.

Miscellaneous income decreased by 5% from ₱362.0 million in the year ended December 31, 2007 to ₱342.8 million in the year ended December 31, 2008 due to decrease in real estate sales deposit forfeitures.

Interest and financing charges decreased by 39% from ₱643.4 million in the year ended December 31, 2007 to ₱391.4 million in the year ended December 31, 2008 due to the increase in the interest due to some foregone interest from sold receivables.

Provision for income tax decreased by 21% from ₱1,169.7 million in the year ended December 31, 2007 to ₱920.9 million in the year ended December 31, 2008 due to the recognition of the deferred tax liability from the gain on restructuring recorded in 2007 and none in 2008.

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.

Factors which may have material impact in Company's operations

Economic factors

The economic situation in the Philippines significantly affects the performance of the Company's business. For the residential products, the Company is sensitive to changes in domestic interest and inflation rates. Higher interest rates tend to discourage potential buyers of residential units as mortgages become unaffordable to them. An inflationary environment will adversely affect the Company, as well as the real estate industry, by increases in costs such as land acquisition, labor and material. Although the Company may pass on the additional costs to buyers, there is no assurance that this will not significantly affect the Company's sales.

Competition

Please refer to the discussion on Competition found in Item 1 of this report.

Capital Expenditures

The table below sets out the Company's capital expenditures in 2007, 2008 and 2009 together with its budgeted capital expenditures for 2010.

	Expenditure
	(in ₱ millions)
2007 (actual)	7,271.0
2008 (actual)	8,331.1
2009 (actual)	8,054.0
2010 (budgeted)	10,200.0

The Company has historically sourced funding for capital expenditures through internally-generated funds and long-term borrowings.

Components of the Company's capital expenditures for 2007, 2008 and 2009 are summarized below:

	For the years ended December 31,		
	2007	2008	2009
	(in ₱ millions)		
Land acquisition/Advances to joint venture partners	3,352.0	2,820.2	2,243.0
Land development	1,629.0	2,175.4	1,777.0
Housing construction	2,290.0	3,335.5	4,034.0
Total	**7,271.0**	**8,331.1**	**8,054.0**

The Company has budgeted ₱10,200.0 million for capital expenditures for 2010. The planned capital expenditures for 2010 are summarized below:

Capital Projects	Expenditures *(in ₱ millions)*
Land acquisition/Advances to joint venture partners	1,800.0
Land development	2,900.0
Housing construction	5,500.0
Total	**10,200.0**

The Company expects to fund its budgeted capital expenditures principally through the existing cash, cash from operations, as well as through borrowings. The figures in the Company's capital expenditure plans are based on management's estimates and have not been appraised by an independent organization. In addition, the Company's capital expenditure plans are subject to a number of variables, including: possible cost overruns; construction/development delays; the receipt of critical Government approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as the Philippine's economic performance and interest rates. There can be no assurance that the Company will execute its capital expenditure plans as contemplated at or below estimated costs.

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2009 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

SGV & Co., independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2007, 2008 and 2009, included in this report.

SGV & Co. has acted as the Company's external auditors since 2008 and as Camella Homes, Inc.'s external auditors since 1994. Jessie D. Cabaluna is the current audit partner for the Company and the other subsidiaries The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

External Audit Fees and Services

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.

	2008	2009
	(In ₱ Thousands)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱10,000	₱ 11,000
All other fees	–	–
Total	**₱10,000**	**₱ 11,000**

SGV & Co. does not have any direct or indirect interest in the Company

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Changes in Accounting Policies
Refer to Note 2 - Summary of Significant Accounting Policies under Changes in Accounting Policies and Disclosures discussion on the Consolidated Financial Statements as of and for the years ended December 31, 2007, 2008 and 2009 included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which two are independent directors.

The table below sets forth the members of the Company's Board as of December 31, 2009.

Name	Age	Position	Citizenship
Marcelino Mendoza	55	Chairman of the Board	Filipino
Benjamarie Therese N. Serrano	47	Director, President and Chief Executive Officer	Filipino
Manuel Paolo A. Villar	33	Director, Chief Financial Officer	Filipino
Cynthia J. Javarez	46	Director, Controller	Filipino
Mark A. Villar	31	Director	Filipino
Ruben O. Fruto	71	Independent Director	Filipino
Marilou Adea	58	Independent Director	Filipino

All the above named individuals were elected to the Board of Directors of Vista Land during the Annual Stockholders Meeting held last June 15, 2009 and shall remain in office until the next annual meeting of the shareholders of Vista Land.

The table below sets forth Vista Land's executive officers in addition to its executive directors listed above as of December 31, 2009.

Name	Age	Position	Citizenship
Gemma M. Santos	47	Corporate Secretary	Filipino
Maribeth C. Tolentino	44	Managing Director of Camella Homes	Filipino
Jerylle Luz Quismundo	46	Managing Director of Communities Philippines	Filipino
Mary Lee S. Sadiasa	40	Managing Director of Brittany & Crown Asia	Filipino

Marcelino C. Mendoza, *Chairman of the Board*. Mr. Mendoza, 55, is the Chief Operating Officer of MGS Corporation. He was President of Camella Homes, Inc. from 2001 to 2003, and Chief Operating Officer of Communities Philippines, Inc. from 1992 to 1995. He has a Masters Degree in Business Administration (Ateneo de Manila University) and a Certificate in Advance Course in Successful Communities from the Harvard University Graduate School of Design. Mr. Mendoza is a member of the Phi Kappa Phi International Honor Society. Well respected in the Philippine real estate industry, Mr. Mendoza has served as President and Chairman of the Board (1996 to 1998) and Board Adviser (1999 to present) of the Subdivision and Housing Developers Association (SHDA).

Benjamarie Therese N. Serrano, *Director, President & Chief Executive Officer.* Ms. Serrano, 47, graduated from the University of Philippines with a degree of Bachelor of Arts in Economics and from the Asian Institute of Management with a degree of Master of Business Management. She is presently the President and Chief Executive Officer of Vista Land. She has been President of Brittany Corporation since 2004 up to the present. She was Chief Operating Officer of Crown Asia from 1995 to 2003 after holding various other positions in the MB Villar Group of Companies since 1991. She was also connected with the AFP Retirement and Separation Benefits System from 1985 to 1988.

Manuel Paolo A. Villar, *Director and Chief Financial Officer.* Mr. Villar, 33, graduated from the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and a Bachelor of Applied Science. He was a consultant for McKinsey & Co. in the United States from 1999 to 2001. He joined Crown Asia in 2001 as Head of Corporate Planning.

Cynthia J. Javarez, *Director and Controller*. Ms. Javarez, 46, graduated from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She took a Management Development Program at the Asian Institute of Management. She is currently the Controller of Vista Land. Currently Head of the Tax

and Audit group after holding various other positions in the MB Villar Group of Companies since 1985.

Mark A. Villar, *Director*. Mr. Villar, 31, is currently the Chief Executive Officer of Homeplus Builder's Center and Family Shoppers. He has held various positions in the MB Villar Group of Companies. Mr. Villar earned his Degree in Bachelor of Science in Economics from the University of Pennsylvania.

Ruben O. Fruto, *Independent Director*. Mr. Fruto, 71, graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu & La O' and the Oben, Fruto & Ventura Law Office. In February 1987 he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from engaging in private law practice specializing in corporate and civil litigation, he is also General Counsel of Wallem Philippines Shipping, Inc. and Wallem Maritime Services, Inc.; Vice-Chairman of Toyota Balintawak, Inc.; Director and Vice-President of China Shipping Manila Agency, Inc.; and Director and Treasurer of Padre Burgos Realty, Inc. He is also a Consultant and the designated Corporate Secretary of Subic Bay Metropolitan Authority.

Marilou O. Adea, *Independent Director*. Ms. Adea, 58, is currently the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc. and Manuela Corporation. Ms. Adea served previously as Project Director for Site Acquisition of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

Gemma M. Santos, *Corporate Secretary*. Ms. Santos, 47, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer and Senior Partner of Picazo Buyco Tan Fider & Santos Law Offices and Corporate Secretary of various Philippine companies, including public companies ATR KimEng Financial Corporation and eTelecare Global Solutions, Inc., and Assistant Corporate Secretary of public company Metro Pacific Investments Corporation..

Maribeth C. Tolentino, *Managing Director, C & P Homes.* Ms. Tolentino, 44, is currently the President of Camella Homes, Inc. She is also the President of the following subsidiary corporations: Palmera Homes, Inc., Household Development Corporation, Eastridge Estates, Inc., and Ridgewood Estates, Inc. Ms. Tolentino was previously the General Manager of Golden Haven Memorial Park, Inc. from 1999 to 2005. She holds a Bachelor of Science degree in Business Administration Major in Accounting, Magna cum Laude, from the University of the East, Manila. Ms. Tolentino is a Certified Public Accountant.

Jerylle Luz C. Quismundo, *Managing Director, Communities Philippines*. Ms. Quismundo, 46, graduated cum laude from the University of the Philippines with a Masters in Business Administration and a Bachelor of Science in Business Economics. Ms. Quismundo is currently the President of the following companies: Crown Communities Holdings, Inc., Crown Communities (Pangasinan), Inc., Crown Communities (Pampanga), Inc., Crown Communities (Bulacan), Inc., Crown Communities (Batangas), Inc., Crown Communities (Iloilo), Inc., Crown Communities (Cebu), Inc., Crown Communities (Cagayan), Inc., Crown Communities (Davao), Inc. and Communities Cebu, Inc. From 2001 to 2003, Ms. Quismundo was the Chief Financial Officer of Camella Homes, Inc.

Mary Lee S. Sadiasa, *Managing Director, Brittany* Ms. Sadiasa, 40, graduated from the De La Salle University with a Bachelor of Science in Applied Mathematics Minor in 1988. She has held various positions in the MB Villar Group of Companies from 1988 until she assumed the position of Division Head of Brittany Corporation since 2005.

Resignation of Directors
None for 2009

Family relationships
Mr. Manuel Paolo A. Villar and Mr. Mark A. Villar, who are both directors of the Company, are siblings.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best knowledge of the Company, none of the above-named directors or executive officers has been subject to the following:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or

- Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Executive Compensation

Vista Land was organized on February 28, 2007 and as of December 31, 2007, it had not paid any compensation to its directors and executive officers. Starting March 1, 2008, the persons listed below have started to receive compensation from the Registrant. However, other executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the year 2008 and 2009 (actual) and 2009 and 2010 (projected) are shown below:

Names	Position	Year	Salary	Bonus	Others
Benjamarie Therese Serrano	President & CEO				
Manuel Paolo Villar	CFO				
Cynthia J. Javarez	Controller				
Ricardo Tan Jr.*	SVP Finance & CIO				
Maribeth C. Tolentino	COO, Camella Homes				
Aggregate executive compensation for above named officers		**Actual 2008**	**₱11.7M**	**₱1.7M**	**₱ None**
		Actual 2009	**₱15.0M**	**₱3.0M**	**₱ None**
		Projected 2010	**₱17.0M**	**₱4.5M**	**₱ None**

Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2008** **Actual 2009** **Projected 2010**	**₱74.5M** **₱85.3M** **₱93.8M**	**₱10.1M** **₱11.6M** **₱12.7M**	**₱–None** **₱–None** **₱–None**

*Effective January 22, 2008

Standard arrangements

Other than payment of reasonable per diem of ₱20,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company's subsidiaries, for any services provided as a director for 2008 and 2009.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company's subsidiaries, during 2008 or 2009 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between Vista Land and the named executive officers.

Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a group.

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of our voting securities as of December 31, 2009 are shown below:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	Fine Properties, Inc Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	2,892,615,495	33.876%
Common	Adelfa Properties, Inc. Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	2,069,431,666	24.236%

Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	1,804,494,968	21.133%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Filipino	936,086,657	10.963%
Common	Polar Property Holdings, Corp Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	777,497,000	9.106%

Security Ownership of Management

Security ownership of certain management as of December 31, 2009:

Title of Class	Name and addresses of record owners	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares Held	% to Total Outstanding
Common	Ruben O. Fruto No. 136 Bunga Ext. Ayala Alabang Village. Muntinlupa City	Record owner is also the beneficial owner	Filipino	1,000	0.0%
Common	Benjamarie Therese N. Serrano Parklane St. La Marea San Pedro, Laguna	Record owner is also the beneficial owner	Filipino	202,680	0.0%
Common	Marcelino C. Mendoza Margie Moran St. BF Resort Village, Talon, Las Pinas City	Record owner is also the beneficial owner	Filipino	206,690	0.0%
Common	Manuel Paolo A. Villar C. Masibay St. BF Resort Villate, Talon, Las Pinas City	Record owner is also the beneficial owner	Filipino	200,000	0.0%
Common	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia Imus, Cavite	Record owner is also the beneficial owner	Filipino	160	0.0%
Common	Mark A. Villar C. Masibay St. BF Resort Villate, Talon, Las Pinas City	Record owner is also the beneficial owner	Filipino	200,000	0.0%
Common	Marilou O. Adea No. 44 Istanbul Street BF Homes, Paranaque City	Record owner is also the beneficial owner	Filipino	1	0.0%
Total				**810,531**	**0.0%**

Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

Voting Trust Holders of 5.0% or More

As of December 31, 2009, there were no persons holding more than 5.0% of a class of Shares under a voting trust or similar agreement.

Changes In Control

The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company. No change in control of the Company has occurred since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

As of December 31, 2009, the Villar Family Companies held 67.4% of the issued and outstanding share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

The Company's most significant related party transactions primarily involve Camella Homes. Camella Homes, from time to time, extends advances to the Villar Family Companies to finance the latter's accumulation of raw land intended for eventual development by Camella Homes' operating subsidiaries. Pending completion of the documentation of these acquisitions and transfer of legal title to the appropriate operating subsidiaries of Camella Homes, these advances are temporarily booked by Camella Homes as receivables from affiliates.

For further information on the Company's related party transactions, see Note 22 to the Company's consolidated financial statements as of and for the years ended December 31, 2007, 2008 and 2009 included in this report.

PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with leading practice on Corporate Governance

The Company's Board has adopted a Manual on Corporate Governance on March 31, 2007. The Company's Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Company's corporate governance standards is exercised through the Board's three standing committees:

- The Audit Committee is charged with internal audit oversight over all of the Company's business transactions and the effective management of risk.

- The Nomination Committee is charged with ensuring that potential candidates for the Board are fully qualified as well as ensuring that the Board maintains adequate independent membership.

- The Compensation and Remuneration Committee is charged with ensuring that fair and competitive compensation policies are maintained.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business. Each January, the Company will issue a certification to the Philippines Securities and Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

As of December 31, 2009, there are no known material deviations from the Company's Manual of Corporate governance.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17 – C

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2009.

The other exhibits, as indicated in the Index to Financial Statements and Supplementary Schedules are either not applicable to the Company or require no answer.

Reports on SEC Form 17-C

The following current reports have been reported by Vista Land during the year 2009 through official disclosure letters dated:

February 16, 2009
Share Buy Back – 1,560,000 shares

February 17, 2009
Share Buy Back – 1,270,000 shares

February 18, 2009
Share Buy Back – 350,000 shares

February 19, 2009
Share Buy Back – 350,000 shares

February 20, 2009
Share Buy Back – 5,020,000 shares

February 23, 2009
Share Buy Back – 1,140,000 shares

February 24, 2009
Share Buy Back – 7,490,000 shares

February 25, 2009
Share Buy Back – 750,000 shares

February 26, 2009
Share Buy Back – 780,000 shares

March 4, 2009
Share Buy Back – 6,220,000 shares

April 16, 2009
Press Release

April 30, 2009
Board Meeting Resolutions

May 14, 2009
Press Release

June 15, 2009
Resignation, Removal or Election of Directors or Officers – Annual Stockholders' Meeting

August 13, 2009
Press Release

October 29, 2009
Board Meeting Resolutions

November 23, 2009
Cash Dividend Declaration

Reports on SEC Form 17-C, as amended (during the last 6 months)

None

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on 15 APR 2010.

By:

BENJAMARIE THERESE N. SERRANO
President and Chief Executive Officer

GEMMA M. SANTOS
Corporate Secretary

MANUEL PAOLO A. VILLAR
Chief Financial Officer

CYNTHIA J. JAVAREZ
Controller

SUBSCRIBED AND SWORN to before me this 15 APR 2010 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Benjamarie Therese N. Serrano	TT0720341	8/28/2006 - Manila
Manuel Paolo A. Villar	EC0078316	3/21/2008 - Manila
Gemma M. Santos	XX 2953491	2/06/2009 - Manila
Cynthia J. Javarez	EC 0078318	3/21/2008 - Manila

Doc. No. 410
Page No. 83
Book No. XI
Series of 2010.

FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DEC. 31, 2010
IBP NO. 78643/07 JAN. 2009/MKT. CITY
PTR NO. 0562203/05 JAN. 2009/MAND. CITY
ROLL NO. 53511

VISTA LAND & LIFESCAPES, INC

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Consolidated Financial Statements

Supplementary Schedules

VISTA LAND
& LIFESCAPES INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Vista Land & Lifescapes, Inc. and its subsidiaries** is responsible for all information and representations contained in the consolidated balance sheets as of December 31, 2009 and 2008 and the consolidated statements of income, consolidated statement of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2009 and the summary of significant accounting policies and other explanatory notes. The consolidated financial statements have been prepared in accordance with the Philippine Financial Reporting Standards and reflect amount that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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

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

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and has expressed their opinion on the fairness of presentation upon completion of such audit in its report to the Board of Directors and stockholders.

MARCELINO C. MENDOZA
Chairman, Board of Directors

BENJAMARIE THERESE N. SERRANO
President and Chief Executive Officer

MANUEL PAOLO A. VILLAR
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 15 APR 2010 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Marcelino C. Mendoza	22145468	5/17/2005 - Manila
Benjamarie Therese N. Serrano	TT 0720341	8/28/2004 - Manila
Manuel Paolo A. Villar	QQ0078316	8/21/2009 - Manila.

Doc No. 409
Page No. 83
Book No. XI
Series of 2010.

FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DEC. 31, 2010
IBP NO. 769643 / 07 JAN. 2009 / MKT. CITY
PTR NO. 0380203 / 05 JAN. 2009 / MAND. CITY
ROLL NO. 53511

3rd Level Starmall Las Piñas CV Starr Avenue, Pamplona Las Piñas City 1746
UGF Worldwide Corporate Center Shaw Blvd. Mandaluyong City 1552
CALL: (+632) 583-5308 / (+632)584-5305 FAX: (+632) 584-5731

COVER SHEET

CS200703145

SEC Registration Number

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

(Company's Full Name)

3rd Level Starmall Las Piñas, CV Starr Avenue, Pamplona, Las Piñas City

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

Cynthia J. Javarez

(Contact Person)

887-2264

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

AAFS

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SGV&Co
ERNST & YOUNG

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

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

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
3rd Level Starmall Las Piñas
CV Starr Avenue, Pamplona, Las Piñas City

We have audited the accompanying consolidated financial statements of Vista Land & Lifescapes, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2009 and 2008, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2009, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

SGV&Co
ERNST & YOUNG

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vista Land & Lifescapes, Inc. and Subsidiaries as of December 31, 2009, and 2008, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2009 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-2
Tax Identification No. 102-082-365
PTR No. 2087369, January 4, 2010, Makati City

April 12, 2010

SGV&Co
ERNST & YOUNG

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

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

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
3rd Level Starmall Las Piñas
CV Starr Avenue, Pamplona, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vista Land & Lifescapes, Inc. and Subsidiaries included in this Form 17-A and have issued our report thereon dated April 12, 2010. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68.1 and SEC Memorandum Circular No. 11, Series of 2008 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respect the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-2
Tax Identification No. 102-082-365
PTR No. 2087369, January 4, 2010, Makati City

April 12, 2010

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 28)	**₱3,010,640,495**	₱5,014,533,958
Short-term investments (Notes 7 and 28)	**135,962,569**	30,000,000
Receivables (Notes 8 and 28)	**9,767,390,420**	12,885,053,541
Real estate inventories (Note 9)	**28,721,665,913**	25,246,604,413
Other current assets (Note 10)	**1,592,533,878**	805,648,276
Total Current Assets	**43,228,193,275**	43,981,840,188
Noncurrent Assets		
Noncurrent receivables (Notes 8 and 28)	**8,370,231,418**	5,187,818,787
Available-for-sale financial assets (Notes 11 and 28)	**288,936,791**	299,625,790
Investment in an associate (Note 12)	**693,673,745**	647,730,273
Property and equipment (Note 13)	**92,191,013**	94,800,826
Interests in joint ventures (Note 14)	**1,550,921,619**	1,648,925,806
Deferred tax assets (Note 26)	**436,330,705**	417,497,645
Other noncurrent assets (Note 15)	**412,065,875**	391,186,837
Total Noncurrent Assets	**11,844,351,166**	8,687,585,964
	₱55,072,544,441	₱52,669,426,152
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 17 and 28)	**₱5,430,021,127**	₱4,005,522,187
Customers' advances and deposits (Note 20)	**3,638,487,966**	4,437,729,304
Payable to related parties (Notes 22 and 28)	**428,906,503**	910,408,719
Income tax payable	**95,461,872**	124,957,363
Current portion of bank loans (Notes 16 and 28)	**2,729,998,851**	1,689,916,446
Current portion of liabilities for purchased land (Notes 18 and 28)	**1,202,280,747**	1,934,494,403
Total Current Liabilities	**13,525,157,066**	13,103,028,422
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 16 and 28)	**1,826,499,513**	1,798,800,730
Liabilities for purchased land - net of current portion (Notes 18 and 28)	**646,360,010**	698,341,866
Pension liabilities (Note 24)	**132,454,030**	14,776,999
Long-term notes (Notes 19 and 28)	**495,427,390**	1,474,565,769
Deferred tax liabilities (Note 26)	**2,821,978,377**	2,563,324,062
Total Noncurrent Liabilities	**5,922,719,320**	6,549,809,426
Total Liabilities	**19,447,876,386**	19,652,837,848

(Forward)

	December 31	
	2009	2008
Equity (Notes 2 and 29)		
Equity attributable to equity holders of Vista Land & Lifescapes, Inc.		
Capital stock	**₱8,538,740,614**	₱8,538,740,614
Additional paid-in capital	**19,328,509,860**	19,305,275,668
Retained earnings	**7,757,417,581**	5,739,787,852
Unrealized gain on available-for-sale financial assets	**–**	472,619
Treasury shares (Notes 4 and 29)	**–**	(616,885,476)
	35,624,668,055	32,967,391,277
Minority interests	**–**	49,197,027
Total Equity	**35,624,668,055**	33,016,588,304
	₱55,072,544,441	₱52,669,426,152

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2009	2008	2007
REVENUE			
Real estate	**₱9,629,663,010**	₱10,435,822,103	₱8,223,600,691
Interest income (Note 21)	**857,296,120**	821,702,486	813,641,406
Miscellaneous income (Note 25)	**279,747,532**	342,809,558	361,984,749
	10,766,706,662	11,600,334,147	9,399,226,846
COSTS AND EXPENSES			
Real estate	**5,003,984,152**	5,273,025,863	4,031,363,221
Operating expenses (Note 23)	**2,083,572,435**	2,011,234,962	1,837,561,481
Interest and other financing charges (Note 21)	**592,982,136**	391,415,253	643,368,110
	7,680,538,723	7,675,676,078	6,512,292,812
OTHER INCOME (EXPENSES)			
Equity in net income of an associate (Note 12)	**45,943,472**	10,225,092	110,691,548
Dividend income	**194,340**	–	–
Unrealized foreign exchange gains (losses)	**(611,212)**	(180,896,764)	197,504,392
Loss on settlement of loan (Note 19)	**(318,810,422)**	–	–
Gain from restructuring of loan (Note 19)	**–**	–	1,443,542,689
	(273,283,822)	(170,671,672)	1,751,738,629
INCOME BEFORE INCOME TAX	**2,812,884,117**	3,753,986,397	4,638,672,663
PROVISION FOR INCOME TAX (Note 26)	**513,475,947**	920,850,348	1,169,663,599
NET INCOME	**2,299,408,170**	2,833,136,049	3,469,009,064
OTHER COMPREHENSIVE INCOME			
Unrealized gain on available-for-sale financial assets (Note 11)	**–**	472,619	–
TOTAL COMPREHENSIVE INCOME	**₱2,299,408,170**	₱2,833,608,668	₱3,469,009,064
NET INCOME ATTRIBUTABLE TO:			
Equity holders of Vista Land & Lifescapes, Inc.	**₱2,299,408,170**	₱2,819,203,031	₱3,463,493,788
Minority interests	**–**	13,933,018	5,515,276
	₱2,299,408,170	₱2,833,136,049	₱3,469,009,064
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of Vista Land & Lifescapes, Inc.	**₱2,299,408,170**	₱2,819,675,650	₱3,463,493,788
Minority interests	**–**	13,933,018	5,515,276
	₱2,299,408,170	₱2,833,608,668	₱3,469,009,064
Basic/Diluted Earnings Per Share (Note 27)	₱0.278	₱0.335	₱0.484
Basic/Diluted Earnings Per Share Excluding Gain from Restructuring (Note 27)	₱0.278	₱0.335	₱0.282

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	ATTRIBUTABLE TO EQUITY HOLDERS OF VISTA LAND & LIFESCAPES, INC.								
	Capital Stock (Note 29)	**Additional Paid-in Capital**	**Retained Earnings**	**Deposits for Future Stock Subscriptions**	**Treasury Shares (Note 29)**	**Unrealized Gain on Available-for-Sale Financial Assets**	**Total**	**ATTRIBUTABLE TO MINORITY INTERESTS**	**TOTAL EQUITY**
Balances as of January 1, 2009	**₱8,538,740,614**	**₱19,305,275,668**	**₱5,739,787,852**	**₱–**	**(₱616,885,476)**	**₱472,619**	**₱32,967,391,277**	**₱49,197,027**	**₱33,016,588,304**
Net income	**–**	**–**	**2,299,408,170**	**–**	**–**	**–**	**2,299,408,170**	**–**	**2,299,408,170**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(472,619)**	**(472,619)**	**–**	**(472,619)**
Total comprehensive income	**–**	**–**	**2,299,408,170**	**–**	**–**	**(472,619)**	**2,298,935,551**	**–**	**2,298,935,551**
Issuance of treasury shares	**–**	**23,234,192**	**–**	**–**	**616,885,476**	**–**	**640,119,668**	**(49,197,027)**	**590,922,641**
Cash dividends (Note 29)	**–**	**–**	**(281,778,441)**	**–**	**–**	**–**	**(281,778,441)**	**–**	**(281,778,441)**
Balances as of December 31, 2009	**₱8,538,740,614**	**₱19,328,509,860**	**₱7,757,417,581**	**₱–**	**₱–**	**₱–**	**₱35,624,668,055**	**₱–**	**₱35,624,668,055**
Balances as of January 1, 2008	₱8,538,740,614	₱19,305,275,668	₱3,463,493,788	₱–	(₱68,531,241)	₱–	₱31,238,978,829	₱31,564,195	₱31,270,543,024
Net income	–	–	2,819,203,031	–	–	–	2,819,203,031	13,933,018	2,833,136,049
Other comprehensive income	–	–	–	–	–	472,619	472,619	–	472,619
Total comprehensive income	–	–	2,819,203,031	–	–	472,619	2,819,675,650	13,933,018	2,833,608,668
Cash dividends (Note 29)	–	–	(542,908,967)	–	–	–	(542,908,967)	–	(542,908,967)
Equity movement of subsidiaries	–	–	–	–	–	–	–	3,699,814	3,699,814
Purchase of treasury shares	–	–	–	–	(548,354,235)	–	(548,354,235)	–	(548,354,235)
Balances as of December 31, 2008	**₱8,538,740,614**	**₱19,305,275,668**	**₱5,739,787,852**	**₱–**	**(₱616,885,476)**	**₱472,619**	**₱32,967,391,277**	**₱49,197,027**	**₱33,016,588,304**
Balances as of January 1, 2007	₱1,000,000	₱–	₱–	₱8,224,661,024	₱–	₱–	₱8,225,661,024	₱26,048,919	8,251,709,943
Net income for the period	–	–	3,463,493,788	–	–	–	3,463,493,788	5,515,276	3,469,009,064
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	3,463,493,788	–	–	–	3,463,493,788	5,515,276	3,469,009,064
Issuance of shares	8,537,740,614	19,305,275,668	–	–	–	–	27,843,016,282	–	27,843,016,282
Purchase of treasury shares	–	–	–	–	(68,531,241)	–	(68,531,241)	–	(68,531,241)
Equity movement of subsidiaries	–	–	–	(8,224,661,024)	–	–	(8,224,661,024)	–	(8,224,661,024)
Balances as of December 31, 2007	**₱8,538,740,614**	**₱19,305,275,668**	**₱3,463,493,788**	**₱–**	**(₱68,531,241)**	**₱–**	**₱31,238,978,829**	**₱31,564,195**	**₱31,270,543,024**

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,812,884,117**	₱3,753,986,397	₱4,638,672,663
Adjustments for:			
Interest income (Note 21)	**(857,296,120)**	(821,702,486)	(813,641,406)
Interest expense	**592,982,136**	391,415,253	643,368,110
Actuarial loss (gain) (Note 24)	**128,575,800**	(85,267,936)	(20,856,700)
Depreciation and amortization (Notes 13, 15 and 23)	**95,162,392**	46,472,247	43,002,460
Provision for probable losses (Note 23)	**11,079,149**	8,419,703	21,216,869
Unrealized foreign exchange (gains) losses	**611,212**	180,896,764	(923,697,068)
Equity in net earnings of an associate (Note 12)	**(45,943,472)**	(10,225,092)	(110,691,548)
Loss on settlement of loans (Note 19)	**318,810,422**	–	–
Dividend income	**(194,340)**	–	–
Loss on retirement of property and equipment	**9,321,027**	1,785,876	–
Gain from restructuring	**–**	–	(1,443,542,689)
Operating income before working capital changes	**3,065,992,323**	3,465,780,726	2,033,830,691
Decrease (increase) in:			
Receivables	**8,243,770**	(5,525,016,510)	(4,588,454,620)
Real estate for sale and development	**(2,967,050,148)**	(3,296,118,010)	(3,883,831,678)
Other assets	**(849,518,628)**	(519,125,077)	(80,487,102)
Increase (decrease) in:			
Accounts and other payables	**1,129,064,618**	747,670,936	409,353,754
Customers' advances and deposits	**(799,241,338)**	797,091,656	1,327,604,308
Liabilities for purchased land	**(784,195,512)**	169,768,508	1,461,944,201
Pension liabilities	**(10,898,769)**	–	–
Net cash flows used in operations	**(1,207,603,684)**	(4,159,947,771)	(3,320,040,446)
Dividend received	**194,340**	–	–
Interest received	**772,612,479**	742,352,183	813,641,406
Interest paid	**(600,961,254)**	(373,914,823)	–
Income tax paid	**(303,150,182)**	(372,263,089)	(65,955,593)
Net cash flows used in operating activities	**(1,338,908,301)**	(4,163,773,500)	(2,572,354,633)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in advances to real estate joint ventures	**98,004,187**	(135,779,154)	(377,025,700)
Purchase of available-for-sale financial assets	**10,216,380**	5,561,653	112,844,900
Disposal of investments in an associate	**–**	–	(258,520,144)
Proceeds from short-term investment	**–**	1,510,260,676	–
Acquisition of property and equipment (Note 13)	**(53,853,349)**	(70,379,252)	(46,678,737)
Purchase of short-term investments	**(105,962,569)**	–	(1,540,260,676)
Net cash provided by (used in) investing activities	**(51,595,351)**	1,309,663,923	(2,109,640,357)

(Forward)

	Years Ended December 31		
	2009	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (payments of):			
Bank loans	**₱1,067,781,188**	₱3,188,403,162	(₱5,153,133,802)
Long-term notes	**(1,297,948,801)**	117,221,379	–
Proceeds from issuance of share of stock	–	–	13,331,008,039
Acquisition of treasury stock	**(20,493,492)**	(548,354,235)	(68,531,241)
Payment of dividends declared (Note 29)	**(281,778,440)**	(542,908,967)	–
Increase (decrease) in payable to related parties	**(31,753,239)**	380,276,468	524,131,377
Payments to minority interests	**(49,197,027)**	(3,699,814)	(37,905,116)
Net cash provided by (used in) financing activities	**(613,389,811)**	2,590,937,993	8,595,569,257
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,003,893,463)**	(263,171,584)	3,913,574,267
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,014,533,958**	5,277,705,542	1,364,131,275
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,010,640,495**	₱5,014,533,958	₱5,277,705,542

See accompanying 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, CV Starr Avenue, Pamplona, Las Piñas City. The Parent Company is a publicly listed investment holding company which is 33.88% owned by Fine Properties, Inc, 24.24% owned by Adelfa Properties, Inc., 9.11% owned by Polar Property Holdings, Inc. and rest by the public.

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. (Formerly Polar Mines Realty Ventures, 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.

Camella Homes, Inc. and Subsidiaries
On October 30, 2007, SEC approved the merger between Palmera Homes, Inc., Eastridge Estates, Inc., Ridgewood Estates, Inc. and Household Development Corp. (HDC), the latter being the surviving entity. All of these entities are within the group of Camella Homes. HDC did not issue any consideration in exchange for the shares of the three other subsidiaries. HDC and the Parent Company has accounted for this transaction as reorganization of entities under common control, using pooling of interest method. Accordingly, the accompanying consolidated financial statements have been prepared as if the current corporate structure had been in existence in all periods presented.

On August 15, 2008, the shareholders ratified the Board of Directors (BOD) approval of the amendment of the name of the corporation from "C & P Homes, Inc." to "Camella Homes, Inc." Likewise, the shareholders ratified the BOD resolution to change the par value of shares from ₱1.00 per share to ₱10,000 per share. The amendments in the articles of incorporation was approved by SEC on March 12, 2009, to increase the par value from ₱1.00 per share to ₱10,000 per share and correspondingly decrease the number of shares comprising the authorized capital stock of CHI from seven (7) billion to 700,000 shares.

Crown Asia Properties, Inc.
On August 13, 2008, SEC approved the merger between Symmetrical Ventures, Inc., Crown Asia Properties (North), Inc., and CAPI, the latter being the surviving entity. CAPI did not issue any consideration in exchange for the shares accounted for this transaction and accounted this transaction as reorganization of entities under common control, using pooling of interest method. Accordingly, the accompanying consolidated financial statements have been prepared as if the current corporate structure had been in existence in all periods presented.

Communities Philippines, Inc. and Subsidiaries
At a meeting on August 6, 2008, the BOD approved the increase of the authorized capital of CPI from fifty million pesos (₱50,000,000) divided into five hundred thousand (500,000) shares with par value of one hundred pesos (₱100) per share to one billion (1,000,000,000) divided into ten million (10,000,000) shares with par value of one hundred pesos (₱100) per share. Also, on the same date, the BOD and the stockholders amended the corporate name from "Crown Communities Holdings, Inc" to "Communities Philippines, Inc." The SEC approved the increase of capital stock and the application of change in corporate name on September 24, 2008. Out of the increase in the authorized capital stock of CPI, the amount of five hundred million (₱500,000,000) pesos has been actually subscribed by the Parent Company and the amount of five hundred four million three hundred seventy-two thousand nine hundred (₱504 million) pesos has been paid, inclusive of premium, by way of assignment of shares of stocks on the following subsidiaries:

- Communities Cebu, Inc.
- Communities Davao, Inc.
- Communities Iloilo, Inc.
- Communities Pampanga, Inc.

In 2009, the BOD and the stockholders approved the change in the corporate names of CPI's subsidiaries which was approved by SEC on various dates as follows:

Former Name	Current Name	Date Approved
Communities Philippines Cam. Sur, Inc.	Communities Naga, Inc.	March 13, 2009
Crown Communities (Batangas), Inc.	Communities Batangas, Inc.	April 1, 2009
Crown Communities (Bulacan), Inc.	Communities Bulacan, Inc.	July 31, 2009
Crown Communities (Cagayan), Inc.	Communities Cagayan, Inc.	April 15, 2009
Crown Communities (Cebu), Inc.	Communities Cebu, Inc.	June 30, 2009
Crown Communities (Davao), Inc.	Communities Davao, Inc.	April 3, 2009
Crown Communities (Iloilo), Inc.	Communities Iloilo, Inc.	April 16, 2009
Crown Communities (Pampanga), Inc.	Communities Pampanga, Inc.	April 3, 2009
Crown Communities (Pangasinan), Inc.	Communities Pangasinan, Inc.	July 7, 2009

Moreover, the BOD and stockholders approved the change of registered address of all fourteen (14) subsidiaries under CPI which has now a uniform principal address at Mezzanine Floor, Starmall Complex, EDSA cor. Shaw Blvd., Mandaluyong City. The SEC subsequently approved the amendment on various dates above.

Vista Residences, Inc.
On October 29, 2009, the Group acquired from Polar Property, through the Parent Company, 100.00% voting shares of VRI in exchange of 320,686,000 treasury shares valued at ₱660.61 million plus ₱1.0 million in cash. The Parent Company accounted for the acquisition using the purchase method.

On December 4, 2009, the BOD and the stockholders approved the change in the corporate name from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc.". On January 29, 2010, the SEC approved the change in corporate name.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared on historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. Amounts are rounded off to the nearest Philippine Peso unit unless otherwise indicated.

Statement of Compliance

The consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009.

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

	Percentages equity interest		
	2009	**2008**	**2007**
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 Batangas, Inc.	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	–
Communities Iloilo, Inc.	100.00	100.00	100.00
Communities Isabela, Inc.	100.00	100.00	–
Communities Leyte, Inc.	100.00	100.00	–
Communities Naga, Inc.	100.00	100.00	100.00
Communities Negros Occidental, Inc.	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	–
VRI	100.00	–	–

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Group has the power to govern the financial and operating decisions of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed during the year are included in the consolidated statement of comprehensive income from the date of the acquisition or up to the date of disposal, as appropriate.

Except as stated otherwise, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including intercompany profits and unrealized profits and losses, were eliminated during consolidation in accordance with the accounting policy on consolidation.

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

Adoption of New and Amended Accounting Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Standards and Philippine Interpretations which became effective on January 1, 2009. Except as otherwise indicated, the adoption of the new and amended standards and Philippine Interpretations did not have a significant impact on the Group's consolidated financial statements.

- PFRS 1 and PAS 27 Amendments - *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
  The amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* allowed an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening PFRS financial statements in accordance with PAS 27, *Consolidated and Separate Financial Statements,* or using a deemed cost method. The amendment to PAS 27 required all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statement. The revision to PAS 27 was applied prospectively. The new requirement affects only the parent's separate financial statement and does not have an impact on the consolidated financial statements.

- PFRS 2, *Share-based Payment - Vesting Condition and Cancellations*
  This Standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. It further requires nonvesting conditions to be treated in a similar fashion to market conditions. Failure to satisfy a nonvesting condition that is within the control of either the entity or the counterparty is accounted for as cancellation. However, failure to satisfy a nonvesting condition that is beyond the control of either party does not give rise to a cancellation.

- PFRS 8, *Operating Segments*
  It replaces PAS 14, *Segment Reporting*, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the consolidated statement of financial position and consolidated statement of comprehensive income and the company will provide explanations and reconciliations of the differences. This Standard is only applicable to an entity that has debt or equity instruments that are traded in a public market or that files (or is in the process of filing) its financial statements with a securities commission or similar party. The Group has adopted this Standard and the disclosures are shown in Note 5.

- Amendments to PAS 1, *Presentation of Financial Statements*
  In accordance with the amendments to PAS 1, the statement of changes in equity shall include only transaction with owners, while non-owner changes will be presented in equity as a single line with details included in a separate statement. Owners are defined as holders of instruments classified as equity.

  In addition, the amendments to PAS 1 provides for the introduction of a new statements of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income'. Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. These amendments also require additional requirements in the presentation of the statements of financial position and owner's equity as well as additional disclosures to be included in the financial statements. Adoption of these amendments resulted in the following: (a) change in the title from consolidated balance sheet to consolidated statement of financial position; and (b) change in the presentation of changes in equity and other comprehensive income - non-owner changes in equity are now presented in the consolidated statement of comprehensive income. The Group has elected to present the statement of comprehensive income as one single statement.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
  The amendments to PFRS 7 introduce enhanced disclosures about fair value measurement and liquidity risk. The amendments to PFRS 7 require fair value measurements for each class of financial instruments to be disclosed by the source of inputs, using the following three-level hierarchy: (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; (b) Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and (c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level within which the fair value measurement is categorized must be based on the lowest level of input to the instrument's valuation that is significant to the fair value measurement in its entirety.

Additional disclosures required in the amendments to PFRS 7 are shown in Note 28. The amendments to PFRS 7 also introduce two major changes in liquidity risk disclosures as follows: (a) exclusion of derivative liabilities from maturity analysis unless the contractual maturities are essential for an understanding of the timing of the cash flows and (b) inclusion of financial guarantee contracts in the contractual maturity analysis based on the maximum amount guaranteed.

- Amendment to PAS 23, *Borrowing Costs*
  The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance to the transitional provisions of the amended PAS 23, the Group has adopted this standard on a prospective basis. Therefore, borrowing costs are capitalized on qualifying assets with a commencement date on or after January 1, 2009. No changes were made on the borrowing costs incurred prior to this date. In 2009, a total of ₱7.98 million borrowing costs have been capitalized on qualifying assets and were included in the "Real estate inventories" account (see Note 9).

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

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and realized in income over the period that the award credits are redeemed or has expired.

- IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
  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 gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Improvements to PFRS effective in 2009
The omnibus amendments to PFRS issued in 2008 and in 2009, with respect to an amendment to the Appendix to PAS 18, *Revenue,* were issued primarily with a view to removing inconsistencies and clarifying wording. There are the separate transitional provisions for each Standard. Except as otherwise indicated, the adoption of the following amendments resulted to a change in accounting policies but did not have any impact on the financial position or performance of the Group.

- PFRS 2, *Share-based Payments*
- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
- PAS 16, *Property, Plant and Equipment*
- PAS 18, *Revenue*
- PAS 19, *Employee Benefits*
- PAS 23, *Borrowing Costs*
- PAS 28, *Investments in Associates*
- PAS 31, *Interests in Joint Ventures*
- PAS 3*6, Impairment of Assets*
- PAS 38, *Intangible Assets*
- PAS 39, *Financial Instruments: Recognition and Measurement*
- PAS 40, *Investment Property*

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 standards and Philippine Interpretations to have significant impact on its consolidated financial statements.

Effective in 2010

- Revised PFRS 3, *Business Combinations* and PAS 27, *Consolidated and Separate Financial Statements*
  The revised PFRS 3 will become effective for annual periods beginning on or after July 1, 2009. It introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires, among others, that (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and noncontrolling interests (previously referred to as 'minority interests'); even if the losses exceed the noncontrolling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the revised PFRS 3 and PAS 27 must be applied prospectively and will affect future acquisitions and transactions with noncontrolling interests.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible hedged items*
  This Amendment, which will be effective for annual periods beginning on or after July 1, 2009, 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.

- Amendment to PFRS 2, *Share-based Payments - Group Cash-settled Share-based Payment Transactions*
  The amendments to PFRS 2, effective for annual periods beginning on or after January 1, 2010, clarify the scope and the accounting for group cash-settled share-based payment transactions.

- Philippine Interpretation IFRIC 17, *Distribution of Noncash Assets to Owners*
  This Interpretation is effective for annual periods beginning on or after July 1, 2009 with early application permitted. It provides guidance on how to account for noncash distributions to owners. The Interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability.

- Philippine Interpretation IFRIC 18, *Transfer of Assets to Customers*
  This Interpretation provides guidance to all entities that receive from customers an item of property, plant and equipment or cash for the acquisition or construction of such item and such item is used to connect the customer to a network or to provide ongoing access to a supply of goods or services, or both. The Interpretation requires an assessment of whether an item of property, plant and equipment or cash for the acquisition or construction of such item meets the definition of an asset. If the terms of the agreement are within the scope of this interpretation, a transfer of an item of property, plant and equipment would be an exchange for dissimilar goods or services. Consequently, the exchange is regarded as a transaction which generates revenue. This Interpretation is to be applied prospectively to transfer of assets from customers received in periods beginning on or after July 1, 2009. Entities may however choose to apply this interpretation to earlier periods, provided valuations can be obtained at the time the transfer occurred.

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This Interpretation, which will be effective January 1, 2012, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

Improvements to PFRS effective 2010
The omnibus amendments to PFRS issued in 2009 were issued primarily with a view to removing inconsistencies and clarifying wording. The following amendments are effective for annual periods financial years January 1, 2010 except otherwise stated. The Group has not yet adopted the following amendments and anticipates that these changes will have no material effect on the consolidated financial statements.

- PFRS 2, *Share-based Payment*
  It 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. The amendment is effective for financial years on or after July 1, 2009.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
  It 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.

- PFRS 8, *Operating Segment Information*
  It 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*
  It 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*
  It explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*
  It removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating 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 amendment will be applied retrospectively.

- PAS 36, *Impairment of Assets*
  It 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*
  It 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. Also, it 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*
  It clarifies the following:
  (a) 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.
  (b) 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.
  (c) 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*
  It 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*
  It 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.

Significant Accounting Policies

Cash and Cash Equivalents

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

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability on the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

Initial recognition of financial instruments

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

Determination of fair value

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, 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 in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a ‘Day 1’ profit) in profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the ‘Day 1’ profit amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as AFS or as financial assets at FVPL. Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss. These financial assets are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's cash and cash equivalents, short-term investments and receivables.

AFS financial assets
AFS financial assets are nonderivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in the other comprehensive income (OCI).

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

When the fair value of AFS financial assets cannot be measured reliably because of lack reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

The Group's AFS financial assets pertain to unquoted equity securities included under "Available-for-sale-financial assets" account in the consolidated statement of financial position.

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

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

This accounting policy applies primarily to the Group's bank loans, accounts and other payables, liabilities for purchased land, payable to related parties, long-term commercial papers, floating rate notes payable, and long-term notes and other liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability, income tax payable and deferred tax liabilities).

Derecognition of Financial Assets and Financial Liabilities

Financial asset

A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability

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

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

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk 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 or continues to be recognized are not included in a collective assessment of impairment.

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

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

The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to profit or loss. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS financial assets carried at fair value
In case of equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below their corresponding cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in other comprehensive income - is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through the profit and loss. Increases in fair value after impairment are recognized directly in OCI.

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

Real Estate Inventories
Real estate inventories consists of properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Acquisition cost of subdivision land
- Amounts paid to contractors for construction and development of subdivision land and residential units
- Borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Nonrefundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to complete and the estimated costs of sale.

Valuation allowance is provided for subdivision land for sale and development, residential units for sale and development and undeveloped land when the NRV of the properties are less than their carrying amounts. The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Investment in an Associate
The investment in an associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

An investment is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investment in the investee companies is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of comprehensive income reflects the share of the results of the operations of the investee companies reflected as "Equity in net income of an associate". The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee company are eliminated to the extent of the interest in the investee company and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investment in investee company are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting date of the investee company and the Group is identical with and its accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Interests in Joint Ventures
Interests in joint ventures (JV), where the venture have joint control, represent one or more assets, usually in the form of cash, contributed to, or acquired for the purpose of the joint venture and dedicated to the purposes of the JV. The assets are used to obtain benefits for the venturers. Each venturer may take a share of the output from the assets and each bears an agreed share of the expenses incurred. These JV do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits through its share of the jointly controlled asset.

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

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property plant and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

	Years
Building and building improvements	20
Transportation equipment	2 to 5
Office furniture, fixtures and equipment	2 to 5
Construction equipment	2 to 5
Other fixed assets	1 to 5

Building improvements are amortized on a straight-line basis over the term of the lease or the estimated useful life of the asset, whichever is shorter.

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

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

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

System Development Costs

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs, that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for probable losses, if any.

System development costs, recognized as assets, are amortized using the straight-line method over their useful lives, but not exceeding a period of three years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Business Combination

Business combination between entities under common control

Business combination between entities under common control is accounted under historical cost basis similar to pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities. No 'new' goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the equity 'acquired' is reflected in additional-paid-in capital. The consolidated statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities had always been combined.

The combined entities accounted for by the pooling of interests method reports results of operations for the period in which the combination occurs as though the entities had been combined as of the beginning of the period. The effects of intercompany transactions on current assets, current liabilities, revenue, and cost of sales for the periods presented and on retained earnings at the beginning of the periods presented are eliminated to the extent possible.

Similarly, statements of financial position and other financial information of the separate entities as of the beginning of the period are presented as though the entities had been combined at that date. Financial statements and financial information of the separate entities presented for prior years are also restated on a combined basis to furnish comparative information.

Business combination (other than under common control) and goodwill

Business combinations involving entities not under common control, that qualified for purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets (including previously unrecognized intangible assets) acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss. After initial recognition, goodwill is measured at cost less any accumulated impairment loss.

If the initial accounting for a business combination can only be determined on a provisional basis by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Parent Company accounts for the combination using those provisional values. The Parent Company recognizes any adjustment to those provisional values as a result of completing the initial accounting within 12 months from the acquisition date.

Impairment of Nonfinancial Assets
This accounting policy relates to property and equipment, investment in an associate and other assets.

The Group assesses as at reporting date whether there is an indication that its nonfinancial asset (e.g., property and equipment and systems development cost) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or CGU's fair value less costs to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase in the other comprehensive income. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investments in an associate
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value and the carrying value of the investee company and recognizes the difference in the consolidated statement of comprehensive income.

Revenue and Cost Recognition

Real estate revenue

Real estate revenue and cost from completed projects is accounted for using the full accrual method. The percentage of completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally in relation to cost incurred to date over the total cost of the project.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized, and the receivable from the buyer is not recorded. The real estate inventories continue to be reported on the consolidated statement of financial position as “Real estate inventories” and the related liability as deposits under “Customers’ advances and deposits”.

Any excess of collections over the recognized receivables are included in the “Customers’ advances and deposits” account in the liabilities section of the consolidated statement of financial position.

Interest income

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

Pension Cost

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees’ projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses and the effect of any curtailments or settlements.

The Group recognizes gains or losses on curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. Losses on settlements or curtailments are measured at the date on which the Group becomes demonstrably committed to the transaction. Gains on settlements or curtailments are measured at the date on which all parties, whose consent is required, are irrevocably committed. The gains or losses on curtailment or settlement shall comprise the following:

- any resulting change in the present value of the defined benefit obligation;
- any resulting change in fair value of plans; and
- any related actuarial gains and losses and past service cost that had not previously been recognized.

The net pension liability recognized in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined using risk-free interest rate of government bonds that have terms to maturity approximating to the terms of the related pension liability or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

The actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are immediately charged to or credited to profit or loss.

Past service cost, if any, is recognized immediately in 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 cost is amortized on a straight-line basis over the vesting period.

Income Taxes

Current tax

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

Deferred tax

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

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

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

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

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

Commission
The Group recognizes commission when services are rendered by the broker. The commission expense is accrued upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized as expense on a straight-line basis over the lease term while the variable rent is recognized as an expense based on the terms of the lease contract.

Foreign Currency Transactions and Translations
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Nonmonetary items measured at cost in a foreign currency are translated using the exchange rates at the date of transaction.

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Treasury Stock
Treasury stock is recorded at cost and is presented as a deduction from equity. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Basic and Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2009, the Group has no potential dilutive shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5.

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

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

3. Significant Accounting Judgments and Estimates

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

the consolidated financial statements. Actual results could differ from such estimates.

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

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

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

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

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales are recognized based on the percentage-of-completion and the completion rate is measured principally on the basis of actual costs incurred to date over the estimated total costs of the project.

The related balances from real estate transactions follow:

	2009	2008	2007
Revenue	**₱9,629,663,010**	₱10,435,822,103	₱8,223,600,691
Costs of real estate	**5,003,984,152**	5,273,025,863	4,031,363,221

Operating lease commitments - the Group as lessee
The Group has entered into contract of lease for some of the office space it occupies. The Group has determined that all significant risks and benefits of ownership on these properties will be retained by the lessor. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset. The Group accordingly accounted for these as operating leases.

Impairment of AFS financial assets carried at cost
The Group follows the guidance of PAS 39 in determining when an asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position (see Note 31).

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

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate is recognized based on the percentage of completion measured principally on the basis of the actual costs incurred to date over the estimated total costs of the project.

Estimating allowance for impairment losses on receivables
The Group maintains allowances for impairment losses based on the result of the individual and collective assessment under PAS 39. For both individual and collective assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. The estimated cash flows considers the management's estimate of proceeds from the disposal of the collateral less cost to repair, cost to sell and return of deposit due to the defaulting party. The cost to repair and cost to sell are based on historical experience. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates made for the year. The balance of the Group's receivable, net of allowance for impairment loss amounted to ₱18,137.62 million and ₱18,072.87 million as of December 31, 2009 and 2008, respectively (see Note 8).

Evaluation of asset impairment
The Group reviews investments in associates and jointly controlled entities, investment properties, property and equipment and other noncurrent assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

Based on management assessment as of December 31, 2009 and 2008, no indicators of impairment exists for investments in an associate, interest in joint ventures, property and equipment, and other assets. See notes 12, 14 and 15 for the related balances.

Evaluation of net realizable value of real estate for sale and development
The Group reviews real estate for sale and development for probable impairment in value. The management's judgment in determining if the real estate for sale and development is impaired is based on the assessment of the asset's estimated net selling price and the management's plan in discontinuing the real estate projects.

Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. Management would also obtain the services of an independent appraiser to determine fair value of undeveloped land based on the latest selling prices of the properties of the same characteristics of the undeveloped land. The Real estate inventories amounted to ₱28,721.67 million and ₱25,246.60 million as of December 31, 2009 and 2008, respectively (see Note 9).

Estimating useful lives of property and equipment
The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these property and equipment. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. The Property and equipment amounted to ₱92.19 million and ₱94.80 million as of December 31, 2009 and December 31, 2008, respectively (see Note 13).

Deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income. The balance of deferred tax assets amounted to ₱436.33 million and ₱ 417.50 million as of December 31, 2009 and 2008, respectively (see Note 26).

Estimating pension obligation and other retirement benefits
The determination of the Group's pension liabilities is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 and include among others, discount rates, expected returns on plan assets and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations. The pension liabilities amounted to ₱132.45 million and ₱14.78 million as of December 31, 2009 and 2008, respectively (see Note 24).

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at its fair value by using the discounted cash flow methodology (see Note 28).

4. Business Combinations

Acquisition of VRI
On October 29, 2009, the Parent Company, acquired from Polar Property Holdings, Inc. (PPHI) and various shareholders 100% ownership of VRI in exchange of 320,686,000 treasury shares valued at ₱660.61 million plus ₱1.00 million cash. The fair value of the shares is the published price of the shares of the Parent Company at the acquisition date. The Parent Company accounted for the acquisition using the purchase method.

The Group has acquired VRI to consolidate the development and selling of all vertical and high-rise condominium projects of the Group under a new brand name "Vista Residences". The brand consolidation is intended to have a clearer and stronger market identity of the Group's vertical development projects. Moreover, the acquisition of VRI is part of the Group's strategic focus to broaden its real estate portfolio and increase its revenue base. The Group indirectly acquired four mixed residential and commercial condominium projects namely, the Symphony Tower 1, Presidio Complex, Madison Place Tower and Crown Tower. Accordingly, VRI's financial statements are consolidated on a line-by-line basis with that of the Group as of December 31, 2009.

The accounting for business combination was done provisionally due to lack of proper fair value estimate of assets acquired and liabilities assumed as of to date.

Following is a summary of the fair value of the identifiable assets and liabilities assumed of VRI as at the date of acquisition:

	Fair value on the date of acquisition
Assets	
Cash and cash equivalents	**₱15,838,024**
Receivables	**644,357,268**
Real estate inventories and development	**500,032,234**
Property and equipment - net	**6,266,266**
Receivable from related parties	**386,720,835**
Deferred tax asset - net	**23,330,697**
Prepayments and other assets	**181,357,628**
	1,757,902,952

Liabilities	
Bank loans	**268,158,856**
Accounts and other payables	**286,113,295**
Customers' deposits	**213,628,981**
Due to related parties	**311,586,318**
Income tax payable	**282,942**
Pension liabilities	**16,519,400**
	1,096,289,792
Total identifiable net assets at fair value	**661,613,160**
Goodwill arising on acquisition	**–**
Purchase consideration transferred	**₱661,613,160**

Receivables were valued at its carrying amount as of date of acquisition. None of the receivables have been impaired and that is expected that the full contractual amount can be collected.

From the date of acquisition, VRI has contributed ₱518.18 million of revenue and ₱105.82 million to the income before income tax of the Group. If the combination had taken place at the beginning of the year, consolidated revenue would have been ₱11,412.62 million and the net income for the Group would have been ₱2,405.22 million.

Analysis of net cash acquired from the business combination follows:

Net cash acquired with the subsidiary (included in the cash flows from investing activities)	₱13,338,024
Cash paid to minority holders of VRI	(1,000,000)
Net cash flow on the acquisition	**₱12,338,024**

The Parent Company issued 320,686,000 treasury shares as consideration for the 97.50% interest in VRI. The fair value of the shares is the published price of the shares of the Parent Company at the acquisition date. The fair value of consideration transferred amounted to ₱661.61 million. The transaction costs of ₱ 2.0 million have been expensed and are included in administrative expenses.

5. 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 follows:

Horizontal Projects
The housing market segment of the Group that 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 business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss before income tax. Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating 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 has been identified as the chief executive officer (CODM). The CODM reviews the Group's internal reports in order to assess performance of the Group.

The financial information about the operations of these business segments for the three years ended December 31 is summarized below:

	2009 (Amounts in thousands)			
	Horizontal	Vertical	Adjustments and Eliminations	Total
Real Estate Revenue	₱8,375,121	₱1,892,793	(₱638,251)	₱9,629,663
Cost of Real Estate	4,207,337	1,168,698	(372,051)	5,003,984
Gross Profit	4,167,784	724,095	(266,200)	4,625,679
Operating expenses	1,866,061	356,327	(138,815)	2,083,573
Segment income before income tax	2,301,723	367,768	(127,385)	2,542,106
Interest income (Note 21)	851,852	11,369	(5,925)	857,296
Equity in net income of an associate (Note 12)	45,943	–	–	45,943
Miscellaneous income (Note 25)	250,802	42,523	(13,577)	279,748
Interest and other financing charges (Note 21)	(483,974)	(138,227)	29,219	(592,982)
Unrealized foreign exchange gain (loss)	(11,653)	11,042	–	(611)
Dividend income	547,061	–	(546,867)	194
Loss on debt settlement (Note 19)	(318,810)	–	–	(318,810)
Income before income tax	3,182,944	294,475	(664,535)	2,812,884
Provision for income tax (Note 26)	(508,642)	(4,834)	–	(513,476)
Net income	₱2,674,302	₱289,641	(₱664,535)	₱2,299,408
Other Information				
Segment assets	₱47,490,687	₱6,162,384	₱531	₱53,653,602
Investment in an associate (Note 12)	693,674	–	–	693,674
Deferred tax assets (Note 26)	436,331	–	–	436,331
AFS financial assets (Note 11)	288,937	–	–	288,937
Total Assets	₱48,909,629	₱6,162,384	₱531	₱55,072,544
Segment liabilities	₱10,910,981	₱5,286,011	₱–	₱16,196,992
Payable to related parties	–	1,944,704	(1,515,798)	428,906
Deferred tax liabilities (Note 26)	2,821,978	–	–	2,821,978
Total Liabilities	₱13,732,959	₱7,230,715	(₱1,515,798)	₱19,447,876
Capital expenditures	₱4,251,632	₱3,802,857	₱–	₱8,054,489
Depreciation and amortization (Note 23)	88,358	10,168	(3,364)	95,162
Provision for impairment losses (Notes 8 and 23)	–	11,079	–	11,079

	2008 (Amounts in thousands)			
	Horizontal	Vertical	Adjustments and Eliminations	Total
Real Estate Revenue	₱9,592,486	₱843,336	₱–	₱10,435,822
Cost of Real Estate	4,736,773	536,253	–	5,273,026
Gross Profit	4,855,713	307,083	–	5,162,796
Operating expenses	1,798,594	212,641	–	2,011,235
Segment income before income tax	3,057,119	94,442	–	3,151,561
Interest income (Note 21)	818,619	3,083	–	821,702
Equity in net income of an associate (Note 12)	10,225	–	–	10,225
Miscellaneous income (Note 25)	321,936	20,874	–	342,810
Interest and other financing charge (Note 21)	(319,294)	(72,121)	–	(391,415)
Unrealized foreign exchange loss	(180,897)	–	–	(180,897)
Income before income tax	3,707,708	46,278	–	3,753,986
Provision for income tax (Note 26)	918,047	2,803	–	920,850
Net income	₱2,789,661	₱43,475	₱–	₱2,833,136
Other Information				
Segment assets	₱46,693,408	₱4,611,164	₱–	₱51,304,572
Receivable from related parties	–	789,965	(789,965)	–
Investment in an associate (Note 12)	647,730	–	–	647,730
Deferred tax assets (Note 26)	417,498	–	–	417,498
AFS financial assets (Note 11)	299,626	–	–	299,626
Total Assets	₱48,058,262	₱5,401,129	(₱789,965)	₱52,669,426
Segment liabilities	₱11,787,052	₱4,392,053	₱–	₱16,179,105
Payable to related parties	713,080	987,294	(789,965)	910,409
Deferred tax liabilities (Note 26)	2,554,379	8,945	–	2,563,324
Total Liabilities	₱15,054,511	₱5,388,292	(₱789,965)	₱19,652,838
Capital expenditures	₱5,276,075	₱3,055,381	₱–	₱8,331,456
Depreciation and amortization (Note 13)	43,160	3,312	–	46,472
Provision for impairment losses (Note 8)	4,870	3,550	–	8,420

	2007 (Amounts in thousands)			
	Horizontal	Vertical	Adjustments and Eliminations	Total
Real Estate Revenues	₱7,808,894	₱414,707	₱–	₱8,223,601
Cost of Real Estate Revenue	3,785,522	245,841	–	4,031,363
Gross Profit	4,023,372	168,866	–	4,192,238
Operating expenses	1,707,695	129,867	–	1,837,562
Segment income before income tax	2,315,677	38,999	–	2,354,676
Interest income (Note 21)	811,653	1,988	–	813,641
Equity in net income of an associate	110,692	–	–	110,692
Miscellaneous income (Note 25)	344,061	17,924	–	361,985
Interest and other financing charges (Note 21)	(608,843)	(34,525)	–	(643,368)
Unrealized foreign exchange gain	197,504	–	–	197,504
Gain from restructuring (Note 19)	1,443,543	–	–	1,443,543
Income before income tax	4,614,287	24,386	–	4,638,673
Provision for income tax	1,166,861	2,803	–	1,169,664
Net income	₱3,447,426	₱21,583	₱–	₱3,469,009
Other Information				
Segment assets	₱41,969,068	₱1,528,875	₱–	₱43,497,943
Receivable from related parties	277,742	62,252	(339,994)	–
Investment in an associate	637,505	–	–	637,505
AFS financial assets	304,715	–	–	304,715
Total Assets	₱43,189,030	₱1,591,127	(₱339,994)	₱44,440,163

	2007 (Amounts in thousands)			
	Horizontal	Vertical	Adjustments and Eliminations	Total
Segment liabilities	₱10,329,521	₱699,219	₱–	₱11,028,740
Payable to related parties	–	870,126	(339,994)	530,132
Deferred tax liabilities	1,601,803	8,945	–	1,610,748
Total Liabilities	₱11,931,324	₱1,578,290	(₱339,994)	₱13,169,620
Capital expenditures	₱6,424,791	₱846,607	₱–	₱7,271,398
Depreciation and amortization (Note 13)	39,690	3,312	–	43,002
Provision for impairment losses (Note 8)	17,667	3,550	–	21,217

Capital expenditure consists of condominium project costs, land acquisition and land development costs.

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

6. Cash and Cash Equivalents

This account consists of:

	2009	2008
Cash on hand	₱10,004,852	₱5,946,046
Cash in banks	2,193,867,216	2,418,260,334
Cash equivalents	806,768,427	2,590,327,578
	₱3,010,640,495	₱5,014,533,958

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

7. Short-term Investments

Short-term investments consist of money market placements with maturities of more than three months up to one year and earn interest at the prevailing short-term investments rates ranging from 5.00% to 6.50% in 2009 and 5.00% to 8.50% in 2008.

8. Receivables

This account consists of:

	2009	2008
Installment contract receivables (Note 28)	**₱15,702,478,476**	₱16,019,521,931
Accounts receivable		
Contractors	**1,123,224,373**	2,361,336,414
Brokers	**20,819,070**	15,503,388
Employees	**9,078,370**	7,604,890
Others	**1,606,995,302**	343,766,550
	18,462,595,591	18,747,733,173
Less allowance for impairment losses	**(324,973,753)**	(674,860,845)
	18,137,621,838	18,072,872,328
Less noncurrent portion	**8,370,231,418**	5,187,818,787
	₱9,767,390,420	₱12,885,053,541

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 2008, the Group entered into various purchase agreements with financial institutions whereby the Group sold its installment contracts receivables as of December 31, 2009 and 2008. The purchase agreements provide that the Group should substitute defaulted contracts to sell with other contracts to sell of equivalent value. The Group still retains the sold receivables in the installment contracts receivables account and records the proceeds from these sales as loans payable (see Note 16). The carrying value of installment contracts receivables sold amounted to ₱4,229.22 million and ₱3,464.64 million in 2009 and 2008, respectively.

In 2009, the Group entered into agreement with various financial institutions whereby the Group sold its real estate receivables without recourse at discount rate of 14.00%. Total carrying value of receivables sold amounted to ₱1.50 billion. Total net proceeds received from the purchasing banks and discount on sold receivables recorded by the Group amounted to ₱1.43 billion and ₱66.00 million, respectively. The discount has been included under “Interest and other financing charges” account in the consolidated statement of comprehensive income.

Receivables amounting to ₱324.97 million and ₱674.86 million as of December 31, 2009 and December 31, 2008, respectively, were impaired and fully provided for. Movements in the allowance for impairment losses are as follows:

December 31, 2009

	Installment Contracts Receivable	**Accounts Receivable**	**Total**
At January 1	**₱88,273,035**	**₱586,587,810**	**₱674,860,845**
Charges for the year	**11,079,149**	**–**	**11,079,149**
Reversal for the year	**–**	**(360,966,241)**	**(360,966,241)**
At December 31	**₱99,352,184**	**₱225,621,569**	**₱324,973,753**

December 31, 2008

	Installment Contracts Receivable	Accounts receivable	Total
At January 1	₱82,840,116	₱583,601,026	₱666,441,142
Charge for the year	5,432,919	2,986,784	8,419,703
At December 31	₱88,273,035	₱586,587,810	₱674,860,845

The impairment losses above pertain to individually impaired accounts. These are presented at gross amounts before directly deducting impairment allowance. No impairment losses resulted from performing collective impairment test.

As of December 31, 2009 and 2008, receivables with a total nominal amount of ₱1,301.39 million and ₱1,054.90 million, respectively, were recorded at amortized cost amounting to ₱1,237.80 million and ₱948.71 million, respectively. These are receivables that are to be collected in 2 years which are noninterest bearing. The fair value upon initial recognition is derived using discounted cash flow model using the discount rate ranging from 4.69% to 11.20% for those recognized in 2009, and from 5.00% to 12.00% for those recognized in 2008. Interest income recognized from these receivables amounted to ₱84.68 million, ₱79.35 million and ₱24.60 million in 2009, 2008 and 2007, respectively. The unamortized discount amounted to ₱89.12 million and ₱126.30 million as of December 31, 2009 and 2008, respectively.

Movement in the unamortized discount is as follows:

	2009	2008
Balance at beginning of year	**₱126,299,472**	₱72,790,601
Additions	**47,502,199**	132,859,174
Accretion (Note 21)	**(84,683,641)**	(79,350,303)
Balance at end of year	**₱89,118,030**	₱126,299,472

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

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

9. Real Estate Inventories

This account consists of:

	2009	2008
Subdivision land for sale and development	**₱13,172,183,157**	₱12,600,279,766
Less reserve for land development costs	**5,397,717,742**	5,700,237,993
	7,774,465,415	6,900,041,773
Residential house units for sale and development	**1,440,913,179**	1,892,923,852
Condominium units for sale and development	**2,580,319,503**	–
	4,021,232,682	1,892,923,852
Total subdivision land and residential units for sale and development	**11,795,698,097**	8,792,965,625
Undeveloped land		
At NRV	**10,049,733,693**	7,131,634,780
At cost	**6,876,234,123**	9,322,004,008
	₱28,721,665,913	₱25,246,604,413

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.

Borrowing cost capitalized in 2009 amounted to ₱7.98 million.

10. Other Current Assets

This account consists of:

	2009	2008
Prepaid expenses	**₱589,512,823**	₱300,611,034
Input value-added tax (VAT)	**552,571,426**	281,559,698
Creditable withholding taxes	**385,026,217**	217,916,429
Others	**65,423,412**	5,561,115
	₱1,592,533,878	₱805,648,276

The Group will be able to use the creditable withholding taxes against income tax payable.

11. Available-for-Sale Financial Assets

AFS financial assets are investments in unquoted preferred shares in a public utility company which the Group will continue to carry incidental to its real estate projects.

12. Investment in an Associate

This account consists of:

	2009	2008
Balance at beginning of year	**₱647,730,273**	₱637,505,181
Equity in net income during the year	**45,943,472**	10,225,092
Balance at end of year	**₱693,673,745**	₱647,730,273

Investment in an associate represents HDC's 10.05% equity in PPHI. The investment is accounted for under the equity method as an affiliate's 11% voting rights in PPHI was assigned to HDC. Based on the quoted price of PPHI shares, the fair value of HDC's investments in PPHI amounted to ₱1.23 billion and ₱1.52 billion as of December 31, 2009 and 2008, respectively.

The following are the significant information of the associate (amounts in millions):

	2009	2008
Total assets	**₱5,810**	₱6,233
Total liabilities	**98**	971
Total equity	**₱5,712**	₱5,262

	2009	2008
Total revenue	**₱1,045**	₱214
Total costs of real estate sales and expenses	**588**	112
Net income	**₱457**	₱102

13. Property and Equipment

The rollforward analyses of this account follow:

2009

	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost						
Balance at beginning of year	₱15,666,283	₱154,926,394	₱172,185,646	₱41,766,412	₱76,548,949	₱461,093,684
From Business combination	5,907,669	4,287,467	3,771,018	–	12,791	13,978,945
Additions	859,871	12,687,540	23,861,729	6,089,992	10,354,217	53,853,349
Retirements/disposals	(6,440,778)	(32,475,007)	(92,261,296)	(6,523,203)	(27,271,452)	(164,971,736)
Balance at end of year	15,993,045	139,426,394	107,557,097	41,333,201	59,644,505	363,954,242
Accumulated depreciation and amortization						
Balance at beginning of year	₱7,922,573	₱107,499,423	₱149,931,246	₱39,017,847	₱61,921,769	₱366,292,858
From Business combination	3,263,427	2,425,358	2,013,590	–	10,301	7,712,676
Depreciation and amortization (Note 23)	1,622,087	19,175,867	16,842,320	5,962,171	9,805,959	53,408,404
Retirements/disposals	(3,347,469)	(32,475,007)	(86,033,578)	(6,523,203)	(27,271,452)	(155,650,709)
Balance at end of year	9,460,618	96,625,641	82,753,578	38,456,815	44,466,577	271,763,229
Net book value	₱6,532,427	₱42,800,753	₱24,803,519	₱2,876,386	₱15,177,928	₱92,191,013

2008

	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost						
Balance at beginning of year	₱ 15,666,283	₱ 126,332,602	₱ 148,454,502	₱ 36,572,240	₱ 69,341,209	₱396,366,836
Additions	–	28,727,340	23,731,144	5,574,172	12,346,596	70,379,252
Retirements/disposals	–	(133,548)	–	(380,000)	(5,138,856)	(5,652,404)
Balance at end of year	15,666,283	154,926,394	172,185,646	41,766,412	76,548,949	461,093,684
Accumulated depreciation and amortization						
Balance at beginning of year	7,570,024	91,820,523	142,556,284	27,555,100	54,185,208	323,687,139
Depreciation and amortization (Note 23)	352,549	15,812,448	7,374,962	11,530,134	11,402,154	46,472,247
Retirements/disposals	–	(133,548)	–	(67,387)	(3,665,593)	(3,866,528)
Balance at end of year	7,922,573	107,499,423	149,931,246	39,017,847	61,921,769	366,292,858
Net book value	₱7,743,710	₱47,426,971	₱22,254,400	₱2,748,565	₱14,627,180	₱94,800,826

14. Interest in Joint Ventures

Interests in joint ventures represent the amounts incurred by the Group for the development of certain real estate properties, deposits and cash advances to real estate property owners, and other charges in connection with the land development agreements entered into by the Group. The terms of the agreements provided that the Group will undertake the improvement, subdivision and development of the real estate properties within a certain period prescribed by the agreements, subject to certain conditions to be fulfilled by the real estate property owner.

In 2007, Adelfa, an affiliate, assigned its rights in various joint ventures to CAPI, Brittany and CHI through a deed of assignment. The total advances to joint venture assigned to the subsidiaries amounted to ₱639.20 million on which the Group recorded a liability to Adelfa.

15. Other Noncurrent Assets

This account consists of:

	2009	2008
Deposits for real estate purchases	**₱137,543,700**	₱138,442,287
Systems development costs - net	**49,404,309**	66,711,457
Model house accessories - net	**104,631,739**	119,698,871
Deposits and others	**120,486,127**	90,201,532
	412,065,875	415,054,147
Less allowance for impairment losses	**–**	23,867,310
	₱412,065,875	₱391,186,837

Deposits for real estate purchases substantially represent the Group's payments to real estate property owners for the acquisition of certain real estate properties. Although the terms of the agreements provided that the deeds of absolute sale for the subject properties are to be executed only upon fulfillment by both parties of certain undertakings and conditions, including the payment by the Group of the full contract prices of the real estate properties, the Group already has physical possession of the original transfer certificates of title of the said properties.

Deposits and others consist deposits to utility companies necessary for the construction and development of real estate projects and will be recouped against future billings.

Amortization of system development costs amounting to ₱41.75 million in 2009 is included in the "Depreciation and amortization" account under "Operating expenses" in the consolidated statement of comprehensive income.

16. Bank Loans

Noncurrent portion of bank loans consists of:

	2009	2008
Parent company	**₱270,000,000**	₱–
Subsidiaries	**4,286,498,364**	3,488,717,176
	4,556,498,364	3,488,717,176
Less current portion	**2,729,998,851**	1,689,916,446
	₱1,826,499,513	₱1,798,800,730

On November 23, 2009, the Parent Company obtained a peso-denominated bank loan with an unaffiliated local bank amounting to ₱270.00 million to finance its working capital requirements. Interest rate is fixed at 7.5% and will mature on November 18, 2010. Interest expense accrued on this loan amounted to ₱2.14 million as of December 31, 2009 and is included in "Accrued expenses" in the consolidated statements of financial position.

The bank loans of Subsidiaries pertain to sold "Installment contracts receivable" as discussed in Note 8. These loans had fixed interest rates ranging from 5.00% to 14.00% in 2009 and from 9.5% to 12% in 2008 based on the remaining terms of the sold installment contracts receivables, payable on equal monthly installments over a maximum period of 3 to 10 years depending on the terms of the installment contracts receivables.

17. Accounts and Other Payables

This account consists of:

	2009	2008
Accounts payable - suppliers	**₱1,188,392,315**	₱725,767,977
Accrued expenses	**919,189,456**	1,233,834,321
VAT payable - net	**827,134,287**	397,795,931
Retention payable	**637,958,976**	481,046,065
Accounts payable - contractor	**393,783,297**	192,104,391
Commissions payable	**372,635,369**	288,803,439
Accounts payable - buyer	**95,015,368**	9,479,360
Accounts payable - others	**995,912,059**	676,690,703
	₱5,430,021,127	₱4,005,522,187

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

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.

18. Liabilities for Purchased Land

Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate loans.

In 2009, the Group acquired certain land properties which are payable over a period of 1 to 3 years. Such liabilities for purchased land with a nominal amount of ₱1,139.85 million were initially recorded at fair value resulting to a discount of ₱206.37 million. The fair value is derived using discounted cash flow model using the discount rate ranging from 6.29% to 10.00% with effective interest rate ranging from 5.92% to 9.84%. The unamortized discount amounted to ₱28.23 million as of December 31, 2009.

Accretion of ₱60.16 million is recorded as interest expense in 2009 (see Note 21).

19. Long-term Notes

The Long-term Notes (LTNs) which is payable over fifteen years, was initially recorded at present value of ₱1.29 billion (US$26.52 million) with discount amounting to ₱982 million (US$20.25 million). There will be a quarterly accretion of interest expense during the duration of the notes. The above transaction resulted to a gain of ₱1.44 billion presented as a separate line item in the consolidated statement of comprehensive income under the account "Gain from restructuring". The LTN was translated to Philippine peso using the USD/Peso foreign exchange rate as of December 31, 2009 and 2008 of ₱46.20 and ₱47.52 to US$1.00. This resulted to a foreign exchange gain of ₱14.88 million in 2009 and foreign exchange loss of ₱182.68 million in 2008, which are presented under in the consolidated statement of comprehensive income.

Interest rates ranges for LTNs ranges from 1% to 5% over certain contractual periods with effective interest rate of 8.59%.

The total amount of interest expense recognized in 2009 and 2008 pertaining to accretion of LTNs amounted to ₱62.72 million and ₱115.44 million, respectively (see Note 21).

In 2009, the Group settled an amount of ₱1,019.77 million (US$28.53 million) of LTNs which resulted to a loss amounting to ₱318.81 million pertaining to unamortized discount.

As of December 31, 2009 and 2008, the outstanding balance of the LTNs amounted to ₱495.43 million and ₱1,474.57 million, respectively.

20. Customers' Advances and Deposits

This account consists of customer's downpayments, reservation fees and excess of collections over the recognized receivables based on percentage of completion.

The Group requires buyers of residential houses and lots to pay a minimum percentage of the total selling price before the two parties enter into a sale transaction. In relation to this, the customers' advances and deposits represent payment from buyers which has not reached the minimum required percentage. When the level of required payment is reached by the buyer, sales is recognized and these deposits and downpayments will be applied against the related installment contracts receivable.

21. Interest Income and Other Financing Charges

Below are the details of interest income:

	2009	2008	2007
Installment contracts receivable	**₱655,250,626**	₱548,786,317	₱620,041,141
Cash and short term investments	**117,361,853**	193,565,866	168,996,110
Accretion of unamortized discount for the two (2) year noninterest-bearing receivables (Note 8)	**84,683,641**	79,350,303	24,604,155
	₱857,296,120	₱821,702,486	₱813,641,406

Interest and other financing charges consist of:

	2009	2008	2007
Interest expense on:			
Bank loans	**₱478,078,475**	₱258,294,644	₱536,845,114
LTN	**62,721,408**	115,440,509	89,021,692
	540,799,883	373,735,153	625,866,806
Less amounts capitalized	**7,979,118**	–	–
Add accretion of discount	**60,161,371**	17,680,100	17,501,304
	₱592,982,136	₱391,415,253	₱643,368,110

The capitalization rate used to determine the borrowings eligible for capitalization is 14.5% in 2009.

The total interest and other financing charges pertain to interest expense on loan and borrowings, except for the amount of ₱115.44 million and ₱17.68 million in 2008 and ₱17.50 million in 2007, which pertain to the interest expense arising from the accretion of LTNs and liabilities for purchased land in 2007, respectively.

22. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements. Transactions entered by the Group with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. Except as stated in Note 16, there have been no guarantees provided or received for any related party receivables or payables.

The compensation of key management personnel by benefit type follows:

	2009	2008	2007
Short-term employee benefits	**₱61,840,600**	₱41,630,000	₱37,323,144
Post-employment benefits	**9,656,000**	(34,669,600)	(2,888,065)
	₱71,496,600	₱6,960,400	₱34,435,079

The resulting pension income of ₱34.67 million and ₱2.89 million for key management personnel is due to the effect of actuarial gain from pension obligation in 2008 and 2007, respectively. See Note 24.

23. Operating Expenses

This account consists of:

	2009	2008	2007
Advertising and promotions	**₱556,916,143**	₱552,281,983	₱380,220,411
Commissions	**532,120,434**	434,330,513	408,210,382
Salaries, wages and employees benefits (Note 24)	**255,189,515**	230,489,182	133,433,250
Repairs and maintenance	**154,595,643**	174,360,011	344,291,376
Occupancy costs	**116,265,549**	94,649,101	71,052,924
Depreciation and amortization (Notes 13 and 15)	**95,162,392**	46,472,247	43,002,460
Representation and entertainment	**78,845,334**	54,291,387	42,104,280
Professional fees	**71,636,025**	90,709,203	173,223,013
Transportation and travel	**34,698,382**	44,177,098	60,809,772
Taxes and licenses	**31,494,335**	26,417,444	13,672,892
Office expenses	**29,094,699**	25,990,442	42,581,806
Provision for probable losses (Note 8)	**11,079,149**	8,419,703	21,216,869
Miscellaneous	**116,474,835**	228,646,648	103,742,046
	₱2,083,572,435	₱2,011,234,962	₱1,837,561,481

24. Retirement Plan

The Group has noncontributory defined benefit pension plan covering substantially all of its regular employees. The benefits are based on current salaries and years of service and compensation on the last year of employment.

The components of pension cost (included in "Salaries, wages and employees benefits" under Operating expenses) in the consolidated statement of comprehensive income are as follows (see Note 23):

	2009	2008	2007
Current service cost	**₱7,842,200**	₱22,623,100	₱23,472,500
Interest cost on benefit obligation	**4,300,000**	12,924,700	11,963,200
Net actuarial losses (gains) immediately recognized	**116,433,600**	(120,815,736)	(56,292,400)
Total pension expense (income)	**₱128,575,800**	(₱85,267,936)	(₱20,856,700)

The resulting total pension income of ₱85.27 and ₱20.86 million in 2008 and 2007, respectively, is due to the effect of actuarial gain from pension obligation immediately recognized. The actuarial gain is principally the result of changes in discount rate used as of December 31, 2008 against the January 1, 2008 rate. The gain is shown within "Miscellaneous income" in the consolidated statement of comprehensive income.

The funded status and amounts recognized in the consolidated statement of financial position for the pension plan as of December 31 follow:

	2009	2008
Defined benefit obligation	**₱150,440,899**	₱14,776,999
Plan assets	**(17,986,869)**	–
Liability recognized in the consolidated statement of financial position	**₱132,454,030**	₱14,776,999

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

	2009	2008
Balance at January 1	**₱14,776,999**	₱100,044,935
Current service cost	**7,842,200**	22,623,100
Addition through business combination	**7,088,100**	–
Interest cost benefit obligation	**4,300,000**	12,924,700
Actuarial loss (gain)	**116,433,600**	(120,815,736)
Balance at December 31	**₱150,440,899**	₱14,776,999

In 2009, the Group contributed to its retirement fund a total amount of ₱17,986,869. The contribution was invested in fixed income securities.

The movements in net pension liabilities follow:

	2009	2008
Balance at January 1	**₱14,776,999**	₱100,044,935
Pension expense (income) recognized	**128,575,800**	(85,267,936)
Addition through business combination	**7,088,100**	–
Actual contribution	**(17,986,869)**	–
Balance at December 31	**₱132,454,030**	₱14,776,999

The assumptions used to determine the Group's pension benefits are as follows:

	2009	2008	2007
Discount rate	**11.21%**	20.90%	10.15%-10.22%
Salary increase rate	**11.00%**	11.00%	13.00%
Expected rate of return on plan assets	**5.00%**	–	–
Experience adjustments on plan liabilities	**₱1,526,400**	₱2,245,300	₱33,714,009

The Group expects to contribute ₱53.96 million to its retirement fund in 2010.

25. Miscellaneous Income

Miscellaneous income mostly pertains to income from forfeiture of real estate deposits.

26. Income Taxes

Provision for income tax consists of:

	2009	2008	2007
Current	**₱273,654,692**	₱385,771,939	₱215,535,400
Deferred	**239,821,255**	535,078,409	954,128,199
	₱513,475,947	₱920,850,348	₱1,169,663,599

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in the consolidated statements of comprehensive income follows:

	2009	2008	2007
Provision for income tax computed at the statutory income tax rate	**₱843,865,235**	₱1,313,895,238	₱1,623,535,432
Additions to (reductions in) income taxes resulting from:			
Nondeductible interest and other Expenses	**30,740,237**	6,813,116	1,007,452
Interest income already subjected to final tax	**(83,924,260)**	(64,927,653)	(68,444,910)
Change in unrecognized deferred income taxes	**115,047,365**	89,120,823	291,677,694
Tax-exempt income	**(378,411,286)**	(293,440,147)	(525,843,286)
Dividend income	**(58,302)**	–	–
Effect of change in statutory tax rate	–	(127,321,698)	(115,452,450)
Equity in net income of an associate	**(13,783,042)**	(3,578,982)	(41,322,774)
Expired MCIT and NOLCO	–	289,651	4,506,441
Provision for income tax	**₱513,475,947**	₱920,850,348	₱1,169,663,599

The components of net deferred tax liabilities follow:

	2009	2008
Deferred tax assets on:		
Allowance for probable losses	**₱242,526,632**	₱276,611,612
NOLCO	**69,062,357**	59,189,643
Unrealized foreign exchange losses	**56,404,406**	49,051,985
Unamortized discount on receivables	**19,577,290**	22,793,426
Carryforward benefit of MCIT	**9,023,811**	6,303,562
Accrual of retirement costs	**39,736,209**	3,547,417
	436,330,705	417,497,645
Deferred tax liabilities on unrealized gain on real estate transactions, unamortized discount on LTNs and others	**2,821,978,377**	2,563,324,062
Net deferred tax liabilities	**(₱2,385,647,672)**	(₱2,145,826,417)

As of December 31, 2009, the details of the unused tax credits from the excess of the MCIT over RCIT tax and NOLCO, which are available for offset against future income tax payable and taxable income, respectively, over a period of three (3) years from the year of inception, follow:

NOLCO

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2006	₱35,358,292	₱35,358,292	₱–	2009
2007	3,264,093	–	3,264,093	2010
2008	158,676,425	–	158,676,425	2011
2009	68,267,339	–	68,267,339	2012
	₱265,566,149	₱35,358,292	₱230,207,857	

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2006	₱9,750,821	₱9,750,821	₱–	2009
2007	12,435,865	11,244,694	1,191,171	2010
2008	5,112,391	–	5,112,391	2011
2009	2,720,249	–	2,720,249	2012
	₱30,019,326	₱20,995,515	₱9,023,811	

Board of Investments (BOI) Incentives
On various dates in 2007, the BOI issued in favor of certain subsidiaries in the Group a Certificate of Registration as a New Developer of Mass Housing Project for its 8 real estate projects in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects has been granted an Income Tax Holiday for a period of four years commencing from 2007 until 2011.

Republic Act (RA) No. 9337
RA No. 9337 was enacted into law amending various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA was the reduction of the income tax rate from 35% to 30% beginning January 1, 2009. It further provides that nondeductible interest expense shall be reduced from 42% to 33% of interest income subjected to final tax beginning January 1, 2009.

27. Basic and Diluted Earnings Per Share

The following table presents information necessary to compute the EPS:

	2009	2008	2007
Basic and Diluted Earnings Per Share			
a) Net income attributable to equity holders of Parent	**₱2,299,408,170**	₱2,819,203,031	₱3,463,493,788
b) Weighted average common shares (Note 29)	**8,276,175,614**	8,417,214,114	7,159,502,205
c) Earnings per share (a/b)	**₱0.278**	₱0.335	₱0.484

28. 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 December 31, 2009 and 2008:

	2009		2008	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**₱3,010,640,495**	**₱3,010,640,495**	₱5,014,533,958	₱5,014,533,958
Short-terms investments	**135,962,569**	**135,962,569**	30,000,000	30,000,000
Installment contract receivables	**15,702,478,476**	**16,416,603,462**	16,019,521,931	18,636,832,605
Other receivables	**2,760,117,115**	**2,760,117,115**	2,728,211,242	2,728,211,242
	21,609,198,655	**22,323,323,641**	23,792,267,131	26,409,577,805
AFS financial assets	**288,936,791**	**288,936,791**	299,625,790	299,625,790
Total Financial Assets	**₱21,898,135,446**	**₱22,612,260,432**	₱24,091,892,921	₱26,709,203,595

	2009		2008	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Other Financial Liabilities				
Bank loans	**₱4,556,498,364**	**₱4,556,498,364**	₱3,488,717,176	₱3,488,717,176
Accounts and other payables	**5,430,021,127**	**5,430,021,127**	4,005,522,187	4,005,522,187
Liabilities for purchased land	**1,848,640,757**	**1,916,103,469**	2,632,836,269	1,815,770,796
LTNs	**495,427,390**	**444,443,860**	1,474,565,769	902,881,669
Payable to related parties	**428,906,503**	**428,906,503**	910,408,719	910,408,719
Total Financial Liabilities	**₱12,759,494,141**	**₱12,775,973,323**	₱12,512,050,120	₱11,123,300,547

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 investments: Due to the short-term nature of the account, the fair value of cash and cash equivalents and short-term investments approximate the carrying amounts in the consolidated statement 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 5.11% to 9.38% in 2009 and from 6.0% to 8.0% in 2008.

Receivable from and payable to related parties: due to the short-term nature of the account, carrying amounts approximate fair values.

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

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 approximate its 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 and accrued expenses and payables to affiliated companies approximate their carrying amounts in the consolidated statement of financial position due to the short-term nature of the transactions.

Bank loans, liabilities for purchased land, loans payable and LTNs: estimated fair values of bank loans, liabilities for purchased land, loans payable 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 4.27% to 9.38% in 2009 and 6.7% to 7.5% in 2008 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 December 31, 2009.

Financial Risk Management Objectives and Policies

Financial Risk

The Group's principal financial liabilities comprise of bank loans, loans payable, accounts and other payables, liabilities for purchased land and long-term commercial papers and floating rate notes payable. The main purpose of the Group's financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as installment contracts receivables, cash and cash equivalents and short-term 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.

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 LTNs has been fixed over a 15-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:

	2009		2008	
Financial assets	**Effective Interest Rate**	**Amount**	Effective Interest Rate	Amount
Fixed rate				
Cash and cash equivalents (excluding cash on hand)	**1.6% to 4.06%**	**₱3,000,635,643**	0.5% to 5%	₱5,008,587,912
Short-term investments	**5% to 6.5%**	**135,962,569**	5.0% to 8.5%	30,000,000
Installment contracts receivable	**16% to 19%**	**15,702,478,476**	16% to 19%	16,019,521,931
Total		**₱18,839,076,688**		₱21,058,109,843

	2009		2008	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial liabilities				
Fixed rate				
Bank loans	**9.5% to 12%**	**₱4,556,498,364**	9.5% to 12%	₱3,488,717,176
LTNs	**8.59%**	**495,427,390**	8.59%	1,474,565,769
Total		**₱5,051,925,754**		₱4,963,282,945

The following table demonstrates the sensitivity to a reasonably possible change in interest rates until its next annual reporting date with all other variables held constant, of the Group's 2009 income before tax (due to effect of floating rate borrowings). There is no impact on the Group's equity other than those already affecting the net income.

	2009		2008	
	Increase/decrease in interest rate	**Effect on income before income tax**	Increase/decrease in interest rate	Effect on income before income tax
Bank loans	**+25 bps**	**₱4,405,377**	+25 bps	₱594,798
	-25 bps	**(4,405,377)**	-25 bps	(594,798)

There are no items that are impacted with interest rate risk which are charged directly to equity.

Foreign Exchange Risk

The Group's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). Approximately 2.5% and 63.70% of the debt of the Group as of December 31, 2009 and 2008, respectively, are denominated in USD. The Group's foreign currency-denominated debt comprises of the LTNs in 2008 and FRNs in 2008. Below are the carrying values and the amounts in US$ of these foreign currency denominated liabilities. There are no foreign currency denominated assets.

	2009		2008	
	Peso	**US$**	Peso	US$
LTNs	**₱495,427,390**	**US$10,723,537**	₱1,474,565,769	US$31,030,424

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate until its next annual reporting date, with all other variables held constant, of the Group's 2008 profit before tax (due to changes in the fair value of monetary liabilities).

	2009		2008	
	Increase/decrease in US Dollar rate	**Effect on income before tax**	Increase/decrease in US Dollar rate	Effect on income before tax
LTNs	**+0.02 bps**	**₱99,085**	+0.02%	(₱294,913)
	-0.02 bps	**(99,085)**	–0.02%	294,913

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

Credit Risk
The Group transacts only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on 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 comprise of cash and cash equivalents and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group 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.

The table below shows the comparative summary of maximum credit risk exposure on financial assets as of December 31, 2009 and December 31, 2008:

	December 31, 2009	December 31, 2008
Loans and Receivables		
Cash and cash equivalents (excluding cash on hand)	**₱3,000,635,643**	₱5,008,587,912
Short-term investments	**135,962,569**	30,000,000
Installment contracts receivables	**15,702,478,476**	16,019,521,931
Other receivables	**2,760,117,115**	2,728,211,242
	21,599,193,803	23,786,321,085
AFS financial assets	**288,936,791**	299,625,790
	₱21,888,130,594	₱24,085,946,875

The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements. The subject lots and residential houses sold are held as collateral for the all installment contracts receivables.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk. As of December 31, 2009 and 2008, the aging analyses of past due but not impaired receivables, presented per class are as follows:

December 31, 2009

	Neither Past Due Nor Impaired	Past Due But Not Impaired				Total of Past Due But Not Impaired	Impaired Financial Assets	Total
		<30 days	30-60 days	60-90 days	>90 days			
Installment contract receivables	**₱15,406,718,617**	**₱24,342,317**	**₱24,056,950**	**₱18,747,771**	**₱140,339,786**	**₱207,486,824**	**₱88,273,035**	**₱15,702,478,476**
Other receivables	**2,489,884,389**	**3,933,969**	**3,887,851**	**3,029,833**	**22,680,355**	**33,532,008**	**236,700,718**	**2,760,117,115**
Total	**₱17,896,603,006**	**₱28,276,286**	**₱27,944,801**	**₱21,777,604**	**₱163,020,141**	**₱241,018,832**	**₱324,973,753**	**₱18,462,595,591**

December 31, 2008

	Neither Past Due Nor Impaired	Past Due But Not Impaired				Total of Past Due But Not Impaired	Impaired Financial Assets	Total
		<30 days	30-60 days	60-90 days	>90 days			
Installment contract receivables	₱14,760,664,736	₱271,507,002	₱225,161,985	₱129,799,797	₱194,228,284	₱820,697,068	₱438,160,127	₱16,019,521,931
Other receivables	2,470,637,637	3,518,026	–	–	17,351,860	20,869,886	236,703,719	2,728,211,242
Total	₱17,231,302,373	₱275,025,028	₱225,161,985	₱129,799,797	₱211,580,144	₱841,566,954	₱674,863,846	₱18,747,733,173

Those accounts that are considered neither past due nor impaired are receivables without any default in payments and those accounts wherein the management has assessed that recoverability is high.

The restructured accounts out of the total neither past due nor impaired receivables are ₱901.34 million and ₱134.72 million as of December 31, 2009 and 2008.

The aggregate fair value of collaterals of installment contracts receivable that are past due but not impaired as of December 31, 2009 and 2008 amounted to ₱2,424.1 million and ₱1,317.34 million, respectively.

The tables below show the credit quality of the Group's financial assets as of December 31, 2009 and 2008, gross of allowance for impairment losses:

December 31, 2009

	Neither past due nor impaired				Past due but		
	High grade	**Medium grade**	**Low grade**	**Total**	**not impaired**	**Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**₱3,000,635,643**	**₱–**	**₱–**	**₱3,000,635,643**	**₱–**	**₱–**	**₱3,000,635,643**
Short-term investments	**135,962,569**	**–**	**–**	**135,962,569**	**–**	**–**	**135,962,569**
Installment contracts receivable	**15,406,718,617**	**–**	**–**	**15,406,718,617**	**207,486,824**	**88,273,035**	**15,702,478,476**
Other receivables	**2,489,884,389**	**–**	**–**	**2,489,884,389**	**33,532,008**	**236,700,718**	**2,760,117,115**
Total loans and receivables	**21,033,201,218**	**–**	**–**	**21,033,201,218**	**241,018,832**	**324,973,753**	**21,599,193,803**
AFS financial assets	**288,936,791**	**–**	**–**	**288,936,791**	**–**	**–**	**288,936,791**
	₱21,322,138,009	**₱–**	**₱–**	**₱21,322,138,009**	**₱241,018,832**	**₱324,973,753**	**₱21,888,130,594**

December 31, 2008

	Neither past due nor impaired				Past due but		
	High grade	Medium grade	Low grade	Total	not impaired	Impaired	Total
Cash and cash equivalents (excluding cash on hand)	₱5,008,587,912	₱–	₱–	₱5,008,587,912	₱–	₱–	₱5,008,587,912
Short-term investments	30,000,000	–	–	30,000,000	–	–	30,000,000
Installment contracts receivable	14,760,664,736	–	–	14,760,664,736	820,697,068	438,160,127	16,019,521,931
Other receivables	2,470,637,637	–	–	2,470,637,637	20,869,886	236,703,719	2,728,211,242
Total loans and receivables	22,269,890,285	–	–	22,269,890,285	841,566,954	674,863,846	23,786,321,085
AFS financial assets	299,625,790	–	–	299,625,790	–	–	299,625,790
	₱22,569,516,075	₱–	₱–	₱22,569,516,075	₱841,566,954	₱674,863,846	₱24,085,946,875

High grade cash and cash equivalents and short-term investments are short-term money market placements and working cash fund placed, invested or deposited in foreign and local banks belonging to the top ten banks in the Philippines in terms of resources and profitability.

The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Installment contract receivables under bank-financing are assessed to be high grade since accounts under bank-financing undergone credit evaluation performed by two parties, the Group and the respective bank, thus credit evaluation underwent a more stringent criteria resulting to higher probability of having good quality receivables.

Medium grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Low grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms

Based on the Group's experience, its loans and receivables are highly collectible or collectible on demand. The receivables are collateralized by the corresponding real estate properties. In few cases of buyer defaults, the Group can repossess the collateralized properties and held it for sale in the ordinary course of business at the prevailing market price. The total of repossessed properties included in the "Real estate inventories" account in the consolidated statement of financial position amounted to ₱ 467.30 million as of December 31, 2008. The Group performs certain repair activities on the said reposed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts.

The Group did not accrue any interest income on impaired financial assets.

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 2009 and 2008.

Maturity Profile of Financial Assets and Liabilities
The tables below summarize the maturity profile of the Group's financial assets and liabilities as of December 31, 2009 and 2008 based on undiscounted contractual payments, including interest receivable and payable.

2009	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables					
Cash and cash equivalents	**₱3,010,640,495**	**₱–**	**₱–**	**₱–**	**₱3,010,640,495**
Short-term investments	**–**	**135,962,569**	**–**	**–**	**135,962,569**
Installment contract receivables	**600,454,850**	**3,600,454,850**	**3,220,455,388**	**8,370,231,418**	**15,791,596,506**
Accounts receivable	**2,760,117,115**	**–**	**–**	**–**	**2,760,117,115**
Total Loans and Receivables	**6,371,212,460**	**3,736,417,419**	**3,220,455,388**	**8,370,231,418**	**21,698,316,685**
AFS financial assets	**288,936,791**	**–**	**–**	**–**	**288,936,791**
Total undiscounted financial assets	**₱6,660,149,251**	**₱3,736,417,419**	**₱3,220,455,388**	**₱8,370,231,418**	**₱21,987,253,476**
Financial Liabilities					
Financial liabilities at amortized cost:					
Bank loans	**₱398,706,652**	**₱208,723,500**	**₱2,122,568,699**	**₱1,826,499,513**	**₱4,556,498,364**
Accounts payable and other payables	**5,430,021,127**	**–**	**–**	**–**	**5,430,021,127**
Liabilities for purchased land	**730,774,218**	**233,283,214**	**238,223,315**	**646,360,010**	**1,848,640,757**
LTNs	**–**	**–**	**–**	**495,427,390**	**495,427,390**
Payable to related parties	**428,906,503**	**–**	**–**	**–**	**428,906,503**
Total undiscounted financial liabilities	**₱6,988,408,500**	**₱442,006,714**	**₱2,360,792,014**	**₱2,968,286,913**	**₱12,759,494,141**

2008

	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables					
Cash and cash equivalents	₱5,014,533,958	₱–	₱–	₱–	₱5,014,533,958
Short-term investments	–	30,000,000	–	–	30,000,000
Installment contracts receivable	261,707,975	523,415,949	10,172,878,692	5,187,818,787	16,145,821,403
Accounts receivable	46,001,952	92,003,904	2,590,205,386	–	2,728,211,242
Total Loans and Receivables	5,322,243,885	645,419,853	12,763,084,078	5,187,818,787	23,918,566,603
AFS financial assets	299,625,790	–	–	–	299,625,790
Total undiscounted financial assets	₱5,621,869,675	₱645,419,853	₱12,763,084,078	₱5,187,818,787	₱24,218,192,393
Financial Liabilities					
Financial liabilities at amortized cost:					
Bank loans	₱8,638,105	₱4,319,052	₱1,676,959,289	₱1,798,800,730	₱3,488,717,176
Accounts payable and other payables	659,564,978	329,782,489	2,968,042,401	48,132,319	4,005,522,187
Liabilities for purchased land	161,207,867	322,415,734	1,450,870,802	698,341,866	2,632,836,269
LTNs	–	–	–	1,474,565,769	1,474,565,769
Payable to related parties	75,235,027	150,470,053	677,115,239	7,588,400	910,408,719
Total undiscounted financial liabilities	₱904,645,977	₱806,987,328	₱6,772,987,731	₱4,027,429,084	₱12,512,050,120

29. **Equity**

Capital Stock

The details of the number of shares follow:

	2009	2008
Authorized	**12,000,000,000**	12,000,000,000
Issued	**8,538,740,614**	8,538,740,614
Treasury	**–**	(295,756,000)
Outstanding	**8,538,740,614**	8,242,984,614

On March 16, 2007, the Board of Directors (BOD) and the stockholders approved the increase in authorized capital stock of the Parent Company from ₱4.00 million divided into 4 million shares to ₱12.00 billion divided into 12 billion shares with a par value of ₱1.00 per share. The following companies have subscribed to the increase in the authorized capital stock of the Parent Company and have paid for such subscription through assignment of shares:

Subscribers	No. of shares subscribed	Amount subscribed		
		Par	Premium	Total
Polar Property Holdings Corp. (Polar Property)	722,615,487	₱722,615,487	₱1,055,018,611	₱1,777,634,098
Adelfa Properties, Inc. (Adelfa)	554,162,000	554,162,000	809,076,520	1,363,238,520
Cambridge Group, Inc. (Cambridge)	9,305,206	9,305,206	13,585,601	22,890,807
Althorp Holdings, Inc. (Althorp)	200,102,917	200,102,917	292,150,259	492,253,176
Fine Properties, Inc. (Fine)	22,465,846	22,465,846	32,800,134	55,265,980
Total	1,508,651,456	₱1,508,651,456	₱2,202,631,125	₱3,711,282,581

On its second subscription, Fine subscribed to 3,020.15 million shares with a par value of ₱1.00 with a premium amounting to ₱4,409.66 million.

On March 29, 2007, the Parent Company entered into an exchange agreement with Fine, Polar Property, Adelfa, Althorp and Cambridge for the acquisition by the Parent Company of all the shares held by the aforesaid corporations in the subsidiaries, in exchange for 4,528.80 million shares of the Parent Company.

On March 30, 2007, the Parent Company entered into a Memorandum of Agreement (MOA) with Fine, wherein Fine agrees to subscribe to 3,020.15 million common shares of the Parent Company which shall be paid through the assignment and conveyance by Fine in favor of the Parent Company of a total of 3,020.15 million shares of the common stock of CHI. Fine undertakes to cause its affiliates, which hold shares in CHI, to convey the CHI shares held by them in favor of the Parent Company. The transaction resulted to a premium of ₱4,409.66 million.

On April 25, 2007, the Parent Company entered into a sale and purchase agreement with Fine and Brittany (Major shareholders) which provided for the acquisition by the Parent Company of the Major shareholders' 3,020.15 million shares in CHI in consideration for the Parent Company shares on the basis of one Parent Company common share for every one CHI common share based on the book value of the Parent Company shares against the adjusted book value of the CHI shares as of December 31, 2006.

The objective of the said acquisitions was to consolidate the ownership of the Subsidiaries in a new holding company, that is the Parent Company. The Parent Company has accounted for these transactions as reorganization of entities under common control, using pooling of interest method. Accordingly, the consolidated financial statements have been prepared as if the current corporate structure had been in existence throughout the periods presented.

On May 3, 2007, the SEC approved the increase in authorized capital stock. The approval of SEC made effective the March 30, 2007 MOA with Fine and the April 25, 2007 sale and purchase agreement with the Parent Company and the Major shareholders.

On May 7, 2007, the Parent Company filed a registration statement with the SEC for the Primary Offer of up to 1,890.52 million common shares from its unissued capital stock. In compliance with the Tender Offer Rules, the Parent Company is offering to acquire the remaining 1,890.52 million common shares owned by the common shareholders of CHI other than the Major shareholders (Minority shareholders) in exchange for up to 1,890.52 million new and unissued common shares of the Parent Company, on the same basis of one common share for every one CHI common share. On June 15, 2007, end of the tender offer period, a total of 1,858.24 million shares were tendered.

The purpose of the Primary Offer is to finance, in part, the Parent Company's planned capital expenditures and the settlement of the loans payable. The Parent Company also expects to use a portion of the net proceeds from the Primary Offer for general corporate purposes, including but not limited to, working capital requirements.

On May 24, 2007, the Philippine Stock Exchange, Inc. (the Exchange) approved the initial listing by way of introduction of 6,420.32 million common shares of the Parent Company, with par value of ₱1.00 per share in the first board of the Exchange at a listing price of ₱2.46 per share. The approval, however, is subject to, among other conditions, compliance by the Parent Company of Article 3, Section 6 of the Revised Listing Rules which states that upon and after listing, the Parent Company shall, at all times, maintain, at least 1,000 stockholders or security holders each owning securities equivalent to at least one board lot. As of December 31, 2009 and 2008, the Parent Company has 1,123 and 1,120 shareholders, respectively.

In the International Offering Circular dated July 13, 2007, the Parent Company, together with Polar Property, Calveston Investments Limited, Althorp, Cameron Global Limited, Golden Haven Memorial Park, Inc. and Cambridge (collectively referred to as 'other selling shareholders') offered for sale 3,105.99 million common shares with par value of ₱1.00 per share. The shares offered comprised of: (i) 2,120.00 million new shares issued and offered by the Parent Company by way of a Primary Offer; and (ii) 985.99 million existing shares offered by other selling shareholders pursuant to a secondary offered by other selling shareholders pursuant to a secondary. Polar Property is an associate of the Parent Company. The entire shares offered were fully subscribed with net proceeds of ₱14,013.00 million.

Each shareholder will be entitled to such dividends as may be declared by the Parent Company's BOD provided that any stock dividends declaration requires the approval of shareholders holding at least two-thirds of the Parent Company's total outstanding capital stock.

On August 21, 2007, the Parent Company announced a second tender offer to remaining CHI minority shareholders. As of September 18, 2007, end of tender offer period, a total of 30.70 million shares were tendered.

Treasury Shares

On November 27, 2007, SEC approved the Parent Company's buyback of its shares up to the extent of the total purchase price of US$25 million subject to the prevailing market price at the time of buy back over the next 12 months but subject to periodic review by the Parent Company's management. On November 6, 2008, the Parent Company's BOD approved the extension of the buy back for an additional of six (6) months or up to May 12, 2009.

As of December 31, 2009 and 2008, the Parent Company has bought back from the market a total of 320,686,000 shares and 295,756,000 shares, respectively.

Retained Earnings
Retained earnings as of December 31, 2008 is restricted up to the extent of the treasury shares amounting to ₱616.89 million in 2008.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2008 amounted to ₱5.24 billion.

On November 23, 2009, the BOD approved the cash dividend declaration and payment from the unrestricted retained earnings of the Parent Company of ₱281.78 million payable to stockholders of record at the close of business on December 8, 2009.

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 Parent Company's equity as of December 31, 2009 and 2008.

	2009	2008
Total paid-up capital	**₱27,867,250,474**	₱27,844,016,282
Retained earnings	**7,757,417,581**	5,739,787,852
Unrealized gain on AFS financial assets	**–**	472,619
Treasury shares	**–**	(616,885,476)
	₱35,624,668,055	₱32,967,391,277

30. Notes to Consolidated Statements of Cash Flows

Below are the noncash investing and financing transactions:

	2007
Gain from restructuring of FRNs (Note 19)	₱1,443,542,689
Conversion of FRNs to LTNs (Note 19)	(1,287,307,692)
Conversion of FRNs to Equity	(6,287,347,218)
Offseting of LTCPs with related party receivable	100,678,946

31. Contingencies

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.
In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

32. Approval of Financial Statements

The consolidated financial statements of the Group as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 were authorized for issue by the BOD on April 12, 2010.

VISTA LAND & LIFESCAPES, INC.
SCHEDULE A - MARKETABLE SECURITIES

NAME OF ISSUING ENITY & ASSOCIATION OF EACH ISSUE	NO. OF SHARES OR PRINCIPAL AMOUNT	AMOUNT IN THE BALANCE SHEET	VALUED BASED ON MARKET QUOTATION AT BALANCE SHEET DATE	INCOME RECEIVED & ACCRUED
Total	-	-	-	-

Not Applicable. The Company has no marketable securities as of December 31, 2009

VISTA LAND & LIFESCAPES, INC.
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER

					ENDING BALANCE		
NAME	BEGINNING BALANCE	ADDITION	COLLECTION	AMOUNT WRITTEN OFF	CURRENT	NON CURRENT	TOTAL
Not Applicable							-
							-
Total	-	-	-	-	-	-	-

VISTA LAND & LIFESCAPES, INC.
SCHEDULE C - INVESTMENT SECURITIES

	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE			RECEIVED/ACCRUED FROM INVESTMENTS NOT ACCOUNTED FOR BY THE EQUITY
NAME OF COMPANY	NO. OF SHARES	AMOUNT IN PESOS	EARNING(LOSSES) OF INVESTEES FOR THE PERIOD	OTHERS	DISTRIBUTION OF EARNINGS BY INVESTEES	OTHERS	NO. OF SHARES	% OF EFFECTIVE OWNERSHIP	AMOUNT IN PESOS	
Polar Property Holdings Corp.	491,569,605	647,730,273	45,943,472	-			491,569,605	10%	693,673,745	
Total	**491,569,605**	**647,730,273**	**45,943,472**	**-**			**491,569,605**	**10%**	**693,673,745**	

VISTA LAND & LIFESCAPES, INC.
SCHEDULE D - ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

NAME OF RELATED PARTIES	BALANCE AT BEGINNING OF PERIOD	BALANCE AT END OF PERIOD	REMARKS
NOT APPLICABLE	-	-	
Total	**-**	**-**	

VISTA LAND & LIFESCAPES, INC.
SCHEDULE E - PROPERTY & EQUIPMENT

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS	OTHER CHARGES ADDITIONS/ (DEDUCTIONS)	ENDING BALANCE
Land & Building	15,666,283	859,871	(6,440,778)	5,907,669	15,993,045
Transportation Equipment	154,926,394	12,687,540	(32,475,007)	4,287,467	139,426,394
Office Furniture, Fixtures and Equipme	172,185,646	23,861,729	(92,261,296)	3,771,018	107,557,097
Construction Equipment	41,766,412	6,089,992	(6,523,203)	-	41,333,201
Other Fixed Assets	76,548,949	10,354,217	(27,271,452)	12,791	59,644,505
Total	**461,093,684**	**53,853,349**	**(164,971,736)**	**13,978,945**	**363,954,242**

VISTA LAND & LIFESCAPES, INC.
SCHEDULE F - ACCUMULATED DEPRECIATION

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COST & EXPENSES	RETIREMENTS	OTHER CHARGES ADDITIONS/ (DEDUCTIONS)	ENDING BALANCE
Land & Building	7,922,573	1,622,087	(3,347,469)	3,263,427	9,460,618
Transportation Equipment	107,499,423	19,175,867	(32,475,007)	2,425,358	96,625,641
Office Furniture, Fixtures and Equipm	149,931,246	16,842,320	(86,033,578)	2,013,590	82,753,578
Construction Equipment	39,017,847	5,962,171	(6,523,203)	-	38,456,815
Other Fixed Assets	61,921,769	9,805,959	(27,271,452)	10,301	44,466,577
Total	**366,292,858**	**53,408,404**	**(155,650,709)**	**7,712,676**	**271,763,229**

VISTA LAND & LIFESCAPES, INC.
SCHEDULE G - INTANGIBLE ASSETS

Not Applicable. The Company has no intangible assets as of December 31, 2009

VISTA LAND & LIFESCAPES, INC.
SCHEDULE H - LONG TERM DEBT

TITLE OF ISSUE & TYPE OF OBLIGATION	AMOUNT AUTHORIZED BY INDENTURE	CURRENT PORTION OF LONG TERM DEBT	LONG TERM DEBT	INTEREST RATE	AMOUNT	NO OF PERIODIC INSTALLMENT	MATURITY DATE
Long term Notes	1,176,447,626	-	495,427,390	8.6%	42,557,213	payable over 15 years	1-Mar-22
Total	**1,176,447,626**	**-**	**495,427,390**		**42,557,213**		**-**

VISTA LAND & LIFESCAPES, INC.
SCHEDULE I - INDEBTEDNESS TO AFFILIATES AND RELATED PARTIES (LONG TERM LOANS FROM RELATED COMPANIES)

NAME OF AFFILIATE	BALANCE AT BEGINNING OF PERIOD	BALANCE AT END OF PERIOD	REMARKS
NOT APPLICABLE	-	-	
Total	**-**	**-**	

Not Applicable. The company has no indebtedness to affiliates and related parties as of December 31, 2009.

VISTA LAND & LIFESCAPES, INC.
SCHEDULE J - GUARANTEE OF SECURITIES OF OTHER ISSUER

NAME OF ISSUING ENTITY OF SECURITIES GUARANTEED BY THE COMPANY FOR WHICH THIS STATEMENT IS FILED	TITLE OF ISSUE OF EACH CLASS OF SECURITIES GUARANTEED	TOTAL AMOUNT GUARANTEED & OUTSTANDING	AMOUNT OWNED BY PERSON FOR WHICH STATEMENT IS FILED	NAME OF GUARANTEE
Total				

Not Applicable. The Company does not have guarantee on securities issued by other issuer as of December 31, 2009.

VISTA LAND & LIFESCAPES, INC.
SCHEDULE K - CAPITAL STOCK

TITLE OF ISSUE	NO. OF SHARES AUTHORIZED	NO. OF SHARES ISSUED & OUTSTANDING	NO. OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSION & OTHER RIGHTS	NO. OF SHARES HELD BY AFFILIATES	NO. OF SHARES HELD BY DIRECTORS, OFFICERS AND EMPLOYEES	OTHERS
Common Stock , P1 par value	12,000,000,000	8,538,740,614	-	5,755,527,524.00	811,531.00	2,782,401,559.00

Beginnig Balance		1,000,000
Issuances:	Increase in Capital Stock	1,508,651,456
	Tender Offer	4,909,089,158
	Follow-on Offering	2,120,000,000
	Total Issued	**8,538,740,614**
	Treasury Shares	
	Issued & Outstanding Shares	**8,538,740,614**