COVER SHEET

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S.E.C. Registration Number

POLAR PROPERTY HOLDINGS CORP.

(Company's Full Name)

3RD LEVEL STARMALL LAS PINAS, CV STARR AVENUE, PHILAMLIFE VILLAGE, PAMPLONA, LAS PINAS CITY

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

Jo L. Ilijay
Contact Person

871-4001
Registrant Telephone Number

1	2		3	1

Month *Day*
Calendar Year

20-IS Definitive Information Statement
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 I.D.

Cashier

POLAR PROPERTY HOLDINGS CORPORATION
3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City
Call (+632) 8714001 / Fax No. (+632) 8724697

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the Annual Meeting of the Stockholders of Polar Property Holdings Corporation (the "Company") will be held on **18 June 2012**, Monday at **10:00** in the morning, at Portofino Sales Office, Daang Hari Road., Las Pinas City.

The Agenda of the meeting is as follows:

I. Call to Order

II. Certification of Service of Notice and Quorum

III. President's Report

IV. Approval of the audited consolidated financial statements for the period ended 31 December 2011 as contained in the Company's 2011 Annual Report

V. Election of Director & Independent Directors

VI. Appointment of External Auditors

VII. General ratification of the acts of the Board of Directors and the management in line with the usual business of the Company from the date of the last annual stockholders' meeting up to the date of the meeting.

VIII. Approval of the change of name of the Company from POLAR PROPERTY HOLDINGS CORP. to STARMALLS, INC. and the corresponding amendment of First Article of the Amended Articles of Incorporation of the Company.

IX. Approval of the increase in the authorized capital stock of the Company from **Five Billion Five Hundred Million Pesos** (PhP5,500,000,000.00) to **Seventeen Billion Pesos** (PhP17,000,000,000.00) and classifying the shares of stock of the Company into **Sixteen Billion Nine Hundred Million** (16,900,000,000) common shares with par value of One Peso

(PhP1.00) per share and **Ten Billion** (10,000,000,000) voting, cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of One Centavo (PhP0.01) per share and the corresponding amendment of Article Seventh of the Amended Articles of Incorporation of the Company to reflect the said increase in the authorized capital stock, and the classification of the shares of the Company to common and preferred shares

X. Approval of the subscription by, and issuance to, Hero Holdings, Inc., Land & Houses Public Company Limited, Manuel B. Villar, Jr., Manuel Paolo A. Villar and Mark A. Villar, of **3,533,569,997** shares out of the increase in the authorized capital stock of the Company in exchange for the shares of Manuela Corporation held by Hero Holdings, Inc., Land & Houses Public Company Limited, Manuel B. Villar, Jr., Manuel Paolo A. Villar and Mark A. Villar.

XI. Waiver of the conduct of a rights offering of the **3,533,569,997** shares of the Company to be issued to Hero Holdings, Inc., Land & Houses Public Company Limited, Manuel B. Villar, Jr., Manuel Paolo A. Villar and Mark A. Villar out of the capital increase.

XII. Other Matters

The Board of Directors has fixed 25 May 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

Please bring some form of identification, such as passport, driver's license or company I.D. in order to facilitate registration, which will start at 9:30 a.m.

MA. NALEN SJ. ROSERO-GALANG
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter: **POLAR PROPERTY HOLDINGS CORP.**

3. **Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **39587**

5. BIR Tax Identification Code **000-806-396-000**

6. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City** **1746**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 871-4001 / (632) 872-6947**

8. Date, time and place of the meeting of security holders

   18 June 2012, 10:00 a.m.
   Portofino Sales Office, Daang Hari, Las Piñas City

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

   May 28, 2012

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares (04/30/2012)	**4,892,411,158 shares**

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

    Yes [**x**] No [ ]

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

    4,149,117,831 Common shares are listed with the Philippine Stock Exchange as of April 30, 2012

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

PART I

(A)
INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: June 18, 2012
Time: 10:00 a.m.
Place: Portofino Sales Office, Daang-Hari, Las Piñas City

The corporate mailing address of the principal office of the Registrant is 3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City, Philippines.

Notices of the meeting and copies of the Information Statement shall be sent to security holders as soon as practicable after the approval hereof by the Securities and Exchange Commission, but not later than **May 28, 2012**.

Dissenters' Right of Appraisal

There are no corporate matters or action that will entitle a shareholder to exercise a right of appraisal as provided under Section 81, Title X, of the Corporation Code of the Philippines ("Corporation Code").

Any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Corporation Code:

(1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
(3) In case of merger or consolidation; and
(4) In case of investments in another corporation, business or purpose.

The appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, Further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the officers or directors or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

No director has informed the Registrant in writing that he intends to oppose any action to be taken at the meeting.

(B)
CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of 30 April 2012

Common: 4,892,411,158

(b) Record Date: 25 May 2012

Each common share of stock of the Registrant is entitled to one (1) vote. Pursuant to Article III, Section 3 of the Registrant's By-Laws, every holder of voting stock may vote during all meetings, including the Annual Stockholders' Meeting, either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 24 of the Corporation Code provides, in part, that: "….in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit…."

Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners of more than 5.0% of the Registrant's voting securities as of April 30, 2012:

Title of Class of Securities	Name / Address of Record Owners and Relationship with Registrant	Name of Beneficial Owner / Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership[1]
Common	Fine Properties, Inc.[2] 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	2,573,507,156	52.602%
Common	Land & Houses Public Company Limited[3]	Record Owner is also	Thai	1,223,102,790	25.000%

[1] Based on the total issued stocks as of April 30, 2012 of 4,892,411,158

[2] Fine Properties, Inc through a resolution passed by the Board of Directors, usually designate its President, Jerry M Navarrete, to be its authorized representative with the power to vote its shares of stock in Polar Property Holdings Corp

	Q House Convent Building, 4th & 5th Floors, No. 38 Convent Road, Silom, Bangkok, Thailand Shareholder	beneficial Owner			
Common	Household Development Corp.[4] 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	491,569,605	10.048%

Security ownership of management as of April 30, 2012:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% to Total Outstanding
Common	Jerry M. Navarrete	25,000 (Direct)	Filipino	.00051%
Common	Elizabeth M. Kalaw	2,000 (Direct)	Filipino	.00004%
Common	Manuel Paolo A. Villar	1,000 (Direct)	Filipino	.00002%
Common	Frances Rosalie T. Coloma	3,500 (Direct)	Filipino	.00010%
Common	Alma P. Villadolid	1,000 (Direct)	Filipino	.00002%
Common	Joel L. Bodegon	1,000 (Direct)	Filipino	.00002%
Common	Carolina C. Mejias	1,000 (Direct)	Filipino	.00002%
Total		**34,500**		**.0007%**

None of the above-listed officers and management indirectly own shares of the Registrant. Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

Changes in Control

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

[3] Land & Houses Public Company Limited (L&H) is a foreign corporation duly organized and existing by virtue of the laws of Thailand with office address at Reg No 57 Q House Convent Bldg , 3rd to 5th Floor, 38 Convent Road, Silom, Bangkok 10500 Thailand As of 2010, the members of the Board of L&H are Mr Anant Asavabhokhin, Mr Naporn Sunthornchitcharoes, Mr Lin Swe Guan, Mr Adisorn Thananun-narapool and Mr Wit Tantiworawong L&H usually acts through Mr Adisorn Thananun-Narapool in matters relating to its shares of stock in the Company

[4] Household Development Corp through a resolution passed by the Board of Directors, usually designate its President, Maribeth C Tolentino, to be its authorized representative with the power to vote its shares of stock in Polar Property Holdings Corp

Directors and Executive Officers of the Registrant

Term of Office

Each director holds office until the annual meeting of stockholders held next after his election and his successor shall have been elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of directors that elected or appointed them.

Background Information

The following are the names, ages and citizenship of the incumbent directors/independent directors and officers of the Registrant:

NAME	AGE	POSITION	CITIZENSHIP
Jerry M. Navarrete	57	Chairman & President	Filipino
Elizabeth M. Kalaw	47	Director, Treasurer	Filipino
Frances Rosalie T. Coloma	49	Director, Chief Financial Officer	Filipino
Alma P. Villadolid	54	Director	Filipino
Manuel Paolo A. Villar	35	Director	Filipino
Joel L. Bodegon	63	Independent Director	Filipino
Carolina C. Mejias	56	Independent Director	Filipino
Ma. Nalen Rosero-Galang	41	Corporate Secretary & Compliance Officer	Filipino

The following states the business experience of the incumbent directors and officers of the Registrant for the last five (5) years:

JERRY M. NAVARRETE, *Chairman and President*, graduated from the Lyceum of the Philippines with a Bachelor's Degree in Economics and from Ateneo de Manila University with a Master's degree in business administration. He previously worked as research analyst with Aguilar Shipping for one year. Mr. Navarrete has been with the Company's businesses for more than 35 years now.

ELIZABETH M. KALAW, *Director and Treasurer*, graduated Magna Cum Laude from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting, and from De La Salle University with a Master's Degree in Business Administration. She is a Certified Public Accountant. She worked with Sycip, Gorres, Velayo & Co. as an auditor & Electrolux Group as a Finance Manager before she joined the group in 1992.

FRANCES ROSALIE T. COLOMA, *Director and Chief Financial Officer*, graduated Cum Laude from the University of the Philippines with a degree in Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. She worked as Finance Manager of Alcatel Philippines Inc. and Intel Philippines, Inc. Country Controller of Ericsson Telecommunications Philippines Inc.and Deal Finance Manager of Accenture Delivery Center, Philippines. Before the joining Polar group in February 2011, she was the Assistant General Manager of Maersk Global Services, Philippines.

ALMA P. VILLADOLID, *Director*, graduated Cum Laude from the University of the Philippines, Diliman with a Bachelor's degree in Business Administration major in Accountancy, and a Master's

Degree in MS Finance. She also took up Strategic Economics in University of Asia and the Pacific. She is a Certified Public Accountant. She worked with Computer Professionals, Inc. as Project Manager before she joined the group in 1989. She has worked for the Company as Controller until 1998. She is the current Vice President and Head of Human Resources of the group.

MANUEL PAOLO A. VILLAR, *Director*, graduated at the Wharton School in University of Pennsylvania, Philadelphia, USA with a dual degree in Bachelor of Applied Science. He worked as a Research Analyst at the Clemente Capital Incorporated in New York City prior to his graduation. He was a fixed income analyst at Goldman Sachs in Hong Kong and a consultant for McKinsey & Co. in the United States for two years before joining the Company in 2001. He is currently the President and Chief Executive Officer of VLL.

JOEL L. BODEGON, *Independent Director*, obtained his Bachelor of Arts in 1969 and Bachelor of Laws in 1974, both from the University of the Philippines. He was admitted to the Bar in 1975. After a short stint in a private law firm and the Office of the Solicitor General, he joined the Angara Abello Concepcion Regala and Cruz (ACCRA) in 1976, where he became partner in 1982 until 1986. In 1987, he formed, together with some ACCRA partners, the Jardeleza Sobreviñas Diaz Hayudini & Bodegon Law Offices (DJHABSLAW), where he was Managing Partner for 12 years until his retirement in 2008. On 1 April 2010, he put up the JOEL L. BODEGON & ASSOCIATES LAW OFFICES, to return to active law practice, the passion of his life. On 1 June 2010, he decided to forego solo practice and opted to form a new law partnership, the BODEGON ESTORNINOS GUERZON BORJE & BONGCO Law Offices, located at the 5/F Park Trade Centre, 1716 Investment Drive, Madrigal Business Park, Alabang, Muntinlupa City 1780. Atty. Bodegon possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since his election as such.

CAROLINA C. MEJIAS, *Independent Director*, is a Certified Public Accountant who graduated from the Philippine School of Business Administration with a Bachelor's Degree in Business Administration major in Accounting. Presently, she is the President and General Manager of CCM Accounting Firm rendering Accounting, Taxation, Auditing and Management Services to more than a hundred clients. She also manages her two other businesses – the JF Mejias Construction & Engineering Services as Office Manager-Corporate Treasurer and CICM Enterprises, Inc. (a garments business) as President and General Manager. Ms. Mejias possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since her election as such.

MA. NALEN SJ. ROSERO-GALANG, *Compliance Officer and Corporate Secretary*, graduated salutatorian from the San Beda College of Law. She was an associate of the Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices for 3 years. She is currently a director and Corporate Secretary of Masterpiece Asia Properties, Inc., Brittany Estates Corporation and Manuela Corporation; and the Corporate Secretary of VLL subsidiaries.

All the incumbent Directors above have one (1) year term of office.

Mr. Navarrete, Ms. Coloma, Ms. Villadolid and Mr. Villar have been nominated for re-election to the Board of Directors. Likewise nominated for election as member of the Board of Directors is Mr. Anant Asavabhokhin. Mr. Anant Asavabhokhin, 61, graduated from Chulalongkorn University with a degree of Bachelor of Civil Engineering and from Illinois Institute of Technology, Illinois, USA with a degree of M.S. Industrial Engineering. He obtained his MBA degree from Thammasat University. Mr. Asavabhokhin is currently the President and Chief Executive Officer of Land and Houses Public Company Limited.

Mr. Joel L. Bodegon and Ms. Carolina C. Mejias have been nominated as independent directors.

The By-Laws of the Registrant conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Registrant. Article IV, Sections 1-A and 2 of the Registrant's By-Laws provide as follows:

> Section 1A. Independent Directors – The corporation shall have at least two (2) independent directors or at least twenty (20%) of the entire Board membership, whichever is lesser.

The independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code and its Implementing Reules and Regulations, as the same may be amended from time to time. *(As amended on 04 October 2010)*

Section 2. Election and term – The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

A Nomination Committee is hereby created which may be organized from time to time upon determination of the Board of Directors. The Nomination Committee shall be composed of at least three (3) members, one of whom shall be an independent director. The Nomination Committee shall have the following functions: (A) formulate screening policies to enable the committee to effectively review the qualification of the nominees for independent directors; and (B) conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedures set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as the same may be amended from time to time. *(As amended on 04 October 2010)*

On the other hand, SRC Rule 38, as amended, provide in part as follows:

"8. Nomination and Election of Independent Director/s

The following rules shall be applicable to all covered companies:

A. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Registrant's information or proxy statement or such other reports required to be submitted to the Commission.

B. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

C. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

D. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

E. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting."

The Registrant has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The nominated independent directors, namely, Ms. Carolina C. Mejias and Mr. Joel L. Bodegon were duly nominated by Ms. Editha Dolon, a registered shareholder of the Registrant who is not a director, officer or substantial shareholder of the Registrant and who is not related to either of the said nominees. The Nominations Committee of the Registrant is composed of Mr. Paolo A. Villar, Chairman, and Ms. Elizabeth M. Kalaw and Mr. Joel L. Bodegon, members.

Term of Office

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

Resignations/Declined Nominations

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices.

Significant Employees

The Registrant has no other significant employee other than its Executive Officers.

Family Relationships

None of the aforementioned Directors or Executive Officers is related to the others by consanguinity or affinity within the fourth civil degree.

Certain Relationships and Related Transactions

Except as disclosed in the Annual Report of the Registrant (SEC Form 17-A) for the year ended December 31, 2011, the Registrant has not had any transaction during the last two (2) years in which any Director or Executive Officer or any of their immediate family members had a direct or indirect interest.

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is, or has been, involved in any criminal or bankruptcy proceeding, or is, or has been, subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date.

Compensation of Directors and Executive Officers

Executive Compensation

The 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 2010 and 2011 (actual) and 2012 (projected) are as shown below:

Names	Position	Year	Salary	Bonus
Jerry Navarrete Elizabeth M. Kalaw Frances Rosalie T. Coloma Manuel Paolo A. Villar	President & Chairman Director & Treasurer Chief Financial Officer Director			
Aggregate executive		**Actual 2010**	**₱0.0M**	**₱0.0M**

compensation for above named officers		**Actual 2011** **Projected 2012**	**₱3.9M** **₱5.0M**	**₱1.0M** **₱1.5M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2010** **Actual 2011** **Projected 2012**	**₱0.0M** **₱0.0M** **₱0.5M**	**₱0.0M** **₱0.0M** **₱0.3M**

**The total annual compensation paid to the above-named officers and directors was paid in cash. The annual compensation includes the basic salary, the mid-year and 13th month bonus. For 2010, the Group did not pay any compensation to key management personnel since it was managed by API.*

Standard arrangements

Other than payment of reasonable per diem of ₱30,000 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 2010 and 2011.

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 2010 or 2011 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between the Company 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 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.

Independent Public Accountants

The auditing firm of Punongbayan & Araullo (P&A) is being recommended for election as external auditor for the current year.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2011, the Registrant's auditors did not perform any substantial non-audit services for the Registrant.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

Since the initial audit of P&A in 2004, there was no instance where the Registrant's public accountants resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Registrant had any disagreement with its public accountants on any accounting or financial disclosure issue.
The 2011 audit of the Registrant is in compliance with paragraph (3)(b)(iv) of SRC Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

For 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, 2011, 2010 and 2009 included in this report.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Registrant's annual financial statements, the Registrant'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 Registrant; (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 Registrant with acceptable auditing and accounting standards and regulations.

The Audit Committee of the Registrant is composed of Ms. Carolina C. Mejias, Chairman, and Ms. Frances Rosalie T. Coloma and Mr. Joel L. Bodegon, members.

Audit and Audit-Related Fees

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

	2011	2010
Audit and Audit-Related Fees:	*(In ₱ Millions with VAT)*	
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 1.24	₱ 1.12
All other fees	–	–
Total	**₱ 1.24**	**₱ 1.12**

P&A does not have any direct or indirect interest in the Company

Tax Fees

Except as provided above, the Registrant did not pay any tax fees and other fees to its external auditors.

(C)
ISSUANCE AND EXCHANGE OF SECURITIES

Authorization or Issuance of Securities Other than for Exchange

The Board of Directors of the Company has passed a resolution approving, and recommending to the stockholders, the increase in the authorized capital stock of the Company from FIVE BILLION FIVE HUNDRED MILLION PESOS (Php5,500,000,000.00) divided into FIVE BILLION FIVE HUNDRED MILLION (5,500,000,000) common shares with par value of ONE PESO (PhP1.00) per share to SEVENTEEN BILLION PESOS (PhP17,000,000,000.00) divided into SIXTEEN BILLION NINE HUNDRED MILLION (16,900,000,000) common shares with par value of ONE PESO (PhP1.00) per share and TEN BILLION (10,000,000,000) voting, cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of ONE CENTAVO (PhP0.01) per share.

The following corporations/individuals have proposed to subscribe to the 3,533,569,997 common shares out of the aforementioned increase in the authorized capital stock of the Company:

Subscriber	No. of Shares to be Subscribed	Total Subscription Price (Php)
Hero Holdings Corp.	1,402,278,726	1,796,673,619
Land & Houses Public Company Limited	808,431,465	1,035,805,121
Manuel B. Villar, Jr.	728,900,022	933,905,233
Manuel Paolo A. Villar	361,944,243	463,742,095
Mark A. Villar	232,015,541	297,270,573
TOTAL	3,533,569,997	4,527,396,641

In payment for their respective subscriptions, the above subscribers will assign, transfer and convey in favor of the Company their respective shares of stock in Manuela Corporation (MANUELA), to wit:

Transferor	No. of MANUELA Shares to be Transferred	Total Transfer Price (Php)
Hero Holdings, Inc.	302,195	1,796,673,619
Land & Houses Public Company Limited	174,219	1,035,805,121
Manuel B. Villar, Jr.	157,080	933,905,233
Manuel Paolo A. Villar	78,000	463,742,095
Mark A. Villar	50,000	297,270,573
TOTAL	761,494	4,527,396,641

The proposed increase in the authorized capital stock of the Company is for the purpose of expanding the Company's operations.

The issuance of new common shares will result in the dilution of the proportionate interest of the existing stockholders.

The Company will seek the approval of the stockholders to the proposed issuance of shares out of the capital increase to the above-mentioned subscribers in the forthcoming stockholders' meeting to allow the Company to list the shares to be issued to the said subscribers with the Philippine Stock Exchange (PSE).

The subscribers to the shares to be issued out of the increase in the authorized capital stock will enjoy all rights and privileges pertaining to stockholders under the Corporation Code, except that their pre-emptive right has been denied in the Articles of Incorporation of the Company.

There are no provisions in the Articles of Incorporation and the By-laws of the Company that would delay, defer, or prevent a change of control of the Company.

Financial and Other Information

Financial Statements Meeting the Requirements of SRC Rule 68, as amended.

The Company's consolidated financial statements as of year ending 31 December 2011.

Management Discussion and Analysis and Plan of Operation

Review of Year End 2011vs Year End 2010

Results of Operations

Revenues

Equity in Net Earnings of an Associate

Equity in net earnings of an associate increased from ₱256.8 million in the year ended December 31, 2010 to ₱337.1 million in the year ended December 31, 2011. The 31% increase was due to increase in the net income of VLL in 2011.

Realized GP on Real Estate Sales

The Company recorded realized gross profit on real estate sales of ₱2.0 million in the year ended December 31, 2011, posting an increase of 216% from ₱0.6 million in same period last year. This was due to the collection on installment receivables from real estate sales in prior years.

Finance Income

Finance income increased from ₱1.1 million in the year ended December 31, 2010 to ₱2.2 million in the year ended December 31, 2011. The 95% increase was due to the increase in interest income from deposits and collections.

Costs and Expenses

Operating Expenses

Cost and expenses increased from ₱17.5 million in the year ended December 31, 2010 to ₱59.6 million in the year ended December 31, 2011. The 240% increase in the account was primarily attributable to the following:

- Increase in administrative expenses from ₱13.7 million in the year ended December 31, 2010 to ₱41.1 million in the year ended December 31, 2011 due to the increase in payments for salaries and employee benefits as well as professional and services fees.

- Selling and distribution costs decreased from ₱0.6 million in the year ended December 31, 2010 to ₱0.3 million in the year ended December 31, 2011. The 48% decrease was due to the decrease in commission and promotional expense.

- Other expenses increased from ₱3.2 million in the year ended December 31, 2010 to ₱17.8 million in the year ended December 31, 2011 due to write-off of receivables as well as increase in costs of transportation, utilities and other expenses.

Interest and Financing Charges

Interest and financing charges increased by 956% from ₱1.0 million in the year ended December 31, 2010 to ₱10.3 million in the year ended December 31, 2011. This was due increased borrowing costs to finance the construction of the commercial building in Bulacan.

Provision for Income Tax

Tax income for the year ended December 31, 2010 is ₱0.59 million while the provision for income tax for the year ended December 31, 2011 is ₱1.1 million. This is due to the increase in payment of final tax as well as deferral tax on temporary difference between financial income and taxable income.

Net Income

As a result of the foregoing, the Company's net income increased from ₱240.8 million in the year ended December 31, 2010 to ₱260.5 million in the year ended December 31, 2011.

For the year ended December 31, 2011, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

On Financial Condition:

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

Total assets as of December 31, 2010 were ₱6,099.2 million compared to ₱6,943.5 million as of December 31, 2011, or a 14% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments increased by 18.0% from ₱70.7 million as of December 31, 2010 to ₱83.5 million as of December 31, 2011 due to receipt of dividends from VLL and the securing of interest-bearing loans.

- Net Receivables decreased by 46% from ₱49.9 million as of December 31, 2010 to ₱25.0 million as of December 31, 2011 mainly due to the write-off of receivables of BEC.

- Due from related parties decreased by 23.5% from ₱240.9 as of December 31, 2010 to ₱184.3 million as of December 31, 2011 due to receipt of payments of advances to affiliates.

- Real estate for sale and development increased by 5.0% from ₱363.2 million as of December 31, 2010 to ₱381.2 million as of December 31, 2011 due to backed out sales of BEC.

- Available for sale financial assets increased by 142% from ₱8.1 million as of December 31, 2010 to ₱19.6 million as of December 31, 2011 due mainly to the increase in the fair values of the financial assets in 2011.

- Investment in associate increased by 9% from ₱2,716.1 million as of December 31, 2010 to ₱2,971.6 million as of December 31, 2011 due to the recognition of the Company's share in the net earnings of VLL.

- Investment properties increased from ₱2,602.6 as of December 31, 2010 to ₱3,166.7 million as of December 31, 2011. The 22% increase was due to improvements made in the parcel of land in Bacoor, acquisition of the parcel of land in Bulacan and construction of commercial buildings to be leased out in the future in the property in Dasmarinas, Cavite and Bulacan.

- Property and equipment increased from ₱0.04 as of December 31, 2010 to ₱33.6 million as of December 31, 2011 due purchases of construction equipment and office furniture and equipments during the year.

- Other assets increased by 61% from ₱47.7 million as of December 31, 2010 to ₱76.8 million as of December 31, 2011 due to the increase in input taxes and advances to contractors.

Total liabilities as of December 31, 2010 were ₱104.7 million compared to ₱677.1 million as of December 31, 2011, or a 546% increase. This was due to the following:

- Liability for land acquisition increased by 1,655% from ₱2.5 million as of December 31, 2010 from ₱43.5 million as of December 31, 2011 due to the liability for the purchase of land in Bulacan.

- Interest bearing loans and borrowings increased by 693% from ₱11.3 million as of December 31, 2010 from ₱89.9 million as of December 31, 2011 due to the additional interest bearing loans obtained in 2011.

- Accounts and other payables increased by 194% from ₱49.3 million as of December 31, 2010 to ₱144.8 million as of December 31, 2011 due mainly to the increase in accounts payable to suppliers and contractors.

- Estimated liability for property development decreased by 100% from ₱1.1 million as of December 31, 2010 to nil as of December 31, 2010 due to the completion of houses sold in prior years.

- Due to related parties increased by 2,004% from ₱16.8 million as of December 31, 2010 to ₱353.1 million as of December 31, 2011 to due to the additional advances made for the development of Bulacan and Cavite properties.

- Customers' advances and deposits decreased by 28% from ₱8.2 million as of December 31, 2010 to ₱6.0 million as of December 31, 2011 due to the payments of various customer miscellaneous charges.

- Pension liability increased by 589% from ₱1.7 million as of December 31, 2010 to ₱11.8 million as of December 31, 2011 due to the actuarial adjustments.

- Deferred gross profit decreased by 69% from ₱2.9 million as of December 31, 2010 to ₱0.9 million as of December 31, 2011 due to the recognition of gross profit on prior years' sales.

- Deferred tax liabilities posted an increase of 6% from ₱10.7 million as of December 31, 2010 to ₱11.3 million as of December 31, 2011. The difference is due to the increased in temporary tax differences in the current year.

Total stockholder's equity increased from ₱5,994.4 million as of December 31, 2010 to ₱6,266.4 million as of December 31, 2011 to due mainly to the net income for the year and revaluation increase of financial assets.

Considered as the top five key performance indicators of the Company as shown belo*Notes:*

Key Performance Indicators	12/31/2011	12/31/2010
Current ratio [a]	1.24:1	8.89:1
Debt-to-equity ratio [b]	0.099:1	0.012:1
Interest expense/Income before Interest expense [c]	3.7%	0.4%
Return on assets [d]	3.8%	3.9%
Return on equity [e]	4.2%	4.0%

Notes:

(a) *Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity*

(b) *Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.*

(c) *Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably*

(d) *Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.*

(e) *Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.*

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

Current ratio as of December 31, 2011 declined from that of December 31, 2010 due to the increase in interest-bearing loans and accounts payables.

The increase in debt-to-equity ratio was due to the increase in interest-bearing loans and accounts payable.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2011 compared to the ratio for the year ended December 31, 2010 due to the significant increase in interest expense incurred by the Company.

Return on asset posted a lower ratio for December 31, 2011 compared to that on December 31, 2010 due primarily to the fact that the percentage increase in total assets was higher than the percentage increase in net income.

Return on equity increased due to the increased in net income as of December 31, 2011 compared to that of December 31, 2010.

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

Cash and cash equivalents including short term cash investments increased by 18.0% from ₱70.7 million as of December 31, 2010 to ₱83.5 million as of December 31, 2011due to receipt of dividends from VLL and the securing of interest-bearing loans.

Net Receivables decreased by 46% from ₱49.9 million as of December 31, 2010 to ₱25.0 million as of December 31, 2011 mainly due to the write-off of receivables of BEC.

Due from related parties decreased by 23.5% from ₱240.9 as of December 31, 2010 to ₱184.3 million as of December 31, 2011 due to receipt of payments of advances to affiliates.

Real estate for sale and development increased by 5.0% from ₱363.2 million as of December 31, 2010 to ₱381.2 million as of December 31, 2011 due to backed out sales of BEC.

Available for sale financial assets increased by 142% from ₱8.1 million as of December 31, 2010 to ₱19.6 million as of December 31, 2011 due mainly to the increase in the fair values of the financial assets in 2011.

Investment in associate increased by 9% from ₱2,716.1 million as of December 31, 2010 to ₱2,971.6 million as of December 31, 2011 due to the recognition of the Company's share in the net earnings of VLL.

Investment properties increased from ₱2,602.6 as of December 31, 2010 to ₱3,166.7 million as of December 31, 2011. The 22% increase was due to improvements made in the parcel of land in Bacoor, acquisition of the parcel of land in Bulacan and construction of commercial buildings to be leased out in the future in the property in Dasmarinas, Cavite and Bulacan.

Property and equipment increased by 76376% from ₱0.04 as of December 31, 2010 to ₱33.6 million as of December 31, 2011 due purchases of construction equipment and office furniture and equipments during the year.

Other assets increased by 61% from ₱47.7 million as of December 31, 2010 to ₱76.8 million as of December 31, 2011 due to the increase in input taxes and advances to contractors.

Liability for land acquisition increased by 1,655% from ₱2.5 million as of December 31, 2010 from ₱43.5 million as of December 31, 2011 due to the liability for the purchase of land in Bulacan.

Interest bearing loans and borrowings increased by 693% from ₱11.3 million as of December 31, 2010 from ₱89.9 million as of December 31, 2011 due to the additional interest bearing loans obtained in 2011.

Accounts and other payables increased by 194% from ₱49.3 million as of December 31, 2010 to ₱144.8 million as of December 31, 2011 due mainly to the increase in accounts payable to suppliers and contractors.

Estimated liability for property development decreased by 100% from ₱1.1 million as of December 31, 2010 to nil as of December 31, 2010 due to the completion of houses sold in prior years.

Due to related parties increased by 2,004% from ₱16.8 million as of December 31, 2010 to ₱353.1 million as of December 31, 2011 to due to the additional advances made for the development of Bulacan and Cavite properties.

Customers' advances and deposits decreased by 28% from ₱8.2 million as of December 31, 2010 to ₱6.0 million as of December 31, 2011 due to the payments of various customer miscellaneous charges.

Pension liability increased by 589% from ₱1.7 million as of December 31, 2010 to ₱11.8 million as of December 31, 2011 due to the actuarial adjustments.

Deferred gross profit decreased by 69% from ₱2.9 million as of December 31, 2010 to ₱0.9 million as of December 31, 2011 due to the recognition of gross profit on prior years' sales.

Deferred tax liabilities posted an increase of 6% from ₱10.7 million as of December 31, 2010 to ₱ 11.3 million as of December 31, 2011. The difference is due to the increased in temporary tax differences in the current year.

Revaluation reserves increased by 147% from ₱7.8 million as of December 31, 2010 from ₱19.3 million as of December 31, 2011 to due to the increase in fair values of the available for sale financial assets.

Retained earnings increased from ₱1,094.2 million as of December 31, 2010 to ₱1,354.7 million as of December 31, 2011 to due mainly to the net income for the year.

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

Equity in net earnings of an associate increased from ₱256.8 million in the year ended December 31, 2010 to ₱337.1 million in the year ended December 31, 2011. The 31% increase was due to increase in the net income of VLL in 2011.

The Company recorded realized gross profit on real estate sales of ₱2.0 million in the year ended December 31, 2011, posting an increase of 216% from ₱0.6 million in same period last year. This was due to the collection on installment receivables from real estate sales in prior years.

Finance income increased from ₱1.1 million in the year ended December 31, 2010 to ₱2.2 million in the year ended December 31, 2011. The 95% increase was due to the increase in interest income from deposits and collections.

Increase in administrative expenses by 202% from ₱13.7 million in the year ended December 31, 2010 to ₱41.1 million in the year ended December 31, 2011 due to the increase in payments for salaries and employee benefits as well as professional and services fees.

Selling and distribution costs decreased from ₱0.6 million in the year ended December 31, 2010 to ₱0.3 million in the year ended December 31, 2011. The 48% decrease was due to the decrease in commission and promotional expense.

Other expenses increased by 451% from ₱3.2 million in the year ended December 31, 2010 to ₱17.8 million in the year ended December 31, 2011 due to write-off of receivables as well as increase in costs of transportation, utilities and other expenses.

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 2010 VS YEAR END 2009

Results of Operations

Revenues

Equity in Net Earnings of an Associate

Equity in net earnings of an associate increased to ₱256.8 million in the year ended December 31, 2010 from ₱141.0 million in the year ended December 31, 2009. The 82.1% increase was due to increase in the net income of VLL in 2010.

Realized GP on Real Estate Sales

The Company recorded realized gross profit on real estate sales of ₱0.6 million in the year ended December 31, 2010, posting a decrease of 100% from ₱154.2 million in same period last year. This was due to the decline in real estate sales with the disposal of PRMVI in October 2009.

Finance Income

Finance income decreased to ₱1.1 million in the year ended December 31, 2010 from ₱1.8 million in the year ended December 31, 2009. The 36.8% decrease was due to the decline in interest income from deposits and collections.

Costs and Expenses

Operating Expenses

Cost and expenses decreased from to ₱140.3 million in the year ended December 31, 2009 to ₱17.5 million in the year ended December 31, 2010. The 87% increase in the account was primarily attributable to the following:

- Decrease in administrative expenses from to ₱36.9 million in the year ended December 31, 2009 to ₱13.7 million in the year ended December 31, 2010 due to the decline in payments for salaries and other administrative expenses with the disposal of PMRVI.

- Selling and distribution costs decreased from to ₱79.5 million in the year ended December 31, 2009 to ₱0.6 million in the year ended December 31, 2010. The 99% decrease was due to the decrease in commission due to decrease in marketing activities of the Company.

- Other expenses increased from ₱23.9 million in the year ended December 31, 2009 to ₱3.2 million in the year ended December 31, 2010 to decline in various expenses with the disposal of PMRVI and the cost-cutting measures implemented by the Company.

Interest and Financing Charges
Interest and financing charges decreased by 94% from ₱17.6 million in the year ended December 31, 2009 to ₱1.0 million in the year ended December 31, 2010. This was due the decline in interest-bearing loans with the disposal of PMRVI in 2009.

Provision for Income Tax

Tax income for the year ended December 31, 2010 is ₱0.59 million while the provision for income tax for the year ended December 31, 2009 is ₱0.81 million. The difference is due to the reversal of temporary tax differences in the current year.

Net Income

As a result of the foregoing, the Company's net income decreased from ₱497.1 million in the year ended December 31, 2009 to ₱240.8 million in the year ended December 31, 2010.

For the year ended December 31, 2010, 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, 2010 vs. December 31, 2009

Total assets as of December 31, 2010 were ₱6,099.2 million compared to ₱5,843.7 million as of December 31, 2009, or a 4.4% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments increased by 401.0% from ₱14.1 million as of December 31, 2009 to ₱70.7 million as of December 31, 2010 due to receipt of dividends from VLL and the securing of interest-bearing loans.

- Receivables decreased by 22.5% from ₱64.4 million as of December 31, 2009 to ₱49.9 million as of December 31, 2010 mainly due to the receipt of dividends receivable from VLL.

- Due from related parties decreased by 6.9% from ₱258.6 million as of December 31, 2009 to ₱240.9 as of December 31, 2010 due to payments made by the Company's affiliates.

- Real estate for sale and development increased by 1.0% from ₱359.5 million as of December 31, 2009 to ₱363.2 million as of December 31, 2010 due to developments made in the Company's rawland.

- Available for sale financial assets increased by 20.5% from ₱6.7 million as of December 31, 2009 to ₱8.1 million as of December 31, 2010 due mainly to the increase in the fair values of the financial assets in 2010.

- Investment in associate increased by 8.6% from ₱2,501.3 million as of December 31, 2009 to ₱2,716.1 million as of December 31, 2010 due to the recognition of the Company's share in the net earnings of VLL.

- Investment properties increased from ₱2,592.6 million as of December 31, 2009 to ₱2,602.6 as of December 31, 2010. The ₱10.0 million increase was due to developments made in the property in Bacoor, Cavite.

- Property and equipment increased by 100.0% from nil as of December 31, 2009 to ₱0.04 million as of December 31, 2010 due purchases of office furniture and equipment.

- Other assets increased by 2.5% from ₱46.5 million as of December 31, 2009 to ₱47.7 million as of December 31, 2010 due to the increase in prepayments and input taxes.

Total liabilities as of December 31, 2010 were ₱104.7 million compared to ₱91.4 million as of December 31, 2009, or a 14.6% increase. This was due to the following:

- Interest bearing loans and borrowings increased by 100.0% from nil as of December 31, 2009 from ₱11.3 million as of December 31, 2010 due to the interest bearing loans obtained in 2010.

- Accounts and other payables increased by 7.3% from ₱46.0 million as of December 31, 2009 to ₱49.3 million as of December 31, 2010 due mainly to the increase in accounts payable to suppliers and contractors.

- Estimated liability for property development increased by 48.5% from ₱0.7 million as of December 31, 2009 to ₱1.1 million as of December 31, 2010 due to the increase in number of sold units.

- Customers' advances and deposits decreased by 11.6% from ₱9.3 million as of December 31, 2009 to ₱8.2 million as of December 31, 2010 due to the decrease in uncontracted accounts.

- Due to related parties decreased by 6.4% from ₱17.9 million as of December 31, 2009 to ₱16.8 million as of December 31, 2010 due to the payments made during the year.

- Pension liability increased by 43.4% from ₱1.2 million as of December 31, 2009 to ₱1.7 million as of December 31, 2010 due to the actuarial adjustments.

- Deferred gross profit increased by 38.5% from ₱2.1 million as of December 31, 2009 to ₱2.9 million as of December 31, 2010 due to the net effect of the deferral of gross profit on current year's sales and the recognition of gross profit on prior years' sales.

- Deferred tax liabilities posted a decrease of 6.9% from ₱11.4 million as of December 31, 2009 to ₱10.7 million as of December 31, 2010. The difference is due to the reversal of temporary tax differences in the current year.

Total stockholder's equity increased from ₱5,752.3 million as of December 31, 2009 to ₱5,994.4 million as of December 31, 2010 due mainly to the net income for the year and revaluation increase of financial assets.

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

Key Performance Indicators	12/31/2010	12/31/2009
Current ratio [(a)]	8.89:1	9.45:1
Debt-to-equity ratio [(b)]	0.011:1	0.012:1
Interest expense/Income before Interest expense [(c)]	0.4%	2.6%
Return on assets [(d)]	3.9%	8.5%
Return on equity [(e)]	4.0%	8.6%

Notes:

(a) *Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity*

(b) *Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.*

(c) *Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably*

(d) *Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.*

(e) *Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.*

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

Current ratio as of December 31, 2010 declined from that of December 31, 2009 due to the increase in interest-bearing loans and accounts payables.

The increase in debt-to-equity ratio was also due to the increase in interest-bearing loans and accounts payable.

Interest expense as a percentage of income before interest expense was reduced in the year ended December 31, 2010 compared to the ratio for the year ended December 31, 2009 due to the significant reduction in interest expense incurred by the Company.

Return on asset posted a lower ratio for December 31, 2010 compared to that on December 31, 2009 due primarily to the lower reported net income and the increase in the assets of the Group.

Return on equity decreased due to the lower reported net income as of December 31, 2010 compared to that of December 31, 2009.

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

Cash and cash equivalents including short term cash investments increased by 401.0% from ₱14.1 million as of December 31, 2009 to ₱70.7 million as of December 31, 2010 due to receipt of dividends from VLL and the securing of interest-bearing loans.

Receivables decreased by 22.5% from ₱64.4 million as of December 31, 2009 to ₱49.9 million as of December 31, 2010 mainly due to the receipt of dividends receivable from VLL.

Due from related parties decreased by 6.9% from ₱258.6 million as of December 31, 2009 to ₱240.9 as of December 31, 2010 due to payments made by the Company's affiliates.

Available for sale financial assets increased by 20.5% from ₱6.7 million as of December 31, 2009 to ₱8.1 million as of December 31, 2010 due mainly to the increase in the fair values of the financial assets in 2010.

Investment in associate increased by 8.6% from ₱2,501.3 million as of December 31, 2009 to ₱2,716.1 million as of December 31, 2010 due to the recognition of the Company's share in the net earnings of VLL.

Property and equipment increased by 100.0% from nil as of December 31, 2009 to ₱0.04 million as of December 31, 2010 due purchases of office furniture and equipment.

Interest bearing loans and borrowings increased by 100.0% from nil as of December 31, 2009 from ₱11.3 million as of December 31, 2010 due to the interest bearing loans obtained in 2010.

Accounts and other payables increased by 7.3% from ₱46.0 million as of December 31, 2009 to ₱ 49.3 million as of December 31, 2010 due mainly to the increase in accounts payable to suppliers and contractors.
Estimated liability for property development increased by 48.5% from ₱0.7 million as of December 31, 2009 to ₱1.1 million as of December 31, 2010 due to the increase in number of sold units.

Customers' advances and deposits decreased by 11.6% from ₱9.3 million as of December 31, 2009 to ₱8.2 million as of December 31, 2010 due to the decrease in uncontracted accounts.

Due to related parties decreased by 6.4% from ₱17.9 million as of December 31, 2009 to ₱16.8 million as of December 31, 2010 due to the payments made during the year.

Pension liability increased by 43.4% from ₱1.2 million as of December 31, 2009 to ₱1.7 million as of December 31, 2010 due to the actuarial adjustments.

Deferred gross profit increased by 38.5% from ₱2.1 million as of December 31, 2009 to ₱2.9 million as of December 31, 2010 due to the net effect of the deferral of gross profit on current year's sales and the recognition of gross profit on prior years' sales.

Deferred tax liabilities posted a decrease of 6.9% from ₱11.4 million as of December 31, 2009 to ₱10.7 million as of December 31, 2010. The difference is due to the reversal of temporary tax differences in the current year.

Revaluation reserves increased by 21.4% from ₱6.4 million as of December 31, 2009 to ₱7.8 million as of December 31, 2010 due to the increase in fair values of the available for sale financial assets.

Retained earnings increased by 28.2% from ₱853.4 million as of December 31, 2009 to ₱1,094.2 million as of December 31, 2010 due to the net income for the year.

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

Equity in net earnings of an associate increased to ₱256.8 million in the year ended December 31, 2010 from ₱141.0 million in the year ended December 31, 2009. The 82.1% increase was due to increase in the net income of VLL in 2010.

The Company recorded realized gross profit on real estate sales of ₱0.6 million in the year ended December 31, 2010, posting a decrease of 100% from ₱154.2 million in same period last year. This was due to the decline in real estate sales with the disposal of PRMVI in October 2009.

Finance income decreased to ₱1.1 million in the year ended December 31, 2010 from ₱1.8 million in the year ended December 31, 2009. The 36.8% decrease was due to the decline in interest income from deposits and collections.

Selling and distribution costs decreased by 99.3% from ₱79.5 million in the year ended December 31, 2008 to ₱0.6 million in the year ended December 31, 2009 resulting from decrease in marketing activities and real estate sales for the year.

Administrative expenses decreased by 62.8% from ₱36.9 million in the year ended December 31, 2009 to ₱13.7 million in the year ended December 31, 2010 resulting from due to cost controls implemented by the Company and decrease in salaries and wages and other administrative expenses resulting from the disposal of PMRVI in October 2009.

Other expenses decreased by 86.4% from ₱23.9 million in the year ended December 31, 2009 to ₱ 3.2 million in the year ended December 31, 2010 resulting from due to cost controls implemented by the Company.

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.

Commitments and Contingencies

The Group is contingently liable with respect to guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

The Philippines continues to experience economic difficulties relating to currency fluctuations, volatile stock markets and slowdown in growth. Management is of the opinion that losses, if any, from these events and conditions will not have material effects on the Group's financial statements.

Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The registrant shall indicate balance sheet conditions or an income or cash flow item that it believes may be indicators of its liquidity condition.

The Group sourced its capital requirements through a mix of internally generated cash, sale of liquid assets like installment contract receivables, pre-selling and joint venture undertakings. The Group does not expect any material cash requirements beyond the normal course of the business.

Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

None, except for those items disclosed in the 2011 Audited Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 2010 Audited Financial Statements.

Independent Public Accountant

From 2004 to 2011, the external auditor of the Company was the accounting firm of Punongbayan and Araullo.

Ms. Dalisay B. Duque has been the Partner In-charge since 2004. Pursuant to the General Requirements of SRC Rule 68, Par 3 (Qualifications and Reports of Independent Auditors), Ms. Mailene Sigue-Bisnar became the Partner In-charge for the year 2009.

Mr. Nelson J. Dinio has been the partner designated for the financial statements for the year ended December 31, 2010 to present.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Group has adopted some revisions and annual improvements to the PFRS (Philippine Financial Reporting Standards) that are relevant to the Group and effective for the financial statements beginning on or after January 1, 2010 as discussed in Note 2.2 of the Notes to Consolidated Financial Statements for the years ended December 31, 2010, 2009 and 2008.
As such, the comparative amounts contained in the audited financial statements may differ from those previously presented in the consolidated financial statements for the year ended December 31, 2009, 2008 and 2007.

There are no disagreements with auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

External Audit Fees

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

	2011	2010
	(In ₱ Millions with VAT)	
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	₱ 1.24	₱ 1.12
All other fees	–	–
Total	**₱ 1.24**	**₱ 1.12**

Punongbayan & Araullo does not have any direct or indirect interest in the Company

Presence of Accountants in Meeting

Representatives of P&A are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate actions.

Market Information

The Company's common shares are being traded at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two fiscal years as traded on the Philippine Stock Exchange are as follows:

Quarter	**2011**		**2010**	
	High	Low	High	Low
1st	5.75	3.28	4.95	2.50
2nd	4.74	3.28	4.30	2.46
3rd	3.70	2.40	3.50	2.51
4th	2.89	2.40	7.41	3.55

The market capitalization of Polar Holdings as of December 31, 2011, based on the closing price of ₱2.55/share, was approximately ₱12.48 billion.

As of March 31, 2012, Polar's market capitalization stood at ₱16.88 billion based on the ₱3.45 per share closing price.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low
04 April 2012	3.47	3.40

Corporate Governance

(A) The Company has designated the Corporate Secretary as Acting Corporate Governance Compliance Officer whose duties include the monitoring of compliance by the Company, its directors, officers and employees with the Company's Manual on Corporate Governance (the "Manual") and adherence to sound corporate governance principles and best practices.

(B) The Company has adopted a corporate governance performance evaluation and self-rating system as approved by our Board of Directors, by which our Acting Corporate Governance Compliance Officer, in coordination with other officers of the Company, measures or determines the level of compliance by the Company, its directors, officers and employees with the provisions of the Manual and other laws, rules and regulations regarding corporate governance.

(C) The Company, its directors, officers and employees has not deviated in any manner from the provisions of the Manual.

(D) Pursuant to SEC Memorandum Circular No. 6, Series of 2009, the Company has revised the Manual to make it compliant with the Revised Code of Corporate Governance.

(E) The Company shall continuously update the Manual in the form of Supplements to incorporate additional governance-related provisions required under the implementing rules and regulations that are released, from time to time, by the Philippine Stock Exchange and the Philippine SEC.

(D)
MERGERS, CONSOLIDATIONS, ACQUISITIONS and SIMILAR MATTERS

Acquisition by the Registrant of Securities of another Person

Manuela Corporation ("MANUELA") is a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office address at 3rd Floor, Starmall Las Pinas, CVStarr Avenue, Philamlife Village, Pamplona, Las Pinas City with telephone number (02) 8748805.

MANUELA was organized in 1972 as a real estate development company and for the operation of department stores and supermarkets. Since then, MANUELA has concentrated its business operations on establishing shopping malls, leasing commercial spaces to retailers and service products and operating cinemas, supermarkets and recreational facilities. It currently has five (5) commercials malls known as Starmall Las Pinas, Starmall Annex, Starmall Muntinlupa, Starmall EDSA and Worldwide Corporate Center.

The majority owners of MANUELA, namely Manuel B. Villar, Jr., Hero Holdings Corporation, Land Houses Public Company Limited, Manuel Paolo A. Villar and Mark A. Villar (the "Manuela Shareholders") collectively owning 98.36% of MANUELA, shall subscribe to, and the Company shall issue to them, 3,533,569,997 common shares of the capital stock of the Company to be taken out of the increase of the authorized capital stock thereof.

In payment of the subscription, the Manuela Shareholders shall convey and transfer to the Company, and the Company shall acquire and accept from them, the shares of the capital stock of MC respectively owned and held by the Manuela Shareholders.

Following the implementation of the aforesaid exchanges, MANUELA shall be owned 98.36% by the Company.

There will be no material differences in the rights of the security holders as a consequence of the proposed transaction.

The proposed transaction will be accounted for using the purchase method and will be recorded in the books of the Company as an investment in a subsidiary.

Both the Company and MANUELA have no dividends in arrears or defaults in principal or interest in respect of its securities.

Revenue (in millions):

	2011	2010
MANUELA	1,053.0	1,006.8
COMPANY	339.1	257.4

Income (loss) from Continuing Operations (in millions):

	2011	2010
MANUELA	441.4	372.4
COMPAN Y	279.5	239.8

Long Term Obligations:

	2011	2010
MANUELA	210.9	1,763. 4
COMPAN Y	37.7	4.9

Book value per share:

	2011	2010
MANUELA	7,961.30	(6,533.0)
COMPAN Y	1.281	1.25

Cash dividends declared:

	2011	2010
MANUELA	None	None
COMPAN Y	None	None

The Board of Directors of the Company approved the proposed transaction at its Special Meeting held last 14 May 2012. The Company will seek the approval of the stockholders to the proposed increase in its authorized capital stock and the issuance of 3,533,569,997 shares out of the said increase to Manuela Shareholders in its forthcoming stockholders' meeting. Thereafter, both the increase and the subscription will be submitted for the approval of the Securities & Exchange Commission.

No report, opinion or appraisal relating to the transaction was referred to in the proxy statement.

There are no past, present or proposed material contract, arrangement, understanding, understanding, relationship, negotiation or transaction during the past 2 fiscal years between MANUELA or its affiliates and the Company or its affiliates.

High & Low Sale Prices of the Company's shares as of 14 May 2012 (date when the proposed transaction was disclosed to the SEC & PSE):

High	Low
3.21	3.14

(E)
OTHER MATTERS

Action with Respect to Reports

The following reports will be submitted for approval by the stockholders:

1. The President's Report; and

2. Audited Financial Statements for the year 2011.

Amendment of Charter, Bylaws or Other Documents

Increase of Authorized Capital Stock and the Corresponding Amendment of the Amended Articles of Incorporation of the Company

The Company is seeking approval from shareholders to increase the Company's authorized capital stock from FIVE BILLION FIVE HUNDRED MILLION PESOS (PhP5,500,000,000.00) divided into FIVE BILLION FIVE HUNDRED MILLION (5,500,000,000) common shares with par value of ONE PESO (PhP1.00) per share to SEVENTEEN BILLION PESOS (PhP17,000,000,000.00) divided into SIXTEEN BILLION NINE HUNDRED MILLION (16,900,000,000) common shares with par value of ONE PESO (PhP1.00) per share and TEN BILLION (10,000,000,000) voting, cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of ONE CENTAVO (PhP0.01) per share and to correspondingly amend Articles 7 of the Amended Articles of Incorporation of the Company, as follows:

> "SEVENTH – That the capital stock of said Corporation shall be **SEVENTEEN BILLION PESOS (PhP17,000,000,000.00) divided into SIXTEEN BILLION NINE HUNDRED MILLION (16,900,000,000) common shares with par value of ONE PESO (PhP1.00) per share and TEN BILLION (10,000,000,000) voting, cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of ONE CENTAVO (PhP0.01) per share. Holders of preferred shares shall have no pre-emptive right to subscribe to any issue or disposition of shares of any class of the Corporation.**
>
> **Preferred shares may be issued from time to time in one or more series as the Board of Directors may determine, and authority is hereby expressly granted to the Board of Directors to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each such series, and to determine the dividend rate, which shall in no case be more than ten percent (10%) per annum, issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares and no dividends shall be declared and paid by the Corporation. Preferred shares of each and any series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in this Article Seventh, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the Board of Directors prior to the issuance of each of such series (the Enabling Resolutions) which resolution (s) shall thereupon be deemed a part of these Amended Articles of Incorporation.**
>
> All stockholders of the Corporation shall not enjoy pre-emptive rights to subscribe to, or purchase all issues or disposition of shares of any class."

The Board is submitting the said increase in authorized capital stock and amendment of the Articles of Incorporation of the Company for the approval of the stockholders to enable the Company to expand the operations of the Company.

Change of the name of the Company from POLAR PROPERTY HOLDINGS CORP. to STARMALLS, INC.

The Company is seeking approval from the shareholders of the Company to amend the First Article of the Amended Articles of Incorporation of the Company to change the name of the Company from POLAR PROPERTY HOLDINGS CORP. to STARMALLS, INC.

As amended, the First Article of the Amended Articles of Incorporation of the Company shall read as follows:

"FIRST – That the name of said corporation shall be **STARMALLS, INC. (formerly POLAR PROPERTY HOLDINGS CORP.**)"

Issuance of shares to Hero Holdings, Inc., Land & Houses Public Company Limited, Manuel B. Villar, Jr., Manuel Paolo A. Villar and Mark A. Villar in Exchange for MANUELA Shares

The Company will seek the approval of the stockholders to the issuance of **3,533,569,997** shares out of the increase in its authorized capital stock from Php5,500,000,000.00 to Php17,000,0000,000.00 to **Hero Holdings, Inc., Land & Houses Public Company Limited, Manuel B. Villar, Jr., Manuel Paolo A. Villar and Mark A. Villar** in exchange for MANUELA shares held by each of Hero Holdings, Inc., Land & Houses Public Company Limited, Manuel B. Villar, Jr., Manuel Paolo A. Villar and Mark A. Villar in compliance with the rules of the PSE. Compliance with the said rules will allow the Company to list the shares to be issued out of the capital increase with the PSE.

Waiver of the Conduct of a Rights Offering

The Company will likewise secure from its stockholders a waiver of the conduct of a rights offering of the shares to be issued to **Hero Holdings, Inc., Land & Houses Public Company Limited, Manuel B. Villar, Jr., Manuel Paolo A. Villar and Mark A. Villar** out of the capital increase in compliance with the rules of the PSE. Compliance with the said rules of the PSE will allow the Company to list the shares to be issued out of the capital increase with the PSE.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2011 as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover the approval of the quarterly reports of the Registrant filed with the SEC and the PSE, among others; and

2. Election of External Auditors.

Voting Procedures

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit. Unless required by law, or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2011, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

(c) With respect to the amendment of the Articles of Incorporation, the affirmative vote of shareholders representing at least two-thirds of the outstanding capital stock of the Company

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Registrant as of and for the year ended December 31, 2011 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

Punongbayan & Araullo (P&A), independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2009, 2010 and 2011, included in this report.

P&A. has acted as the Company's external auditors since 2004. Mr. Nelson J. Dinio 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. P&A. 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. P&A will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto). 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.

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

	2011	2010
	(In ₱ Millions with VAT)	
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	₱ 1.24	₱ 1.12
All other fees	–	–
Total	**₱ 1.24**	**₱ 1.12**

P&A does not have any direct or indirect interest in the Company

III. AUDIT COMMITTEE'S APPROVAL AND PROCEDURES FOR THE SERVICES OF THE EXTERNAL AUDITOR

The scope, extent and nature of the services to be referred to, and/or rendered by the appointed external auditor of the Company has been unanimously approved by the audit committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred. 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.

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

REVIEW OF YEAR END 2011 VS YEAR END 2010

RESULTS OF OPERATIONS

Revenues

Equity in Net Earnings of an Associate
Equity in net earnings of an associate increased from ₱256.8 million in the year ended December 31, 2010 to ₱337.1 million in the year ended December 31, 2011. The 31% increase was due to increase in the net income of VLL in 2011.

Realized GP on Real Estate Sales
The Company recorded realized gross profit on real estate sales of ₱2.0 million in the year ended December 31, 2011, posting an increase of 216% from ₱0.6 million in same period last year. This was due to the collection on installment receivables from real estate sales in prior years.

Finance Income
Finance income increased from ₱1.1 million in the year ended December 31, 2010 to ₱2.2 million in the year ended December 31, 2011. The 95% increase was due to the increase in interest income from deposits and collections.

Costs and Expenses

Operating Expenses
Cost and expenses increased from ₱17.5 million in the year ended December 31, 2010 to ₱59.6 million in the year ended December 31, 2011. The 240% increase in the account was primarily attributable to the following:

- Increase in administrative expenses from ₱13.7 million in the year ended December 31, 2010 to ₱41.1 million in the year ended December 31, 2011 due to the increase in payments for salaries and employee benefits as well as professional and services fees.

- Selling and distribution costs decreased from ₱0.6 million in the year ended December 31, 2010 to ₱0.3 million in the year ended December 31, 2011. The 48% decrease was due to the decrease in commission and promotional expense.

- Other expenses increased from ₱3.2 million in the year ended December 31, 2010 to ₱17.8 million in the year ended December 31, 2011 due to write-off of receivables as well as increase in costs of transportation, utilities and other expenses.

Interest and Financing Charges
Interest and financing charges increased by 956% from ₱1.0 million in the year ended December 31, 2010 to ₱10.3 million in the year ended December 31, 2011. This was due increased borrowing costs to finance the construction of the commercial building in Bulacan.

Provision for Income Tax

Tax income for the year ended December 31, 2010 is ₱0.59 million while the provision for income tax for the year ended December 31, 2011 is ₱1.1 million. This is due to the increase in payment of final tax as well as deferral tax on temporary difference between financial income and taxable income.

Net Income

As a result of the foregoing, the Company's net income increased from ₱240.8 million in the year ended December 31, 2010 to ₱260.5 million in the year ended December 31, 2011.

For the year ended December 31, 2011, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

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

Total assets as of December 31, 2010 were ₱6,099.2 million compared to ₱6,943.5 million as of December 31, 2011, or a 14% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments increased by 18.0% from ₱ 70.7 million as of December 31, 2010 to ₱83.5 million as of December 31, 2011 due to receipt of dividends from VLL and the securing of interest-bearing loans.

- Net Receivables decreased by 46% from ₱49.9 million as of December 31, 2010 to ₱25.0 million as of December 31, 2011 mainly due to the write-off of receivables of BEC.

- Due from related parties decreased by 23.5% from ₱240.9 as of December 31, 2010 to ₱184.3 million as of December 31, 2011 due to receipt of payments of advances to affiliates.

- Real estate for sale and development increased by 5.0% from ₱363.2 million as of December 31, 2010 to ₱381.2 million as of December 31, 2011 due to backed out sales of BEC.

- Available for sale financial assets increased by 142% from ₱8.1 million as of December 31, 2010 to ₱19.6 million as of December 31, 2011 due mainly to the increase in the fair values of the financial assets in 2011.

- Investment in associate increased by 9% from ₱2,716.1 million as of December 31, 2010 to ₱2,971.6 million as of December 31, 2011 due to the recognition of the Company's share in the net earnings of VLL.

- Investment properties increased from ₱2,602.6 as of December 31, 2010 to ₱3,166.7 million as of December 31, 2011. The 22% increase was due to improvements made in the parcel of land in Bacoor, acquisition of the parcel of land in Bulacan and construction of commercial buildings to be leased out in the future in the property in Dasmarinas, Cavite and Bulacan.

- Property and equipment increased from ₱0.04 as of December 31, 2010 to ₱33.6 million as of December 31, 2011 due purchases of construction equipment and office furniture and equipments during the year.

- Other assets increased by 61% from ₱47.7 million as of December 31, 2010 to ₱76.8 million as of December 31, 2011 due to the increase in input taxes and advances to contractors.

Total liabilities as of December 31, 2010 were ₱104.7 million compared to ₱677.1 million as of December 31, 2011, or a 546% increase. This was due to the following:

- Liability for land acquisition increased by 1,655% from ₱2.5 million as of December 31, 2010 from ₱43.5 million as of December 31, 2011 due to the liability for the purchase of land in Bulacan.

- Interest bearing loans and borrowings increased by 693% from ₱11.3 million as of December 31, 2010 from ₱89.9 million as of December 31, 2011 due to the additional interest bearing loans obtained in 2011.

- Accounts and other payables increased by 194% from ₱49.3 million as of December 31, 2010 to ₱144.8 million as of December 31, 2011 due mainly to the increase in accounts payable to suppliers and contractors.

- Estimated liability for property development decreased by 100% from ₱1.1 million as of December 31, 2010 to nil as of December 31, 2010 due to the completion of houses sold in prior years.

- Due to related parties increased by 2,004% from ₱16.8 million as of December 31, 2010 to ₱353.1 million as of December 31, 2011 to due to the additional advances made for the development of Bulacan and Cavite properties.

- Customers' advances and deposits decreased by 28% from ₱8.2 million as of December 31, 2010 to ₱6.0 million as of December 31, 2011 due to the payments of various customer miscellaneous charges.

- Pension liability increased by 589% from ₱1.7 million as of December 31, 2010 to ₱11.8 million as of December 31, 2011 due to the actuarial adjustments.

- Deferred gross profit decreased by 69% from ₱2.9 million as of December 31, 2010 to ₱0.9 million as of December 31, 2011 due to the recognition of gross profit on prior years' sales.

- Deferred tax liabilities posted an increase of 6% from ₱10.7 million as of December 31, 2010 to ₱11.3 million as of December 31, 2011. The difference is due to the increased in temporary tax differences in the current year.

Total stockholder's equity increased from ₱5,994.4 million as of December 31, 2010 to ₱6,266.4 million as of December 31, 2011 to due mainly to the net income for the year and revaluation increase of financial assets.

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

Key Performance Indicators	12/31/2011	12/31/2010
Current ratio (a)	1.24:1	8.89:1
Debt-to-equity ratio (b)	0.099:1	0.012:1
Interest expense/Income before Interest expense (c)	3.7%	0.4%
Return on assets (d)	3.8%	3.9%
Return on equity (e)	4.2%	4.0%

Notes:

(f) 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

(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, 2011 declined from that of December 31, 2010 due to the increase in interest-bearing loans and accounts payables.

The increase in debt-to-equity ratio was due to the increase in interest-bearing loans and accounts payable.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2011 compared to the ratio for the year ended December 31, 2010 due to the significant increase in interest expense incurred by the Company.

Return on asset posted a lower ratio for December 31, 2011 compared to that on December 31, 2010 due primarily to the fact that the percentage increase in total assets was higher than the percentage increase in net income.

Return on equity increased due to the increased in net income as of December 31, 2011 compared to that of December 31, 2010.

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

Cash and cash equivalents including short term cash investments increased by 18.0% from ₱70.7 million as of December 31, 2010 to ₱83.5 million as of December 31, 2011due to receipt of dividends from VLL and the securing of interest-bearing loans.

Net Receivables decreased by 46% from ₱49.9 million as of December 31, 2010 to ₱25.0 million as of December 31, 2011 mainly due to the write-off of receivables of BEC.

Due from related parties decreased by 23.5% from ₱240.9 as of December 31, 2010 to ₱184.3 million as of December 31, 2011 due to receipt of payments of advances to affiliates.

Real estate for sale and development increased by 5.0% from ₱363.2 million as of December 31, 2010 to ₱381.2 million as of December 31, 2011 due to backed out sales of BEC.

Available for sale financial assets increased by 142% from ₱8.1 million as of December 31, 2010 to ₱19.6 million as of December 31, 2011 due mainly to the increase in the fair values of the financial assets in 2011.

Investment in associate increased by 9% from ₱2,716.1 million as of December 31, 2010 to ₱2,971.6 million as of December 31, 2011 due to the recognition of the Company's share in the net earnings of VLL.

Investment properties increased from ₱2,602.6 as of December 31, 2010 to ₱3,166.7 million as of December 31, 2011. The 22% increase was due to improvements made in the parcel of land in Bacoor, acquisition of the parcel of land in Bulacan and construction of commercial buildings to be leased out in the future in the property in Dasmarinas, Cavite and Bulacan.

Property and equipment increased by 76376% from ₱0.04 as of December 31, 2010 to ₱33.6 million as of December 31, 2011 due purchases of construction equipment and office furniture and equipments during the year.

Other assets increased by 61% from ₱47.7 million as of December 31, 2010 to ₱76.8 million as of December 31, 2011 due to the increase in input taxes and advances to contractors.

Liability for land acquisition increased by 1,655% from ₱2.5 million as of December 31, 2010 from ₱43.5 million as of December 31, 2011 due to the liability for the purchase of land in Bulacan.

Interest bearing loans and borrowings increased by 693% from ₱11.3 million as of December 31, 2010 from ₱89.9 million as of December 31, 2011 due to the additional interest bearing loans obtained in 2011.

Accounts and other payables increased by 194% from ₱49.3 million as of December 31, 2010 to ₱144.8 million as of December 31, 2011 due mainly to the increase in accounts payable to suppliers and contractors.

Estimated liability for property development decreased by 100% from ₱1.1 million as of December 31, 2010 to nil as of December 31, 2010 due to the completion of houses sold in prior years.

Due to related parties increased by 2,004% from ₱16.8 million as of December 31, 2010 to ₱353.1 million as of December 31, 2011 to due to the additional advances made for the development of Bulacan and Cavite properties.

Customers' advances and deposits decreased by 28% from ₱8.2 million as of December 31, 2010 to ₱6.0 million as of December 31, 2011 due to the payments of various customer miscellaneous charges.

Pension liability increased by 589% from ₱1.7 million as of December 31, 2010 to ₱11.8 million as of December 31, 2011 due to the actuarial adjustments.

Deferred gross profit decreased by 69% from ₱2.9 million as of December 31, 2010 to ₱0.9 million as of December 31, 2011 due to the recognition of gross profit on prior years' sales.

Deferred tax liabilities posted an increase of 6% from ₱10.7 million as of December 31, 2010 to ₱ 11.3 million as of December 31, 2011. The difference is due to the increased in temporary tax differences in the current year.

Revaluation reserves increased by 147% from ₱7.8 million as of December 31, 2010 from ₱19.3 million as of December 31, 2011 to due to the increase in fair values of the available for sale financial assets.

Retained earnings increased from ₱1,094.2 million as of December 31, 2010 to ₱1,354.7 million as of December 31, 2011 to due mainly to the net income for the year.

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

Equity in net earnings of an associate increased from ₱256.8 million in the year ended December 31, 2010 to ₱337.1 million in the year ended December 31, 2011. The 31% increase was due to increase in the net income of VLL in 2011.

The Company recorded realized gross profit on real estate sales of ₱2.0 million in the year ended December 31, 2011, posting an increase of 216% from ₱0.6 million in same period last year. This was due to the collection on installment receivables from real estate sales in prior years.

Finance income increased from ₱1.1 million in the year ended December 31, 2010 to ₱2.2 million in the year ended December 31, 2011. The 95% increase was due to the increase in interest income from deposits and collections.

Increase in administrative expenses by 202% from ₱13.7 million in the year ended December 31, 2010 to ₱41.1 million in the year ended December 31, 2011 due to the increase in payments for salaries and employee benefits as well as professional and services fees.

Selling and distribution costs decreased from ₱0.6 million in the year ended December 31, 2010 to ₱0.3 million in the year ended December 31, 2011. The 48% decrease was due to the decrease in commission and promotional expense.

Other expenses increased by 451% from ₱3.2 million in the year ended December 31, 2010 to ₱17.8 million in the year ended December 31, 2011 due to write-off of receivables as well as increase in costs of transportation, utilities and other expenses.

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 2010 VS YEAR END 2009

RESULTS OF OPERATIONS

Revenues

Equity in Net Earnings of an Associate

Equity in net earnings of an associate increased to ₱256.8 million in the year ended December 31, 2010 from ₱141.0 million in the year ended December 31, 2009. The 82.1% increase was due to increase in the net income of VLL in 2010.

Realized GP on Real Estate Sales

The Company recorded realized gross profit on real estate sales of ₱0.6 million in the year ended December 31, 2010, posting a decrease of 100% from ₱154.2 million in same period last year. This was due to the decline in real estate sales with the disposal of PRMVI in October 2009.

Finance Income

Finance income decreased to ₱1.1 million in the year ended December 31, 2010 from ₱1.8 million in the year ended December 31, 2009. The 36.8% decrease was due to the decline in interest income from deposits and collections.

Costs and Expenses

Operating Expenses

Cost and expenses decreased from to ₱140.3 million in the year ended December 31, 2009 to ₱17.5 million in the year ended December 31, 2010. The 87% increase in the account was primarily attributable to the following:

- Decrease in administrative expenses from to ₱36.9 million in the year ended December 31, 2009 to ₱13.7 million in the year ended December 31, 2010 due to the decline in payments for salaries and other administrative expenses with the disposal of PMRVI.

- Selling and distribution costs decreased from to ₱79.5 million in the year ended December 31, 2009 to ₱0.6 million in the year ended December 31, 2010. The 99% decrease was due to the decrease in commission due to decrease in marketing activities of the Company.

- Other expenses increased from ₱23.9 million in the year ended December 31, 2009 to ₱3.2 million in the year ended December 31, 2010 to decline in various expenses with the disposal of PMRVI and the cost-cutting measures implemented by the Company.

Interest and Financing Charges

Interest and financing charges decreased by 94% from ₱17.6 million in the year ended December 31, 2009 to ₱1.0 million in the year ended December 31, 2010. This was due the decline in interest-bearing loans with the disposal of PMRVI in 2009.

Provision for Income Tax

Tax income for the year ended December 31, 2010 is ₱0.59 million while the provision for income tax for the year ended December 31, 2009 is ₱0.81 million. The difference is due to the reversal of temporary tax differences in the current year.

Net Income

As a result of the foregoing, the Company's net income decreased from ₱497.1 million in the year ended December 31, 2009 to ₱240.8 million in the year ended December 31, 2010.

For the year ended December 31, 2010, 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, 2010 vs. December 31, 2009

Total assets as of December 31, 2010 were ₱6,099.2 million compared to ₱5,843.7 million as of December 31, 2009, or a 4.4% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments increased by 401.0% from ₱14.1 million as of December 31, 2009 to ₱70.7 million as of December 31, 2010 due to receipt of dividends from VLL and the securing of interest-bearing loans.

- Receivables decreased by 22.5% from ₱64.4 million as of December 31, 2009 to ₱49.9 million as of December 31, 2010 mainly due to the receipt of dividends receivable from VLL.

- Due from related parties decreased by 6.9% from ₱258.6 million as of December 31, 2009 to ₱240.9 as of December 31, 2010 due to payments made by the Company's affiliates.

- Real estate for sale and development increased by 1.0% from ₱359.5 million as of December 31, 2009 to ₱363.2 million as of December 31, 2010 due to developments made in the Company's rawland.

- Available for sale financial assets increased by 20.5% from ₱6.7 million as of December 31, 2009 to ₱8.1 million as of December 31, 2010 due mainly to the increase in the fair values of the financial assets in 2010.

- Investment in associate increased by 8.6% from ₱2,501.3 million as of December 31, 2009 to ₱2,716.1 million as of December 31, 2010 due to the recognition of the Company's share in the net earnings of VLL.

- Investment properties increased from ₱2,592.6 million as of December 31, 2009 to ₱2,602.6 as of December 31, 2010. The ₱10.0 million increase was due to developments made in the property in Bacoor, Cavite.

- Property and equipment increased by 100.0% from nil as of December 31, 2009 to ₱0.04 million as of December 31, 2010 due purchases of office furniture and equipment.

- Other assets increased by 2.5% from ₱46.5 million as of December 31, 2009 to ₱47.7 million as of December 31, 2010 due to the increase in prepayments and input taxes.

Total liabilities as of December 31, 2010 were ₱104.7 million compared to ₱91.4 million as of December 31, 2009, or a 14.6% increase. This was due to the following:

- Interest bearing loans and borrowings increased by 100.0% from nil as of December 31, 2009 from ₱11.3 million as of December 31, 2010 due to the interest bearing loans obtained in 2010.
- Accounts and other payables increased by 7.3% from ₱46.0 million as of December 31, 2009 to ₱49.3 million as of December 31, 2010 due mainly to the increase in accounts payable to suppliers and contractors.

- Estimated liability for property development increased by 48.5% from ₱0.7 million as of December 31, 2009 to ₱1.1 million as of December 31, 2010 due to the increase in number of sold units.

- Customers' advances and deposits decreased by 11.6% from ₱9.3 million as of December 31, 2009 to ₱8.2 million as of December 31, 2010 due to the decrease in uncontracted accounts.

- Due to related parties decreased by 6.4% from ₱17.9 million as of December 31, 2009 to ₱16.8 million as of December 31, 2010 due to the payments made during the year.

- Pension liability increased by 43.4% from ₱1.2 million as of December 31, 2009 to ₱1.7 million as of December 31, 2010 due to the actuarial adjustments.

- Deferred gross profit increased by 38.5% from ₱2.1 million as of December 31, 2009 to ₱2.9 million as of December 31, 2010 due to the net effect of the deferral of gross profit on current year's sales and the recognition of gross profit on prior years' sales.

- Deferred tax liabilities posted a decrease of 6.9% from ₱11.4 million as of December 31, 2009 to ₱10.7 million as of December 31, 2010. The difference is due to the reversal of temporary tax differences in the current year.

Total stockholder's equity increased from ₱5,752.3 million as of December 31, 2009 to ₱5,994.4 million as of December 31, 2010 due mainly to the net income for the year and revaluation increase of financial assets.

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

Notes:

Key Performance Indicators	12/31/2010	12/31/2009
Current ratio [(a)]	8.89:1	9.45:1
Debt-to-equity ratio [(b)]	0.011:1	0.012:1
Interest expense/Income before Interest expense [(c)]	0.4%	2.6%
Return on assets [(d)]	3.9%	8.5%
Return on equity [(e)]	4.0%	8.6%

(f) 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

(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, 2010 declined from that of December 31, 2009 due to the increase in interest-bearing loans and accounts payables.

The increase in debt-to-equity ratio was also due to the increase in interest-bearing loans and accounts payable.

Interest expense as a percentage of income before interest expense was reduced in the year ended December 31, 2010 compared to the ratio for the year ended December 31, 2009 due to the significant reduction in interest expense incurred by the Company.

Return on asset posted a lower ratio for December 31, 2010 compared to that on December 31, 2009 due primarily to the lower reported net income and the increase in the assets of the Group.

Return on equity decreased due to the lower reported net income as of December 31, 2010 compared to that of December 31, 2009.

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

Cash and cash equivalents including short term cash investments increased by 401.0% from ₱14.1 million as of December 31, 2009 to ₱70.7 million as of December 31, 2010 due to receipt of dividends from VLL and the securing of interest-bearing loans.

Receivables decreased by 22.5% from ₱64.4 million as of December 31, 2009 to ₱49.9 million as of December 31, 2010 mainly due to the receipt of dividends receivable from VLL.

Due from related parties decreased by 6.9% from ₱258.6 million as of December 31, 2009 to ₱240.9 as of December 31, 2010 due to payments made by the Company's affiliates.

Available for sale financial assets increased by 20.5% from ₱6.7 million as of December 31, 2009 to ₱8.1 million as of December 31, 2010 due mainly to the increase in the fair values of the financial assets in 2010.

Investment in associate increased by 8.6% from ₱2,501.3 million as of December 31, 2009 to ₱2,716.1 million as of December 31, 2010 due to the recognition of the Company's share in the net earnings of VLL.

Property and equipment increased by 100.0% from nil as of December 31, 2009 to ₱0.04 million as of December 31, 2010 due purchapses of office furniture and equipment.

Interest bearing loans and borrowings increased by 100.0% from nil as of December 31, 2009 from ₱11.3 million as of December 31, 2010 due to the interest bearing loans obtained in 2010.

Accounts and other payables increased by 7.3% from ₱46.0 million as of December 31, 2009 to ₱ 49.3 million as of December 31, 2010 due mainly to the increase in accounts payable to suppliers and contractors.

Estimated liability for property development increased by 48.5% from ₱0.7 million as of December 31, 2009 to ₱1.1 million as of December 31, 2010 due to the increase in number of sold units.

Customers' advances and deposits decreased by 11.6% from ₱9.3 million as of December 31, 2009 to ₱8.2 million as of December 31, 2010 due to the decrease in uncontracted accounts.

Due to related parties decreased by 6.4% from ₱17.9 million as of December 31, 2009 to ₱16.8 million as of December 31, 2010 due to the payments made during the year.

Pension liability increased by 43.4% from ₱1.2 million as of December 31, 2009 to ₱1.7 million as of December 31, 2010 due to the actuarial adjustments.

Deferred gross profit increased by 38.5% from ₱2.1 million as of December 31, 2009 to ₱2.9 million as of December 31, 2010 due to the net effect of the deferral of gross profit on current year's sales and the recognition of gross profit on prior years' sales.

Deferred tax liabilities posted a decrease of 6.9% from ₱11.4 million as of December 31, 2009 to ₱ 10.7 million as of December 31, 2010. The difference is due to the reversal of temporary tax differences in the current year.
Revaluation reserves increased by 21.4% from ₱6.4 million as of December 31, 2009 to ₱7.8 million as of December 31, 2010 due to the increase in fair values of the available for sale financial assets.

Retained earnings increased by 28.2% from ₱853.4 million as of December 31, 2009 to ₱1,094.2 million as of December 31, 2010 due to the net income for the year.

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

Equity in net earnings of an associate increased to ₱256.8 million in the year ended December 31, 2010 from ₱141.0 million in the year ended December 31, 2009. The 82.1% increase was due to increase in the net income of VLL in 2010.

The Company recorded realized gross profit on real estate sales of ₱0.6 million in the year ended December 31, 2010, posting a decrease of 100% from ₱154.2 million in same period last year. This was due to the decline in real estate sales with the disposal of PRMVI in October 2009.

Finance income decreased to ₱1.1 million in the year ended December 31, 2010 from ₱1.8 million in the year ended December 31, 2009. The 36.8% decrease was due to the decline in interest income from deposits and collections.

Selling and distribution costs decreased by 99.3% from ₱79.5 million in the year ended December 31, 2008 to ₱0.6 million in the year ended December 31, 2009 resulting from decrease in marketing activities and real estate sales for the year.

Administrative expenses decreased by 62.8% from ₱36.9 million in the year ended December 31, 2009 to ₱13.7 million in the year ended December 31, 2010 resulting from due to cost controls implemented by the Company and decrease in salaries and wages and other administrative expenses resulting from the disposal of PMRVI in October 2009.

Other expenses decreased by 86.4% from ₱23.9 million in the year ended December 31, 2009 to ₱ 3.2 million in the year ended December 31, 2010 resulting from due to cost controls implemented by the Company.

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.

IV. NATURE AND SCOPE OF BUSINESS

Polar Property Holdings Corporation (Polar Holdings) was incorporated in Metro Manila, Philippines, on October 16, 1969 originally to pursue mineral exploration. After obtaining SEC approval in 2004, Polar Holdings changed its primary business and is now presently engaged in investment and real estate business. The Company's subsidiaries include the following:

- ***Brittany Estates Corporation (BEC).*** BEC is engaged in developing and selling real estate properties, particularly residential house and lots;

- ***Masterpiece Asia Properties Inc. (MAPI)***. MAPI is currently in the process of developing and seeking interested parties to lease its investment property.

The Company and its subsidiaries are hereinafter collectively referred to as the Group.

All subsidiaries were incorporated in the Philippines and are primarily engaged in the development and sale of real estate properties. Since all the entities in the Group are engaged in the same primary business of real estate development and sale, no segment information and disclosures are presented in these consolidated financial statements.

The Company's principal place of business is at the 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City.

V. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

Registrant's common shares are listed with the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two fiscal years as traded on the Philippine Stock Exchange are as follows:

Quarter	2012		2011		2010	
	High	Low	High	Low	High	Low
1st	4.02	2.37	5.75	3.28	4.95	2.50
2nd			4.74	3.28	4.30	2.46
3rd			3.70	2.40	3.50	2.51
4th			2.89	2.40	7.41	3.55

The market capitalization of Polar Holdings as of December 31, 2011, based on the closing price of ₱2.55/share, was approximately ₱12.48 billion.

As of March 31, 2012, Polar's market capitalization stood at ₱16.88 billion based on the ₱3.45 per share closing price.

Stockholders

There are approximately 472 holders of common equity security of the Company as of December 31, 2011 (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.	Adelfa Properties Inc.	2,573,507,156	52.602%
2.	Land & House Public Company Limited	1,223,102,790	25.000%
3.	PCD Nominee Corporation (Filipino)	582,055,965	11.897%
4.	Household Development Corporation	491,569,605	10.048%
5.	Althorp Holdings Inc.	14,909,708	0.305%
6.	Peter O. Tan	1,798,000	0.037%
7.	Peter &/or Marilou Tan	1,524,000	0.031%
8.	PCD Nominee Corporation (Non-Filipino)	1,099,003	0.022%
9.	Campos, Lanuza & Co. Inc	210,000	0.004%
10.	Ching Kuan Lim	150,000	0.003%
11.	Arthur FAO OBMVM WINIKOFF	120,000	0.002%
12.	Orion-Squire Capital Inc.	82,000	0.002%
13.	Orion-Squire Securities Inc.	77,900	0.002%
14.	Cua, Ang & Chua Securities Inc.	66,000	0.001%
15.	Dees Securities Corp.	60,715	0.001%
16.	Paic Securities Corporation	60,400	0.001%
17.	Tansengco & Co. Inc.	56,000	0.001%
18.	Ansaldo, Godinez & Co. Inc.	54,286	0.001%
19.	Filinvest Securities Inc.	50,000	0.001%

20.	Mario Osmena Jr.	50,000	0.001%
		4,890,603,528	**99.96%**

[1] *based on the total shares issued of 4,892,411,158*

Dividends

On November 20, 2007, the Company's Board of Directors approved the issuance of cash dividend in the amount of ₱0.20 per share (or a total of ₱978,482,232) out of the unrestricted retained earnings of the Company as of September 30, 2007, which was paid on December 28, 2007 to stockholders of record as of December 5, 2007.

The Company did not declare any dividends in 2011, 2010 and 2009. The payment of dividends will be dependent on the Company's profits, capital expenditures and investment requirement. There are no restrictions that limit the ability of the Company to pay dividends on common equity other than the above mentioned conditions.

Dividend Policy

The Registrant's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Registrant's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Registrant'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 Registrant 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 a 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.

Recent Sale of Unregistered Securities

None

Stock Options

None

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Company's Board has adopted a Revised Manual on Corporate Governance. 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, 2011, 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

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

Polar Property Holdings Corp.
3rd Level Starmall Las Piñas C.V. Starr
Avenue, Philamlife Village, Pamplona, Las
Piñas City, Philippines

Attention: Jo L. Ilijay

REPORT ACCOMPANYING INFORMATION SHEET

(A) Notice of Agenda for the Special Meeting

(B) Financial Statements as of 31 December 2011

(C) 2011 Annual Report

(D) Interim Financial Statements

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this Report is true, complete and correct. This Report is signed in Las Piñas City on 21 May 2012.

By:

MA. NALEN ROSERO-GALANG
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 2 1 2012, Affiant exhibiting to me her Passport No. EB2116785 valid until 17 March 2016 issued in Manila.

Doc. No. 469;
Page No. 95;
Book No. VI;
Series of 2012.

ATTY. CESAR A. AGOR
NOTARY PUBLIC
UNTIL DEC. 2012
ATTORNEY'S ROLL NO. 55670
PTR No. 1304221 1-04-2012 MAND. CITY
IBP No. 877669/ 1-04-2012 /RSM