

**ARANETA PROPERTIES
INCORPORATED**

**PRELIMINARY
INFORMATION STATEMENT
(SEC FORM 20-IS)**

**November 22, 2018
At 9:30 a.m.
21st Floor Citibank Tower, Paseo de Roxas,
Makati City, Philippines**

ARANETA PROPERTIES INCORPORATED
21st Floor Citibank Tower, Paseo de Roxas, Makati City
Phone: (02)-848-1501 to 04

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **Araneta Properties Incorporated** (the “Company”) will be held at the 21st Floor Citibank Tower, Paseo de Roxas, Makati City, Philippines on November 22, 2018 at 9:30a.m. with the following agenda:

1. Call to order;
2. Proof of notice and due calling of meeting; Determination of a quorum;
3. Approval of Minutes of the Annual Stockholders’ Meeting held on November 17, 2017;
4. Report of the President;
5. Presentation and approval of the Financial Statements as of December 31, 2017;
6. Ratification of the acts of the Board of Directors and Officers;
7. Election of members of the Board of Directors;
8. Appointment of External Auditors;
9. Other Matters;
10. Adjournment.

Minutes of the November 17, 2017 Annual Meeting of Stockholders will be available for examination during office hours at the Office of the Corporate Secretary.

The Board has fixed the close of business hours on October 18, 2018 as of the record date for the determination of stockholders entitled to notice of meeting and to vote at the specified election date.

In accordance with Section 7 of Article II of the Company’s By-Laws and for purposes of election of the Board of Directors, any and all nominations shall be submitted to and received at the principal office of the Company on or before the date of the meeting, addressed to the attention of the Corporate Secretary.

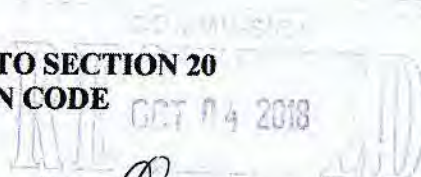
Registration starts at 9:00 a.m. Please bring this notice and any form of identification such as driver’s license, TIN card, passport, etc. to facilitate registration.

Makati City, October 2, 2018


CHRISTINE P. BASE
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**


 OCT 04 2018
 BY Jose TIME 2:40 p

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **ARANETA PROPERTIES, INC.**
3. **21st Floor, Citibank Tower, Paseo de Roxas, Makati City, Philippines**
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: **152249**
5. BIR Tax Identification Code: **050-000-840-355**
6. **21st Floor, Citibank Tower, Paseo de Roxas, Makati City, Philippines**
 Address of principal office Postal Code
7. Registrant's telephone number, including area code **(02) 848-1501 to 04**
8. Date, time and place of the meeting of security holders
November 22, 2018; 9:30a.m.; 21st/F Citibank Tower, Paseo de Roxas, Makati City
9. Approximate date on which the Information Sheet is first to be sent or given to security holders on **October 30, 2018.**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock, Php1.00 par value	1,951,387,570 shares

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes **X** No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange Common shares

**ARANETA PROPERTIES INCORPORATED
INFORMATION STATEMENT**

A. GENERAL INFORMATION

ITEM 1: DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date: November 22, 2018

Time: 9:30 a.m.

Place: 21st Floor, Citibank Tower, Paseo de Roxas, Makati City

Principal Office: 21st Floor, Citibank Tower, Paseo de Roxas, Makati City

Approximate Date of Distribution to Security Holders: October 30, 2018.

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

ITEM 2. DISSENTER'S RIGHT OF APPRAISAL

There are no matters to be acted upon at the meeting involving instances set forth in the Corporation Code of the Philippines for which a stockholder may exercise the right of appraisal.

Pursuant to Section 81 Title X, Appraisal Right Corporation Code of the Philippines, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (1) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, and (c) in case of merger.

Section 82 of the Corporation Code also provides that, this appraisal right may be exercised by any stockholder who shall have voted against the proposed 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. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the 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 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 the appraisers shall be final, and their award shall

be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to the dissenting stockholder unless the bank has unrestricted retained earnings in its book to cover such payment. Upon payment by the Corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Corporation.

From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend right, shall be suspended, except the right of such stockholder to receive payment of the fair value thereof: Provided, that if the dissenting stockholder is not paid the value of his shares within 30 days after the award, his voting right and dividend rights shall immediately be restored (*Section 83 of the Corporation Code*).

Within ten (10) days after demanding payment of his shares, a dissenting stockholder shall submit the certificate(s) of stock representing his shares to the Corporation for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Corporation, terminate his appraisal right. (*Section 86, Corporation Code*). No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Corporation consents thereto (*Section 84, Corporation Code*).

The appraisal right shall be exercised in accordance with Title X of the Corporation Code.

ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

Other than the election to office, there is no matter to be acted upon during the Annual Stockholders' Meeting to which a beneficial owner, director or officer has any substantial interest.

No director has informed the Company in writing of his intentions to oppose any action to be taken during the proposed Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of August 31, 2018, there are 1,951,387,570 subscribed, issued and outstanding common shares entitled to vote at the meeting, with each share entitled to one vote. Out of the said issued and outstanding common shares, 82,281,656 shares are owned by foreigners.

All stockholders of record at the close of business hours of October 18, 2018 shall be entitled to cumulative voting rights with respect to the election of directors. A 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, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of October 18, 2018 multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record & Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

There were no delinquent stocks, and the direct and indirect record and beneficial owners of more than five percent (5%) of the Company's voting securities as of June 30, 2018 are as follows:

Title of Class	Name and Address of Record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Share	Nature of Ownership	% Held
Common	PCD Nominee	Various clients and Philippine Depository & Trust Corp. (PDTC)	Filipino	688,043,048	Direct	35.10%
Common	Gregorio Araneta, Inc. 6/F Adamson Center Suite A, 121 LP Leviste St., Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	390,277,500	Direct	19.91%
Common	Carmel Development, Inc. 21/F Citibank Tower Paseo de Roxas, Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	499,999,997	Direct	25.51%
Common	Gamma Properties, Inc., 21/F Citibank Tower Paseo de Roxas, Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	264,472,892	Direct	13.55%
Common	LBC Express, Inc. LBC Compound Aviation Center, Airport Road, Pasay City	Nominee: Santiago Araneta	Filipino	194,818,074	Direct	10.00%
Common	Olongapo Mabuhay Express Corporation, LBCCompound Aviation Center, Airport Road, Pasay City	Nominee: Gregorio Ma Araneta III	Filipino	124,855,422	Direct	6.37%

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's Directors and executive officers in the Company and the percentage of their shareholdings as of June 30, 2018:

Title of Class	Name and Address of Beneficial Owner	No. of shares & Nature of Beneficial Ownership	Citizenship	Nature of Ownership	Percent of Class (%)
Common	Gregorio Ma. Araneta 21/F Citibank Tower Paseo de Roxas, Makati City	120,060 390,277,500 Gregorio Araneta, Inc. 499,999,997 Carmel Development Inc. 264,472,892 Gamma Properties, Inc.	Filipino	Direct Indirect Indirect	0.0096
Common	Cesar Zalamea	1	Filipino	R&B Direct	0.0000
Common	Alfonso Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	R&B Direct	0.0000
Common	Luis Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	R&B Direct	0.0000
Common	Perry L. Pe Romulo Mabanta Law Offices 30/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	R&B Direct	0.0000

Common	Alfredo de Borja Unit 300, Mile long Bldg. Amorsolo St. Legaspi Village, Makati City	1	Filipino	R&B Direct	0.0000
Common	Alfredo D. Roa III 119 Avocado Dr., Ayala Alabang, Muntinlupa City	1	Filipino	R&B Direct	0.0000
Common	Crisanto Roy B. Alcid 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	R&B Direct	0.0000
Common	Francisco Araneta Segovia FIFASCI Grp. Unit 104-105 Metrostar Building Barangay Sta. Cruz, Makati City	1	Filipino	R&B Direct	0.0000
TOTAL FOR THE GROUP					0.0113

r – record ownership

b – beneficial ownership

(3) Voting Trust Holders of 5% or More

There is no voting trust or similar arrangement involving the shares of stocks of the Company.

(4) Security ownership of certain beneficial owners and management:

Name of Company	Class	Number of shares	Nature	Percentage
Gregorio Araneta, Inc. (of which 12.24% held by Gregorio Ma. Araneta III)	Common	390,277,500	Direct	20.00%
Carmel Development, Inc. (of which 99% held by Gregorio Ma. Araneta III)	Common	499,999,997	Direct	25.62%
Gamma Properties, Inc. (of which 50% held by Gregorio Ma. Araneta III)	Common	264,472,892	Direct	13.55%
Olongapo Mabuhay Express Corp. (of which 80% held by Ma. Joy A. Cruz)	Common	124,855,422	Direct	6.37%

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

Except in cases where voting by ballot is applicable, voting and counting shall be viva voce. If by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

All stockholders of record at the close of business hours of October 18, 2018 shall be entitled to cumulative voting rights with respect to the election of directors. A 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, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of October 7, 2018 multiplied by the whole number of directors to be elected.

(1) Board of Directors and Executive Officers

The incumbent directors, including independent directors and executive officers of the Company are as follows:

Office	Name	Citizenship	Age	Year of assumption of office	No. of years/ Months
Chairman/CEO/Director	Gregorio Ma. Araneta III	Filipino	70	1997	21years
Director/President	Crisanto Roy B. Alcid	Filipino	48	1997	21years
Director	Cesar Zalamea	Filipino	73	2015	8years
Director/Treasurer	Luis M. Araneta	Filipino	33	2012	6years
Director	Alfonso M. Araneta	Filipino	34	2013	5years
Director	Perry L. Pe	Filipino	57	2003	7years
Director	Alfredo de Borja	Filipino	74	2009	9years
Director	Alfredo D. Roa III	Filipino	71	2010	8years
Director	Francisco Araneta Segovia	Filipino	64	2017	1year
Corporate Secretary	Christine P. Base	Filipino	48	2007	11years
Chief Finance Officer	Jose O. Eustaquio III	Filipino	71	2012	6years

The above incumbent directors are all nominated for re-election in this year's Annual Stockholders' Meeting per SEC Memorandum Circular No. 2, Series of 2002.

Messers. Alfredo de Borja, Perry L. Pe, Alfredo Roa III are not representatives of the following substantial shareholders: Gregorio Araneta, Inc., Carmel Development, Inc., Gamma Properties, Inc. and Olongapo Mabuhay Express Corporation, and LBC Express, Inc.

For the term 2018-2019, Carmel Development, Inc. and Gamma Properties, Inc. through Mr. Gregorio Ma. Araneta III nominated Luis M. Araneta, Alfonso Araneta, Crisanto Alcid, and Alfredo De Borja; Olongapo Mabuhay Express Corp. through Mr. Carlos R. Araneta nominated Santiago Araneta, Perry L. Pe and Alfredo D. Roa, III.

The amended by-laws of the Company include the guidelines and procedures in the nomination and election of independent directors.

The following are the rules in the nomination and election of independent directors:

- a. The Nomination Committee shall have at least three members (3) members, one of whom is the independent director.
- 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 the conformity of the would-be-nominees.
- c. The Committee shall pre-screen the qualifications and prepare a final list of 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 the nominees for independent directors, as required

under 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 company is required to submit to the Commission. The name of the person or group of person who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

The nomination committee is composed of the following:

Chairman: Alfredo de Borja;
Members: Gregorio Ma. Araneta III; and
Crisanto Roy B. Alcid

DIRECTORS AND EXECUTIVE OFFICERS

The following are the business experience and positions held by the Directors and Executive Officers for the past five (5) years:

GREGORIO MA. ARANETA III, 70 years old, Filipino, is the Chairman and Chief Executive Officer of Araneta Properties, Inc., He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Holdings Corporation., He is the President and Chairman of Energy Oil and Gas Holdings, Inc., He is the President and Chairman of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc., He is the Chairman of Philweb Corporation, He is also a director of ISM Telecommunications, Inc., Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics.

CRISANTO ROY B. ALCID, Filipino, 48 years old, is currently the President of Araneta Properties, Inc., He is a director of Philweb Corporation, He is also the President of Envirotest Inc. and Roycomm Holdings, Inc., He holds directorship in various companies namely: Carmel Development Corporation, Gregorio Araneta, Inc., ARAZA Resources, Inc., HE. Heacock Resources Corporation, Gamma Holdings, Midrac Realty, Inc., and Philippine Coastal Storage & Pipeline Corporation. Formerly, he was connected with Ayala Land, Asiatrust Development Bank and Citibank N.A. Mr. Alcid obtained his degree in Bachelor of Science in Management Engineering from Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

LUIS M. ARANETA, Filipino, 33 years old, is currently the Business Development Manager of Araneta Properties, Inc., He was elected Director of the Company in 2012. He is a director of Philweb Corporation., He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc, Director of PAGREL, Inc., He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. Mr. Araneta studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

CESAR ZALAMEA, 73 years old, is one of the TOYM Awardees of 1964. He is a former Senior Vice-President and AIG Global Investment Group-Asia President & CEO. Cesar Zalamea retired from AIG after more than 50 years of service.

Mr. Zalamea joined the American International organization in the Philippines as an investment analyst in 1954 and served from 1969-1981 as President of the Philippine American Life Insurance Company (Philamlife), AIG's life insurance in the Philippines. He held posts in the government of the Philippines on two occasions, serving first as Deputy Director General of the Presidential Economic Staff and later as Chairman and CEO of the Development Bank of the Philippines. Mr. Zalamea was elected AIG Vice President, Investments in 1997 and AIG Senior Vice President, Investments in 2002. He has headed the AIG investment units in Asia since 1986, first as Managing Director of AIG Investment Corporation (Asia) Ltd ., and subsequently as President & CEO of AIGGIG Asia.

ALFREDO DE BORJA, 74 years old, Filipino, is one of the Directors of the Company., He is the President of Makiling Ventures, Inc. and E. Murio, Inc. He also holds directorship in various corporations such as ICCP Ventures, Inc., ICCP Management Corp., Rustans Supercenters, Inc., RFM-Science Park of the Phils., Regatta-Beacon Land Corp., Regatta Properties, Inc., Pueblo de Oro Development Corp., and Cebu Light Industrial Park, Inc. Mr. de Borja graduated in Ateneo de Manila University, where he obtained his degree in Bachelor of Science in Economics. He earned his Master's in Business Administration from Harvard University.

PERRY L. PE, 57 years old, Filipino, is one of the Directors of the Company., He is also a Director of Delphi Group, Inc., Oriental Petroleum & Minerals Corp., and Ace Saatchi & Saatchi Philippines, Inc., He is a Partner in Romulo, Mabanta, Buenaventura, Sayoc & De Los Angeles Law Firm.

ALFONSO M. ARANETA, 34 years old, Filipino, is currently the Executive Vice-President and Director of Envirotest, Inc., Vice President and Director of Carmel Development, Inc., Vice-President and Director of Gregorio Araneta, Inc. Concurrently, he is a Director of ARAZA Resources Corp., ATSI PETC, Inc. Pagrel, Inc., Gamma Properties, Inc., Securicor Security Investigation Services, Inc., and Alumma Foods, Inc., ., He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. Mr. Araneta graduated at De La Salle-College of St. Benilde, Manila where he earned his degree in Bachelor of Science in Business Administration.

ALFREDO D. ROA III, 71 years old, Filipino, is one of the Directors of the Company. He is presently the President of Inland Corporation and Chairman of JJB Inland Logistics, Inc.

FRANCISCO ARANETA SEGOVIA, 64 years old, Filipino, graduate from Ateneo de Manila University College - Business Management 1979, He holds directorship in Segovia & Co., Inc., S&A Industrial Corporation, RFM Corporation, He is a Director - Vice Chairman / CEO of FEATI University, He is also a Director / CEO of RPMC Resources Inc., and Swift Foods Inc.

CHRISTINE P. BASE, Filipino, 48 years old, is the Corporate Secretary of Araneta Properties, Inc. and is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is a Director and Corporate Secretary of Anchor Land Holdings, Inc. and the Corporate Secretary of Asiasec Equities, Inc. and AG

Finance Inc. She is also director and corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer at Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a Bachelor of Science Degree in Commerce Major in Accounting.

JOSE O. EUSTAQUIO, III, Filipino, 71 years old, is presently the Chief Financial Officer of Araneta Properties, Inc. He was a consultant of Honda Cars Makati and Honda Cars Cebu from 2007 to 2008. In 1987, he was the Financial Control Officer of Ayala Corporation (Control and Analysis Division). He was the Chief Finance Officer of Ayala Corporation for Ayala Theaters Management, Inc., Ayala Property Management Corporation, and Ayala Alabang Commercial Corporation from 1982 to 1987. He was a staff Auditor of Sycip, Gorres, Velayo & Co. Mr. Eustaquio is a Certified Public Accountant. He graduated from Philippine School of Business Administration with a Bachelor of Science Degree in Commerce Major in Accounting.

(2) Independent Directors

Three (3) incumbent Directors, namely Messrs. Perry L. Pe, Alfredo de Borja, and Alfredo D. Roa, III were independent directors of the Company for the year 2017-2018. They are not employees of the Company and have no relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibility of an independent director.

The following are nominated for election to the Board of Directors during this year's Annual Stockholders' meeting:

1. Gregorio Maria Araneta III	Director
2. Cesar Zalamea	Director
3. Crisanto Roy B. Alcid	Director
4. Luis M. Araneta	Director
5. Alfonso M. Araneta	Director
6. Perry L. Pe	Independent Director
7. Alfredo de Borja	Independent Director
8. Francisco Araneta Segovia	Director
9. Alfredo D. Roa, III	Independent Director

For the term 2018-2019, Carmel Development, Inc. and Gamma Properties, Inc. through Mr. Gregorio Ma. Araneta III nominated Alfredo De Borja, Olongapo Mabuhay Express Corp. through Mr. Carlos D. Araneta nominated Perry L. Pe and Alfredo D. Roa, III. The independent directors are not related with the persons nominating them by consanguinity or affinity, and have no professional or business dealings with any of them.

The term of office of all directors, including independent directors shall be one (1) year until their successors are duly elected and qualified.

(3) Family Relationships

Mr. Luis M. Araneta and Mr. Alfonso M. Araneta are the sons of Mr. Gregorio Ma. Araneta III., while Francisco Araneta Segovia is first cousin of Mr. Gregorio Ma. Araneta III. There are

no family relationships within the fourth degree among the rest of the members of the Board of Directors and Senior Officers of the Company.

(4) Involvement in Certain Legal Proceedings

To the knowledge of the Company, there has been no occurrence of any of the following events during the past five (5) years up to the present which are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses.
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self regulatory organization, for violation of a securities or commodities law.

There are no legal proceedings to which the Company or its subsidiary or any of their properties are involved in or subject to any legal proceedings which would have material effect or adverse effect on the business or financial position of the Company or its subsidiary.

(5) Significant Employees

The Company currently has no significant employees.

(6) Certain Relationships and Related Transactions

Mr. Luis M. Araneta and Alfonso Araneta are the sons of Mr. Gregorio Ma. Araneta III, while Mr. Francisco Araneta Segovia is first cousin of Mr. Gregorio Ma. Araneta III. There are no family relationships within the fourth degree among the rest of the members of the Board of Directors and Senior Officers of the Company.

As of August 31, 2018, there are no directors or officers who own ten percent (10%) or more of the outstanding shares of the parent company.

There were no business arrangement and related party transaction and/or ongoing contractual or other commitments as a result of the arrangement pursuant to disclosure requirement of SFAS/IAS 24.

There were no related party transactions as at end of June 30, 2018

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) Compensation Table

The following is a summary of the aggregate compensation paid or accrued during the year 2016 and 2017 and to be paid in the ensuing fiscal year 2018 to the Company's Chief Executive Officer and the next most highly compensated officers who is individually named below and to all other officers and directors of the Company as a group:

Name and Principal Function	Fiscal Year	Salary	Bonus	Other Compensation
Gregorio Ma. Araneta III * Chairman and CEO	2016 2017 2018			
Crisanto Roy Alcid* President	2016 2017 2018			
Luis M. Araneta Director	2016 2017 2018			
Rhoan Purugganan* Legal Head	2016 2017 2018			
Jose O. Eustaquio III** Chief Finance Officer	2016 2017 2018			
TOTAL FOR THE GROUP	2016 2017 2018*	10,126,800.00 10,126,800.00 10,126,800.00		
Other Officers as a group unnamed	2016 2017 2018**	5,624,000.00 5,624,000.00 5,905,200.00		

* Key officers, ** Figures in Year 2018 were based on estimates

(2) Compensation of Directors and Officers

(a) Standard Arrangements

Compensation of the Chief Executive Officer and Managers of the Company are accrued and paid for the years 2016, 2017 and 2018. All other directors of the Company assumed their positions and served the Company without any compensation. The Company also does not provide any per diem to its directors.

(b) Other Arrangements

No compensatory arrangements were executed during the last three (3) years of operations other than the compensation arrangements mentioned above.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Employment contracts of all supervisors and rank in file employees are standard.

The remuneration committee is composed of the following:

Chairman: Alfredo de Borja
Members: Luis Araneta; and
Gregorio Ma. Araneta III

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

Sycip, Gorres, Velayo and Co. was the Independent Public Accountant for the year 2016-2017. The re-appointment of the said accounting firm as Independent Public Accountant for the incoming year will be submitted to the stockholders for their confirmation and approval. The Partner-in-charge, Narciso “Jun” T. Torres, Jr., has been appointed as the Partner-in-charge for the audit year 2016-2017. The duly authorized representatives of Sycip, Gorres, Velayo and Co. are expected to be present at the Annual Meeting of Stockholders and they will have the opportunity to make statements if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the existing regulation of the Securities and Exchange Commission, the registrant shall change its external auditor or rotate the engagement partner every five years. This is in compliance with the rotation requirement of its external auditor’s certifying partner as required under SRC Rule 68(3) (b) (iv). Considering that the assigned partner of Sycip, Gorres, Velayo and Co. has been the Company’s independent public accountant for only a year since year 2015, rotation is not necessary for the years 2018-2019.

The audit committee is composed of the following:

Chairman: Alfredo de Borja
Members: Gregorio Ma. Araneta III; and
Crisanto Roy Alcid

COMPENSATION PLANS

No action with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed for the year shall be discussed during the meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 8. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

The board of directors and shareholders of the Company approved to enter into a private placement in order to fund its land banking activities. The Company will use the funds to acquire and develop real properties.

The Company issued 390,277,500 common shares in favor of Gregorio Araneta, Inc.

Common stocks are entitled to dividends, but their right to exercise its pre-emptive right has been denied by the Company’s Articles of Incorporation.

ITEM 9. MODIFICATION OR EXCHANGE OF SECURITIES

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

ITEM 10. FINANCIAL AND OTHER INFORMATION

The audited financial statements as of December 31, 2017, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as Annex "A".

ITEM 11. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

ITEM 12. ACQUISITION OR DISPOSITION OF PROPERTY

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company.

ITEM 13. RESTATEMENT OF ACCOUNTS

The Company is not taking any action, which involves the restatement of any of its assets, capital, or surplus account.

D. OTHER MATTERS

ITEM 14. ACTIONS WITH RESPECT TO REPORTS

(1) Approval of the Annual Stockholders Meeting held on November 17, 2017.

The minutes of the previous Stockholders' Meeting held last November 17, 2017 shall be presented to the stockholders for approval. Items are as follows:

1. Approval of Minutes of the Annual Stockholders' Meeting held on November 15, 2017;
2. Report of the President;
3. Presentation and approval of the Financial Statements as of December 31, 2017;
4. Ratification of the acts of the Board of Directors and Officers;
5. Election of members of the Board of Directors;
6. Appointment of External Auditors;

(2) Resolutions for Ratification by the stockholders

Resolutions of the Board of Directors for ratification are the elections of new directors and officers, approval of financial statements. Approval and ratification of the minutes, reports, resolutions, and acts will constitute approval of the matters therein.

The following are the resolutions approved by the board of directors:

Date	Item
November 17, 2017	Authority to sign contracts to sell.
March 6, 2018	Authority to claim the original stock certificate of its share in Tagaytay Midlands Gold Club.
March 6, 2018	Authority to transact with Sta. Lucia land, Inc.
April 11, 2018	Authority to purchase a property
April 12, 2018	Approval of the AFS
April 12, 2018	Authority to enter into contracts with United Coconut Planters Bank
May 3, 2018	Authority to institute cases.
May 3, 2018	Authority to process and obtain bank guaranty.
May 3, 2018	Approval of ACGR
July 2, 2018	Updating of account with Chinabank.

ITEM 15. MATTERS NOT REQUIRED TO BE SUBMITTED

Other than election to office, there is no matter to be acted upon during the Annual Stockholders' Meeting to which a beneficial owner, director or officer has any substantial interest.

No director has informed in writing of his intentions to oppose any action to be taken during the proposed Annual Stockholders' meeting.

ITEM 16. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

There are no proposed amendment of the Company's charter, by-laws, and other documents.

ITEM 17. OTHER PROPOSED ACTIONS

There are no other proposed actions to be taken up in the meeting.

ITEM 18. VOTING PROCEDURES

Except in cases where a higher vote is required under the Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

Except in cases where voting by ballot is applicable, voting and counting shall be viva voce. If by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

All stockholders of record at the close of business hours on October 18, 2018 shall be entitled to cumulative voting rights with respect to the election of directors. A 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, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of October 18, 2018 multiplied by the whole number of directors to be elected.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or their personal attendance at the meeting. (*Par. 2 Section7, By-Laws*).

A forum for validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock and Transfer Agent shall be convened seven (7) days before any meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders. Any such question or issue decided upon by the Corporate Secretary shall be deemed settled and those not brought before said forum shall be deemed waived and may no longer be raised during the stockholder's meeting. (*Par. 3 section 7, By-Laws*)

Except in cases where a higher vote is required under the Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

Except in cases where voting by ballot is applicable, voting and counting shall be viva voce. If by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

EXHIBIT

Exhibit I – The Management Report which includes, among others, A Statement of Management's Responsibility for the Financial Statements, the Audited Financial Statements ending December 31, 2017 and Interim Financial Statements ending June 30, 2018 are hereby attached and incorporated as Exhibit A.

A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON ADDRESSED TO:


**THE OFFICE OF THE CHIEF FINANCE OFFICER
ARANETA PROPERTIES
21st Floor, Citibank Tower, Paseo de Roxas, Makati City**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on October 2, 2018.

ARANETA PROPERTIES INCORPORATED

By:


CHRISTINE P. BASE
Corporate Secretary

MANAGEMENT REPORT

BUSINESS AND FINANCIAL INFORMATION

BRIEF DESCRIPTION OF GENERAL NATURE AND SCOPE OF BUSINESS

OVERVIEW

The Company was formerly known as Integrated Chrome Corporation (INCHROME) organized on June 15, 1988 and its principal business was to mine chrome ore and produce ferro silicon metal or commonly known as ferrochrome. Inchrome stopped its smelting operations in January 1996 because of the depressed ferrochrome market and increasing production costs. In September 1996, the stockholders and the Board of Directors approved the following changes in the Company's business and structure:

- a.1) Changed the corporate name from INCHROME to Araneta Properties, Inc.
- a.2) Amended the primary purpose of business to land and property development *and* maintained the smelting operations as a secondary purpose;
- a.3) Removal of stockholders' pre-emptive right;
- a.4) Changed the par value from P0.30 to P1 per share;
- a.5) Increased the authorized capital stock from P300,000,000 (divided into 1 billion shares with a par value of P0.30 per share) to P5,000,000,000 (divided into 5 billion shares with a par value of P1 per share); and
- a.6) Removed the classification of shares of stock.

Since its inception, the Company has not gone through any bankruptcy, receivership or similar proceeding.

There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business

Araneta Properties, Inc. (ARA), is listed in the Philippine Stock Exchange. It is now primarily engaged in the fine-tuning of a master plan for the development of approximately 248.113 hectares of prime real estate located in San Jose del Monte, Bulacan.

The major components of the master plan consists of upper-middle to high-end residential lots and townhouses complemented by a leisure center, principal of which, is a country club, a commercial center and university center. Additional components of the plan include a nature park, corporate business center and mass housing.

The aforesaid project is the first big property development project in the northern portion of Metro Manila. Thus, there is no major industry or geographic competition.

The distribution method of the products or real property is being handled by Orchard Property Marketing.

No problems are foreseen as far as suppliers are concerned, since all the materials needed for property development are 100% available locally.

An integral part of the master plan is the planned joint venture project which would enable the Company to work together with foreign and local companies with expertise in land development projects.

There are no other transactions with and/or dependence on related parties, except for the advances made from stockholders for the Company’s working capital requirements.

Since the primary business of the Company is to develop and sell real properties, it needs the following governmental approvals:

- (1) Locational Clearance Certificate (LCC-Issued and Approved)
- (2) License to Sell (HLURB-Issued and Approved)

As the Company’s master plan is almost complete, the amount or the actual value of the research and actual development cost shall be determined in the final phase of the master plan. As of June 30, 2018, the engineering department reported percentage completion detailed below:

Percentage of Completion	As of June 30, 2017	As of June 30, 2018
Phase I	100.00%	100.00%
Phase II	100.00%	100.00%
Phase III	98.00%	98.00%
Club House / Sports Center	99.00%	99.00%

Cost and effects of the compliance with environmental laws:

- a) Total project cost shall be accounted upon completion of the master plan.
- b) Locational Clearance has already been approved/issued by the local government.

Recent Sales of unregistered securities

- (a) Securities sold—No unregistered securities have been sold during the fiscal year last ended.
- (b) Underwriter and other purchases – Not applicable
- (c) Exemption from registration claimed – None/not applicable

The total number of officers, managers, consultants and regular employees as of June 30, 2018 are as follows:

Legal officer - - - - -	1
Managers - - - - -	5
Consultants - - - - -	3
Supervisors, Rank and File -	<u>47</u>
Total number of employees -	56

Employees & consultants described above does not include stock-transfer agent and as well as auditors.

FINANCIAL *and* OTHER INFORMATION

Management's Discussion and Analysis of Plan of Operation

Basis of Presentation

The financial statement of Araneta Properties, Inc. has been prepared using the historical cost basis and are presented in Philippine Peso (₱).

Statement of Compliance

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

Financial Condition 2016-2017

The Company's total assets increased posted at ₱1,990,175,711 in year 2017, as compared with ₱ 2,054,970,626 in 2016. The changes from the total assets is attributable to the cost of lots sold during the year.

The cash balance of ₱27.081 million as at end of December 31, 2017 as compared with that ₱ 75.947 million in 2016. The cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted to ₱0.62 million ₱ 2.39 million, and ₱0.68 million for the years ended December 31, 2017, 2016 and 2015 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

The receivables increased by 0.99% from ₱334.523 million in 2016 as compared to ₱337.848 Million in 2017. Trade receivables mainly represent the Company's outstanding balance in its share from sale of real estate project with a joint venture with SLRDI. Collections of interests and penalties arising from late payment of these receivables are recognized as part of "Others" in the "Revenue and Other Income" section in the statements in comprehensive income.

Installment receivables pertain to uncollected portion of the amount arising from the sale of non-operating properties in 2005. The contract price is collectible in fixed monthly payment of ₱2.00 million starting January 24, 2006. Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted to an effective interest rate of 9.45%. Interest income from accretion recognized in 2013, 2012 and 2011 amounted to ₱0.08 million, ₱0.20 million and ₱1.42 million, respectively.

The Real Estate for Sale and Development balances decreased from ₱1,531,308,635 in 2016 as compared with ₱1,519,194,309 in 2017. The movement in the Real Estate for sale and development is attributable to cost of lots sold during the year. As of June 30, 2018, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

An decreased in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱7.397 million partially offset by acquisition of additional property and equipment in the amount of ₱0.049 million.

The company's liability posted at ₱250.534 million in 2017, as compared with ₱306.869 million in 2016, the decreased in payable and accrued expenses account pertains to the payment of land purchased on installment term payable over a period of four (4) years.

The movement of Output VAT account represents normal recording of Input and Output VAT.

The Company has recorded a Net Loss before income tax of ₱11.851 million in 2017, ₱15.646 million in 2016 and ₱37.813 million in 2015.

There was no movement in the number of issued shares as at end of June 30, 2018.

Status of Operation

The Company's sales output during the period six months period ending June 30, 2018 remains slow as compared with that of the same period of previous year. This performance is directly attributed to marketing strategies being implemented by the Company, which included among others, the holding on of some of its inventory to induce a more competitive price. This strategy likewise includes a price watch which shows higher forecast of demand in the real estate within the locality, evidenced by the launching of real estate projects of Ayala Land Development, Inc., Avida Land, Inc., as well as the recent opening of the SM Shoemart, in San Jose Del Monte, Bulacan area, which serves as a positive indicator of the high prospects of real estate developments within the locality in the near future.

Other key factors affecting the operational performance in terms of sales output is a result of marketing strategies being implemented creating a favorable momentum for the company's operation activities, constantly and flexibly managing and developing new high margin inventory for more operational efficiency of the whole system, maintaining and improving *Colinas Verdes* the subdivision's brand-name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualize training programs for the staff and management group, ensuring financial resources for the operation of the whole system without compromising low cost but effective cash flow management.

As of September 24, 2018 The above mentioned strategies is already conclusive in the subsequent period where some buyers have already reserved more or less 3,919 square meters of subdivided lot at the price of P13,000.00 per square meter, much more higher than the P7,500.00 per square meter, the average selling price when the company implemented its strategy in year 2014 specifically the holding-on to market its inventory for a much higher

As of June 30, 2018, the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 98% complete, while the Country club is 99.00% complete

Table I – The comparative figures of the results of operations for the threequarter ending June 30, 2018 with comparative figures of year 2017 and 2016 for the same period.

<i>In millions (Php)</i>	For the three (3) months Period			% Change	% Change
	Year 2016	Year 2017	Year 2018	2017 vs 2017	2016 vs 2017
Revenue	30.599	35.334	27.658	(15.474%)	(15.474%)
Expenses	18.141	28.991	19.079	(74.781%)	(74.781%)
Net Income (before tax)	12.458	6.343	8.579	(70.886%)	(70.886%)

Table II– The comparative figures of the results of operations for the six (6) months period ending June 30, 2018 with comparative figures of year 2017 and 2016 for the same six (6) months period.

<i>In millions (Php)</i>	For the six (6) months Period			% Change	% Change
	Year 2016	Year 2017	Year 2018	2016 vs 2017	2016 vs 2017
Revenue	63.075	58.986	28.969	(6.483%)	(50.888%)
Expenses	41.471	49.863	19.079	20.371%	(4.591%)
Net Income (before tax)	21.604	9.123	9.890	(58.031%)	(94.268%)

Table III– The comparative figures of the revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2018 with comparative figures of year 2017 for the same period

<i>In Millions (Php)</i>	For the quarter ending June 30		% Change
	Year 2017	Year 2018	2017 vs 2018
Income from Real Estate Business	31.607	15.809	(49.983%)
Accretion of Interest from Installment Sales	3.727	1.998	(46.391%)
Total Revenue	35.334	17.807	(49.604%)

Table IV– The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2018 with comparative figures of year 2017 for the same period

<i>In Millions (Php)</i>	For the six (6) months ending June 30		% Change
	Year 2017	Year 2018	2017 vs 2018
Income from Real Estate Business	52.086	23.756	(54.391%)
Accretion of Interest from Installment Sales	6.900	5.213	(24.449%)
Total Revenue	58.986	28.969	(50.888%)

Originally, it was allocated for Golf Course but was realigned and reclassified as Phase 2, Phase 3a and Phase 3b residential subdivision to be complemented by a country club.

The regular cash flow requirements of the Company for the next twelve (12) months shall be funded mainly from collection of its regular monthly revenue from real estate project.

OPERATION

Results of Operation (January – June 30, 2018 vs. January – June 30, 2017)

The performance of the Company in terms of revenue decreased by 54.39%, For the year 2018 sales for the six (6) months period which is ₱28.969 million as compared to ₱58.986 million of the same period of year 2017. This performance is directly attributed to marketing strategies being implemented, specifically the holding-on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also under took fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system,

stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

As of September 24, 2018, The above mentioned strategies is already conclusive in the subsequent period where some buyers have already reserved more or less 3,919 square meters of subdivided lot at the price of ₱13,000.00 per square meter, much more higher than the ₱7,500.00 per square meter, which is the average selling price when the company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

The Company is using “Project Percentage of Completion” (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 98.00% complete, while the Countryclub is 99% complete as of June 30, 2018. The Company uses the PPOC in determining sales during the period.

The percentage of revenues for the quarter ending June 30, 2018 with comparative figures for 2017 and 2016 with the same period

Particulars	Year 2016	Year 2017	Year 2018
Sale from Real Estate	30,599,016	35,334,320	17,807,424
Cost of Land	6,119,803	4,898,712	4,111,859
Percentage to Revenue	20.00%	13.86%	23.09%

The percentage of revenues for the six (6) months ending June 30, 2018 with comparative figures for 2017 and 2016 with the same period

Particulars	Year 2016	Year 2017	Year 2018
Sale from Real Estate	63,075,338	58,985,887	28,969,277
Cost of Land	11,343,278	8,913,537	8,504,332
Percentage to Revenue	17.98%	15.11%	23.356%

The Company has posted a net profit (after tax) of P13.302 Million in the six (6) months period ending June 30, 2018 as compared with the P6.403 million in 2017, and P15.447 million in 2016 of that same period.

The deficit stands at ₱397.914 million and ₱401.080 million as of June 30, 2018 and 2017, respectively.

The revenue generated during the second quarter of 2018 represents share from sales of Joint Venture Project with SLRDI. The decreased in sales was the effect of marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell to market awaiting for much better price.

Liquidity and Capital Resources

The Company posted net profit during the second quarter of 2018, a benefit from construction of the Clubhouse and Sports Center which the project engineer in-charge of the development has reported 99% complete as of June 30, 2018.

Particulars	June 30, 2018 (In Million)	June 30, 2017 (in Million)
Total assets as at end of	P2,011.988	P2,061.044
Total liabilities as at end of	P259.043	P306.539
Ratio of assets to liabilities	12.875%	14.873%
<i>Financial Condition</i>		
Cash and cash equivalent	P36.067	P36.675
Receivable	P335.528	P390.071
Prepaid Taxes	P9.916	P8.859
Real estate for sale and development	P1,832.099	P1,719.794
Property and equipment	P11.696	P13.281
Investment property	P5.444	P5.444
Recoverable Tax	P76.249	P79,616
Other assets	P9.916	P7.308
Current liabilities	P105.064	P100.575
Noncurrent liabilities	P153.979	P205.964
Stockholders' equity	P1,752.944	P1,754.505

Capital Expenditure

There was no capital expenditure for the period under review.

Key Performance Indicators

The Company operates in one business segment, the real estate. The Following Key Performance Indicators were adopted by the corporation in order to measure the profitability of the Company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the six months ending	June 30, 2018	June 30, 2017
Current Ratio (1)	12.485 : 1	10.966 : 1
Debt to Equity Ratio (2)	1 :0.175	1 :0.148
Earnings per Share (3)	1 : 0.00328	1 : 0.00682
Earnings before interest & Income Taxes (4)	P6.403 million	P19.004million
Return on Equity (5)	0.0365	0.00217

- 1) Current Assets : Current Liabilities
- 2) Total Liabilities : Stockholders' Equity
- 3) Net Income : Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income : Average Stockholder's Equity

Results of Operation (January – June 30, 2017 vs. January – June 30, 2016)

The performance of the Company in terms of revenue decreased by 6.48% sales for the six (6) months period which is ₱58.986 million as compared to ₱63.075 million of the same period of year 2016. This performance is directly attributed to marketing strategies being implemented, specifically the holding-on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

As of September 5, 2017, The above mentioned strategies is already conclusive in the subsequent period where some buyers have already reserved more or less 1,982 square meters of subdivided lot at the price of ₱13,000.00 per square meter, much more higher than the ₱7,500.00 per square meter, which is the average selling price when the company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

The Company is using "Project Percentage of Completion" (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 98.00% complete, while the Countryclub is 99% complete as of June 30, 2017. The Company uses the PPOC in determining sales during the period.

The percentage of revenues for the quarter ending June 30, 2017 with comparative figures for 2017 and 2016 with the same period

Particulars	Year 2015	Year 2016	Year 2017
Sale from Real Estate	52,400,996	30,599,016	35,334,320
Cost of Land	18,289,822	6,119,803	4,898,712
Percentage to Revenue	34.90%	20.00%	13.86%

The percentage of revenues for the six (6) months ending June 30, 2017 with comparative figures for 2017 and 2016 with the same period

Particulars	Year 2015	Year 2016	Year 2017
Sale from Real Estate	90,140,070	63,075,338	58,985,887

Cost of Land	3,956,702	11,343,278	8,913,537
Percentage to Revenue	35.45%	17.98%	15.11%

The Company has posted a net profit (after tax) of P6.403 Million in the six (6) months period ending June 30, 2017 as compared with the P15.122 million in 2016, and P21.921 million in 2015 of that same period.

The deficit stands at ₱394.153 million and ₱401.080 million as of June 30, 2017 and 2016, respectively.

The revenue generated during the second quarter of 2017 represents share from sales of Joint Venture Project with SLRDI. The decreased in sales was the effect of marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell to market awaiting for much better price.

Liquidity and Capital Resources

The Company posted net profit during the second quarter of 2017, a benefit from construction of the Clubhouse and Sports Center which the project engineer in-charge of the development has reported 99% complete as of June 30, 2017.

Particulars	June 30, 2016 (In Million)	June 30, 2017 (in Million)
Total assets as at end of	P1,816.687	P2,061.044
Total liabilities as at end of	P70.853	P306.539
Ratio of assets to liabilities	3.900%	14.873%
<i>Financial Condition</i>		
Cash and cash equivalent	P300.934	P36.675
Receivable	P274.973	P390.071
Prepaid Taxes	P0.793	P8.859
Real estate for sale and development	P1,128.317	P1,719.794
Property and equipment	P16.298	P13.281
Investment property	P5.444	P5.444
Recoverable Tax	P36,546	P79,616
Other assets	P23.873	P7.308
Current liabilities	P48.349	P100.575
Noncurrent liabilities	P22.504	P205.964
Stockholders' equity	P1,745.834	P1,754.505

Capital Expenditure

There was no capital expenditure for the period under review.

Key Performance Indicators

The Company operates in one business segment, the real estate. The Following Key Performance Indicators were adopted by the corporation in order to measure the profitability of the Company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the six months ending	June 30, 2016	June 30, 2017
Current Ratio (1)	17.2094 : 1	12.4851 : 1
Debt to Equity Ratio (2)	1 : 0.0445	1 : 0.1749
Earnings per Share (3)	1 : 0.0087	1 : 0.00195
Earnings before interest & Income Taxes (4)	P21.604 million	P9.123 million
Return on Equity (5)	0.0969	0.00328

- 1) Current Assets : Current Liabilities
- 2) Total Liabilities : Stockholders' Equity
- 3) Net Income : Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income : Average Stockholder's Equity

Results of Operation (January – June 30, 2016 vs. January – June 30, 2015)

The Company sales output during the period remains slow as compared with that of the second quarter of the previous year. This performance is directly attributed to marketing strategies being implemented by the Company, which included among others, the holding on of some its inventory to induce a more competitive price. This strategy likewise includes a price watch which shows higher forecast of demand in the real estate within the locality, evidenced by the launching of real estate projects of Ayala Land Development, Inc., Avida Land, Inc., as well as the recent opening of the SM Shoemart, in San Jose Del Monte, Bulacan area, which serves as a positive indicator of the high prospects of real estate developments within the locality in the near future.

The percentage of revenues during each of the last two (2) quarters ending June 30, are as follows:

Particulars	Year 2015	Year 2016
Sale from Real Estate	90,140,070	63,075,338
Cost of Land	31,956,702	11,343,278
Percentage of revenue	35.45%	17.98%

The deficit stands at P401.080 million and P503.023 million as of June 30, 2016 and 2015, respectively.

In Million	June 30, 2015	June 30, 2016
Revenue	P90.140	P63.075
Direct Costs	P31.957	P11.343
Gross Profit Margin	P58.183	P51.732
Operating Expenses	P26.867	P30.128
Net Income before tax	P31.316	P21.604

The revenue generated during the second quarter of 2016 represents share from sales of Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell to market awaiting for much better price.

Liquidity and Capital Resources

The Company posted net profit during the second quarter of 2015, a benefit from construction of the Clubhouse and Sports Center which the project engineer in-charge of the development has reported 98.76% complete as of June 30, 2015.

Particulars	June 30, 2015 (In Million)	June 30, 2016 (In Million)
Total assets as of	P1,543.113	P1,816.687
Total liabilities as of	P263.588	P70.853
Ratio of assets to liabilities	17.082%	3.900%
<i>Financial Condition</i>		
Cash and cash equivalent	P57.177	P300.934
Receivable	P291.998	P274.973
Real estate for sale and development	P1,138.549	P1,128.317
Property and equipment	P18.666	P16.298
Investment property	P5.444	P5.444
Recoverable tax (Input Vat)	P28.910	P36.546
Other Assets	P2.370	P54.174
Payables	P264.309	P70.853
Stockholders' equity	P1,279.525	P1,745.834

Capital Expenditure

There was no capital expenditure for the period under review.

Key Performance Indicators

The Company operates in one business segment, the real estate. The Following Key Performance Indicators were adopted by the corporation in order to measure the profitability of the Company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the six months ending	June 30, 2015	June 30, 2016
Current Ratio (1)	1.4883 : 1	17.2094 : 1
Debt to Equity Ratio (2)	1 :0.2060	1 :0.0445
Earnings per Share (3)	1 : 0.001404	1 : 0.0087
Earnings before interest & Income Taxes (4)	P31.316 million	P21.604 million
Return on Equity (5)	0.01713	0.00969

- 1) Current Assets : Current Liabilities
- 2) Total Liabilities : Stockholders' Equity
- 3) Net Income : Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income : Average Stockholder's Equity

Other related matters in operation

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to collection of receivable from sales with joint venture project and other receivable.

The decrease in real estate for sale and development is attributed to the accounting cost of lots sold during the period.

The decrease in property and equipment is brought about by the normal provision for an estimated depreciation using straight line method.

No movement in deferred income tax assets.

Movement in available-for-sale investments is the normal accounting of provision for unrealized valuation of AFS.

The movement of other assets accounts is attributed to the memorandum of agreement (MOA) with related party for a possible land purchase approximately 50 hectares in SJDM for future development. It will be on a term sale and will be using funds from the current JVA to purchase the property.

The increased in accounts payable and accruals is attributed to regular accruals and as well as deferred payments.

The increase in Stockholder's Equity is attributed the increase in paid-up Capital Stock and also attributable to normal operational income in the real estate business starting year 2007, when the commercial activity of Joint Venture Project was officially launched.

Material Changes to the Balance Sheet as of December 31, 2017 Compared to December 31, 2016 (Increase/Decrease of 5% or more)

The Company's total assets increased at ₱2,054,970,626 in year 2016, as compared with ₱1,990,175,711 in 2017. The change from the total assets is attributable to the cost of subdivided lots sold during the year.

Cash balance of ₱75.947 million as at end of December 31, 2016 as compared to ₱27.080 million in 2017, cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted ₱0.62 million, ₱2.39Million and ₱0.68 million for the years ended December 31, 2017, 2016 and 2015 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increased by 5.06% from ₱316.925 million in 2017 as compared to that ₱316.925 million 2016. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The Real Estate for Sale and Development decreased with balances of ₱1,513,750,233million and ₱1,525,864,559 million in 2017 and 2016 respectively. The movement in the Real Estate for sale and development is attributable to the cost of lot sold during the period.

As of June 30, 2018, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Increased in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱3.287 million partially offset by acquisition of additional property and equipment in the amount of ₱0.049 million.

The company's liability posted at ₱250.534 million in 2017, as compared with ₱306.869 million in 2016, the decreased in payable and accrued expenses account pertains to the outstanding payable from land purchased on installment term payable over a period of four (4)

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of June 30, 2018.

The Company recorded a net income (loss) before income tax in the amount of (₱11,851) million and ₱26.147 for the year end of December 31, 2017 in 2016 respectively.

Material Changes to the Balance Sheet as of December 31, 2016 Compared to December 31, 2015 (Increase/Decrease of 5% or more)

The Company's total assets increased at ₱2,054,970,626 in year 2016, as compared with ₱ 1,797,261,134 in 2015. The change from the total assets is attributable to the cost of 580,154 sq. m land purchased net of subdivided lots sold during the year.

Cash balance of ₱75.947 million as at end of December 31, 2016 as compared to ₱306.749 million in 2015, cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted ₱324,143 ₱209,597 and ₱170,370 for the years ended December 31, 2015, 2014 and 2013 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increased by 25% from ₱334.523 million in 2016 as compared to that ₱252.498 million 2015. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The Real Estate for Sale and Development decreased with balances of ₱1,525.864 million and ₱ 1,138.585 million in 2016 and 2015 respectively. The movement in the Real Estate for sale and development is attributable to the cost of land banking net of lot sold during the period.

As of June 30, 2017, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Increased in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱4.061 million partially offset by acquisition of additional property and equipment in the amount of ₱1.428 million.

The company's liability posted at ₱306.869 million in 2016, as compared with ₱66.550 million in 2015, the increased in payable and accrued expenses account pertains to the outstanding payable of the company for the cost of 580,154 sq. m land purchased on installment term payable over a period of four (4)

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of June 30, 2016.

The Company recorded a net income (before income tax) in the amount of ₱26.148 million, and ₱50.101 as at end of December 31, 2016 in 2015 respectively.

Material Changes to the Balance Sheet as of December 31, 2015 Compared to December 31, 2014 (Increase/Decrease of 5% or more)

The Company's total assets increased at ₱1,797,261,134 in year 2015, as compared with ₱1,547,467,757 in 2014. The change from the total assets is attributable to the cost of sold during the year.

Cash balance of ₱306.749 million as at end of December 31, 2015 as compared to ₱51.618 million in 2014, cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted ₱324,143 ₱209,597 and ₱170,370 for the years ended December 31, 2015, 2014 and 2013 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables decreased by 6.64% from ₱269.270 million in 2014 as compared to that ₱252.498 million 2015. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The Real Estate for Sale and Development decreased with balances of ₱1,138.585 million and ₱1,170.455 million in 2015 and 2014 respectively. The movement in the Real Estate for sale and development is attributable to the cost of land banking net of lot sold during the period.

As of June 30, 2016, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 99.96%, 99.97%, 93.00% and 99.00% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

A decrease in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱3.328 million partially offset by acquisition of additional property and equipment in the amount of ₱1.119 million.

There is 3.36% decreased in accounts payable and accrued expenses account due to the realization of clients deposits, accounting of cost of lot purchased on installment and as well as normal recording of accrual of payables vis-a-vis payments.

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares in the year 2015.

The Company recorded a net income (before income tax) in the amount of ₱50.101million in 2015 compared with ₱117.896 million in 2014.

**Material Changes to the Statements of Income as of December 31, 2017
Compared to December 31, 2016 (Increase/Decrease of 5% or more)**

There is 54.80% decreased in real estate revenues in 2017 compared to that of 2016 which is attributable primarily on the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales.

There is 2.57% increased in Interest Income in 2017 compared to that of 2016 which is due normal depletion of receivable from installment sales.

There is 0.79% decreased in the cost of Real Estate for Sale and Development in 2017 compared to that of 2016, the increased is primarily due to the cost of sold during the period

There is 8.53% increased in Administrative Expenses in 2017 compared to that of 2016 which is basically due to normal economic trend during the year.

Interest Expense in 2017 is the cost of money at present value for land purchased on installment terms.

Overall, the Company posted net income (loss) before tax of (₱11.851) Million for the year ended December 2017 as compared with the ₱26.147 Million in 2016.

**Material Changes to the Statements of Income as of December 31, 2016
Compared to December 31, 2015 (Increase/Decrease of 5% or more)**

There is 44.59% increased in real estate revenues in 2016 compared to that of 2015 which is attributable primarily on the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales.

There is 54.32% decreased in Interest Income in 2016 compared to that of 2015 which is due normal depletion of receivable from installment sales.

There is 34.01% increased in the cost of Real Estate for Sale and Development in 2016 compared to that of 2015theincreased is primarily due to cost of 580,154 sq. m land purchased on installment term payable over a period of four (4).

There is 8.80%increased in Administrative Expenses in 2016 compared to that of 2015 which is basically due to normal economic trend during the year.

Interest Expense in 2016is the cost of money at present value for land purchased on installment terms.

Overall, the Company posted net income before tax of ₱56.147 Million for the year ended December 2016 as compared with the ₱50.101 Million in 2015.

**Material Changes to the Statements of Income as of December 31, 2015
Compared to December 31, 2014 (Increase/Decrease of 5% or more)**

There is 41.20% decreased in real estate revenues in 2015 compared to that of 2014 which is attributable primarily on the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price.

There is 60.87% increase in Interest Income in 2015 compared to that of 2014 which is due normal accounting of sales on installment.

There is 2.72% decreased in the cost of Real Estate for Sale and Development in 2015 compared to that of 2014 which is due primarily to increased in cost price of lots sold during the year.

There is 31.73% decreased in Administrative Expenses in 2015 compared to that of 2014 which is due primarily to normal economic trend during the year and the effect of cutting measures being implemented by the company.

There is 100% decreased in Interest Expense in 2015 compared to that of 2014 detail of which is the out-right payment of land purchased on installment terms.

Overall, the Company posted net income before tax of ₱50.101 Million for the year ended December 2015 as compared with the ₱117.897 Million in 2014.

Other Matters

- (a) The interim financial report have been prepared in conformity with generally accepted accounting principles in the Philippines
- (b) No disclosures nor discussions were made for the following since these did not affect the past and present operations of the Company:
 - (c) No known trends, events or uncertainties with significant impact on net sales, or income, or have material impact on liquidity that would trigger direct or contingent liability, including default or acceleration of obligation rather than what was mentioned in the Plan of Operation.
 - (d) Significant elements of income or loss that did not arise from the Company's continuing operations other than what was mentioned in the revenues.
 - (e) All accounting policies and methods of computation and estimates are followed in the interim financial statement as compared with the most recent annual financial statement report.
 - (f) There were no seasonality or cyclical aspects that have material effect in the financial statement and the financial condition or results of operations during the period.
 - (g) There were no material commitments affecting assets, liabilities, equity, net income, or cash flows that are unusual during the interim financial report.
 - (h) There were no nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

(i) There were no issuance, repurchases, and repayment of debt and equity securities, except for the payment of non-interest bearing payable obtained for the acquisition of parcels of land recorded under “real estate for sale and development account” in statement of financial position.

(k) There were no Dividends paid during the interim financial period.

(l) The Company is reporting with only one (1) accounting/business segment.

(m) There were no material events that occurred during the subsequent to interim reporting period that have not been reflected in the financial statements, such as default or acceleration of an obligation or off-balance sheet transactions, arrangements, obligations, and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

(n) There were no changes in the composition of the issuer during the interim period, No business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operation during the interim period.

(o) There were no changes in contingent liabilities or contingent asset made during the interim period as compared with the most recent annual balance sheet date.

(p) No disclosures in compliance with SEC MC No. 14, Series of 2004 specifically Certain Relationship and Related Transaction or arrangements, as there were no such transaction during the period and or subsequent event occur after the close of the accounting period with respect to certain relationship or related transaction being required by SFAS/IAS No. 24.

(q) There were no events that will trigger director contingent financial obligation that is material to the company, including any default or acceleration of an obligation that need to Disclose.

(r) There were 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.

(s) There were no reclassification on Financial Instruments in the current reporting period and previous periods.

(t) PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

(u) The Company’s Interim financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the interim financial statements.

(v) Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(w) There were no material changes in financial condition & results of operation in the interim report of the Company for the quarter ending June 30, 2018 from the compliance of the PFRS.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and bank loans. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivables, accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk, credit risk and interest rate risk. As at end of June 30, 2018 and 2016, the Company is not exposed to any significant foreign currency risk because all of its financial instruments are denominated in Philippine peso. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Liquidity Risk

The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences and forecasts from its collection and disbursement.

As of June 30, 2018	On demand
Accounts payable & accrued expenses	P40,714,619
Liability from purchase of land	168,954,325
Income tax payable	5,701,067
Retirement benefits	22,154,878
Deferred income tax liabilities	21,518,430
Total	259,043,319

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company's principal credit risk is its dependence on one-counterparty. The credit risk of the Company is controlled by the approvals, limits and monitoring procedures. It is the Company's policy to enter into transactions with creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that credit transactions are made to parties with appropriate credit history and has internal mechanism to monitor granting of credit and management of credit exposures. The Company's maximum exposure to credit risk is equal to the carrying amount of its financial assets.

The Company sets up provision for impairment of accounts receivables equal to the balance of long-outstanding accounts receivables. The balance of long-outstanding accounts receivables

subjected to the full allowance for doubtful accounts amounted to ₱55.301 million as at end of June 30, 2018.

Receivables that are neither past due nor impaired are due from creditworthy counterparties with good payment history with the Company.

Cash with banks are deposits made with reputable banks duly approved by the BOD.

Interest Rate Risk

The Company's exposure to the risk pertains to bank loans. The Company relies on budgeting and forecasting techniques to address this risk.

Capital Management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the six months period ended June 30, 2018.

The following table pertains to the account balance the Company considers as its core capital as at end of June 30, 2018.

Capital stock	₱1,951,387,570
Capital surplus	<u>201,228,674</u>
Total	₱2,152,616,244

Fair Value of Financial Instruments

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

Cash and Receivables. The carrying amounts of cash and receivables approximate fair values primarily due to the relatively short-term maturity of these financial instruments. In the case of long-term receivables, the fair value is based on the present value of expected future cash flows using the applicable discount rates. The discount rates used range from 5.02% to 5.00% in 2017 and 5.66% to 5.66% in 2016.

Cash with banks are deposits made with reputable banks duly approved by the Board of Directors.

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

MARKET PRICE AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY

The shares of the Company are listed and traded at the Philippine Stock Exchange. The high and low closing prices of the Company's share for each quarter within the last three (3) fiscal years are as follows:

YEAR	QUARTER	HIGH (in Php)	LOW (in Php)
2015	First	1.386	1.351
	Second	1.296	1.271
	Third	1.199	1.173
	Fourth	1.339	1.276
2016	First	1.570	1.528
	Second	2.170	2.016
	Third	2.800	2.742
	Fourth	2.811	2.792
2017	First	2.350	2.310
	Second	2.550	2.470
	Third	2.390	2.370
	Fourth	2.350	2.092

The closing prices of the Company's share are of the latest practicable trading dates are as follows

YEAR	MONTH/DATE	CLOSING (in Php)
2018	January 31	2.170
	February 28	2.050
	March 28	2.140
	April 27	2.050
	May 31	2.010
	June 30	1.940
	July 31	1.960
	August 31	1.950

DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last three (3) fiscal years, i.e., 2017, 2016, 2015. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profits as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

RECENT SALES OF UNREGISTERED SECURITIES

Except for the shares issued to GAINC, there were no sales of unregistered securities or exempt securities including recent issuance of securities constituting an exempt transaction on shares of the Company were sold during the last three (3) years.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Information on Independent Accountant and other Related Matter

1. External Audit Fees and Services

a) Aggregate fees billed for the last three (3) years of Audit fee are ₱635,000.00, ₱577,500.00, ₱500,000.00 for the years 2017, 2016 and 2015 respectively. Conducting a seminar for free to introduce the implementation of the Accounting Financial Standards (AFS) and the Philippine Financial Reporting Standards (PFRS).

- b) Audit professional fees were subjected to a 12% VAT
 - c) No other fees except for the regular audit service fee
 - d) All policies governing the audit procedures were duly approved by the audit committee.
2. The Company has no disagreement with the SGV & CO. regarding matters of accounting principle practice, auditing scope and procedure.

CORPORATE GOVERNANCE

The Company has promulgated a Manual on Corporate Governance that took effect in 2002 and amended on 2014. The Manual continues to guide the activities of the Company and compliance therewith has been consistently observed.

There has been no deviation from the Company's Manual on Corporate Governance.

The Company believes that its Manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance.

The Company will improve its Manual Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.

The Board

There is an effective and appropriately constituted Board who received relevant information required to properly accomplish their duties.

The Nomination Committee is mandated to ensure that there is a formal and transparent procedure for the appointment of new Directors of the Board. Where appropriate, every director receives training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

The term of office of all directors, including independent directors and officers shall be one (1) year and until the successors are duly elected and qualified.

Board Process

Members of the Board meet when necessary throughout the year to adopt and review its key strategic and operational matters, approve and review major investments and funding decision, adopt and monitor appropriate internal control, and ensure that the principal risks of the Company are identified and properly managed.

The Board worked on an agreed agenda as it reviews the key activities of the business.

The Corporate Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. Atty. Christine P. Base holds the post.

Committees

The Board has established a number of committees with specific mandates to deal with certain aspects of its business. All of the Committees have defined terms of reference.

Audit Committee

The Audit Committee functions under the terms of reference approved by the Board. It meets at least twice a year and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

Nomination Committee

The Committee assesses and recommends to the Board candidates for appointment of executive and non-executive directors positions. The Committee also makes recommendations to the Board on its composition. The Committee meets as required.

Remuneration Committee

The Remuneration Committee is responsible in determining the Company's policy on executive remuneration and in specifying the remuneration and compensation packages on the employment or early termination from office of each of the executive directors of the Company. All decisions of the Remuneration Committee are only recommendatory and they are referred to the Board for final approval. The Remuneration Committee also monitors the compensation packages of other senior executives in the group below the Board level. The Committee meets as required.

Compliance Officer (CO)

The CO is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The CO acts independently and her role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law.

The top twenty (20) stockholders as the Company as of June 30, 2018 are the following:

STOCKHOLDERS	CITIZENSHIP	SHARES	PERCENTAGE
01) PCD Nominee Corporation	Filipino	684,548,783	43.85%
02) Carmel Development, Inc.	Filipino	499,999,997	32.03%
03) Gregorio Araneta Inc.	Filipino	390,277,500	20.00%
04) Gamma Properties, Inc.	Filipino	136,000,000	8.71%
05) Olongapo Mabuhay Express Corp	Filipino	124,855,422	8.00%
06) PCD Nominee Corporation	Alien	84,546,166	5.42%
07) Brand Realty Corporation	Filipino	13,725,404	0.88%
08) Seafront Resources Corporation	Filipino	3,756,788	0.24%
09) Ruby D. Roa	Filipino	588,599	0.04%
10) Teresita Dela Cruz	Filipino	528,458	0.03%
11) Ma. Cristina De La Paz	Filipino	525,000	0.03%
12) Flora Pascual	Filipino	493,720	0.03%
13) Leonides Francisco Balmeo	Filipino	425,000	0.03%
14) Luis V. Ongpin(ITF Luis M. Ongpin)	Filipino	411,000	0.03%
15) Paolo Tuason	Filipino	376,500	0.02%
16) EBC Securities Corporation	Filipino	300,000	0.02%

17) Rosanna Isabel Fores	Filipino	255,000	0.02%
18) Jaye Marjorie R. Gonzales	Filipino	200,000	0.01%
19) Jocelyn L. Oquias	Filipino	195,135	0.01%
20) Antonio Diy	Filipino	180,000	0.01%
Sub-total		1,942,188,472	99.56%
Other stockholder's		9,199,098	0.44%
Total Number of Shares		1,951,387,570	100.00%

ARANETA PROPERTIES, INC.

General Notes to the Financial Statement

1) Araneta Properties, Inc. is incorporated in the Philippines to acquire, own, hold, improve, develop, subdivide, sell, lease, rent, mortgage, manage and otherwise deal in real estate or any interest therein, for residential, commercial, industrial and recreational purposes, as well as to construct and develop or cause to be constructed and developed on any real estate or other properties, golf course, buildings, hotels, recreation facilities and other similar structures with their appurtenances; and in general, to do and perform any and all acts or works which may be necessary or advisable for or related incidentally or indirectly with the aforementioned business or object of the Company. The Company is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE Composite index since November 14, 1989.

2) The Company is operating in only one business segment. The number of employee was 57, 57, and 57 as at end of second quarter of 2017, 2016 and 2015 to perform any and all acts or work which may be necessary or advisable for or related directly or indirectly of the aforementioned business or objective of the Company. The registered office address is 21st Floor, Citibank Tower Paseo de Roxas, Makati City.

3) The Company has commenced regular activities of its real estate business on June 5, 2005 after recovering from the regional crisis that hit the real estate industry in 1997. The Company together with SLRDI began their activities based on their joint venture agreement dated June 5, 2003. Under the agreement, SLRDI will prepare and develop certain parcels of land owned by the Company at its own cost. The Company is responsible for the delivery of the parcels of land free from liens and encumbrances including any claims of tenants or third parties and from any form of litigation. The joint venture project shall consist of the development of an exclusive mixed-use residential - commercial subdivision with a country club. Once developed, the property will be shared by the parties either through cash or lot overrides. The Company shall receive 40% of the net sales proceeds, in case of cash override, or 40% of the saleable lots, in case of a lot override while SLRDI shall receive 60% of the net sales proceeds or the saleable lots. The Company plans to receive its share in joint venture operation through a cash override.

Summary of Significant Accounting Policies

Basis of Preparation

1) The accompanying financial statement has been prepared under the historical cost basis, except for the AFS financial assets which are carried at fair value. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

2) The Company's financial statement has been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

3) The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and revised standards and interpretations from the International Financial Reporting Interpretations Committee.

A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON ADDRESSED TO:

**THE OFFICE OF THE CHIEF FINANCE OFFICER
ARANETA PROPERTIES
21st Floor, Citibank Tower, Paseo de Roxas, Makati City, Philippines**

COVER SHEET

0 0 0 0 1 5 2 2 4 9

S.E.C. Registration Number

ARANETA PROPERTIES INC.

(Company's Full Name)

21ST FLOOR CITIBANK TOWER
 PASEO DE ROXAS
 MAKATI CITY

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

CHRISTINE P. BASE

Contact Person

844-3906

Company Telephone Number

1 2 3 1
 Month Day
 Fiscal Year

17 - Q
 FORM TYPE

2ND Quarter

 Month Day
 Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Period Ended Date

Period Ended Date

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I.D.

Document I.D.

Cashier

Cashier

STAMPS

SEC Number 152249
File Number

ARANETA PROPERTIES INCORPORATED

Company's Full Name

21st Floor Citibank Tower, Paseo de Roxas, Makati City

Company's Address

(632) 848-1501

Telephone Number

December 31

Fiscal Year Ending
(Month & Day)

17-O 2nd Quarter

Form Type

Amended Designation (If Applicable)

June 30, 2018

Period Ended Date

Registered and Listed

Secondary License Type and File Number

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended June 30, 2018
2. SEC Identification No. 152249 3. BIR Tax Identification No. 050-000-840-355
4. Exact name of issuer as specified in its charter: ARANETA PROPERTIES, INC.
5. _____
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. 21st Floor, Citibank Tower, Paseo de Roxas, Makati City
Address of issuer's principal office Postal Code
8. (632) 848-1501
Registrant's telephone number, including area code
9. _____
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	1,951,387,570

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

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

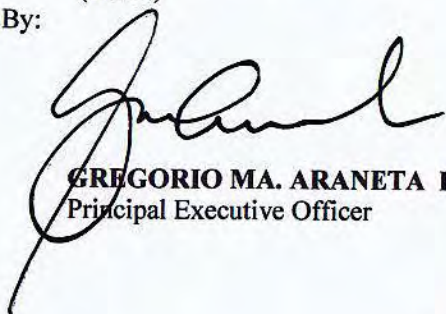
SIGNATURES

Pursuant to the requirements of Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

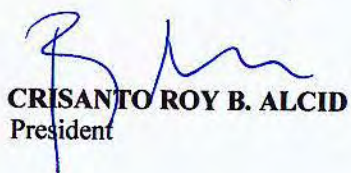
ARANETA PROPERTIES, INC.

(Issuer)


By:



GREGORIO MA. ARANETA III
Principal Executive Officer



CRISANTO ROY B. ALCID
President



JOSE O. EUSTAQUIO III
Chief Financial Officer

Date signed August 09, 2018



Date signed August 09, 2018

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements of Araneta Properties Incorporated (ARA) are filed as part of this Form 17-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; Plan of Operation

Plan of Operation

During the Second Quarter of 2018

The performance of the Company in terms of revenue decreased by 21.724% Sales for the quarter is P17.658 million as compared to P35.334 million of the year 2017. This performance is directly attributed to marketing strategies implemented in Year 2014, specifically the holding on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies is already conclusive in April 2017, As of June 30, 2018 there more or less twenty three (23) buyers have already reserved more or less 3,919 square meters of subdivided lot at the price of P13,000.00 per square meter, much more higher than the P7,500.00 per square meter, which is the average selling price when the company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

Project Percentage of Completion (PPOC), the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 99.68% respectively complete, while the Country Club is 98.00% complete as of June 30, 2018. The Company uses the project percentage of completion (PPOC for brevity) in determining sales during the period.

Table I – The comparative figures of the results of operations for the three (3) months period ending June 30, 2018 with comparative figures of year 2017 and 2016 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period Ended June 30			% Change	% Change
	Year 2016	Year 2017	Year 2018	2016 vs 2017	2017 vs 2018
Revenue	30.599	35.334	27.658	(15.474%)	(21.724%)
Expenses	18.141	28.991	19.079	(74.781%)	(34.190%)
Net Income	12.458	6.343	8.579	(70.886%)	35.251

Table II – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2018 with comparative figures of year 2017 for the same period

In Millions (Php)	For the quarter ending June 30		% Change
	Year 2017	Year 2018	2017 vs 2018
Income from Real Estate Business	31.607	15.809	(49.983%)
Accretion of Interest from Installment Sales	3.727	1.998	(46.391%)
Total Revenue	35.334	17.807	(49.604%)

Table III – The comparative figures of the results of operations and other operating income for the three (3) months period ending June 30, 2018 with comparative figures of year 2017 and 2016 for the same three (3) months period

In millions (Php)	For three (3) months Period			% Change	% Change
	Year 2016	Year 2017	Year 2018	2016 vs 2017	2017 vs 2018
Revenue	30.599	35.334	17.807	15.474%	(49.604%)
Expenses	18.141	28.991	19.079	59.842%	(33.611%)
Net Income	12.458	6.343	(1.272)	(44.368%)	(15.993%)
Add: Other Income	3.738	1.632	9.851	56.173%	3793.68%
Net Income (before tax)	8.720	4.711	8.579	11.81%	3777.68%

The detail of increase in other income in the 2nd quarter of 2018 is the collection of proceeds from sale metal scrap recovered from the Manticao Smelter Plant.

Table IV – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2018 with comparative figures of year 2017 for the same period

In Millions (Php)	For the six (6) months ending June 30		% Change
	Year 2017	Year 2018	2017 vs 2018
Income from Real Estate Business	52.086	23.756	(54.391%)
Accretion of Interest from Installment Sales	6.900	5.213	(24.449%)
Total Revenue	58.986	28.969	(50.888%)

During the Second Quarter of 2017

The performance of the Company in terms of revenue increased by 15.516% sales for the quarter is P35.334 million as compared to P30.588 million of the same period of year 2016. This performance is directly attributed to marketing strategies being implemented, specifically the holding on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also under took fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies is already conclusive, where some buyers have already reserved more or less 1,422 square meters of subdivided lot at the price of P13,000.00 per square meter, much more higher than the P7,500.00 per square meter, which is the average selling price when the company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

The Company is using "Project Percentage of Completion" (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 98.00% complete, while the Countryclub is 100% complete as of June 30, 2017. The Company uses the PPOC in determining sales during the period.

Table I – The comparative figures of the results of operations for the three (3) months period ending June 30, 2017 with comparative figures of year 2017 and 2016 for the same period

<i>In millions (Php)</i>	For the three (3) months Period			% Change	% Change
	Year 2015	Year 2016	Year 2017	2015 vs 2016	2016 vs 2017
Revenue	52.401	30.599	35.334	(71.251%)	(15.474%)
Expenses	31.160	18.141	31.651	(71.766%)	(74.781%)
Net Income (before tax)	21.241	12.458	3.683	(70.501%)	(70.886%)

Table II – The comparative figures of the results of operations for the six (6) months period ending June 30, 2017 with comparative figures of year 2017 and 2016 for the same period

<i>In millions (Php)</i>	For the six (6) months Period			% Change	% Change
	Year 2015	Year 2016	Year 2017	2015 vs 2016	2016 vs 2017
Revenue	90.140	63.075	58.986	(42.909%)	(6.483%)
Expenses	58.823	41.471	49.863	(41.841%)	20.371%
Net Income (before tax)	31.317	21.604	9.123	(44.959%)	(58.031%)

Table III – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2017 with comparative figures of year 2016 for the same period

<i>In Millions (Php)</i>	For the quarter ending June 30		% Change
	Year 2016	Year 2017	2016 vs 2017
Income from Real Estate Business	26.951	31.607	14.731%
Accretion of Interest from Installment Sales	3.648	3.727	2.442%
Total Revenue	30.599	35.334	13.435%

Table IV – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2017 with comparative figures of year 2016 for the same period

<i>In Millions (Php)</i>	For the six (6) months ending June 30		% Change
	Year 2016	Year 2017	2016 vs 2017
Income from Real Estate Business	55.547	52.086	6.645%
Accretion of Interest from Installment Sales	7.528	6.900	9.101%
Total Revenue	63.075	58.986	6.832%

During the Second Quarter of 2016

The performance of the Company in terms of revenue volume dropped by 12% as compared to P32.562 million of the year 2015. This performance is directly attributed to marketing strategies being implemented specifically the holding on of some Inventory for a much better price. Other key factors affecting the operational performance in terms of sales output is the result of marketing strategies being implemented creating a favorable momentum for the company's operation activities, constantly and flexibly managing and developing new high margin inventory for more operational efficiency of the whole system, thus maintaining and improving *Colinas Verdes*, the subdivision's brand-name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash flow management.

The Company is using "Project Percentage of Completion" (PPOC) in the recognition of revenue. As of June 30, 2016, the residential areas of Phase 1, Phase 2 & Phase 3 are 99.96%, 99.97% & 93.00% complete, while the Country Club is 99.00% complete as of June 30, 2016.

Table I – The comparative figures of the results of operations for the three (3) months period ending June 30, 2016 with comparative figures of year 2015 and 2014 for the same period

<i>In millions (Php)</i>	For three (3) months Period			% Change	
	Year 2014	Year 2015	Year 2016	2014 vs 2015	2015 vs 2016
Revenue	35.697	37.739	30.599	5.720%	(13.946%)
Expenses	31.519	27.663	18.142	(12.23%)	(5.744%)
Net Income (before tax)	4.178	10.076	12.457	(141.172%)	(36.463%)

Table II – The comparative figures of the results of operations for the six (6) months period ending June 30, 2016 with comparative figures of year 2015 and 2014 for the same period

<i>In millions (Php)</i>	For the six (6) months Period			% Change	
	Year 2015	Year 2015	Year 2016	2015 vs 2015	2015 vs 2016
Revenue	83.020	90.140	63.075	7.899%	(42.909%)
Expenses	67.353	58.823	41.471	(14.499%)	41.841%
Net Income (before tax)	15.667	31.317	21.604	49.971%	(44.959%)

Table III – The comparative figures of the revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2016 with comparative figures of year 2015 for the same period

<i>In Millions (Php)</i>	For the quarter ending June 30		% Change
	Year 2015	Year 2016	2015 vs 2016
Income from Real Estate Business	43.403	26.951	(61.044%)
Accretion of Interest from Installment Sales	8.998	3.648	(147.470%)
Total Revenue	52.401	30.599	(71.318%)

Table IV – The comparative figures of the revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2016 with comparative figures of year 2015 for the same period

In Millions (Php)	For the six (6) months ending June 30		% Change 2015 vs 2016
	Year 2015	Year 2016	
Income from Real Estate Business	75.966	55.547	(6.645%)
Accretion of Interest from Installment Sales	14.174	7.528	(9.101%)
Total Revenue	90.140	63.075	(6.932%)

Management's Discussion and Analysis/ Plan of Operation

The second quarter of 2018

During the quarter, the operation was thriving in all business aspects. This includes the real estate aspect as there were reputable real estate companies that already started development and marketing operations in San Jose Del Monte Bulacan. More so, the recent ground-breaking Government projects, specifically the "MRT7" for the rail transit connecting Quezon City to Norzagaray Bulacan, created a positive scenario in the real estate business that eventually benefited the Company's land banking activity for the previous years and holding on of some inventory for a much better price.

The percentage of revenues for the quarter ending June 30, 2018 with comparative figures for 2016 and 2015 with the same period

Particulars	Year 2016	Year 2017	Year 2018
Sale from Real Estate	30,599,016	35,334,320	17,807,424
Cost of Land	6,119,803	4,898,712	4,111,859
Percentage to Revenue	20.00%	13.864%	23.09%

The percentage of revenues during the last two (2) quarters ending June 30 are as follows:

Particulars	Year 2016	Year 2017	Year 2018
Sale from Real Estate	63,075,338	58,985,887	28,969,277
Cost of Land	11,343,278	8,913,537	8,504,332
Percentage to Revenue	17.984%	15.111%	23.356%

The Company has posted a net profit (after tax) of P13.302 Million as at end of second quarter of 2018 as compared with the P6.403 million in 2017, and P15.447 million in 2016 of that same period.

The deficit stands at P397.914 million and P401.080 million as of June 30, 2018 and 2017, respectively.

For the Quarter Ended

	June 30, 2018 (In Millions)	June 30, 2017 (In Millions)
Revenue	P17.807	P35.334
Direct Costs	4.112	4.899
Gross Profit Margin	13.695	30.435
Operating Expenses	14.967	24.119
Net Income (before other Income)	(1.272)	6.316
Add: Other Income	9.851	0.025
Net income before tax	8.579	6.341

Revenue generated during the second quarter of 2018 represents shares from sales from Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company with some inventory put on-hold to sell market awaiting for a much better price.

Other Income represents interest income from installment and as well as interest income from savings account with banks and as well as proceeds from sale of metal scrap recovered from Manticao Smelter Plant.

Liquidity and Capital Resources

The company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer incharge of the development has reported to be (almost) 100% complete as at end of June 30, 2018.

Particulars	June 30, 2018 (In Million)	June 30, 2017 (in Million)
Total assets as at end of	P2,011.988	P2,061.044
Total liabilities as at end of	P259.043	306.539
Ratio of assets to liabilities	12.875%	14.873%
Financial Condition		
Cash and cash equivalent	P36.067	36.675
Receivable	P335.528	390.072
Prepaid Taxes	P9.916	8.859
Real estate Inventories	P852.903	872.808
Land held for future development	P679.196	646.986
Property and equipment	P11.696	13.281
Investment property	P5.444	5.444
Recoverable Tax	P76.249	79.612
Other assets	P9.916	7.307
Current liabilities	P105.064	P100.574
Noncurrent liabilities	P153.979	P205.963
Stockholders' equity	P1,752.944	P1,754.505

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

The increase in real estate land for sale & development is the result of the accounting of cost land acquired net of inventory sold during the period based on Percentage of Project Completion (PPOC).

The Company started land banking in year 2012 with total land acquisitions as of June 30, 2018 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
All in San Jose Del Monte Bulacan				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
Marga Capital Holdings, Inc.	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	257,515,856.75	172,958,411.25
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
Subtotal	2,346,497	912,457,551.05	739,499,139.80	172,958,411.25
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
Subtotal	841,243	262,584,600.00	-0-	262,584,600.00
Total (San Jose Del Monte)	3,217,770	1,175,042,151.05	739,499,139.80	435,543,011.25
Add: Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et. al	225,752	61,032,240.00	55,100,000.00	5,932,240.00
	282,963	89,637,740.00	53,705,500.00	5,932,240.00
Total Land Banking	3,500,703	1,264,679,891.05	823,206,639.80	441,475,251.25

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

Increase in other assets account attributed to the liquidation of deposits from land banking during the period.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payments and liability from installment purchase of land.

Related party transactions consist mainly of advances to officers and employees which are deductible from their salaries and are due within one year.

Decreased in other assets account is brought about by the liquidation of some fund provided in the land banking activity resulting conclusion of acquisition of more or less 5 hectare' land from Cuenca family

Increased in payables, is result of accounting and payment of accounts including land banking activity

The increase in Stockholder's Equity is attributed to normal operational income in the real estate business and other miscellaneous income.

Capital Expenditure

There was no capital expenditure for the period.

Key Performance Indicators

The company operates in one business segment, the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the three months period ending	June 30, 2018	June 30, 2017
Current Ration (1)	12.485 : 1	10.966 : 1
Debt to Equity Ratio (2)	1 : 0.175	1 : 0.148
Earnings per Share (3)	1 : 0.00328	1 : 0.00682
Earnings before Income Taxes (4)	P6.403 million	P19.004 million
Return on Equity	0.00365	0.00217

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

Stockholders' Equity

- Total Stockholders' Equity in 2018 is P1,752,944,276.86 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

-Total Stockholders' Equity in 2017 is P1,7541,505,139.28 (Issued and paid of 1,951,387,57 shares with P1.00 par value)

The Second Quarter of 2017

During the quarter, the operation was thriving in all business aspects. This includes the real estate aspect as there were reputable real estate companies that already started development and marketing operations in San Jose Del Monte Bulacan. More so, the recent ground-breaking Government projects, specifically the "MRT7" for the rail transit connecting Quezon City to Norzagaray Bulacan, created a positive scenario in the real estate business that eventually benefited the Company's land banking activity for the previous year and holding on of some inventory for a much better price.

As mentioned above, key factors affecting the Company's sales output during the period are the result of strategies being implemented by the company specifically the holding of some inventories in abeyance for a much better price considering that all indicators reveal the boom of real estate in the near future within the locality as evidenced by the launching of real estate projects by Ayala Land Development, Inc., and that of Avida Land, Inc., not to mention the recent opening of the SM Mall in San Jose Del Monte, Bulacan. All of these show a positive scenario to trigger much higher mark-up price on real estate in San Jose del Monte, Bulacan

The percentage of revenues for the quarter ending June 30, 2017 with comparative figures for 2016 and 2015 with the same period

Particulars	Year 2015	Year 2016	Year 2017
Sale from Real Estate	52,400,996	30,599,016	35,334,320
Cost of Land	18,289,822	6,119,803	4,898,712
Percentage to Revenue	34.90%	20.01%	13.86%

The percentage of revenues for the six months period ending June 30, 2017 with comparative figures for 2016 and 2015 with the same period

Particulars	Year 2015	Year 2016	Year 2017
Sale from Real Estate	90,140,070	63,075,338	58,985,887
Cost of Land	3,956,702	11,343,278	8,913,537
Percentage to Revenue	35.45%	17.98%	15.11%

The Company has posted a net profit (after tax) of P6.403 Million in the six months period ending June 30, 2017 as compared with the P15.447 million in 2016, and P21.921 million in 2015 of that same period.

The deficit stands at P394.153 million and P401.080 million as of June 30, 2017 and 2016, respectively.

	For the Quarter Ended	
	June 30, 2016 (In Millions)	June 30, 2017 (In Millions)
Revenue	P30.599	P35.334
Direct Costs	6.120	4.899
Gross Profit Margin	24.479	30.435
Operating Expenses	12.021	26.751
Net Income before tax	P12.458	P3.684

	For the six (6) months Ended	
	June 30, 2016 (In Millions)	June 30, 2017 (In Millions)
Revenue	P63.075	P58.986
Direct Costs	11.343	8.914
Gross Profit Margin	51.732	50.072
Operating Expenses	30.128	40.949
Net Income before tax	P21.604	P9.123

Revenue generated during the 2nd quarter of 2017 represents shares from sales from Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company with some inventory put on-hold to sell market awaiting for a much better price.

Liquidity and Capital Resources

The company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer in-charge of the development has reported to be 100% complete as of June 30, 2017.

Particulars	June 30, 2016 (In Million)	June 30, 2017 (in Million)
Total assets as at end of	P1,816.687	P2,061.044
Total liabilities as at end of	P70.853	P306.539
Ratio of assets to liabilities	3.900%	14.873%
Financial Condition		
Cash and cash equivalent	P300.934	P36.675
Receivable	P274.973	P390.071
Prepaid Taxes	P0.793	P8.859
Real estate for sale and development	P1,128.317	P1,519.794

Property and equipment	P16,298	P13,281
Investment property	P5,444	P5,444
Recoverable Tax	P36,546	P78,612
Other assets	P23,873	P7,308
Current liabilities	P48,349	P100,574
Noncurrent liabilities	P22,504	P205,964
Stockholders' equity	P1,745,834	P1,754,505

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

Input Value-added Tax (VAT), movement of which represents uses of prepaid VAT net output tax due during the period

Decrease in prepayments is normal accounting of amortization of expired portion of said prepayments.

The increase in real estate land for sale & development is the result of the accounting of cost land acquired net of inventory sold during the period based on Percentage of Project Completion (PPOC).

The Company started land banking in year 2012 with total land acquisitions as of June 30, 2017 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
All in San Jose Del Monte, Bulacan				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
Marga Capital Holdings, Inc.	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	199,863,053.00	230,611,215.00
Subtotal	2,326,403	899,934,051.05	669,322,836.05	230,611,215.00
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	226,321,200.00	Under negotiation	226,321,200.00
Subtotal	841,243	362,583,800.00	-0-	362,583,800.00
Total (San Jose Del Monte)	3,167,646	1,262,517,851.05	669,322,836.05	593,195,015.00
Add; Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et. Al	225,752	61,032,240.00	33,964,280.00	27,067,960.00
	282,963	89,637,740.00	62,569,780.00	27,067,960.00
Total Land Banking	3,450,609	1,352,155,591.05	731,892,616.05	620,262,975.00

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

Increase in other assets account attributed to the liquidation of deposits from land banking during the period.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payments and liability from installment purchase of land.

Related party transactions consist mainly of advances to officers and employees which are deductible from their salaries and are due within one year.

The increase in Stockholder's Equity is attributed to normal operational income in the real estate business.

Capital Expenditure

There was no capital expenditure for the period.

Key Performance Indicators

The company operates in one business segment: the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the six (6) months period ending	June 30, 2016	June 30, 2017
Current Ration (1)	17.2094 : 1	12.4851 : 1
Debt to Equity Ratio (2)	1 : 0.0445	1 : 0.1749
Earnings per Share (3)	1 : 0.0087	1 : 0.00195
Earnings before Income Taxes (4)	P21.604 million	P5.440 million
Return on Equity	0.00792	0.00328

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

Stockholders' Equity

-Total Stockholders' Equity in 2017 is P1,754,505,139.28 (Issued and paid of 1,951,387,570.00 shares with P1.00 par value)

- Total Stockholders' Equity in 2016 is P1,745,833,570.82 (Issued and paid of 1,951,387,570.00 shares with P1.00 par value)

During the 2nd Quarter of 2016

During the quarter, operations were very healthy in all business aspects, including that of real estate as there were reputable real estate company's which already started development and marketing operations in San Jose Del Monte Bulacan, including the recent ground breaking of the Government project specifically the "MRT7" for the "Metro Rail Transit" connecting Quezon City to San Jose del Monte City, Bulacan, which has created a bright future in real estate business and which eventually benefited the Company's previous year's land banking activity.

As mentioned above, key factors affecting the Company's sales output during the period are the result of strategies being implemented by the company specifically the holding of some inventories in abeyance for a much better price considering that all indicators reveal the boom of real estate in the near future within the locality as evidenced by the launching of real estate projects by Ayala Land Development, Inc., and that of Avida Land, Inc., not to mention the recent opening of the SM Mall in San Jose Del Monte, Bulacan. All of these show a positive scenario to trigger much higher mark-up price on real estate in San Jose del Monte, Bulacan

The percentage of revenue for the six (6) month period ending June 30, 2016 with comparative figures of 2015, and 2014 of the same period as follows:

Particulars	Year 2014	Year 2015	Year 2016
Sale from Real Estate	79,549,997	75,965,721	55,549,906
Cost of Land	43,039,557	31,956,702	11,343,278
Percentage to Revenue	54.104%	42.067%	20.421%

The percentage of revenues for the three (3) months period ending June 30, 2016 with comparative figures for 2015 and 2014 with the same period

Particulars	Year 2014	Year 2015	Year 2016
Sale from Real Estate	47,323,024	52,400,996	35,334,320
Cost of Land	24,043,044	18,289,822	4,898,712
Percentage to Revenue	50.81%	34.90%	13.86%

The Company has posted a net profit (after tax) of P15.122 Million in the six (6) months period of 2016 as compared with the P21.921 million in 2015 of that same period.

The deficit stands at P401.080 million and P435.231 million as of June 30, 2016 and 2015, respective

	For the Quarter Ended	
	June 30, 2015 (In Millions)	June 30, 2016 (In Millions)
Revenue	P52.401	P30.599
Direct Costs	12.290	6.120
Gross Profit Margin	41.111	24.479
Operating Expenses	12.870	12.021
Net Income before tax	P27.241	P12.458

Revenue generated during the 2nd quarter of 2016 represents share from sales of Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company which some of inventory is put on-hold to sell market awaiting for much better price

Liquidity and Capital Resources

The company posted net profit during the quarter a benefit from construction of the Clubhouse and Sports Center which the project engineer in-charge of the development has reported 98.87% complete as at end of June 30, 2016.

Particulars	June 30, 2015 (In Millions)	June 30, 2016 (in Millions)
Total assets as at end of	P1,543,113	P1,816,687
Total liabilities as at end of	P263,588	P70,853
Ratio of assets to liabilities	17.082%	3.900%
Financial Condition		
Cash and cash equivalent	P57,177	P300,934
Receivable	P291,998	P274,973
Prepaid Taxes	-0-	P0,793
Real estate for sale and development	P1,138,549	P1,128,317
Property and equipment	P18,666	P16,298
Investment property	P5,444	P5,444
Recoverable Tax	P28,910	P36,546
Other assets	P2,370	P23,873
Current liabilities	P226,789	P48,349
Noncurrent liabilities	P263,588	P22,504
Stockholders' equity	P1,279,525	P1,745,834

The movement in cash and cash equivalent are attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivables is attributed to the recognition of current and non-current receivable from sales with joint venture project and other receivable. The decrease in land for sale & development is the result of the accounting of cost of lots sold during the quarter.

The Company started land banking in year 2012, total land acquisitions as of June 30, 2016 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
All in San Jose Del Monte, Bulacan				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
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Insular Life Insurance Co.,	581,500	430,474,268.00	199,863,053.00	230,611,215.00
Subtotal	2,326,403	899,934,051.05	669,322,836.05	230,611,215.00
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Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	226,321,200.00	Under negotiation	226,321,200.00
Subtotal	841,243	362,583,800.00	-0-	362,583,800.00
Total (San Jose Del Monte)	3,167,646	1,262,517,851.05	669,322,836.05	593,195,015.00
Add; Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	17,163,300.00	11,442,200.00
Almazan et. Al	225,752	61,032,240.00	30,964,280.00	30,067,960.00
	282,963	89,637,740.00	48,127,580.00	41,510,160.00

Total Land Banking	3,450,609	1,352,155,591.05	717,450,416.05	634,705,175.00
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The decrease in property and equipment is brought about by the normal provision for an estimated depreciation using straight line method.

The increase in other assets is attributed to the recording of Output VAT from sale of subdivided lot net of Input VAT from purchase of local goods and services during the period and as well as deposits from Land Banking Activity.

The movement in accounts payable and accruals is attributed to regular accrual and deferred payments. Related party transactions consist mainly of advances to officers and employees which are deductible from their salaries and are due within one year.

The increase in Stockholder's Equity is attributed to normal operational income in the real estate business started its commercial operation in year 2007.

Capital Expenditure

There were no capital expenditures for the period.

Key Performance Indicators

The company operates in one business segment, the real estate. The Following Key Performance Indicators were adopted by the corporation in order to measure the profitability of the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments

For the six (6) months period ending	June 30, 2015	June 30, 2016
Current Ration (1)	17.4883 : 1	17.2094 : 1
Debt to Equity Ratio (2)	1 : 0.02060	1 : 0.1749
Earnings per Share (3)	1 : 0.001404	1 : 0.00195
Earnings before Income Taxes (4)	P31.316 million	P5.440 million
Return on Equity	0.01713	0.00328

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

Stockholder's Equity

- Total Stockholders' Equity in 2016 is P1,745,833,570.82 (Issued and paid of 1,951,387,570.00 shares with P1.00 par value)

-Total Stockholders' Equity in 2015 is P1,279,525,284.27 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

Other Matters

The interim financial report has been prepared in conformity with generally accepted accounting principles in the Philippines.

No disclosures nor discussions were made for the following since these did not affect the past and present operations of the Company:

- a) No known trends, events or uncertainties with significant impact on net sales or income, except for the abovementioned *“ground-breaking project made by the national government for the launching of the construction of MRT 7 rail road project connection from Quezon City to Norzagaray, Bulacan”*, this scenario gives positive signal for a much better trend in the real estate business in the northern portion of Metro Manila.
- b) Significant elements of income or loss that did not arise from the Company’s continuing operations other than what was mentioned in the revenues.
- c) All accounting policies and methods of computation and estimates are followed in the interim financial statement as compared with the most recent annual financial statement report.
- d) There were no seasonality or cyclicity aspects that have material effect on the financial statement and the financial condition or results of operations during the period.
- e) There were no material commitments affecting assets, liabilities, equity, net income, or cash flows that are unusual during the interim financial report.
- f) There were no nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that has material effect in the current interim period.
- g) There were no issuances, repurchases and repayments of debt and equity securities, except for the payment of non-interest bearing payable obtained for the acquisition of two (2) parcels of land classified under *“real estate for sale and development account”* in the 2012 statement of financial position.
- h) There were no dividends paid during the interim financial period.
- i) The company is reporting with only one (1) accounting segment.
- j) There were no material events that occurred during the subsequent to interim reporting period that have not been reflected in the financial statements, such as default or acceleration of an obligation or off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- k) There were no changes in the composition of the issuer during the interim period, No business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operation during the interim period.
- l) There were no changes in contingent liabilities or contingent asset was made during the interim period as compared with the most recent annual balance sheet date.
- m) No disclosures in compliance with SEC MC No. 14, Series of 2004 specifically Certain Relationship and Related Transaction or Arrangements, as there were no such transactions during the

period and or any subsequent event occurring after the close of accounting period with respect to a certain relationship or related transaction being required by SFAS/IAS No. 24.

n) There were no reclassification on Financial Instruments in the current reporting period and the previous periods.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and bank loans. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivables, accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk, credit risk, and interest rate risk. As of June 30, 2018, the Company is not exposed to any significant foreign currency risk because all of its financial instruments are denominated in Philippine Peso. The BOD reviews and approves the policies for the management of each of these risks as summarized below.

Liquidity Risk

The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences and forecasts from its collection and disbursement.

As of June 30, 2018

	On demand
Accounts payable & accrued expenses	40,714,619
Liability from purchase of land	168,954,325
Income tax payable	5,701,067
Retirement benefits	22,154,878
Deferred income tax liabilities	21,518,430
Total	259,043,319

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Concentrations arise when a number of counterparties are engaged in similar business activities or any activities in the same geographic region, or share similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company's principal credit risk is its dependence from one counter-party. The credit risk of the Company is controlled by the approvals, limits and monitoring procedures. It is the Company's policy to enter into transactions with creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that credit transactions are made to parties with appropriate credit history and has internal mechanism to monitor granting of credit and management of credit exposures. The Company's maximum exposure to credit risk is equal to the carrying amount of its financial assets.

The Company sets up provision for impairment of accounts receivables equal to the balance of long-outstanding accounts receivables. The balance of long-outstanding accounts receivables subjected to the full allowance for doubtful accounts amounted to ₱55.301 million and ₱55.301 million at end of June 30, 2018 and 2017, respectively.

Receivables-that are neither past due nor impaired are due from creditworthy counterparties with good payment history with the Company.

Cash with banks-Are deposits made with reputable banks duly approved by the BOD.

Interest Rate Risk- The Company's exposure to the risk pertains to bank loans. The Company relies on budgeting and forecasting techniques to address this risk.

Capital Management -The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the quarters ended June 30, 2018 and 2017.

The following table pertains to the account balance the Company considers as its core capital as at end of June 30, 2018

Capital stock	P1,951,387,570
Capital surplus	<u>201,228,674</u>
Total	<u>P2,152,616,244</u>

Fair Value of Financial Instruments-The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

Cash and Receivables-The carrying amounts of cash and receivables approximate fair values primarily due to the relatively short-term maturity of these financial instruments. In the case of long-term receivables, the fair value is based on the present value of expected future cash flows using the applicable discount rates. The discount rates used range from 6.45% to 5.66% in 2017 and 5.66% to 5.66% in 2016.

PART II - OTHER INFORMATION

As of this date, the Company filed the following reports on SEC Form 17-C,

Date of Report

Item Reported

None

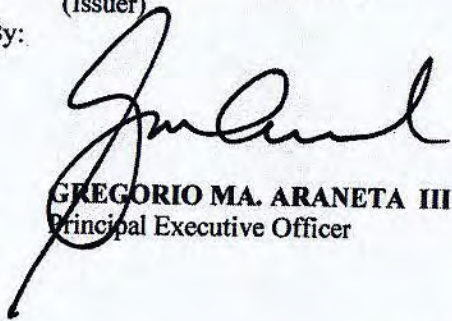
SIGNATURES

Pursuant to the requirements of Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

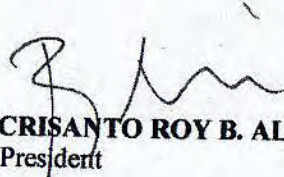
ARANETA PROPERTIES, INC.

(Issuer)

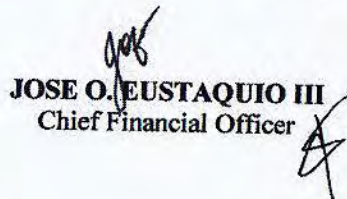
By:



GREGORIO MA. ARANETA III
Principal Executive Officer



CRISANTO ROY B. ALCID
President



JOSE O. EUSTAQUIO III
Chief Financial Officer

Date signed August 09, 2018

Date signed August 09, 2018

ARANETA PROPERTIES, INC.
STATEMENTS OF FINANCIAL POSITION

	AS OF JUNE 30, 2018 un-audited		AS OF DECEMBER 31, 2017 audited		CHANGES INCREASED (DECREASED)	
ASSETS						
Current Assets						
Cash and cash equivalents	P	36,066,533.63	P	27,080,674.02	P	8,985,859.61
Trade and other receivables		156,082,414.79		158,402,298.00		(2,319,883.21)
Due from related parties		20,922,876.19		20,922,876.19		-
Real Estate Inventories		852,902,926.30		859,601,308.00		(6,698,381.70)
Input Value-added Tax (VAT) - net		76,249,147.68		80,786,410.56		(4,517,262.88)
Prepayments		9,915,945.65		6,612,191.40		3,303,754.25
	P	1,152,139,844.24	P	1,153,385,758.17	P	(1,245,913.93)
Non-current Assets						
Trade and other receivables	P	158,522,959.00	P	158,522,959.00	P	-
Land held for future development		679,195,924.72		654,148,924.72		25,047,000.00
Property, plant and equipment		11,696,190.46		11,700,877.57		(4,687.11)
Investment Property		5,444,076.65		5,444,076.65		-
Available-for-sale (AFS) Investments		2,490,000.00		2,490,000.00		-
Other assets		2,498,600.93		4,483,114.50		(1,984,513.57)
	P	859,847,751.76	P	836,789,952.44	P	23,057,799.32
TOTAL ASSETS	P	2,011,987,596.00	P	1,990,175,710.61	P	21,811,885.39
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and Accrued Expenses	P	40,714,618.98	P	33,005,483.00	P	7,709,135.98
Liability for purchase of land		58,648,202.00		64,148,202.00		(5,500,000.00)
Income Tax Payable		5,701,066.83		-		5,701,066.83
	P	105,063,887.81	P	97,153,685.00	P	2,209,135.98
Non-current Liabilities						
Liability for purchase of land	P	110,306,123.00	P	110,306,123.00	P	-
Accrued retirement benefit obligation		22,154,878.31		21,555,685.00		599,193.31
Deferred Income Tax Liabilities		21,518,430.02		21,518,430.02		-
	P	153,979,431.33	P	153,380,238.02	P	599,193.31
		259,043,319.14		250,533,923.02		2,808,329.29
Stockholders' Equity						
Capital Stock:						
Issued and Paid						
(Authorized - 5 Billion shares at P1.00 par value)		1,951,387,570.00		1,951,387,570.00		-
Capital Surplus		201,228,674.12		201,228,674.12		-
Unrealized valuation of gain AFS investments		(30,000.00)		(30,000.00)		-
Actuarial Gain (Losses) on Retirement Benefits		(1,727,812.20)		(1,727,812.20)		-
Deficit		(397,914,155.06)		(411,216,644.33)		13,302,489.27
Total		1,752,944,276.86		1,739,641,787.59		13,302,489.27
TOTAL LIABILITIES and STOCKHOLDERS' EQUITY	P	2,011,987,596.00	P	1,990,175,710.61	P	16,110,818.56
Net Book Value per Share	P	0.8983	P	0.8915	P	-

ARANETA PROPERTIES, INC.
STATEMENT OF COMPREHENSIVE INCOME

	FOR THE SIX (6) MONTHS ENDED				FOR THE QUARTER ENDED			
	JUNE 30, 2018		JUNE 30, 2017		JUNE 30, 2018	JUNE 30, 2017		
REVENUES								
Income from JV company-Net	P	23,756,117.35	P	52,086,284.18	P	15,808,814.23	P	31,607,154.61
Accretion Interest Income		5,213,159.56		6,899,803.00		1,998,609.72		3,727,165.17
		28,969,276.91		58,985,887.18		17,807,423.95		35,334,319.78
EXPENSES								
Cost of sales		8,504,331.70		8,913,537.08		4,111,858.92		4,898,712.19
Salaries & wages		6,889,385.56		6,862,919.07		3,015,627.75		3,422,364.62
Employees welfare & benefits		5,000.00		32,031.84		-		16,274.22
Overtime pay		130,821.74		85,085.70		71,219.86		54,353.05
SSS, philhealth, EC & pag-ibig		259,519.48		285,091.18		129,090.93		163,115.68
13th month pay		882,676.55		1,034,053.65		466,218.96		747,305.85
Per diems and allowances		5,010,131.30		4,932,979.17		2,283,499.98		2,242,679.42
Security costs		6,318,276.51		4,952,155.79		3,174,981.27		2,514,748.49
Light, water and utilities		224,072.29		323,197.65		137,264.74		204,977.96
Repairs & maintenance		293,431.95		5,125,482.54		215,306.88		2,493,873.26
Medical, dental & hospitalization		73,340.43		18,981.69		28,625.66		14,719.19
Professional fees		970,941.16		660,516.16		297,470.58		360,995.58
Representation		634,898.21		4,571,214.53		29,400.00		4,540,664.16
Rental expenses		66,150.00		52,000.00		37,800.00		26,000.00
Taxes & licenses		4,035,585.51		6,091,028.09		1,957,878.14		3,795,012.44
Depreciation expense		1,649,871.92		1,666,492.96		837,458.78		833,130.40
Donations		20,000.00		200,000.00		-		-
Building dues & other charges		784,336.73		798,037.98		386,145.57		398,878.12
Gasoline, oil and lubes		145,199.78		627,372.45		90,986.15		566,770.34
Meals		91,594.55		67,908.54		74,381.88		22,259.38
Postage & telecommunication		300,025.01		255,755.40		184,720.03		134,933.59
Printing and office supplies		192,456.05		784,430.92		101,328.62		599,839.61
Transportation & travelling		216,105.92		119,338.00		135,437.92		69,386.00
Notarial and legal fees		4,400.00		7,911.05		1,600.00		2,461.05
Contractual costs		70,476.00		199,859.91		26,742.50		77,470.00
Insurance expense		10,453.04		32,986.99		9,059.30		23,692.93
Retirement benefits		709,500.00		709,500.00		354,750.00		354,750.00
Miscellaneous		990,809.58		509,166.26		920,758.19		437,634.41
		39,483,590.97		49,919,034.60		19,079,612.61		29,017,001.94
NET LOSS BEFORE OTHER INCOME		(10,514,314.06)		9,066,852.58		(1,272,188.66)		6,317,317.84
OTHER INCOME								
Interest & misc. Income		29,517,870.16		56,673.81		9,851,284.62		25,333.43
		29,517,870.16		56,673.81		9,851,284.62		25,333.43
NET LOSS BEFORE INCOME TAX		19,003,556.10		9,123,526.39		8,579,095.96		6,342,651.27
PROVISION FOR INCOME TAX								
Current		5,701,066.83		2,720,055.77		2,140,825.13		1,631,950.35
		5,701,066.83		2,720,055.77		2,140,825.13		1,631,950.35
NET INCOME	P	13,302,489.27	P	6,403,470.62	P	6,438,270.83	P	4,710,700.92
WEIGHTED AVERAGE NO. OF SHARE		1,951,387,570		1,951,387,570.00		1,951,387,570		1,951,387,570.00
NET GAIN (LOSS) PER SHARE		0.00682		0.00328		0.00330		0.00241

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ARANETA PROPERTIES, INC.
COMPARATIVE CASH FLOWS

(In Ph Pesos)	FOR THE SIX (6) MONTHS ENDED		FOR THE QUARTERS ENDED	
	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2018	JUNE 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	13,302,489.27	9,123,526.39	4,995,258.65	3,683,691.90
Add: Back Non-cash items				
Interest and Miscellaneous Income (net)	34,731,029.72	(6,435,444.65)	34,707,301.32	(9,607,882.48)
Depreciation	1,649,871.92	1,666,492.96	837,458.78	1,545,671.15
Retirement benefits	709,500.00	709,500.00	354,750.00	354,750.00
Interest expenses	-	-	-	-
Accretion Interest Income	5,213,159.56	(6,378,770.84)	1,998,609.72	(3,744,054.12)
Provision for doubtful accounts and other losses	-	-	-	-
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Receivables	2,319,883.21	(61,389,644.86)	(5,533,998.47)	(20,874,849.60)
Input VAT	4,517,262.88	(58,128.03)	1,497,293.07	(547,337.85)
Prepayments	(3,303,754.25)	1,201,876.95	1,696,517.86	(1,411,572.56)
Real Estate Inventories	6,698,381.70	8,216,530.53	1,265,355.21	4,485,233.12
Increase (Decrease) in:				
Accounts Payable & Accruals	(240,709.41)	(4,509,336.11)	4,573,774.75	12,419,323.95
Net cash provided by (used in) operating activities	65,597,114.60	(57,853,397.66)	46,392,320.89	(13,697,026.49)
Miscellaneous revenue received	(29,517,870.16)	6,899,603.00	(29,541,598.56)	4,264,886.28
Income Taxes paid	(4,035,585.51)	2,720,055.77	(475,343.81)	1,088,105.42
Net cash provided by (used in) investing activities	32,043,658.93	(48,233,738.89)	16,375,378.52	(8,344,034.79)
CASH FLOW FROM INVESTING & OPERATING ACTIVITIES				
Land Held for future development	(25,047,000.00)	-	(25,047,000.00)	-
Decrease (Increase) in Property, Plant & Equipment	4,687.11	1,657,117.96	(747,458.18)	823,755.40
Decrease (Increase) in Real Estate for Sale & Devt	-	8,216,530.53	(905,574.97)	4,485,233.12
Decrease (Increase) in other assets	1,984,513.57	(912,775.93)	2,154,768.26	(912,775.93)
Net cash provided by (used in) investing activities	(23,057,799.32)	8,960,872.56	(24,545,264.89)	4,396,212.59
CASH FLOW FROM FINANCING ACTIVITIES				
Advances related parties	-	-	3,988,555.16	-
Proceeds from issuance of new shares	-	-	-	-
Net cash provided by (used in) financing activities	-	-	3,988,555.16	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	27,080,674.02	75,947,377.24	40,247,864.84	40,622,333.11
CASH AND CASH EQUIVALENTS AT QUARTER END	36,066,533.63	36,674,510.91	36,066,533.63	36,674,510.91

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ARANETA PROPERTIES, INC.
CASH AND CASH EQUIVALENT

	AS AT END OF	
	JUNE 30, 2018	DECEMBER 31, 2017
Cash on Hand		
Petty Cash fund	10,437.95	10,437.95
Revolving Fund (Bulacan field office)	21,842.52	21,842.52
<i>Total</i>	32,280.47	32,280.47
Cash in Banks		
Cash in Bank - China Bank	4,840,910.96	4,640,440.73
Cash in Bank - CBC SFCDA	155,426.88	155,426.88
Cash in Bank - Banco de Oro	10,893,057.41	2,131,461.94
<i>Total</i>	15,889,395.25	6,927,329.55
Short-term Placement		
CBC Special Savings Account	4,774,627.76	4,750,833.85
BDO Peso Money Mrkt Acct#304607854576	15,370,230.15	15,370,230.15
<i>Total</i>	20,144,857.91	20,121,064.00
TOTAL	36,066,533.63	27,080,674.02

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ARANETA PROPERTIES, INC.

Receivables

	AS AT END OF	
	JUNE 30, 2018	DECEMBER 31, 2017
Accounts Receivable Trade	311,569,510.14	314,189,791.55
Installment Receivable, Discounted Impaired	55,074,831.60	55,074,831.60
Advances to suppliers, officers, employees & others Impaired	3,035,863.65	2,735,465.45
Unimpaired	226,457.96	226,457.96
	<u>3,262,321.61</u>	<u>2,961,923.41</u>
	<i>369,906,663.35</i>	<i>372,226,546.56</i>
Less: provision for doubtful account	<u>55,301,289.56</u>	<u>55,301,289.56</u>
	<u>314,605,373.79</u>	<u>316,925,257.00</u>
Less: noncurrent portion of trade receivable	<u>158,522,959.00</u>	<u>158,522,959.00</u>
Net	<u>156,082,414.79</u>	<u>158,402,298.00</u>

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ARANETA PROPERTIES, INC.

SCHEDULE OF RECEIVABLE

As of JUNE 30, 2018

PARTICULARS	AMOUNT	COLLECTION / LIQUIDATION				REMARKS
		1 Months	15 Days	Overdue	Others	
Receivable from Joint Venture-SLRDI	40,884,380.38	2,161,473.32	2,377,620.65		36,345,286.41	Installment sales/Monthly amortization
Receivable from Joint Venture-Sland	28,206,186.89	3,102,944.48	2,551,472.24		22,551,770.17	Installment sales/Monthly amortization
Receivable from sale of reserved lot	83,955,983.87	1,033,456.69	1,136,802.36		81,785,724.82	Installment sales/Monthly amortization
Platinum Group Metals-Impaired	55,074,831.60			55,074,831.60		Under negotiation
Advances for liquidation	634,260.24	634,260.24				For liquidation
Salary loan of various employees	313,615.80	63,942.74	31,971.37		31,971.37	Payroll deduction
Others	2,314,445.57				2,314,445.57	Advances against retirements benefits
TOTAL	211,383,704.35	6,996,077.47	6,097,866.62	55,074,831.60	143,029,198.34	
ALLOW. FOR DOUBTFUL ACCT	55,301,289.56				55,301,289.56	
NET CURRENT RECEIVABLE	156,082,414.79	6,996,077.47	6,097,866.62	55,074,831.60	87,727,908.78	

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ARANETA PROPERTIES, INC.

Schedule of Prepayments

For the Year 2018

Particulars	Date	As of JUNE 30, 2018	As of DECEMBER 31, 2017
Taxes and Licenses			
1) Business Permit-Makati City	01.22.18	421,595.45	-
2) Community Tax Certificate	01.12.18	5,250.00	-
3) Barangay Clearance	01.11.18	1,100.00	-
4) Real Property Tax-Manticao	02.27.18	370,632.51	-
5) Business Permit-SJDB	01.12.18	1,375,951.86	-
6) Real Property Tax-SJDB	01.10.18	711,553.36	0.00
7) Real Property Tax-SJDB	01.30.18	35,066.12	6,598,036.29
8) Real Property Tax-Manticao	01.10.18	83,665.34	-
9) Real Property Tax-SJDB	01.10.18	23,318.18	-
10) RPT Sn Jose del Monte Bulacan	01.10.18	105,325.64	-
11) Philippine Stock Exchange	01.30.18	180,966.55	-
12) Pre-paid Income Taxes	12.31.16	6,598,036.29	-
		9,912,461.28	6,598,036.29
Other prepayment			
13) Prepaid Insurance	01.12.18	3,484.37	-
14) BDO-Parkings deposits	12.28.17	-	-
15) Alphaland Balesin (Until June 20: 07.26.207		-	-
		3,484.37	14,155.11
Total		9,915,945.65	6,612,191.40

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ARANETA PROPERTIES, INC.

Real Estate Inventories

	AS OF JUNE 30, 2018	AS OF DECEMBER 31, 2017
Real Estate Inventories		
Saleable house and lot Inventory	6,221,669.87	6,221,669.87
Land for Sale & Land Development	846,681,256.43	853,379,638.13
Saleable house and lot Inventory	852,902,926.30	859,601,308.00
Land Held for future development		
Undevelope land	82,522,392.00	82,522,392.00
Investments in Land (Acquired from GASDF Property)	6,618,779.27	6,618,779.27
Investments in Land (Acquired from Universal Rightfield)	78,201,917.21	78,201,917.21
Investments in Land (acquired from BDOSHI)	248,183,035.71	248,183,035.71
Investments in Land (acquired from Marga)	104,671,995.50	104,671,995.50
Investments in Land (acquired from Insular 850,154 sq.m.)	384,352,025.00	384,352,025.00
Investments in Land (acquired from Bonoan 57,211 sq.m.)	31,180,002.50	31,180,002.50
Investments in Land (Almazan's 116,576 sq.m.)	29,600,000.00	29,600,000.00
Investments in Land (Almazan's 169,904 sq.m.)	31,432,240.00	31,432,240.00
Investments in Land	36,725,944.82	11,678,944.82
Total	1,033,488,332.01	1,008,441,332.01
Reclassified to Real Estate Inventories	354,292,407.29	354,292,407.29
Net	679,195,924.72	654,148,924.72

ARANETA PROPERTIES, INC.

PROPERTY PLANT & EQUIPMENT

	AS OF JUNE 30, 2018	AS OF* DECEMBER 31, 2017
PPE COSTS DATA		
Building	46,047,003.73	46,047,003.73
Building Improvements	12,143,397.88	12,143,397.88
Building and Plant Structures	3,146,943.13	3,146,943.13
Transporation Equipment	8,578,785.51	7,065,297.12
Heavy Machinery Equipment	4,486,928.72	4,486,928.72
Other Tools & Equipment	421,001.86	421,001.86
Communication Equipment	2,811,030.30	2,811,030.30
Office Furniture & Equipment	6,428,788.71	6,297,092.29
Total	84,063,879.84	82,418,695.03
DEPRECIATION DATA		
Building	37,729,311.02	36,808,370.96
Building Improvements	12,143,397.87	11,926,058.93
Building and Plant Structures	2,327,619.25	2,264,680.39
Transporation Equipment	6,776,814.06	6,476,543.04
Heavy Machinery Equipment	4,486,928.72	4,486,928.72
Other Tools & Equipment	405,151.41	402,310.17
Communication Equipment	2,749,983.30	2,727,462.04
Office Furniture & Equipment	5,748,483.75	5,625,463.21
Total	72,367,689.38	70,717,817.46
NET BOOK VALUE		
Building	8,317,692.71	9,238,632.77
Building Improvements	0.01	217,338.95
Building and Plant Structures	819,323.88	882,262.74
Transporation Equipment	1,801,971.45	588,754.08
Heavy Machinery Equipment	-	-
Other Tools & Equipment	15,850.45	18,691.69
Communication Equipment	61,047.00	83,568.26
Office Furniture & Equipment	680,304.96	671,629.08
Total	11,696,190.46	11,700,877.57

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ARANETA PROPERTIES, INC.
SCHEDULE OF OTHER ASSETS

	AS OF JUNE 30, 2018	AS OF DECEMBER 31, 2017
Investments Property (Manticao Property)	5,444,076.65	5,444,076.65
(AFS) Investments Available for Sale - Net		
Subic Yacht Club Shares	1,500,000.00	1,500,000.00
Tagaytay Highlands	1,000,000.00	1,000,000.00
Alphaland Balesin Island Club, Inc.	1,000,000.00	1,000,000.00
Colinas Country Club, Inc.	700,000.00	700,000.00
Total	4,200,000.00	4,200,000.00
Allow for Decline AFS Investments	1,710,000.00	1,710,000.00
Net	2,490,000.00	2,490,000.00
Deposits from land banking activities	2,498,600.93	4,483,114.50

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ARANETA PROPERTIES, INC.
SCHEDULE OF LIABILITIES

	AS OF JUNE 30, 2018	AS OF DECEMBER 31, 2017
ACCOUNTS PAYABLE & ACCRUALS		
Accounts Payable to Suppliers	28,759,591.08	20,919,606.86
Advances from related parties	-	-
SSS Salary Loan Payable	18,227.27	26,302.64
Pag-ibig Salary Loan Payable	29,238.28	29,446.85
Pag-ibig Fund Contribution	9,050.00	8,900.00
SSS, Medicare & EC Payable	52,879.62	47,630.00
Philhealth Payable	14,377.85	14,100.00
Withholding Tax Payable	139,275.06	281,881.16
Retentions & Deposits	5,539,963.05	5,539,963.05
Accrued Operating	6,152,016.77	6,137,652.44
	<u>40,714,618.98</u>	<u>33,005,483.00</u>
LIABILITY FOR PURCHASE OF LAND-current	<u>58,648,202.00</u>	<u>64,148,202.00</u>
LIABILITY FOR PURCHASE OF LAND-noncurrent	<u>110,306,123.00</u>	<u>110,306,123.00</u>
ACCRUED RETIREMENT BENEFITS	<u>22,154,878.31</u>	<u>21,555,685.00</u>
DEFERRED INCOME TAX LIABILITIES	<u>21,518,430.02</u>	<u>21,518,430.02</u>
INCOME TAX PAYABLE	<u>5,701,066.83</u>	-
TOTAL	<u>259,043,319.14</u>	<u>250,533,923.02</u>

ARANETA PROPERTIES, INC.
STATEMENT OF CHANGES IN EQUITY

	AS AT END OF	
	JUNE 30, 2018	JUNE 30, 2017
Balance at December 31,	1,951,387,570.00	1,951,387,570.00
Add: Capital surplus	201,228,674.12	201,228,674.12
Unrealized valuation of gain on AFS Investments	(30,000.00)	(120,000.00)
Actuareal gain (losses) on retirement benefits	(1,727,812.20)	(3,837,580.00)
Total	2,150,858,431.92	2,148,658,664.12
Deficit as at December 31,	(411,216,644.33)	(400,556,995.46)
Net Income for the six (6) months ended June 30	13,302,489.27	6,403,470.62
Balances	1,752,944,276.86	1,754,505,139.28

	AS AT END OF	
	JUNE 30, 2018	JUNE 30, 2017
Balance at December 31,	1,951,387,570.00	1,951,387,570.00
Add: Capital surplus	201,228,674.12	201,228,674.12
Unrealized valuation of gain on AFS Investments	(30,000.00)	(120,000.00)
Actuareal gain (losses) on retirement benefits	(1,727,812.20)	(3,837,580.00)
Total	2,150,858,431.92	2,148,658,664.12
Deficit as at December 31,	(411,216,644.33)	(400,556,995.46)
Net Income for the quarter ended March 31	4,710,700.92	3,807,884.14
Net Income for the quarter ended June 30	8,591,788.35	2,595,586.48
Balances	1,752,944,276.86	1,754,505,139.28

SEC Number 152249
CODE NO. PR-005
File Number _____

ARANETA PROPERTIES, INC.

Company's Full Name

21st Floor Citibank Tower, Paseo de Roxas, Makati City

Company's Address

(632) 848-1501 to 04

Telephone Number

December 31

Calendar Year Ending
(month & day)

17-A ANNUAL REPORT

(Form Type)

(Amendment Designation (if applicable))

December 31, 2017

(Period Ended Date)

Registered and Listed

(Secondary License Type and File Number)

ARANETA PROPERTIES, INC.
 21st Floor Citibank Tower, Paseo de Roxas Makati City
 Philippines



SEC FORM 17-A

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

1. For the calendar year ended: December 31, 2017
2. SEC Identification Number: 152249
3. BIR Tax Identification No. 000-840-355
4. Exact name of registrant as specified in its charter: ARANETA PROPERTIES, INC.
5. Makati City, Philippines
 Province, Country or other jurisdiction of Incorporation or organization
6. (SEC Use Only)
 Industry Classification Code:
7. 21st Citibank Tower, Paseo de Roxas, Makati City 1227.
 (Address of Principal Office) (Postal Code)
8. (632) 848-1501 to 04
 (Registrant's telephone number, including area code)
9. Not applicable
 (Former name, former address and former fiscal year, if changed since last report)
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common - - - - - Php1.00 par value	1,951,387,570 shares

11. Are any or all of these securities listed on the Philippine Stock Exchange
 Yes (x) No ()
12. Check whether the registrant:

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

Yes () No ()

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

Yes () No ()

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

- a. Total number of shares held by non-affiliates
as of December 31, 2017 ---**751,338,596 shares**
- b. Closing price of the registrant's share on the exchange
as of December 31, 2017--**PhP2.35 per share**
- c. Aggregate market price
as of December 31, 2017 ---**PhP1,765,645,700.60**

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

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

Yes [] No [] Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

16. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

None

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

Business Development

Araneta Properties, Inc. (the “Company” or “ARA”) is a publicly listed corporation in the Philippine Stock Exchange with real estate development as its primary purpose. The Company was formerly known as Integrated Chrome Corporation (INCHROME) which was organized on June 15, 1988. The principal business was to mine chrome ore and produce ferro silicon metal or commonly known as ferrochrome. INCHROME stopped its smelter operations in January 1996 because of the depressed ferrochrome market and increasing production costs. In September 1996, the stockholders and the Board of Directors approved the following changes in the Company’s business and structure:

- 1) Change in the corporate name from INCHROME to Araneta Properties, Inc.;
- 2) Change in the primary purpose of business to land and property development and maintain the smelter operations as a secondary purpose;
- 3) Removal of stockholders’ pre-emptive right to subscribe with respect to issuance of shares of stock of the Company from un-issued portion of the authorized capital stock, including increases thereof;
- 4) Change in par value from P0.30 to P1 per share;
- 5) Increase in authorized capital stock from P300,000,000 (divided into 1 billion shares with a par value of P0.30 per share) to P5,000,000,000 (divided into 5 billion shares with a par value of P1 per share); and
- 6) Removal of classification of shares of stock.

Since its inception, the Company has not gone through any bankruptcy, receivership or similar proceeding. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

On November 12, 2015 Board of Directors meeting the board unanimously approved the private placement of Gregorio Araneta Inc. The use of the proceeds from said placement is to boost the Company’s land banking activity

On November 17, 2015 Gregorio Araneta, Inc., a corporation duly registered with Securities and Commission and with business address located at 6th Floor, Suite A, Adamson Center Centre, 121 LP Leviste Streets, Salcedo Village, Makati City, subscribed and paid three hundred ninety million two hundred seventy seven thousand five hundred (390,277,500) shares at P1.12 per share for the aggregate amount of Philippine Pesos: Four hundred thirty seven million one hundred ten thousand eight hundred (P437,110,800).

Business of Issuer

As at December 31, 2017 the total lots sold by the Company is Nine Hundred Twenty Seven Thousand Nine Hundred Fifty Eight(927,958) square meters of developed lots to Three Thousand Eight Hundred Four (4,756) buyers.

Particulars	2015	2016	2017
Total subdivided lot sold (in sq.m.)	888,193	919,534	927,958
Number of buyers	4,131	4,572	4,756

Phase 3, Phase 3A and Phase 3B, has been opened to buyers with more or less total aggregate lot area of Three Hundred Eighteen Thousand Eight Hundred Four (318,804) square meters.

The project engineer in-charge of the over-all Project development has reported that Phase 1, Phase 2 and Phase 3 are 100%, 100% and 99.68%, respectively complete. While the Country Club is 98% complete as of December 31, 2017.

As part of the land banking activities of the Company started in year 2012 total land acquisitions as of December 31, 2017detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Paymentmade	Balance Payable
<i>All in Sn Jose Del Monte Bulacan</i>				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
MargaDev't Corporation	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	257,515,856.75	172,958,411.25
<i>Sub-total</i>	<i>2,326,403</i>	<i>899,934,051.05</i>	<i>726,975,639.80</i>	<i>172,958,411.25</i>
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<i>Sub-total</i>	<i>841,243</i>	<i>262,584,600.00</i>	<i>-0-</i>	<i>262,584,600.00</i>
Total (Sn Jose Del Monte)	3,167,646	1,162,518,651.05	726,975,638.80	435,543,011.25
Add; Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et all	225,752	61,032,240.00	30,964,280.00	-0-
	282,963	89,637,740.00	81,705,500.00	7,932,240.00
Total land banking	3,450,609	1,352,155,591.05	728,892,616.05	623,262,975.00

On June 5, 2003 ARA signed a Joint Venture Agreement with Sta. Lucia Realty and Development, Inc. (SLRDI) to develop the Company's 2,364,082 square meters property being described in the master plan which consists of Class A Residential and Commercial Subdivision with a Country Club. The developer gave a period of not more than two (2) years for the project implementation of the commercial subdivision. The Company hired Orchard Property Marketing Corp to handle the sales and marketing of said joint venture project.

Pursuant to the Joint Venture Agreement between the Company and the Sta. Lucia Realty and Development, Inc. (SLRDI), the Company being the owner of the land is entitled to forty percent (40%) of the net proceeds; in case of a Cash Override, or forty percent (40%) of the saleable, in case of lot override, while the SLRDI is entitled to sixty percent (60%) on Cash or lot override as it has to carry the masterplan and implement it including all the required development such road preparation, drainage system, pavement of roads, curbs, gutters, sidewalks, water systems, deepwell or water tank, electrical system, perimeters or security walls, planting of trees or landscaping, and development of park ways or open spaces at their own cost.

No problem is foreseen as far as suppliers are concerned, since all the materials needed for property development are 100% available locally.

There are no other transactions with and/or dependence on related parties.

The Company is the only establishment holding such large area of land in contiguous lots. The management positively believes that there will be no such “competitor/s” seen in the near future within the geographic area for the reason that there are no more such large quantity of land easy to consolidate for “Commercial, Residential and Mixed” project like the **Ayala Business District of Makati**, the Trinoma of Quezon City, the **Fil-Invest of Ayala Alabang** or the **Nuvali of Sta. Rosa City**. Thus, competition or such is no longer an issue in the business operation of the Company.

As mentioned above the business of the Company is developing more or less 2,364,082 square meters property in San Jose Del Monte Bulacan, and the inclusion of more or less 2,326,403 square meters of parcels of land described above. The Company has already consolidated more or less 3,450,609 square meter as at end of December 31, 2017, and with the potential for acquisition of 841,243 square meter which is presently the negotiation is in process

The percentage of revenues during each of the last three fiscal year, are as follows:

Particulars	Year 2015	Year 2016	Year 2017
Sale from Real Estate	93,284,365	134,877,756	60,971,337
Cost of Land	31,869,647	66,876,325	21,422,829
Percentage to revenue	34.16%	49.58%	35.14%

Note:

The decreased is directly attributed to marketing strategies being implemented, specifically the holding on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The above strategies is already conclusive, where some buyers have already reserved more or less 3,168 square meters of subdivided lot at the price of P13,000.00 per square meter, much more higher than the P7,500.00 per square meter, the amount of which is recorded as client deposits in the balance sheet. The Company is using Project Percentage of Completion (PPOC) in determining the sales the sales

Government Approvals and Regulations

Since the primary business of the Company is to develop and sell real properties, it needs the following governmental approvals are needed:

- 1) Environmental Clearance Certificate – (Approved ECC),
- 2) Locational Clearance Certificate – (Approved LCC for Lot 13, approximately 96 hectares).
- 3) Effect of existing or probable governmental regulation on the business - None

Human Resources

As December 31, 2017 the total number of officers, managers, consultants and regular employees of the Company are as follows:

Legal officers	1
Managers	6
Consultants	3
Supervisors, Rank and File	<u>24</u>
Total number of employees	34

Employees & consultants described above does not include stock-transfer agent as well as external auditors.

The above employees of the Company are not subject to Collective Bargaining Agreement and have not experienced any conflict between employees and with the management for the past three (3) years. At present there are no supplemental benefits or incentive arrangements that the Company has or will have with its employees

Financial Instruments and Capital Management

The ARA (for brevity) Finance Department continued to provide its unwavering support to the growth of the business since start of its commercial operation in 1996, through the sound implementation of financial systems, processes and internal control policies that safeguard the Company assets and resources.

Another milestone in the 2016 and 2017 is the conclusion of the buy-back arrangement for the 58.15 hectares parcels of land from Insular Life Assurance Co., LTD and the acquisition of 5.72 hectares land from Bonoan family

In General Management

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously

improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, receivables and loans payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivables, AFS investments, accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. As of December 31, 2017 and 2016, the Company has minimal exposure to any significant foreign currency risk because most of its financial instruments are denominated in Philippine peso. As assessed by the management, the Company has minimal exposure to equity price risk for the AFS financial asset and as such, has no material impact to the financial statements. The BOD reviews and approves the policies for managing each of these risks such as:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences and forecasts from its collection and disbursement.

Certain Issues or Issuers

Investment Company Securities.

On June 5, 2003 ARA signed a Joint Venture Agreement with SLRDI to develop the Company's 2,364,082 square meters property being described in the master plan as a Class A Residential and Commercial Subdivision with Country Club. The JV appointed Orchard Property Marketing Corporation to handle the marketing plan and strategy for the sales of said joint venture project.

Land banking activities-Sn Jose Del Monte Bulacan

In August 24, 2012 signed a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years the contract is already fully paid

On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located also in San Jose Del Monte, Bulacan, with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum, the acquisition contract is already fully paid.

On February 21, 2014 the company signed a memorandum of understanding to acquire land located at Barrio Tungkong Mangga, City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest, the contract is fully paid as at end of December 31, 2016.

On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest payable until September 16, 2020, and

Land banking activities-City of Laoag, Ilocos Norte

On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019.

On November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meters.

ITEM 2 PROPERTIES

DESCRIPTION OF PROPERTIES

San Jose del Monte, Bulacan Property

Size and Location - The property of the Company consists of 2,364,082sq.m. of prime land most of which are located in Barrio Tungkong Mangga, San Jose del Monte, Bulacan, and bounded by Caloocan City on the southwest, Quezon City on the South, Montalban on the East and San Jose del Monte on the northeast. The 236.408 hectares of prime land subject of the above discussion do not include the 232.640 hectares of land already acquired as at end of December 31, 2017 making the total consolidated lot area of 3,450,609 square meters, and with highly potential to acquire is the more or less 841,243 square meters to complement additional expansion which the negotiation is still in progress.

Access-The main road leading to the property is the Quirino Highway. It can be easily be reached via Gregorio Araneta Avenue which runs for about 6 kms. from the southwest entrance in Kalookan City to the northeast point of the development site. In the near future, the proposed C-6 (from the Bicutan junction of the South Luzon Tollway to North Luzon Tollway in Marilao, Bulacan) will either cut through the property or pass right next to it.

Likewise, the proposed North Luzon Expressway East (which will connect C-5 to Nueva Ecija and will run parallel to North Luzon Toll Way) will pass nearby. The Quezon City LRT (from Welcome Rotonda through Commonwealth Avenue and its proposed extension via Quirino Highway to Norzaragay) and the EDSA LRT will provide faster, easier access to and from Metro Manila.

What It Looks Like - The rolling terrain rises gently from the SW entrance to the NE tip, reaching a height of 280 meters at its highest point. From there one can see the Capitol Hills area nearby and Manila Bay farther out in the distance. Most of the property (approximately 65%) has a slope of less than ten degrees, which is suitable to commercial and residential development. About 25% of the land has a 10-20 degree slope, which presents constraints to commercial development but is suited to housing. Some 10% of the terrain has a 20-30 degree slope, making it fit mostly for hillside housing. From the air, one can see the Marilao River running along the eastern and southern boundaries of the site. Much of it now is grassland, with some areas planted to crops and mango groves. A few spots of heavy vegetation exist. Surrounding the property - and keeping it free from pollution - are the Angat and La Mesa watersheds.

Utilities - Electricity is provided by Manila Electric Company. Philippine Long Distance Telephone Company and Digitel share the telecommunications franchise in the area. Water comes from underground sources and the San Jose del Monte SapangPalay filtration plant. Over the long run, however, the water needs of the developed property will be supplied by a MWSS aqueduct connected to Angat River and coursed through an in-site filtration plant.

Smelting Plant Property - Existing Smelting Plant

The Company has an existing smelting plant built on a 5 hectare land located within the Poblacion of Barrio Patag, Manticao, Misamis Oriental. This plant was shut down in 1996 when the production of ferrochrome in the country was no longer competitive with the decreasing world market price and the increasing production costs.

Size and Location of Land - The property consists of 17.3 hectare of industrial/residential land with 5 hectare smelting plant and about 1 hectare residential lot with (2) story staff-house built on it and located along the national highway of Cagayan de Oro City to Iligan City and within the Poblacion of Barrio Patag, Manticao, Misamis Oriental adjacent to the plant. This property formed part of the "Investment property" account in the balance sheet.

On January 24, 2005, the Company entered into a contract of lease with PGMC for the lease of the land where the non-operating properties are located (see Note 5). The contract is for a period of 10 years subject to renewal upon mutual consent of both parties. The contract also

calls for an initial payment of P0.60 million comprising of one month advance rental deposit and security deposit amounting to P0.20 million and P0.40 million, respectively

As of December 31, 2017 and 2016, the carrying value of investment property amounted to P5.44 million. The Company did not recognize the rent income from this lease arrangement in 2017, 2016 and 2015, as management assessed that it is not probable that the benefit associated with the transaction will flow to the Company. There were no restrictions on realizability of the investment property and no significant costs were incurred to maintain the investment property. There are also no obligations on the part of the Company to develop this investment property.

Based on the latest appraisal report, the fair value of the investment property amounted to P393.87 million. The valuation performed was made by a qualified independent appraiser. The valuation techniques were in accordance with that recommended by the International Valuation Standards Committee and in accordance with PFRSs.

This is categorized as Level 3 in the fair value hierarchy as of December 31, 2017 and 2016

Valuation technique used and key inputs to valuation on investment property are as follows:

	Valuation technique	Significant unobservable inputs	Range
Land Residential land Industrial Foreshore/beaches	Market Data approach/ Sales Comparison	Price per Square meter	P800 – P375 P1,750 – P600 P2,500 – P1,800

Land Banking Activities-San Jose Del Monte, Bulacan

On August 24, 2012 the company entered a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years. On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located at San Jose Del Monte, Bulacan with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum. On February 21, 2014 the company signed a memorandum of understanding with Marga Capital Holdings, Inc. to acquire land located at Barrio Tungkong Mangga, City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest. On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company

LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest and payable until September 16, 2020.

Land Banking Activities- City of Laoag, Ilocos Norte

On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest. On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019, and on November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meter.

As at December 31, 2017 the Company has already consolidated more or less 2,326,403 square meters of parcels of land making to the total land area for expansion of 3,450,609 square meters not to include the potential acquisition of 841,243 square meter which is presently the negotiation is in process.

ITEM 3. LEGAL PROCEEDINGS

Operation

The Legal Department ensures that the interests of the Company are fully protected. Likewise, it makes certain that the Company observes all laws, rules and regulations relevant to the operation of its business and that it complies with all the reportorial requirements of various government offices and agencies such as, but not limited to, the Securities and Exchange Commission, the Philippine Stock Exchange. In the same manner, the Legal Department manages and oversees the Company's dealings with concerned local government units with respect to the issuances of permits and licenses.

The Legal Department is also responsible for the registration of trademarks, patents and copyrights that are aimed to protect the intellectual property rights of the Company. Moreover, it is in-charge of reviewing all the contracts that the Company enters into thereby guaranteeing that the terms of every agreement are beneficial to the interests of the Company. Further, the Legal Department handles all cases brought by or against the Company whether these cases involve civil, criminal or administrative matters. In all, the Legal Department serves as the legal adviser and consultant of the Company, ever vigilant and protective of the Company's rights and interests.

Proceedings

- a) No legal proceeding was filed or is pending involving claims exceeding 10% of the current assets for or against the Company;

- b) There were No bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- c) There were No conviction by final judgment of competent court, including the nature of the offense, in a criminal proceedings, domestic or foreign or being subject to a pending criminal proceeding domestic foreign excluding traffic violations and other minor offenses;
- d) There have been No order of judgment or decree not subsequently reversed suspended or vacated of any court of competent jurisdiction domestic or foreign permanently or temporarily enjoining barring suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities, and
- e) The company have not been found by a domestic or foreign court of competent Jurisdiction (in a civil action)commission or comparable foreign body, a domestic or foreign exchange, other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated

ITEM 4.SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The stockholder's meeting of the Company was held last November 20, 2017 at the 34th Floor Citibank Tower, Paseo de Roxas, Salcedo Village Makati City. At the said meeting, the Annual Report including the Financial Statement and the minutes of the meeting of the stockholders for the year 2016 and interim financial statements for the 3rd quarter of the year 2017 were presented and approved by the stockholders present and entitled to vote.

The shareholders also ratified the acts of management for the period.

The following were elected Directors of the Company for the year 2017-2018, namely: Gregorio Ma. Araneta III, Crisanto Roy B. Alcid, Cesar C. Zalamea, Alfonso M. Araneta, Luis M. Araneta, Francisco A. Segovia and as independent Directors, Perry L. Pe, Alfredo de Borja, and Mr. Alfredo D. Roa III.

SGV and Co was also re appointed as the Company's Independent Auditor

PART II - OPERATIONAL *and* FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY *and* RELATED STOCKHOLDERS MATTERS

(1) Market Information

(a) The principal market of the Company's shares of stocks is the Philippine Stock Exchange. The high and low sales price of the Company's shares for the last three (3) years are as follows:

	2015		2016		2017	
First Quarter	1.38	1.35	1.58	1.57	2.35	2.31
Second Quarter	1.30	1.27	2.18	2.13	2.55	2.47
Third Quarter	1.20	1.17	2.71	2.65	2.39	2.37
Fourth Quarter	1.34	1.28	2.35	2.35	2.35	2.09

(b) The closing prices of the Company's stock as of the latest practicable trading dates were as follows:

Year	Month/Date	Closing Price (in Php)
2018	March 27, 2018	P2.41
2018	February 28, 2018	P2.05
2018	January 31, 2017	P2.12

The approximate number of shareholders as of December 31, 2017 is 2,208 shareholders and the top twenty (20) shareholders as of December 31, 2017 are the following:

1	PCD Nominee Corporation	Filipino	687,546,199	44.04%
2	Carmel Development Inc..	Filipino	499,999,997	32.03%
3	Gamma Properties, Inc	Filipino	136,000,000	8.71%
4	Olongapo Mabuhay Express Corp.	Filipino	124,855,422	8.00%
5	PCD Nominee Corporation	Other alien	82,068,467	5.26%
6	Brand Realty Corporation	Filipino	13,725,404	0.88%
7	Seafront Resources Corporation	Filipino	3,756,788	0.24%
8	Ruby D. Roa	Filipino	588,599	0.04%
9	Teresita Dela Cruz	Filipino	528,458	0.03%
10	Maria Cristina Dela Paz	Filipino	525,000	0.03%
11	Flora Pascual	Filipino	493,720	0.03%
12	Leonides Francisco Balmeo	Filipino	425,000	0.03%
	Lovell Redondo Bautista	Filipino	425,000	0.03%
13	Luis V. Ongpin, JR ITF Victor Luis M. Ongpin	Filipino	411,000	0.03%
14	Paolo Tuason	Filipino	376,500	0.02%
15	EBC Securities Corporation	Filipino	300,000	0.02%
16	Rosanna Isable T. Torres	Filipino	255,000	0.02%
17	Jaye Marjorie R. Gonzales	Filipino	200,000	0.01%
18	Jocelyn L. Oquias	Filipino	195,135	0.01%
19	Antonio Dy	Filipino	180,000	0.01%
20	Paul D. Perrine &/or Carmen E. Perrine	Filipino	150,000	0.01%

	Total		1,553,005,689	79.58%
	Add: Other Stockholders		8,104,381	0.42%
	Total Shares		1,561,110,070	80.00%
	Add: Gregorio Araneta, Inc. (additional subscription subject to listing application)	Filipino	390,277,500	20.00%
	Total shares		1,951,387,570	100.00%

(3) Dividends

The Company has no restrictions that will limit the ability to pay dividends on common equity. But the Company, as a general rule, shall only declare from surplus profits as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

Since the Company has only started recognizing income, no dividends have been declared for the last three (3) years.

(4) Recent Sales of unregistered securities

- a) No unregistered securities have been sold during the calendar year ended.
- b) Underwriter and other purchases – Not applicable
- c) Exemption from registration claimed – 10.1 (k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve- month period.

On November 12, 2015 Board of Directors meeting the board unanimously approved the private placement of Gregorio Araneta Inc. The use of the proceeds from said placement is to boost the Company's land banking activity

On August November 17, 2015 Gregorio Araneta, Inc., a corporation duly registered with Securities and Commission and with business address located at 6th Floor, Suite A, Adamson Center Centre, 121 LP Leviste Streets, Salcedo Village, Makati City, subscribed and paid three hundred ninety million two hundred seventy seven thousand five hundred (390,277,500) shares at P1.12 per share for the aggregate amount of Philippine Pesos: Four hundred thirty seven million one hundred ten thousand eight hundred (P437,110,800).

ITEM 6. MANAGEMENT'S DISCUSSION and ANALYSIS OR PLAN OF OPERATION

(1) Management's Discussion and Status of Operation

The performance of the Company in terms of revenue decreased by 55% sales for the year is P60.971 million as compared to P134.878 million of the same period of year 2016. This performance is directly attributed to marketing strategies being

implemented, specifically the holding on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also under took fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies is already conclusive, where some buyers have already reserved more or less 3,168 square meters of subdivided lot at the price of P13,000 per square meter, much more higher than the P7,500 per square meter, which is the average selling price when the company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

The Company is using "Project Percentage of Completion" (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 98.00% complete, while the Countryclub is 100% complete as of December 31, 2017. The Company uses the PPOC in determining sales during the period.

Table I – The comparative figures of the results of operations for the three (3) years period ending December 31, 2017 with comparative figures of year 2016 and 2015 for the same period

<i>In millions (Php)</i>	For the Years Ended December 31			% Change	
	Year 2015	Year 2016	Year 2017	2015 vs 2016	2016 vs 2017
Revenue	93.284	134.878	60.971	44.59%	(54.80%)
Expenses	43.183	108.730	69.430	151.79%	(35.55%)
Net Income (loss) before tax	50.101	26.148	(8.459)	(107.20%)	(19.24%)

Table II – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the years ended December 31, 2017 with comparative figures of year 2016 for the same period

<i>In Millions (Php)</i>	For the years ended December 31		% Change
	Year 2016	Year 2017	2016 vs 2017
Income from Real Estate Business	134,878	60.971	(54.80%)
Accretion of Interest from Installment Sales	19.657	20.162	1.03%
Total Revenue	154.535	80.547	(55.83%)

As part of the land banking activities of the Company started in year 2012 total land acquisitions as of December 31, 2017 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance Payable
All in Sn Jose Del Monte Bulacan				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
MargaDev't Corporation	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	257,515,856.75	172,958,411.25
Sub-total	2,326,403	899,934,051.05	726,975,639.80	172,958,411.25
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
Sub-total	841,243	262,584,600.00	-0-	262,584,600.00
Total (Sn Jose Del Monte)	3,167,646	1,162,518,651.05	726,975,639.80	435,543,011.25
Add; Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et all	225,752	61,032,240.00	30,964,280.00	-0-
	282,963	89,637,740.00	81,705,500.00	7,932,240.00
Total land banking	3,450,609	1,352,155,591.05	728,892,616.05	623,262,975.00

Key Performance Indicators

The Company operates in one business segment, the real estate. The following Key Performance Indicators were adopted by the corporation in order to measure the profitability of the Company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

	As of Dec 31, 2015	As of Dec 31, 2016	As of Dec 31, 2017
Current Ratio (1)	18.7220: 1	12.3066 : 1	11.872 : 1
Debt to Equity Ratio (2)	1: 0.0385	1: 0.1755	1 : 0.144
Earnings per Share (3)	1: 0.0184	1: 0.01652	1 : 0.0043
Earnings before interest and Income Taxes (4)	P50.100 million	P43,178 million	(P8.459) Million
Return on Equity	0.0208	0.0183	(0.0055)

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

Other than the above mentioned trend, specifically the trend introduced by new player in real estate company the Ayala Land, Inc., and the Avida Land Corporate has made a significant impact resulted to a sales increased . There are no known trends, events or uncertainties with significant impact on net sales, or income that will have a material impact on liquidity or that would trigger direct or contingent liability, including default or acceleration of obligation other than what was mentioned in the Plan of Operation,

The Company has not found any future cash flow problem that would trigger the default or breach of note, loan, lease or other indebtedness or financing arrangement requiring it to make payments of any significant amount. None the trade payables have been unpaid within the stated trade terms. There were no material deficiency in any nature identified and there were no internal and external source of liquidity.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

There were material commitments for capital expenditures specifically the acquisition of parcels of land in relation to Company's land banking activity details of which already described above.

There are no known trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There is no material change from period to period including vertical and horizontal analyses of any material item, except for land acquisition the details of which is already described in the above captioned land banking activity.

(2) Analysis of Financial Condition and Results of Operations.

The full detail of the analysis of financial condition and results of operations is stated in the audited financial statement which is form part of this report.

Cash. The carrying amounts of cash and cash equivalents approximate fair values primarily due to relatively short-term maturity of these financial instruments. The movement in cash is attributable to the net cash flows generated by the Company in its operating activities. Interest income earned from cash with banks and cash equivalents amounted to ₱0.62 million, ₱2.39 million and ₱0.68 million in 2017, 2016 and 2015 respectively

Trade receivables. The total gross amount of individually impaired receivables amounted to ₱314.918 million and ₱300.667 million as of December 31, 2017 and 2016, respectively. Some of the receivables were fully provided with allowance for impairment losses both in 2017 and 2016.

Receivables from SLRDI pertain to collections by SLRDI from customers for remittance to the Company. These are noninterest-bearing and are due on demand

Receivables from customers consist of interest-bearing and noninterest-bearing receivables which are collectible in monthly installments over a period of one to five

years. Income from interests and penalties arising from late payment of these receivables amounting to ₱19.54 million, P17.27 million and P42.35 million in 2017, 2016 and 2015, respectively, are recognized as “Interests and penalties” in the “Other Income (Expense)” section in the statement of comprehensive income

Impaired installment receivables pertain to the uncollected portion of the amount arising from the sale of non-operating properties to Platinum Group Metal Corporation (PGMC) in 2005. The contract price is collectible in fixed monthly payment of P2.00 million starting January 24, 2006. Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted in an effective interest rate of 9.45%. The Company recognized full allowance on these receivables while they are currently in the process of renegotiating with the management of PGMC with respect to the settlement of the said installment receivables.

Advances to officers and employees and others are noninterest-bearing receivables and are due within 12 months from the reporting date.

As of December 31, 2017 and 2016, allowance for impairment losses on individually impaired receivables amounting to ₱55.542 million and ₱55.301 million respectively

Real Estate Inventories). This account pertains to land developed for residential subdivisions under the project agreement with SLRDI. As discussed in Note 18 to the financial statements, the Company, together with SLRDI, began their regular activities in 2005 based on their project agreement. As of December 31, 2016, the residential area of Phase 1, Phase 2, and Phase 3 are 100%, 100%, and 99.68% completed, respectively, based on the physical completion report provided by the project’s supervising engineer

Increase in the Real Estate for sale and development represents costs of parcel of land acquired net of lot sold during the year 2017

	2017	2016
As at January 1	P881,024,137	P947,900,462
Recognized cost of real estate sold	(21,422,829)	(66,876,325)
As at December 31	P859,601,308	P881,024,137

Land held for future development. Increase in the land held for future development account represents costs of parcel of land acquired during the year 2017

	2017	2016
As at January 1	P644,840,422	P190,684,677
Recognized cost of real estate sold	9,308,503	393,123,505
Transfer from deposit for land acquisition	-0-	61,032,240
As at December 31	P654,148,925	P644,840,422

Land Banking Activities-San Jose Del Monte, Bulacan

On August 24, 2012 the company entered a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years. On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located at San Jose Del Monte, Bulacan with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum. On February 21, 2014 the company signed a memorandum of understanding with Marga Capital Holdings, Inc. to acquire land located at Barrio Tungkong Mangga , City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest. On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest and payable until September 16, 2020.

Land Banking Activities- City of Laoag, Ilocos Norte

On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest. On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019, and on November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meter.

As at end of December 31, 2017 the Company has already consolidated more or less 2,326,403 square meters of parcels of land making to the total land area for expansion of 3,450,609 square meters not to include the potential acquisition of 841,243 square meter which is presently the negotiation is in process

Property and Equipment. The net movement in property and equipment account pertains to the recognition of provision for depreciation by the Company amounting to ₱3.287 million, and the retired/Sold of none performing equipment, partially offset by acquisition of additional property and equipment in the amount of ₱0.005 million.

2016

The performance of the Company in terms of sales volume has increased by as much as 4% the 115.639 million in 2016 as compared to 110.739 million in year 2015. This performance is directly attributed to the accounting of sales based on the Project Percentage of Completion (PPOC). The PPOC is the accounting standard used in the recognition of revenue in real estate company.

As of December 31, 2016, the residential area of Phase 1, Phase 2 and Phase 3 are 99.96%, 99.97% and 93.00% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

The Company started land banking in year 2012, total land acquisitions as of December 31, 2016 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance Payable
All in Sn Jose Del Monte Bulacan				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
MargaDev't Corporation	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	199,863,053.00	230,611,215.00
Sub-total	2,326,403	899,934,051.05	699,322,836.05	230,611,215.00
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
Sub-total	841,243	362,583,800.00	-0-	362,583,800.00
Total (Sn Jose Del Monte)	3,167,646	1,262,517,851.05	669,322,836.05	593,195,015.00
Add; Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et all	225,752	61,032,240.00	30,964,280.00	30,067,960.00
Total land banking	3,450,609	1,352,155,591.05	728,892,616.05	623,262,975.00

Key Performance Indicators

The Company operates in one business segment, the real estate. The following Key Performance Indicators were adopted by the corporation in order to measure the profitability of the Company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

	As of Dec 31, 2015	As of Dec 31, 2016
Current Ratio (1)	18.7220: 1	8.1320 : 1
Debt to Equity Ratio (2)	1: 0.0385	1: 0.1748
Earnings per Share (3)	1: 0.0184	1: 0.01652

Earnings before interest and Income Taxes (4)	P50.100 million	P43,178 million
Return on Equity	0.0208	0.0183

- 6) Current Assets / Current Liabilities
- 7) Total Liabilities / Stockholders' Equity
- 8) Net Income / Outstanding Shares
- 9) Net Income plus Interest Expenses and Provision for Income Tax
- 10) Net Income / Average Stockholder's Equity

Other than the above mentioned trend, specifically the trend introduced by new player in real estate company the Ayala Land, Inc., and the Avida Land Corporate has made a significant impact resulted to a sales increased . There are no known trends, events or uncertainties with significant impact on net sales, or income that will have a material impact on liquidity or that would trigger direct or contingent liability, including default or acceleration of obligation other than what was mentioned in the Plan of Operation, The Company has not found any future cash flow problem that would trigger the default or breach of note, loan, lease or other indebtedness or financing arrangement requiring it to make payments of any significant amount. None the trade payables have been unpaid within the staled trade terms. There were no material deficiency in any nature identified and there were no internal and external source of liquidity.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

There were material commitments for capital expenditures specifically the acquisition of parcels of land in relation to Company's land banking activity details of which already described above.

There are no known trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There is no material change from period to period including vertical and horizontal analyses of any material item, except for land acquisition the details of which is already described in the above captioned land banking activity.

2015

The performance of the Company in terms of sales volume dropped by as much as 54% as compared to P204.697 million of the year 2014. This performance is directly attributed to

marketing strategies being implemented specifically the holding on of some Inventory for much better price.

As of December 31, 2015, the residential area of Phase 1, Phase 2 and Phase 3 are 99.96%, 99.97% and 93.00% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

The Company started land banking in year 2012, total land acquisitions as of December 31, 2015 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance Payable
<i>All in Sn Jose Del Monte Bulacan</i>				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
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MargaDev't Corporation	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	199,863,053.00	230,611,215.00
<i>Sub-total</i>	<i>2,326,403</i>	<i>899,934,051.05</i>	<i>699,322,836.05</i>	<i>230,611,215.00</i>
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<i>Sub-total</i>	<i>841,243</i>	<i>362,583,800.00</i>	<i>-0-</i>	<i>362,583,800.00</i>
Total (Sn Jose Del Monte)	3,167,646	1,262,517,851.05	669,322,836.05	593,195,015.00
<i>Add; Northern Luzon Area</i>				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et all	225,752	61,032,240.00	30,964,280.00	30,067,960.00
Total land banking	3,450,609	1,352,155,591.05	728,892,616.05	623,262,975.00

Key Performance Indicators

The Company operates in one business segment, the real estate. The following Key Performance Indicators were adopted by the corporation in order to measure the profitability of the Company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

	As of Dec 31, 2015	As of Dec 31, 2014
Current Ratio (1)	18.7220 : 1	1.2336 : 1
Debt to Equity Ratio (2)	1: 0.0385	1: 0.2305
Earnings per Share (3)	1: 0.0184	1: 0.0384
Earnings before interest and Income Taxes (4)	P50.100 million	P117.897 million
Return on Equity	0.0208	0.0755

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

Other than the above mentioned trend, specifically the trend introduced by new player in real estate company the Ayala Land, Inc., and the Avida Land Corporate has made a significant impact resulted to a sales increased. There are no known trends, events or uncertainties with significant impact on net sales, or income that will have a material impact on liquidity or that would trigger direct or contingent liability, including default or acceleration of obligation other than what was mentioned in the Plan of Operation, The Company has not found any future cash flow problem that would trigger the default or breach of note, loan, lease or other indebtedness or financing arrangement requiring it to make payments of any significant amount. None the trade payables have been unpaid within the staled trade terms. There were no material deficiency in any nature identified and there were no internal and external source of liquidity.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There is 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

There were material commitments for capital expenditures specifically the acquisition of parcels of land in relation to Company's land banking activity details of which already described above.

There are no known trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There is no material change from period to period including vertical and horizontal analyses of any material item, except for land acquisition the details of which is already described in the above captioned land banking activity.

(2) Analysis of Financial Condition and Results of Operations.

The full detail of the analysis of financial condition and results of operations is stated in the audited financial statement which is form part of this report.

Cash. The carrying amounts of cash and cash equivalents approximate fair values primarily due to relatively short-term maturity of these financial instruments. The movement in cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables. The total gross amount of individually impaired receivables amounted to ₱ 246.979 million and ₱252,498 million as of December 31, 2016 and 2015, respectively.

Some of the receivables were fully provided with allowance for impairment losses both in 2016 and 2015.

Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI. Collections of interests and penalties arising from late payment of these receivables amounting to ₱42.35 million, ₱43.029 million and ₱26.747 million in 2016, 2015 and 2014, respectively, are recognized as "Interests and penalties" in the "Revenue and Other Income" section in the statements of comprehensive income

Advances to officers and employees, suppliers and others are non-interest bearing and are due within 10 months from balance sheet date.

As of December 31, 2016 and 2015, allowance for impairment losses on individually impaired receivables amounting to ₱55.301 million and ₱55.301 million respectively

Real Estate for Sale and Development. Increase in the Real Estate for sale and development represents costs of parcel of land acquired net of lot sold during the year 2016

Property and Equipment. The net movement in property and equipment account pertains to the recognition of provision for depreciation by the Company amounting to ₱3.258million, and the retired/Sold of none performing equipment, partially offset by acquisition of additional property and equipment in the amount of ₱0.596 million.

Land Banking Activities-San Jose Del Monte, Bulacan

On August 24, 2012 the company entered a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years. On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located at San Jose Del Monte, Bulacan with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum. On February 21, 2014 the company signed a memorandum of understanding with Marga Capital Holdings, Inc. to acquire land located at Barrio Tungkong Mangga, City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest. On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest and payable until September 16, 2020.

Land Banking Activities- City of Laoag, Ilocos Norte

On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest. On October 8, 2015 the company signed a unilateral Deed of Absolute Sell

to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019, and on November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meter.

As at end of December 31, 2016 the Company has already consolidated more or less 2,326,403 square meters of parcels of land making to the total land area for expansion of 4,690,485 square meters not to include the potential acquisition of 841,243 square meter which is presently the negotiation is in process

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance Payable
All in Sn Jose Del Monte Bulacan				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
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Insular Life Insurance Co.,	581,500	430,474,268.00	199,863,053.00	230,611,215.00
Sub-total	2,326,403	899,934,051.05	699,322,836.05	230,611,215.00
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
Sub-total	841,243	362,583,800.00	-0-	362,583,800.00
Total (Sn Jose Del Monte)	3,167,646	1,262,517,851.05	669,322,836.05	593,195,015.00
Add; Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et all	225,752	61,032,240.00	30,964,280.00	30,067,960.00
Total land banking	3,450,609	1,352,155,591.05	728,892,616.05	623,262,975.00

Prepayments. The accounts amounting ₱1.62 million represents advance payment of real property tax for the year 2017 to avail early birds discount offered by the local government.

Other Assets (net). The movement in other assets account represents conclusion of negotiation for land banking project specifically the acquisition of 57,211 square meter parcel of land situated at Laoag, Ilocos Norte

Accounts payable and accrued expenses. Trade payables are unsecured, noninterest-bearing and are generally due and demandable.

Loans Payable The payables amounting ₱230.611 million represents fifty percent (50%) non-current interest bearing payables from the acquisition of land on installment from Insular life Assurance Co., LTD. Payable is secured by a *Post-dated-Check* into four (4) equal annual payment of ₱57.65 million that will fully paid by September 16, 2020.

Capital stock and Capital Surplus. In November 2015, the Company issued 390,277,500 shares with par value of P=1.00 to Gregorio Araneta, Inc. based on the latter's agreed

subscription. There were no movements in the Company's registered securities in 2014 and 2013. As of December 31, 2016, there are 2,208 shareholders who hold 1,951,387,570 shares in the Company

Income. The Company recorded a Net Income (loss) before income tax of ₱24.178 million, ₱50.100million ,₱117.896 million, in 2016, 2015, and 2015, respectively.

Other Revenue. Interest and other income generated from installment sales from various lot buyers during the period.

ITEM 7. FINANCIAL STATEMENTS

The Audited Financial Report, Financial Supplementary and as well as Statement of Management's Responsibility for Financial Statement for the year ended December 31, 2017 has been incorporated hereto under caption "Annex A"

ITEM 8. CHANGES IN *and* DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING *and* FINANCIAL DISCLOSURE.

The Company has no disagreement with the SGV & CO. regarding matters of accounting principle, practice, auditing scope and procedure.

Aggregate fees for the audit services for those fiscal years

Period covered	Amount of fees
For the year 2017	P782,628.00
For the year 2016	P711,480.00
For the year 2015	P646,800.00

PART III – CONTROL *and* COMPENSATION INFORMATION

ITEM 9. DIRECTORS *and* EXECUTIVE OFFICERS

(1) Directors and Executive Officers

The incumbent directors and executive officers of the Company are as follows:

Name	Age	Position Held	Citizenship
Gregorio Ma. Araneta III	69	Chairman and CEO	Filipino
Crisanto Roy B. Alcid	47	Director – President	Filipino
Cesar C. Zalamea	72	Director	Filipino
Alfonso M. Araneta	33	Director	Filipino
Luis M. Araneta	32	Director	Filipino
Francisco A. Segovia	63	Director	Filipino
Perry L. Pe	56	Independent Director	Filipino
Alfredo de Borja	73	Independent Director	Filipino
Alfredo D. Roa III	70	Independent Director	Filipino
Jose O. Eustaquio III	70	Chief Financial Officer	Filipino
Christine P. Base	47	Corporate Secretary	Filipino

Directors

GREGORIO MA. ARANETA III, 69years old, Filipino, is the Chairman of the Board, CEO and Director of the Company. He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Holdings Corporation. He is the President and Chairman of Energy Oil and Gas Holdings, Inc., He is the President and Chairman of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc., He is the Chairman of Philweb Corporation, He is also a director of ISM Telecommunications, Inc. Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics.

CRISANTO ROY B. ALCID, 47years old, Filipino, is currently the President of Araneta Properties, Inc., He is also the President of Philweb Corporation, He is also the President of Envirotest Inc. and Roycomm Holdings, Inc. He holds directorship in various companies namely: Carmel Development Corporation, Gregorio Araneta, Inc., ARAZA Resources, Inc. HE. Heacock Corporation, Gamma Holdings, Midrac Realty, Inc., and Philippine Coastal Storage & Pipeline Corporation. Formerly, he was connected with Ayala Land, Asiastrust Development Bank and Citibank N.A. Mr. Alcid obtained his degree in Bachelor of Science in Management Engineering from Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

CESAR C. ZALAMEA, is one of the TOYM Awardees of 1964. He is a former Senior Vice-President and AIG Global Investment Group-Asia President & CEO. Cesar Zalamea retired from AIG after more than 50 years of service.

Mr. Zalamea joined the American International organization in the Philippines as an investment analyst in 1954 and served from 1969-1981 as President of the Philippine American Life Insurance Company (Philamlife), AIG's life insurance in the Philippines. He held posts in the government of the Philippines on two occasions, serving first as Deputy Director General of the Presidential Economic Staff and later as Chairman and CEO of the Development Bank of the Philippines. Mr. Zalamea was elected AIG Vice President, Investments in 1997 and AIG Senior Vice President, Investments in 2002. He has headed the AIG investment units in Asia since 1986, first as Managing Director of AIG Investment Corporation (Asia) Ltd., and subsequently as President & CEO of AIGGIG Asia.

ALFREDO DE BORJA, 73 years old, Filipino, is one of the Directors of the Company. He is the President of Makiling Ventures, Inc. and E. Murio, Inc. He also holds directorship in various corporations such as ICCP Ventures, Inc., ICCP Management Corp., Rustans Supercenters, Inc., RFM-Science Park of the Phils., Regatta-Beacon Land Corp., Regatta Properties, Inc., Pueblo de Oro Development Corp., and Cebu Light Industrial Park, Inc. Mr. de Borja graduated in Ateneo de Manila University, where he obtained his degree in Bachelor of Science in Economics. He earned his Masters in Business Administration from Harvard University.

PERRY L. PE, 56 years old, Filipino, is one of the Directors of the Company. He is also a Director of Delphi Group, Inc., Oriental Petroleum & Minerals Corp., and Ace Saatchi & Saatchi Philippines, Inc., He is a Partner in Romulo, Mabanta, Buenaventura, Sayoc & De Los Angeles Law Firm.

FRANCISCO ARANETA SEGOVIA, 63 years old, Filipino, graduate from Ateneo de Manila University College - Business Management 1979, He holds directorship in Segovia & Co., Inc., S&A Industrial Corporation, RFM Corporation, He is a Director - Vice Chairman / CEO of FEATI University, He is also a Director / CEO of RPMC Resources Inc., and Swift Foods Inc.

ALFONSO ARANETA, Filipino, 33, is currently the Executive Vice-President and Director of Envirotest, Inc., Vice President and Director of Carmel Development, Inc., Vice-President and Director of Gregorio Araneta, Inc. Concurrently, he is a Director of ARAZA Resources Corp., ATSI PETC, Inc. Pagrel, Inc., Gamma Properties, Inc., Securicor Security Investigation Services, Inc., and Alumma Foods, Inc., He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. Mr. Araneta graduated at De La Salle-College of St. Benilde, Manila where he earned his degree in Bachelor of Science in Business Administration.

LUIS M. ARANETA, Filipino, 32 years old,, is currently the Business Development Manager of Araneta Properties, Inc. He was elected Director of the Company in 2012. He is a director of Philweb Corporation He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc, Director of PAGREL, Inc., He is a

Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. Mr. Araneta studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

ALFREDO D. ROA III, 70 years old, Filipino, is one of the Directors of the Company. He is presently the President of Inland Corporation and Rural Bank of Alfonso.

(2) Key Officers

The members of the management team aside from those mentioned above are as follows:

CHRISTINE P. BASE, Filipino, 47 years old, is the Corporate Secretary of Araneta Properties, Inc. and is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is a Director and Corporate Secretary of Itapinas Development Corporation, Anchor Land Holdings, Inc. and the Corporate Secretary of SBS Philippines Corporation, Itapinas Development Corporation, SL Agritech Corporation, and Asiasec Equities, Inc. She is also director and corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a Bachelor of Science Degree in Commerce Major in Accounting.

JOSE O. EUSTAQUIO, III, Filipino, 69 years old, is presently the Chief Financial Officer of Araneta Properties, Inc. He was a consultant of Honda Cars Makati and Honda Cars Cebu from 2007 to 2008. In 1987, he was the Financial Control Officer of Ayala Corporation (Control and Analysis Division). He was the Chief Finance Officer of Ayala Corporation for Ayala Theaters Management, Inc., Ayala Property Management Corporation, and Ayala Alabang Commercial Corporation from 1982 to 1987. He was a staff Auditor of Sycip, Gorres, Velayo & Co. Mr. Eustaquio III is a Certified Public Accountant. He graduated from Philippine School of Business Administration with a Bachelor of Science Degree in Commerce Major in Accounting.

(3) Significant Employees

There were no employees identified for disclosure to which the operational decisions and strategies of the Company are entirely dependent on them.

(4) Family relationship.

Mr. Luis M. Araneta and Mr. Alfonso M. Araneta are the sons of Mr. Gregorio Ma. Araneta III. There are no family relationships within the fourth degree among the rest of the members of the Board of Directors and Senior Officers of the Company.

(5) Involvement in Certain Legal Proceedings

The Company is not aware of any bankruptcy petition of any civil or criminal legal proceedings filed against any one of its directors or executive officer during the past three (3) years.

ITEM 10. MONTHLY EXECUTIVE COMPENSATION

(1) Compensation Table

Compensation of the Chief Executive Officer and Managers of the Company are accrued and paid for the years 2017 and 2016 detailed below. All other directors of the Company assumed their positions and served the Company without any compensation.

Name and Principal Function	Fiscal Year	Salary	Bonus	Other Compensation
Gregorio Ma. Araneta III * Director and CEO	2015			
	2016			
	2017			
Crisanto Roy Alcid* President	2015			
	2016			
	2017			
Luis M. Araneta* Project Development Officer	2015			
	2016			
	2017			
RhoanPurugganan* Legal Head	2015			
	2016			
	2017			
Jose O. Eustaquio III* Chief Finance Officer	2015			
	2016			
	2017			
TOTAL FOR THE GROUP	2015	10,126,800.00		
	2016	10,126,800.00		
	2017	10,126,800.00		
Other Officers as a group unnamed	2015	5,624,000.00		
	2016	5,624,000.00		
	2017	5,624,000.00		

* Key officers

Employment contracts of all Supervisors and Rank are all hired as long-term employment period until regularization or termination of any cause.

(2) Compensation of Directors and Officers

(a) Standard Arrangements

Compensation of the Chief Executive Officer and Managers of the Company are accrued and paid for the years 2017, 2016 and 2015. All other directors of the Company assumed their positions and served the Company without any compensation.

(b) Other Arrangements

No compensatory arrangements were executed during the last three (3) years of operations other than the compensation arrangements mentioned above.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Employment contracts of all supervisors and rank in file employees are standard.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS *and* MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

There were no delinquent stocks of the Company as of December 31, 2017. The direct and indirect record and beneficial owners of more than five percent (5%) of the Company's voting securities as of December 31, 2017 are as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Nature of ownership	Percent Held
Common	Carmel Development, Inc. 21/F Citibank Tower Paseo de Roxas, Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	499,999,997	Direct	25.62%
Common	Gamma Properties, Inc., 21/F Citibank Tower Paseo de Roxas, Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	264,472,892	Direct	13.55%
Common	Gregorio Araneta, Inc. 6/F Adamson Center Suite A, 121 LP Leviste St. Makati City	Nominee: _____	Filipino	390,277,500	Direct	20%
Common	LBC Express, Inc. General Aviation Center, Domestic Airport Compound, Pasay City, Metro Manila		Filipino	194,818,074	Direct	10%
Common	Olongapo Mabuhay Express Corp. LBC Compound Aviation Airport Road, Pasay City	11,826,800	Filipino	124,855,422	Direct	6.4%

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of December 31, 2017

Title of Class	Name & Address of Beneficial Owner	No. of shares & nature of Beneficial Ownership	Citizenship	Nature of Ownership	Percent of Class (%)
Common	Gregorio Ma. Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	120,060	Filipino	<i>r & b</i>	0.01%
Common	Francisco A. Segovia Metro Manila	1	Filipino	<i>r & b</i>	0.00
Common	Perry L. Pe Romulo Mabanta Law Offices 30/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r & b</i>	0.00
Common	Alfredo de Borja Unit 300, Milelong Bldg. Amorsolo St. Legaspi Village, Makati City	1	Filipino	<i>r & b</i>	0.00
Common	Alfredo D. Roa III 119 Avocado Dr., Ayala Alabang, Muntinlupa City	1	Filipino	<i>r & b</i>	0.00
Common	Crisanto Roy B. Alcid 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r & b</i>	0.00
Common	Alfonso Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r & b</i>	0.00
Common	Luis Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r & b</i>	0.00
Common	Cesar Zalamea 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r & b</i>	0.00
TOTAL FOR THE GROUP		120,068			0.01%

r – record ownership

b – beneficial ownership

ITEM 12. CERTAIN RELATIONSHIPS and RELATED PARTY TRANSACTIONS

As of 31st December 2017, stockholders Carmel Development Inc., Gamma Properties, Inc., and LBC Express, Inc. held more than (10%) each of the securities of the Company broken down as follows:

SECURITY	CLASS	AMOUNT	NATURE	PERCENTAGE
Carmel Development, Inc.	Common	499,999,997	Direct	25.62%
Gamma Properties, Inc.	Common	264,472,892	Direct	13.55%
Gregorio Araneta, Inc.	Common	390,277,500	Direct	20.00%
LBC Express, Inc.	Common	195,043,074	Direct	10.00%
Olongapo Mabuhay Express Corp.	Common	124,855,422	Direct	6.40%

Messrs. Gregorio Ma. Araneta III and Francisco A Segovia are related to the fourth civil degree of consanguinity. Moreover, Mr. Alfonso Araneta as well as Mr. Luis Araneta are children of Mr. Gregorio Ma. Araneta III. There are no other family relationships within the fourth degree among the rest of the members of the Board of Directors and Senior Officers of the Company.

PART IV. CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The Company has promulgated a Manual on Corporate Governance that took effect in 2002 which was revised on 2017. The Manual continues to guide the activities of the Company and compliance therewith has been consistently observed.

There has been no deviation from the Company's Manual on Corporate Governance.

The Company believes that its Manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance.

The Company will improve its Manual Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.

Please see attached herein the Annual Corporate Governance Report

The Board

There is an effective and appropriately constituted Board who received relevant information required to properly accomplish their duties.

The Nomination Committee is mandated to ensure that there is a formal and transparent procedure for the appointment of new Directors of the Board. When appropriate, every director shall receive training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

The term of office of all directors, including independent directors and officers shall be one (1) year and until the successors are duly elected and qualified.

Board Process

Members of the Board shall meet when necessary throughout the year to adopt and review its key strategic and operational matters; approve and review major investments and funding decision; adopt and monitor appropriate internal control; and ensure that the principal risks of the Company are identified and properly managed.

The Board shall work on an agreed agenda as it reviews the key activities of the business.

The Corporate Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. Atty. Christine P. Base holds the post.

Committees

The Board has established a number of committees with specific mandates to deal with certain aspects of its business. All of the Committees have defined terms of reference.

Audit Committee

The Audit Committee functions under the terms of reference approved by the Board. It meets at least twice a year and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

Nomination Committee

The Committee assesses and recommends to the Board candidates for appointment of executive and non-executive directors positions. The Committee also makes recommendations to the Board on its composition. The Committee meets as required.

Remuneration Committee

The Remuneration Committee is responsible in determining the Company's policy on executive remuneration and in specifying the remuneration and compensation packages on the employment or early termination from office of each of the executive directors of the Company. All decisions of the Remuneration Committee are only recommendatory and they are referred to the Board for final approval. The Remuneration Committee also monitors the compensation packages of other senior executives in the group below the Board level. The Committee meets as required.

Compliance Officer

The Compliance Officer (CO) is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The CO acts independently and her role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law.

PART IV – EXHIBITS *and* SCHEDULES

ITEM 14. EXHIBITS AND SCHEDULES

(a) Reports on SEC Form 17-C

Date of Report	Nature of Item Reported
November 20, 2017	Results of ASM and Election of Officers

(b) Exhibits

- 1) Annex _____ General Notes to Financial Statement (pls. see Audited Financial Report)
- 2) Annex _____ Balance Sheet
- 3) Annex _____ Income Statement
- 4) Annex _____ Schedules

Schedule A.. - Marketable Securities (current marketable equity securities and other short-term cash investments).

Schedule B. - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties).

Schedule C. - Non-current marketable equity securities, other long-term investments in stock, and other investments.

Schedule D. - Intangible Assets – Other Assets.

Schedule E. - Long Term Debt

Schedule F. -Indebtedness to Related Parties.

Schedule G. - Guarantees of Securities of other Issuer (1).

Schedule H. - Capital Stock.

Schedule I. -Supplementary Schedule Required under SRC Rule 68, as amended (2011)

Schedule J. - Security of Ownership/Ownership held by CEO

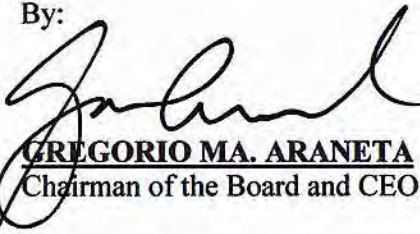
Schedule K. - Schedule of Property, Plant & Equipment & Related Depreciation


SIGNATURES


Pursuant to the requirements of Securities Regulation of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, the City of Makati on APR 13 2018

ARANETA PROPERTIES, INC.
(Issuer)

By:


GREGORIO MA. ARANETA
Chairman of the Board and CEO


CRISANTO ROY B. ALCID
President


JOSE O. EUSTAQUIO III
Chief Finance Officer

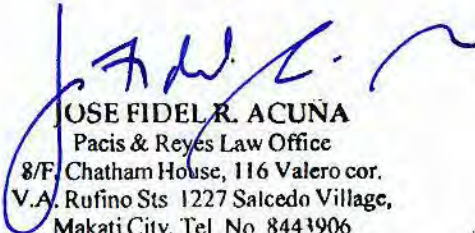

CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 13 2018 day of _____, 2018 affiant(s) exhibiting to me their valid identification card:

Name	ID	Date of Issue/Place of Issue
Gregorio Ma. Araneta III	Passport No. X1328189	June 04, 2008/Manila, Philippines
Crisanto Roy B. Alcid	Drivers Lic N01-88-077406	Expiry Oct. 25, 2018 Quezon City, Philippines
Christine P. Base	Passport No. XX4766696	October 15, 2009 Manila, Philippines
Jose O. Eustaquio III	Senior Citizen ID No. 13828	August 22, 2007

known to me and known to be the same persons who executed the foregoing instrument and acknowledge to me that the same are their free and voluntary act and deed.

Doc. No. 107
Page No. 43
Book No. VI
Series of 2017.


JOSE FIDEL R. ACUNA
Pacis & Reyes Law Office
8/F Chatham House, 116 Valero cor.
V.A. Rufino Sts 1227 Salcedo Village,
Makati City, Tel No 8441906
Roll No 62644

ISL Lifetime Member No. 011846/Pangasinan Chapter
MCLE Compliance No. 0024513
PTR No. 6615847/Makati City/ Jan. 5, 2018/ Appt. No. M-65
Notary Public for Makati City until 31 December 2019

SCHEDULE A

Marketable Securities - (Current Marketable Equity Securities and Other Short-term Cash Investments)

Name of Issuing Entity and association of each issue (1)	Number of shares or Principal amount of bonds and notes	Amount shown in the balance sheet (2)	Value based on market quotation at balance sheet date (3)	Income received and accrued
NONE - NOT APPLICABLE				

SCHEDULE B

Amounts of Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than related Parties)

Name and Designation of debtor (1)	Balance at Beginning of period	Additions	Amount collected/ Liquidated and reclass (2)	Amounts written off And allowance For D/A (3)	Balance at end of the period
Impaired Installment Receivable	55,074,932	241,290	0	0	55,316,122
Receivable from Trade	300,666,684	89,969,012	75,718,104	0	314,917,592
Advances to suppliers, officers, employees & other					
Impaired	987,395	22,369,459	21,349,189	0	2,007,665
Unimpaired	226,458	0	0	0	226,458
Total	356,955,369	112,579,761	97,067,293	0	372,467,837
Less: Provision for doubtful account	55,301,290	241,290	0	0	55,542,580
Net	301,654,079	112,338,471	97,067,293	0	316,925,257
Less: Non-Current	132,336,494	26,186,465	0	0	158,522,959
	169,317,585	86,152,006	97,067,293	0	158,402,298

SCHEDULE C

Non-Current Marketable Equity Securities, Other Long-Term Investments

In Stock, and Other Investments

Name of Issuing entity and description of investments (1)	Number of shares of Principal amount of bonds and Notes (2)	Amounts in Pesos	Equity in earnings (losses) of Investees for the period (3)	Distribution of earnings by Investees (5)	Number of shares of principal amount of bonds and note (6)	Amount in Pesos (7)	Dividends received from Investments not accounted for by the equity method
Tagaytay Midland	1	1,000,000	n/a	n/a	n/a	n/a	n/a
Subic Yacht Club, Inc	1	1,500,000	n/a	n/a	n/a	n/a	n/a
Alphaland Balesin Island	1	1,000,000	n/a	n/a	n/a	n/a	n/a
Colinas Verdes Country Club	1	700,000	n/a	n/a	n/a	n/a	n/a
Total		4,200,000					
Less: Allow for AFS		(1,710,000)					
Net		2,490,000					

SCHEDULE D

Intangible Assets-Other Assets

Description (1)	Beginning Balance	Additions At costs Reclassifi- cation (2)	Charged to Cost and Expenses (provision for D/A) or Writ off	Others Additions (Deduction/Sold) Input tax applies to Recoverable Tax (VAT) and statutory Income tax	Balance at End of Period
Deposits in land banking	32,329,688	0	0	(11,406,812)	20,922,876
Investment property	5,444,076	0	0	0	5,444,076
Prepaid Taxes	7,600,927	10,892,902	0	(11,937,638)	6,556,191
Prepaid Rentals & Others	56,000	0	0	0	56,000
Input Vat	79,553,467	8,548,605	0	(7,335,661)	80,766,411
Total	124,984,158	19,441,507	0	(30,680,111)	113,745,554

SCHEDULE E

Long Term and Short Term Loan

Title of Issue and Type of Obligation (1)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (2)	Amount shown under caption "Long-term debt" in related balance sheet (3)
Acquisition of land on Installment	174,454,325	174,454,325	174,454,325

SCHEDULE F

Indebtedness to Related Parties (Long-term Loans from related parties)

Name of Related	Balance at beginning of period	Balance at end of period
None	n/a	n/a

SCHEDULE G

Guarantees of Securities of Other Issuer (1)

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each of securities guaranteed	Total amount guaranteed and outstanding (2)	Amount owned by person for which statement is filed	Nature of guarantee (3)
None	n/a	n/a	n/a	n/a

SCHEDULE H (1)

Capital Stock

Title of Issue	Common
Number of share authorized	5,000,000,000
Number of shares issued and outstanding	1,951,387,570
Number of shares reserved for options, warrants, conversion & etc.	None
Number of shares held by related parties	1,154,750,389
Shares held by Directors, officers & employees	141,726
Others	796,495,455

SCHEDULE H (2)

Capital Stock track record

Date of registration (SEC approval)	Description	Number of shares (in 000's)	Par value Per share	Amount of share (in 000's)
1988	Capital upon registration Class A Class B	30,000,000 20,000,000	P0.01 0.01	P300,000 200,000
1992	Change of par value from P0.01 to P1.00 Class A Class B	150,000 100,000	P1.00 1.00	P150,000 100,000
1994	Change of par value from P1.00 to P0.30 Class A Class B	150,000 100,000	P0.30 0.30	P45,000 30,000
1995	Increased in authorized Capital stock and removal of classification of shares of stock	1,000,000	P0.30	P300,000
1996	Increased in authorized Capital stock and change of par value from P0.30 to P1.00	5,000,000	P1.00	P5,000,000

As of December 31, 2017 and 2016, there were no movements in the Company's registered securities. There are 2,208 shareholders who hold 1,951,387,570 shares as of December 31, 2017

SCHEDULE J (1)

Security ownership of certain beneficial owners and managements

Name of Company	Class	Number of shares	Nature	Percentage
Carmel Development, Inc. (of which 99% held by Gregorio Ma. Araneta III)	Common	499,999,997	Direct	32.03%
Gregorio Araneta, Inc. (of which 18% held by Gregorio Ma. Araneta III)	Common	390,277,500	Direct	20.00%
Gamma Properties, Inc. (of which 50% held by Gregorio Ma. Araneta III)	Common	264,472,892	Direct	13.55%
Olongapo Mabuhay Express Corp. (of which 80% held by Ma. Joy A. Cruz)	Common	124,855,422	Direct	8.00%

SCHEDULE J (2)

Ownership held by CEO and four (4) highly compensated executive officers

Name of Executive	Position	Total ownership held	Compensation
Gregorio Ma. Araneta III	Chairman / CEO and Director	60 % of outstanding shares	n/a
Crisanto Roy B. Alcid	President and Director	1 share	n/a
Luis M. Araneta	Director & Project Dev' Officer	1 share	n/a
RobertinaFuerte	Management Officer	None	n/a

SCHEDULE K (1)

Supplemental Statement of Financial Report

Property, Plant and Equipment

Classifications	Beginning Balance	Additions	Retired or Reclass	Balance
Office condominium unit	46,047,004			46,047,004
Building and Improvements	15,290,341			15,290,341
Machinery and Equipment	4,486,929			4,486,929
Transportation & Hauling Equipt	11,958,448		(4,893,150)	7,065,298
Furniture, Fixtures & Other Equipt	9,479,749	49,374		9,529,123
Total (at cost)	87,262,471	49,374	(4,893,150)	82,418,695

SCHEDULE K (2)

Supplemental Statement of Financial Report

Accumulated Depreciation - Property, Plant and Equipment

Classifications	Beginning Balance	Additions	Retired or Reclass	Balance
Office condominium unit	34,966,490	1,842,206		36,808,696
Building and Improvements	13,643,008	548,059		14,191,067
Machinery and Equipment	4,486,929			4,486,929
Transportation & Hauling Equipt	6,638,985	570,877	(733,973)	6,476,889
Furniture, Fixtures & Other Equipt	8,429,560	325,676		8,755,236
Total (at cost)	68,164,972	3,286,818	(733,973)	70,717,817

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	1	5	2	2	4	9
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COMPANY NAME

A	R	A	N	E	T	A		P	R	O	P	E	R	T	I	E	S	,		I	N	C	.																		

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

2	1	S	T		F	L	O	O	R	,		C	I	T	I	B	A	N	K		T	O	W	E	R	,		P	A														
S	E	O		D	E		R	O	X	A	S	,		M	A	K	A	T	I		C	I	T	Y																			

Form Type

A	A	F	S
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">Not Applicable</div>	Company's Telephone Number <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">(02) 848-1501</div>	Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">Not Applicable</div>
No. of Stockholders <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">2,208</div>	Annual Meeting (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">11/16</div>	Fiscal Year (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">December 31</div>

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">Mr. Gerardo Deloso</div>	Email Address <div style="border: 1px solid black; padding: 5px; text-align: center;">gerardo_deloso@yahoo.com</div>	Telephone Number/s <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">(02) 848-1501</div>	Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">Not Applicable</div>
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CONTACT PERSON'S ADDRESS

21st Floor, Citibank Tower, Paseo de Roxas, Makati City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





ARANETA PROPERTIES, INC.

21ST FLOOR CITIBANK TOWER PASEO DE ROXA 5, SALCEDO VILLAGE, MAKATI CITY PHILIPPINES 1200
PHONE: (632)8481501 TO 04 • FAX: (632)848-1495 • E-MAIL ara@info.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS (SRC RULE 68)

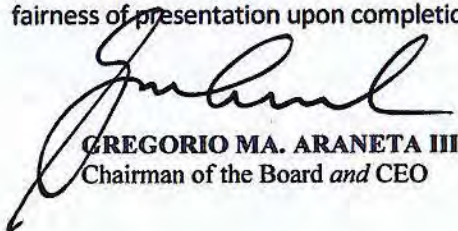
The Management of **Araneta Properties, Inc.**, is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2017, and 2016 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The Board of Directors (Trustees) is responsible for overseeing the Company's financial reporting process.

The Board of Directors (Trustees) reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip, Gorres, Velayo and Co., the independent auditors, appointed by the stockholders has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


GREGORIO MA. ARANETA III
Chairman of the Board *and* CEO


CRISANTO ROY B. ALCID
President


JOSE O. EUSTAQUIO III
Chief Finance Officer

Date Approved
April 12, 2017

REPUBLIC OF THE PHILIPPINES
MAKATI CITY S.S.

MAKATI CITY

SUBSCRIBED AND SWORN to before me this 13 day of APR 2018 at Makati City,
Philippines, affiant exhibiting to me their Identification Cards as follows:

Name	Identification Cards No.
Gregorio Ma. Araneta III	TIN#136-998-184
Crisanto Roy B. Alcid	TIN#107-973-163
Jose O. Eustaquio III	TIN#108-128-015

Notary Public

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Book No. 11 :
Series of 1048

ATTY. GERVACIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
TRNO 59095187 01-03-2017/MA
OP NO 65055 LIFETIME MEMB
APT. NO. 101 1307/CELL NO. 40
VICLE COMPLIANCE NO. P-0006934
UNIT 102 PERENNIAL COURT BLDG
2785 WINGATI AVE., MAKATI CITY

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Araneta Properties, Inc.
21st Floor, Citibank Tower
Paseo de Roxas, Makati City

Report on the Audit of the Financial Statements

We have audited the financial statements of Araneta Properties, Inc. (the Company), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.



Revenue Recognition on Real Estate Sales

The Company presently derives its revenue solely from the sale of real estate arising from a project agreement which has been substantially completed as discussed in Note 18 to the financial statements. In 2017, the Company recognized revenue from sale of real estate amounting to ₱60.97 million. This matter is significant to our audit because revenue is material to the financial statements and its calculation and recognition is largely dependent on the completeness and accuracy of information used by the Company.

Audit Response

We obtained an understanding of the Company's revenue recognition process with respect to the real estate project and tested the related controls. We performed inquiries with relevant personnel on the sales, collection and reporting processes. We obtained sales and collection reports and compared the data with the information in the Company's revenue calculation and monitoring schedule, and reviewed the disposition of differences noted. On a test basis, we traced reported lot sales and actual collection remittances to corresponding sales invoices and contracts to sell and official receipts and bank records. We performed cut-off procedures by examining sales and collection reports for the month subsequent to the cut-off date.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

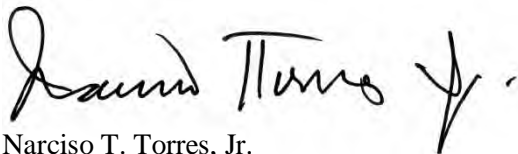
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Araneta Properties, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Narciso T. Torres, Jr.

SYCIP GORRES VELAYO & CO.



Narciso T. Torres, Jr.

Partner

CPA Certificate No. 84208

SEC Accreditation No. 1511-A (Group A),

October 1, 2015, valid until September 30, 2018

Tax Identification No. 102-099-147

BIR Accreditation No. 08-001998-111-2018,

February 14, 2018, valid until February 13, 2021

PTR No. 6621336, January 9, 2018, Makati City

April 12, 2018



ARANETA PROPERTIES, INC.
STATEMENTS OF FINANCIAL POSITION



	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P27,080,674	P75,947,377
Trade and other receivables (Notes 5 and 18)	158,402,298	169,317,585
Due from related parties (Note 13)	20,922,876	32,869,529
Real estate inventories (Notes 6 and 18)	859,601,308	881,024,137
Input value-added tax (VAT) - net	80,766,411	79,553,465
Prepaid taxes	6,612,191	7,656,927
Total Current Assets	1,153,385,758	1,246,369,020
Noncurrent Assets		
Trade receivables - net of current portion (Note 5)	158,522,959	132,336,494
Land held for future development (Note 7)	654,148,925	644,840,422
Property and equipment (Note 8)	11,700,878	19,097,499
Investment property (Note 9)	5,444,076	5,444,076
Available-for-sale (AFS) financial assets	2,490,000	2,400,000
Deposit for land acquisition (Note 10)	4,483,115	4,483,115
Total Noncurrent Assets	836,789,953	808,601,606
TOTAL ASSETS	P1,990,175,711	P2,054,970,626
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 11)	P33,005,483	P30,631,504
Liability for purchased land (Note 12)	64,148,202	70,983,305
Total Current Liabilities	97,153,685	101,614,809
Noncurrent Liabilities		
Liability for purchased land - net of current portion (Note 12)	110,306,123	160,232,929
Retirement benefit obligation (Note 14)	21,555,685	22,191,012
Deferred tax liability - net (Note 15)	21,518,430	22,830,211
Total Noncurrent Liabilities	153,380,238	205,254,152
Total Liabilities	250,533,923	306,868,961
Equity		
Capital stock - P1 par value		
Authorized - 5,000,000,000 shares		
Issued - 1,951,387,570 shares (Note 17)	1,951,387,570	1,951,387,570
Additional paid-in capital (Note 17)	201,228,674	201,228,674
Unrealized valuation losses on AFS financial assets	(30,000)	(120,000)
Remeasurement losses on retirement benefit plan (Note 14)	(1,727,812)	(3,837,580)
Deficit (Note 17)	(411,216,644)	(400,556,999)
Total Equity	1,739,641,788	1,748,101,665
TOTAL LIABILITIES AND EQUITY	P1,990,175,711	P2,054,970,626

See accompanying Notes to Financial Statements.



ARANETA PROPERTIES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2017	2016	2015
SALE OF REAL ESTATE (Notes 5 and 18)	₱60,971,337	₱134,877,756	₱93,284,365
COST OF REAL ESTATE SOLD (Note 6)	21,422,829	66,876,325	31,869,647
GROSS PROFIT	39,548,508	68,001,431	61,414,718
GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and wages	23,907,047	23,677,572	22,129,340
Security services	12,206,473	11,108,348	9,333,068
Taxes and licenses	10,094,205	8,232,346	6,795,474
Depreciation (Note 8)	3,286,818	4,060,915	3,328,011
Retirement benefit expense (Note 14)	2,378,627	2,817,295	1,982,455
Professional fees	1,837,886	1,682,337	1,257,610
Building dues and related charges	1,669,262	1,603,379	1,707,977
Entertainment, amusement and recreation	1,419,533	328,157	979,447
Repairs and maintenance	982,072	247,974	421,161
Transportation and travel	832,038	225,206	269,379
Utilities	599,421	655,815	777,539
Others	4,958,307	4,488,509	5,361,549
	64,171,689	59,127,853	54,343,010
OTHER INCOME (EXPENSE)			
Interests and penalties (Notes 4 and 5)	20,162,942	19,657,136	43,028,983
Interest expense (Notes 12 and 21)	(7,390,895)	(2,383,190)	–
	12,772,047	17,273,946	43,028,983
INCOME (LOSS) BEFORE INCOME TAX	(11,851,134)	26,147,524	50,100,691
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 15)			
Current	1,024,478	3,281,904	9,105,193
Deferred	(2,215,967)	7,219,705	3,182,346
	(1,191,489)	10,501,609	12,287,539
NET INCOME (LOSS)	(10,659,645)	15,645,915	37,813,152
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement gains (losses) on retirement benefit plan, net of deferred taxes of ₱0.90 million in 2017, ₱0.73 million in 2016 and ₱0.77 million in 2015 (Note 14)	2,109,768	1,694,993	(1,797,087)
<i>Item to be reclassified to profit or loss in subsequent periods</i>			
Unrealized valuation gains (losses) on AFS financial assets	90,000	50,000	(20,000)
	2,199,768	1,744,993	(1,817,087)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱8,459,877)	₱17,390,908	₱35,996,065
EARNINGS (LOSS) PER SHARE			
Basic and diluted (Note 16)	(₱0.0055)	₱0.0080	₱0.0233

See accompanying Notes to Financial Statements.



ARANETA PROPERTIES, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	Capital Stock (Note 17)	Additional Paid-in Capital (Note 17)	Unrealized Valuation Gains (Losses) on AFS Financial Assets	Remeasurement Gains (Losses) on Retirement Benefit Plan, net of Deferred Taxes (Note 14)	Deficit	Total
Balances at January 1, 2015	₱1,561,110,070	₱154,395,374	(₱150,000)	(₱3,735,486)	(₱454,016,066)	1,257,603,892
Issuance of shares (Note 17)	390,277,500	46,833,300	–	–	–	437,110,800
Net income	–	–	–	–	37,813,152	37,813,152
Other comprehensive loss	–	–	(20,000)	(1,797,087)	–	(1,817,087)
Total comprehensive income (loss)	–	–	(20,000)	(1,797,087)	37,813,152	35,996,065
Balances at December 31, 2015	1,951,387,570	201,228,674	(170,000)	(5,532,573)	(416,202,914)	1,730,710,757
Net income	–	–	–	–	15,645,915	15,645,915
Other comprehensive income	–	–	50,000	1,694,993	–	1,744,993
Total comprehensive income	–	–	50,000	1,694,993	15,645,915	17,390,908
Balances at December 31, 2016	1,951,387,570	201,228,674	(120,000)	(3,837,580)	(400,556,999)	1,748,101,665
Net loss	–	–	–	–	(10,659,645)	(10,659,645)
Other comprehensive income	–	–	90,000	2,109,768	–	2,199,768
Total comprehensive income (loss)	–	–	90,000	2,109,768	(10,659,645)	(8,459,877)
Balances at December 31, 2017	₱1,951,387,570	₱201,228,674	(₱30,000)	(₱1,727,812)	(₱411,216,644)	₱1,739,641,788

See accompanying Notes to Financial Statements.



ARANETA PROPERTIES, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(P11,851,134)	P26,147,524	P50,100,691
Adjustments for:			
Interest expense (Notes 12 and 21)	7,390,895	2,383,190	–
Depreciation (Note 8)	3,286,818	4,060,915	3,328,011
Retirement benefit expense (Note 14)	2,378,627	2,817,295	1,982,455
Provision for impairment losses on receivables (Note 5)	241,290	–	–
Interest income (Note 4)	(616,384)	(2,385,504)	(675,799)
Operating income before working capital changes	830,112	33,023,420	54,735,358
Decrease (increase) in:			
Trade and other receivables	(15,512,468)	(49,155,757)	16,801,483
Real estate inventories	21,422,829	66,876,325	31,869,647
Input VAT	(1,212,946)	(42,630,548)	(8,519,481)
Increase (decrease) in accounts payable and accrued expenses	2,373,979	760,343	(206,623,666)
Net cash generated from (used in) operations	7,901,506	8,873,783	(111,736,659)
Interest received	616,384	2,385,504	675,799
Income taxes paid	20,258	(7,402,470)	(36,293,264)
Net cash flows from (used in) operating activities	8,538,148	3,856,817	(147,354,124)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to land held for future development (Note 7)	(9,308,503)	(191,815,871)	–
Acquisitions of property and equipment (Note 8)	(49,374)	(5,489,695)	(1,119,204)
Deposits for land acquisition (Note 10)	–	(4,483,115)	(33,506,830)
Net cash flows used in investing activities	(9,357,877)	(201,788,681)	(34,626,034)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease (increase) in due from related parties (Note 13)	16,105,830	(32,869,529)	–
Payment of liability for purchased land (Note 21)	(64,152,804)	–	–
Proceeds from share issuance (Note 17)	–	–	437,110,800
Net cash flows from (used in) financing activities	(48,046,974)	(32,869,529)	437,110,800
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,866,703)	(230,801,393)	255,130,642
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	75,947,377	306,748,770	51,618,128
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P27,080,674	P75,947,377	P306,748,770

See accompanying Notes to Financial Statements.



ARANETA PROPERTIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information

Araneta Properties, Inc. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on June 15, 1988 to acquire, own, hold, improve, develop, subdivide, sell, lease, rent, mortgage, manage and otherwise deal in real estate or any interest therein, for residential, commercial, industrial and recreational purposes, as well as to construct and develop or cause to be constructed and developed on any real estate or other properties, golf course, buildings, hotels, recreation facilities and other similar structures with their appurtenances; and in general, to do and perform any and all acts or work which may be necessary or advisable for or related incidentally or directly with the aforementioned business or object of the Company. The Company is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE composite index since November 14, 1989.

The Company's registered office address and principal place of business is 21st Floor, Citibank Tower, Paseo de Roxas, Makati City.

Authorization for Issuance of Financial Statements

The financial statements of the Company as of December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 were authorized for issuance by the Company's Audit Committee on April 12, 2018, as delegated by the Board of Directors (BOD) on the same date.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost basis, except for available for sale (AFS) financial assets which are carried at fair value. The financial statements are presented in Philippine peso (₱), which is the Company's functional currency. All values are rounded off to the nearest ₱ except when otherwise indicated.

Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards and improved PFRS which the Company has adopted starting January 1, 2017. Unless otherwise indicated, the adoption did not have any significant impact on the financial statements of the Company.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.



- *Amendments to PAS 7, Statement of Cash Flows, Disclosure Initiative*
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Company has provided the required information in Note 21 to the financial statements. As allowed under the transition provisions of the standard, the Company did not present comparative information for the years ended December 31, 2016 and 2015.

- *Amendments to PAS 12, Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2017

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2018

- *Amendments to PFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The Company has assessed that the adoption of these amendments will not have any impact on the 2018 financial statements.

- *PFRS 9, Financial Instruments*
PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company is still assessing the potential impact of adopting PFRS 9 in 2018.



- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

The amendments are not applicable to the Company since it has no activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Company is still assessing the potential impact of adopting PFRS 15 in 2018.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

The Company has assessed that the adoption of these amendments will not have any impact on the 2018 financial statements.



- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

The Company is still assessing the potential impact of adopting PAS 40 in 2018.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Company has assessed that the adoption of these amendments will not have any impact on the 2018 financial statements.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The Company has assessed that the adoption of these amendments will not have any impact on its financial statements.

- PFRS 16, *Leases*
PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.



Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The Company has assessed that the adoption of these amendments will not have any impact on its financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Company is currently assessing the impact of adopting this interpretation.



Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Cash and Cash Equivalents

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

Financial Instruments

Date of Recognition

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments. The Company determines the classification of its financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

Initial Recognition

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs.

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

As of December 31, 2017 and 2016, the Company does not have financial assets at FVPL, HTM investments and financial liabilities at FVPL.

Financial Assets

The Company's financial assets consist of loans and receivables and AFS financial assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated as AFS



financial assets or designated as financial assets at FVPL. This accounting policy mainly relates to the statement of financial position captions “Cash and cash equivalents”, “Trade and other receivables” and “Due from related parties.”

Loans and receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization, if any, is included in “Interest” account in the statement of comprehensive income as part of profit or loss. The losses arising from impairment of receivables, if any, are recognized as expense in the statement of comprehensive income. The level of allowance for impairment losses is evaluated by management on the basis of factors that affect the collectibility of accounts.

AFS Financial Assets

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

After initial measurements, AFS financial assets are measured at fair value. Unrealized gains and losses arising from fair valuation of AFS equity investments are reported as part of the “Other comprehensive income” section of the statement of comprehensive income.

AFS financial assets whose fair value cannot be reliably established are carried at cost less an allowance for any possible impairment. This normally applies to equity investments that are unquoted and whose cash flows cannot be forecasted reasonably.

When the investment is disposed of, the cumulative gains or losses previously recognized in the statement of changes in equity is recognized as part of net income in the statement of comprehensive income as a reclassification adjustment. Interest earned on holding AFS financial assets are reported as interest income using the EIR method. Dividends earned on holding AFS financial assets are recognized when the right to receive has been established which is usually the date of declaration of dividends. The losses arising from impairment of such investments are recognized as provision for impairment losses as part of profit or loss.

The Company has proprietary shares presented as “AFS financial assets” in the statements of financial position.

Financial Liabilities

The Company’s financial liabilities consist of other financial liabilities.

Issued financial liabilities or their components, which are not designated as financial liabilities at FVPL, are classified as other financial liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.



This accounting policy applies primarily to the Company's "Accounts payable and accrued expenses", "Liability for purchased land" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and retirement benefit obligation).

Determination of Fair Value

Certain assets and liabilities are required to be measured or disclosed at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level of input that is significant to the fair value measurement is not observable

The AFS financial assets amounted to ₱2.49 million and ₱2.40 million as of December 31, 2017 and 2016, respectively. For the years ended December 31, 2017, 2016 and 2015, should the market be assessed to be inactive considering the volume or level of activity and sizes of transactions for a particular share may be very low and the quoted prices are only published once a week, which may result that the prices not being based on most recent information, the fair value hierarchy were assessed to be Level 2 rather than Level 1.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" profit) in profit or loss. In cases where data used are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is



derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” profit amount.

Impairment of Financial Assets

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

Assets Carried at Amortized Cost

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Company to group its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of loss is charged to the statement of comprehensive income as part of profit or loss. If, in a subsequent year, the amount of the impairment loss decreases because an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income as part of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Impaired debts are derecognized when they are assessed as uncollectible.

AFS Financial Assets

The Company assesses at each reporting date whether there is objective evidence that an AFS investment is impaired.

In the case of an AFS equity investment, this would include a significant or prolonged decline in the fair value of the investment below its cost. “Significant” is to be evaluated against cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. If an AFS financial assets is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income, is transferred from other comprehensive income to income in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income. Increases in fair value after impairment are recognized directly in equity through the statement of comprehensive income.



Derecognition of Financial Instruments

Financial asset

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

- the Company's rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liability

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

Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Current versus Non-current Classification

The Company presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.



A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Interests in Joint Operations

Interests in joint operations represent one or more assets, usually in the form of real estate development, contributed to, or acquired for the purpose of the joint operations. The assets are used to obtain benefits for the operators. Each operator takes a share of the output from the assets, as agreed between parties and each bears an agreed share of the expenses incurred. These joint operations do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the operators themselves. Each operator has control over its share of future economic benefits through its share of the results of the joint operation. Contribution of the Company to the joint operation is included in real estate inventories.

The Company's project agreement with Sta. Lucia Realty and Development, Inc. (SLRDI) is accounted for as a joint operation (see Note 18).

Real Estate Inventories

Property acquired or those that are being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land cost;
- Borrowing costs, professional fees, property transfer taxes and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

Prepaid Taxes

Prepaid taxes pertain to the excess payment against the current income tax due which are expected to be utilized as payment for income taxes within twelve (12) months.



Land Held for Future Development

Land held for future development consists of properties for future development that are carried at the lower of cost and NRV. All costs incurred that are directly and clearly associated with the acquisition of the land and obtaining the necessary land conversion approval, including borrowing costs, are capitalized to land held under development. NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Upon commencement of development, the subject land is transferred to "Real estate inventories."

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment comprises its purchase price, including import duties, any nonrefundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is calculated using the straight-line method over the estimated useful life of the assets or term of the lease, in the case of building and improvements, whichever is shorter, as follows:

<u>Category</u>	<u>Number of Years</u>
Office condominium unit	25
Building and improvements	25
Hauling and transportation equipment	5
Machinery and equipment	5
Furniture, fixtures and other equipment	5

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

When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation are removed from the accounts. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income as part of profit or loss in the year the asset is derecognized. Fully depreciated assets are retained as property and equipment until these are no longer in use.

Investment Property

Investment property, comprising parcels of land, is held either to earn rental income or for capital appreciation or both. Investment property is measured initially and subsequently at cost, including transaction costs less any accumulated impairment losses.



Investment property is derecognized when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income as part of profit or loss in the year of the retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with PAS 16 up to the date of change in use.

Deposit for Land Acquisition

This represents deposits made to land owners for the purchase of certain parcels of land that are intended for future development. The Company normally makes deposits before a Contract to Sell (CTS) or Deed of Absolute Sale (DOAS) is executed between the Company and the land owner. Deposit for land acquisition is initially measured at cost, including transaction costs. Subsequent to initial recognition, deposit for land acquisition is stated at cost less any accumulated impairment losses.

Impairment of Property and Equipment, Investment Property and Other Nonfinancial Assets

These assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income as part of profit or loss.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the statement of comprehensive income as part of profit or loss. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Capital Stock and Additional Paid-in Capital

The Company has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds. Additional paid-in capital represents the excess of the investors' total contribution over the stated par value of shares.

Deficit

Deficit includes accumulated losses attributable to the Company's stockholders. Deficit may also include effect of changes in the accounting policy as may be required by the transitional provisions of new and amended standards.



Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Real Estate

Real estate revenue arising from the project agreement with SLRDI is accounted for using the percentage of completion method. The percentage of completion method is used to recognize income from sales of projects where the Company has material obligations under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the project's supervising engineer's percentage of completion report.

Interest Income

Interest income is recognized as it accrues using the EIR method.

Income from Penalties and Other Income

Income from penalties and other income is recognized when earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are used or the expenses arise while interest expenses are accrued in the appropriate period.

Cost of Real Estate Sold

Cost of real estate sales arising from the project agreement with SLRDI is recognized consistent with the revenue recognition method applied. Cost of subdivision land includes land cost, planning and design costs, professional fees, property transfer taxes and other related costs.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Retirement Benefit Expense

The Company has an unfunded, defined benefit retirement plan. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Interest on the defined benefit liability
- Remeasurements of defined benefit liability

Service costs which may include current service costs, past service costs and gains or losses on non-routine settlements are recognized in the statement of comprehensive income as part of profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.



Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability. Interest on the defined benefit liability is recognized in the statement of comprehensive income as part of profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Income Taxes

Current Income Tax

Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

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

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

Deferred tax relating to items recognized directly in equity is recognized in the statement of changes in equity and as other comprehensive income in the statement of comprehensive income.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income as part of profit or loss, net of any reimbursement.



Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Earnings (Loss) Per Share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings/loss per share is calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares issued and outstanding during the period after giving retroactive effect to any stock dividends declared.

Diluted earnings (loss) per share is calculated in the same manner, adjusted for the effects of any dilutive potential common shares. Where the effect of the dilutive potential common shares would be anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Contingencies

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

Events After the Reporting Date

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

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Distinction between Joint Operation and Joint Venture

The Company applies judgment when assessing whether a joint arrangement is a joint operation or a joint venture. The Company determines the type of joint arrangement in which it is involved by considering its rights and obligations arising from the arrangement. The Company assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. The Company's arrangement with SLRDI is not structured through a separate vehicle. The contractual arrangement establishes the Company's and SLRDI's rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses. Accordingly, this agreement was accounted for as a joint operation (see Note 18).



Determining Indicators of Impairment of Property and Equipment, Investment Property and Deposit for Land Acquisition

The Company assesses impairment on these assets whenever events or changes in circumstances indicate that their carrying amounts are no longer recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash generating unit to which the asset belongs. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make judgments and estimates that can materially affect the financial statements.

There were no impairment indicators noted for property and equipment, investment property and deposit for land acquisition in 2017, 2016 and 2015, as such, there were no impairment provided. The aggregate carrying amounts of property and equipment, investment property and deposit for land acquisition amounted to ₱21.63 million and ₱29.02 million as of December 31, 2017 and 2016, respectively (see Notes 8, 9 and 10).

Estimates

Estimating Revenue and Cost Recognition

The Company's sale of real estate arises from its joint operation agreement with SLRDI. The Company's revenue from the sale of real estate and its related costs are recognized based on the percentage of completion method and are measured principally on the basis of estimated completion of a physical proportion of the contract work by the project's supervising engineer. Furthermore, management uses 20% of the contract price as the collection threshold before a sale is recognized. Revenue from sale of real estate amounted to ₱60.97 million, ₱134.88 million, and ₱93.28 million in 2017, 2016 and 2015, respectively. The related costs of real estate sold amounted to ₱21.42 million, ₱66.88 million, and ₱31.87 million in 2017, 2016 and 2015, respectively.

Estimating Impairment of Trade and Other Receivables

The Company evaluates specific accounts where the Company has information that certain customers or third parties are unable to meet their financial obligations. Factors, such as the Company's length of relationship with the customers or other parties and the customers' or other parties' current credit status, are considered in determining the amount of allowance for impairment that will be recorded. The allowance is re-evaluated and adjusted as additional information is received.

Allowance for impairment losses amounted to ₱55.54 million and ₱55.30 million as of December 31, 2017 and 2016, respectively. Provision for impairment losses on trade and other receivables recognized amounted to ₱0.24 million, nil in 2017, 2016 and 2015, respectively. The carrying amounts of trade and other receivables amounted to ₱316.93 million and ₱301.65 million as of December 31, 2017 and 2016, respectively (see Note 5).



Estimating NRV of Real Estate Inventories and Land Held for Future Development

The Company estimates adjustments for write-down of real estate inventories and land held for future development to reflect the excess of cost of real estate inventories and land held for future development over their NRV. NRV of real estate inventories and land held for future development are assessed regularly based on selling prices of real estate inventories in the ordinary course of business, less the costs of marketing and distribution. The Company provides write-down on the carrying amount whenever NRV of real estate inventories and land held for future development becomes lower than cost due to changes in price levels or other causes. No adjustments on real estate inventories and land held for future development were recognized in 2017, 2016 and 2015. The aggregate carrying amounts of real estate inventories and land held for future development, at cost, amounted to ₱1,513.75 million and ₱1,525.86 million as of December 31, 2017 and 2016, respectively (see Notes 6 and 7).

Estimating Retirement Benefit Expense

The determination of the Company's retirement benefit obligation and expense is dependent on the management's selection of certain assumptions used by the actuary in calculating such amounts (see Note 14).

Retirement benefit expense amounted to ₱2.38 million, ₱2.82 million and ₱1.98 million in 2017, 2016 and 2015, respectively. Actuarial gain (losses) on retirement benefit plan recognized in other comprehensive income, net of tax, amounted to ₱2.11 million gain, ₱1.69 million gain and ₱1.80 million losses in 2017, 2016 and 2015, respectively. Retirement benefit obligation amounted to ₱21.56 million and ₱22.19 million as of December 31, 2017 and 2016, respectively (see Note 14).

Estimating Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of its deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future planning strategies to which the deferred tax assets can be utilized as well as the volatility of government issuances on tax interpretations. As of December 31, 2017 and 2016, the Company's deferred tax assets amounted to ₱27.11 million and ₱23.25 million, respectively (see Note 15).

4. Cash and Cash Equivalents

	2017	2016
Cash on hand and in banks	₱6,959,610	₱55,627,337
Cash equivalents	20,121,064	20,320,040
	₱27,080,674	₱75,947,377

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Company and earn interest at the respective deposit rates.

Interest income earned from cash with banks and cash equivalents amounted to ₱0.62 million, ₱2.39 million and ₱0.68 million in 2017, 2016 and 2015, respectively.



5. Trade and Other Receivables

	2017	2016
Trade receivables (see Note 18)	₱314,917,592	₱300,666,684
Impaired installment receivables	55,316,122	55,074,832
Advances to officers and employees and others:		
Impaired	226,458	226,458
Unimpaired	2,007,665	987,395
	372,467,837	356,955,369
Less allowance for impairment losses	55,542,580	55,301,290
	316,925,257	301,654,079
Less noncurrent portion of trade receivables	158,522,959	132,336,494
Current portion	₱158,402,298	₱169,317,585

Trade receivables mainly represent the Company's outstanding balance in the sale of real estate. These receivables pertain to amounts due from SLRDI and customers.

Receivables from SLRDI pertain to collections by SLRDI from customers for remittance to the Company. These are noninterest-bearing and are due on demand.

Receivables from customers consist of interest-bearing and noninterest-bearing receivables which are collectible in monthly installments over a period of one to five years. Income from interests and penalties arising from late payment of these receivables amounting to ₱19.54 million, ₱17.27 million and ₱42.35 million in 2017, 2016 and 2015, respectively, are recognized as "Interests and penalties" in the "Other Income (Expense)" section in the statement of comprehensive income.

Impaired installment receivables pertain to the uncollected portion of the amount arising from the sale of non-operating properties to Platinum Group Metal Corporation (PGMC) in 2005. The contract price is collectible in fixed monthly payment of ₱2.00 million starting January 24, 2006. Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted in an effective interest rate of 9.45%. The Company recognized full allowance on these receivables while they are currently in the process of renegotiating with the management of PGMC with respect to the settlement of the said installment receivables.

Advances to officers and employees and others are noninterest-bearing receivables and are due within 12 months from the reporting date.

The movements in the allowance for impairment losses on receivables from customers determined through collective impairment assessment follow:

	2017	2016
Balance at beginning of year	₱55,301,290	₱55,301,290
Provision	241,290	-
Balance at end of year	₱55,542,580	₱55,301,290



6. Real Estate Inventories

This account pertains to land developed for residential subdivisions under the project agreement with SLRDI. As discussed in Note 18 to the financial statements, the Company, together with SLRDI, began their regular activities in 2005 based on their project agreement. As of December 31, 2017, the residential area of Phase 1, Phase 2, and Phase 3 are 100%, 100%, and 99.68% completed, respectively, based on the physical completion report provided by the project's supervising engineer.

The roll-forward of this account follows:

	2017	2016
At January 1	₱881,024,137	₱947,900,462
Recognized as cost of real estate sold	(21,422,829)	(66,876,325)
At December 31	₱859,601,308	₱881,024,137

Based on management's evaluation, the NRV of the real estate inventories is substantially higher than its cost, accordingly, no write-down was recognized in 2017, 2016 and 2015.

The amount of real estate inventories recognized under "Cost of real estate sold" in the statements of comprehensive income amounted to ₱21.42 million, ₱66.88 million and ₱31.87 million in 2017, 2016 and 2015, respectively.

7. Land Held for Future Development

This account comprises parcels of land acquired by the Company for future real estate development.

Movements in land held for future development are set-out below:

	2017	2016
At January 1	₱644,840,422	₱190,684,677
Additions	9,308,503	393,123,505
Transfer from deposit for land acquisition (see Note 10)	-	61,032,240
At December 31	₱654,148,925	₱644,840,422

On September 19, 2016, the Company entered into a contract for acquisition of a 580,154 sqm. land, from Insular Life Insurance Company for a total gross consideration of ₱430.47 million, inclusive of input VAT amounting to ₱46.07 million. As of December 31, 2017, the Company has already paid ₱257.51 million of the contract price. The remaining balance of ₱172.96 million is payable on installment basis over a period of four years and is recognized under "Liability for purchased land" account (see Note 12). The effect of discounting of the liability amounting to ₱20.91 million was deducted from the contract price to arrive at the cost of the acquired land.

Also in 2016, a 169,904 sqm. land is transferred from deposit for land acquisition for a consideration of ₱61.03 million from a third party. As of December 31, 2017, the Company has already paid ₱48.40 million while the remaining balance of ₱12.63 million was recognized under "Liability for purchased land" (see Notes 10 and 12).



In 2017, the Company purchased land from Paramount Finance Corporation amounting to ₱3.72 million, while the remaining portion amounting to ₱5.59 million pertains to additions made to previous lots purchased.

Based on management's evaluation, the NRV of the land held for future development is substantially higher than its cost, accordingly, no write-down was recognized in 2017, 2016 and 2015.

8. Property and Equipment

2017

	Office Condominium Unit	Building and Improvements	Hauling and Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Other Equipment	Total
Costs:						
Balances at beginning of year	₱46,047,004	₱15,290,341	₱11,958,448	₱4,486,929	₱9,479,749	₱87,262,471
Additions	–	–	–	–	49,374	49,374
Reclassification	–	–	(4,893,150)	–	–	(4,893,150)
Balances at end of year	46,047,004	15,290,341	7,065,298	4,486,929	9,529,123	82,418,695
Accumulated depreciation:						
Balances at beginning of year	34,966,490	13,643,008	6,638,985	4,486,929	8,429,560	68,164,972
Depreciation	1,842,206	548,059	570,877	–	325,676	3,286,818
Reclassifications	–	–	(733,973)	–	–	(733,973)
Balances at end of year	36,808,696	14,191,067	6,475,889	4,486,929	8,755,236	70,717,817
Net book values	₱9,238,308	₱1,099,274	₱589,409	₱–	₱773,887	₱11,700,878

2016

	Office Condominium Unit	Building and Improvements	Hauling and Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Other Equipment	Total
Costs:						
Balances at beginning of year	₱46,047,004	₱15,290,341	₱7,065,298	₱4,486,929	₱8,883,204	₱81,772,776
Additions	–	–	4,893,150	–	596,545	5,489,695
Balances at end of year	46,047,004	15,290,341	11,958,448	4,486,929	9,479,749	87,262,471
Accumulated depreciation:						
Balances at beginning of year	33,124,610	13,031,394	5,305,891	4,486,929	8,155,233	64,104,057
Depreciation	1,841,880	611,614	1,333,094	–	274,327	4,060,915
Balances at end of year	34,966,490	13,643,008	6,638,985	4,486,929	8,429,560	68,164,972
Net book values	₱11,080,514	₱1,647,333	₱5,319,463	₱–	₱1,050,189	₱19,097,499

Depreciation expense is presented as part of “General and administrative expenses” in the statements of comprehensive income.

Fully depreciated property and equipment with cost of ₱21.42 million and ₱16.41 million are still being used in operations as of December 31, 2017 and 2016, respectively.

No property and equipment were pledged as security to the Company's obligations in 2017, 2016 and 2015.



9. Investment Property

On January 24, 2005, the Company entered into a contract of lease with PGMC for the lease of the land where the non-operating properties are located (see Note 5). The contract is for a period of 10 years subject to renewal upon mutual consent of both parties. The contract also calls for an initial payment of ₱0.60 million comprising of one month advance rental deposit and security deposit amounting to ₱0.20 million and ₱0.40 million, respectively.

As of December 31, 2017 and 2016, the carrying value of investment property amounted to ₱5.44 million. The Company did not recognize the rent income from this lease arrangement in 2017, 2016 and 2015, as management assessed that it is not probable that the benefit associated with the transaction will flow to the Company. There were no restrictions on realizability of the investment property and no significant costs were incurred to maintain the investment property. There are also no obligations on the part of the Company to develop this investment property.

Based on the latest appraisal report, the fair value of the investment property amounted to ₱393.87 million. The valuation performed was made by a qualified independent appraiser. The valuation techniques were in accordance with that recommended by the International Valuation Standards Committee and in accordance with PFRSs.

This is categorized as Level 3 in the fair value hierarchy as of December 31, 2017 and 2016.

Valuation technique used and key inputs to valuation on investment property are as follows:

	Valuation technique	Significant unobservable inputs	Range
Land			
Residential	Market		₱800 - ₱375
Industrial	Data Approach/ Sales Comparison	Price per square meter	₱1,750 - ₱600
Foreshore/beaches			₱2,500 - ₱1,800

For land, significant increases (decreases) in price per square meter would result in a significantly higher (lower) fair value of the property.

10. Deposit for Land Acquisition

Movements in deposit for land acquisition are set-out below:

	2017	2016
Balances at beginning of year	₱4,483,115	₱33,506,830
Additions	–	4,483,115
Reclassified to land held for future development	–	(33,506,830)
Balances at end of year	₱4,483,115	₱4,483,115

In 2016, upon execution of the CTS, the Company transferred to “Land held for future development” account the deposit made to a third party in 2015 amounting to ₱33.51 million for the acquisition of a 169,904 sqm. parcel of land situated in Laoag, Ilocos Norte. The cost of the land transferred amounted to ₱61.03 million (see Note 7).



11. Accounts Payable and Accrued Expenses

	2017	2016
Trade payables	₱25,617,535	₱24,257,852
Accrued expenses	6,057,652	5,882,912
Others	1,330,296	490,740
	₱33,005,483	₱30,631,504

Trade payables are unsecured, noninterest-bearing and are generally due and demandable.

Accrued expenses include accruals for professional fees, utilities, salaries and wages and outside services.

Others include withholding taxes payable, SSS, Philhealth and HDMF contributions.

12. Liability for Purchased Land

This account pertains to the outstanding payable of the Company for the cost of land purchased recognized under “Land held for future development”. This consists of the following:

	2017	2016
Current	₱64,148,202	₱70,983,305
Noncurrent	110,306,123	160,232,929
Total	₱174,454,325	₱231,216,234

As discussed in Note 7, on September 19, 2016, the Company entered into a contract for acquisition of a 580,154 sqm. land from Insular Life Insurance Company for a total gross consideration of ₱430.47 million. As of December 31, 2017, the Company has already paid ₱257.51 million of the contract price. The liability pertaining to the remaining balance which is payable on installment basis over a period of four years was recorded at fair value upon initial recognition using the discounted cash flow model using the prevailing discount rate at the time of acquisition.

Details of the liability of purchased land from Insular Life Insurance Company as of December 31, 2017 follow:

Principal	₱172,958,411
Unamortized discount:	
Beginning balance	18,526,076
Amortization (see Note 21)	(7,390,895)
Ending balance	11,135,181
	161,823,230
Less noncurrent portion	108,873,883
	₱52,949,347

In 2015, the Company entered into a contract for acquisition of a 169,904 sqm. land, for a consideration of ₱61.03 million from a third party. This was initially recorded as deposit for land acquisition (see Note 10). In 2016, this was reclassified to “Land held for future development” account (see Note 6). As of December 31, 2017, the Company has already paid ₱48.40 million while the remaining balance of ₱12.63 million was recognized as “Liability for purchased land”.



13. Related Party Transactions

Parties are considered related parties if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and other operating decisions. Parties are considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company has transactions with related parties in 2017 and 2016 as follows:

Category/ Related Party	Year	Transactions	Outstanding balance	Terms	Conditions
Under common control					
HE Heacock Resources Corporation					
Advances	2017	₱6,500,000	(₱7,932,240)	Due and demandable; noninterest-bearing	Unsecured
Stockholder					
Carmel Development, Inc.					
Due from affiliates	2017	(₱49,114,093)	₱20,922,876	Due and demandable; noninterest-bearing	Unsecured; no impairment
		(₱42,614,093)	₱12,990,636		

Category/ Related Party	Year	Transactions	Outstanding balance	Terms	Conditions
Under common control					
HE Heacock Resources Corporation					
Advances	2016	₱6,000,000	₱6,000,000	Due and demandable; noninterest-bearing	Unsecured
Stockholder					
Gregorio Araneta, Inc.					
Due from affiliates	2016	17,500,000	17,500,000	Due and demandable; noninterest-bearing	Unsecured; no impairment
Carmel Development, Inc.					
Due from affiliates	2016	9,369,529	9,369,529	Due and demandable; noninterest-bearing	Unsecured; no impairment
		₱32,869,529	₱32,869,529		

Compensation of Key Management Personnel

Short-term compensation of key management personnel of the Company amounted to ₱6.61 million, ₱7.60 million and ₱6.61 million in 2017, 2016 and 2015, respectively.

14. Retirement Benefit Obligation

The Company has an unfunded defined benefit retirement plan covering substantially all of its regular employees. The benefits are based on the years of service and percentage of latest monthly salary.

The defined benefit obligation is determined using the projected unit credit method. There was no plan termination, curtailment or settlement in 2017, 2016 and 2015.



The movements of retirement benefit obligation recognized in the statements of financial position are as follows:

	2017	2016
Balances at beginning of year	₱22,191,012	₱21,795,135
Retirement benefit expense recognized in profit or loss:		
Current service costs	1,507,972	1,753,692
Net interest costs	870,655	1,063,603
	2,378,627	2,817,295
Remeasurement gains recognized in other comprehensive income	(3,013,954)	(2,421,418)
Balances at end of year	₱21,555,685	₱22,191,012

The components of retirement benefit expense recognized in profit or loss are as follows:

	2017	2016	2015
Current service costs	₱1,507,972	₱1,753,692	₱1,431,900
Net interest costs	870,655	1,063,603	550,555
	₱2,378,627	₱2,817,295	₱1,982,455

The principal assumptions used in determining the defined benefit obligation are as follows:

	2017	2016	2015
Discount rate	5.75%	5.31%	4.88%
Salary increase rate	6.70%	6.70%	8.00%

The sensitivity analysis below has been determined based on reasonably possible changes to each significant assumption on the retirement benefit obligation, assuming all other assumptions are held constant:

	Increase (decrease) in basis points	Amounts	
		2017	2016
Discount rate	+100	(₱997,704)	(₱1,284,843)
	-100	1,151,823	1,506,506
Salary increase rate	+100	1,229,275	1,572,323
	-100	(1,090,868)	(1,373,155)

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2017:

Years	Amounts
Less than 1 year	₱12,586,511
More than 1 year to 5 years	3,772,517
More than 5 years to 10 years	1,999,072
More than 10 years to 15 years	15,530,461
More than 15 years to 20 years	2,669,365
More than 20 years	19,203,095
Total	₱55,761,021

The Company does not expect to contribute to its retirement plan in 2018.



The average working life of employees as of December 31, 2017 and 2016 is 13.26 years and 12.26 years, respectively.

15. Income Taxes

The provision for current income tax represents minimum corporate income tax (MCIT) in 2017 and regular corporate income tax in 2016 and 2015.

The components of the Company's net deferred tax liability are as follows:

	2017	2016
<i>Recognized in profit or loss:</i>		
<i>Deferred tax assets:</i>		
Allowance for impairment losses	₱16,662,774	₱16,590,387
Retirement benefit recognized in profit or loss	5,726,215	5,012,627
Net operating loss carryover (NOLCO)	2,954,691	-
MCIT	1,024,477	-
	26,368,157	21,603,014
<i>Deferred tax liability:</i>		
Effect of difference between revenue recognized for tax and accounting	(48,627,078)	(46,077,902)
	(22,258,921)	(24,474,888)
<i>Recognized in other comprehensive income:</i>		
Remeasurement losses on defined benefit obligation	740,491	1,644,677
Net deferred tax liability	(₱21,518,430)	(₱22,830,211)

A reconciliation of the statutory income tax expense at statutory rate of 30% to the provision for income tax expense is as follows:

	2017	2016	2015
At statutory income tax rate	(₱3,555,340)	₱7,844,257	₱15,030,207
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	2,551,672	3,373,003	6,737,257
Nontaxable income	(187,821)	(715,651)	(202,740)
Others	-	-	(9,277,185)
	(₱1,191,489)	₱10,501,609	₱12,287,539

Details of the tax effects of the Company's NOLCO and MCIT which are available for offset against future taxable income and income tax payable, respectively, follow:

Inception Year	NOLCO	Expired	Balance	Expiry Year
2017	₱2,954,691	₱-	₱2,954,691	2020

Inception Year	MCIT	Expired	Balance	Expiry Year
2017	₱1,024,477	₱-	₱1,024,477	2020



Republic Act (RA) No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

16. Earnings (Loss) Per Share

	2017	2016	2015
Net income (loss)	(P10,659,645)	P15,645,915	P37,813,152
Weighted average common shares	1,951,387,570	1,951,387,570	1,626,156,320
Basic and diluted earnings (loss) per share	(P0.0055)	P0.0080	P0.0233

The Company does not have any dilutive common shares outstanding, accordingly, the basic and diluted earnings per share are the same.

The weighted average number of shares takes into account the weighted average effect of changes in number of shares outstanding during the year. In November 2015, the Company issued additional 390,277,500 shares (see Note 17)

17. Financial Instruments and Capital Management

General

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents and trade and other receivables. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as AFS financial assets and accounts payable and accrued expenses and liability for purchased land which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk and credit risk.



As of December 31, 2017 and 2016, the Company has minimal exposure to any significant foreign currency risk because its financial instruments are denominated in Philippine peso, the Company's functional currency. As assessed by the management, the Company has minimal exposure to equity price risk for the AFS financial assets and as such, has no material impact to the financial statements. BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences and forecasts from its collection and disbursement.

The following tables summarize the maturity profile of the Company's financial assets held for liquidity purposes based on contractual and undiscounted receivables and financial liabilities based on contractual and undiscounted payables.

2017

	On demand	Within 1 year	More than 1 year	Total
Financial assets:				
Cash and cash equivalents	27,048,393	–	–	27,048,393
Trade and other receivables ¹	–	158,402,298	158,522,959	316,925,257
Due from related parties	20,922,876	–	–	20,922,876
	47,971,269	158,402,298	158,522,959	364,896,526
Financial liabilities:				
Accounts payable and accrued expenses ²	(32,517,223)	–	–	(32,517,223)
Liability for purchased land	–	(64,148,202)	(110,306,123)	(174,454,325)
	(32,517,223)	(64,148,202)	(110,306,123)	(206,971,548)
Net financial assets (liabilities)	₱15,454,046	₱94,254,096	₱48,216,836	₱157,924,978

¹ Excluding impaired receivables.

² Excluding withholding taxes and other statutory tax liabilities.

2016

	On demand	Within 1 year	More than 1 year	Total
Financial assets:				
Cash and cash equivalents	₱55,627,337	₱20,320,040	₱–	₱75,947,377
Trade and other receivables ¹	–	169,317,585	132,336,494	301,654,079
Due from related parties	32,869,529	–	–	32,869,529
	88,496,866	189,637,625	132,336,494	410,470,985
Financial liabilities:				
Accounts payable and accrued expenses ²	(30,327,530)	–	–	(30,327,530)
Liability for purchased land	–	(76,783,899)	(172,958,411)	(249,742,310)
	(30,327,530)	(76,783,899)	(172,958,411)	(280,069,840)
Net financial assets (liabilities)	₱58,169,336	₱112,853,726	(₱40,621,917)	(₱130,401,145)

¹ Excluding impaired receivables.

² Excluding withholding taxes and other statutory tax liabilities.



Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The credit risk of the Company is controlled by the approvals, limits and monitoring procedures. It is the Company's policy to enter into transactions with creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that credit transactions are made with parties with appropriate credit history and has internal mechanism to monitor granting of credit and management of credit exposures. The Company's maximum exposure to credit risk is equal to the carrying amounts of its financial assets (excluding cash on hand) amounting to ₱364.90 million and ₱412.84 million as of December 31, 2017 and 2016, respectively. Except for impaired receivables amounting to ₱55.54 million and ₱55.30 million as of December 31, 2017 and 2016, the Company's financial assets are neither past due nor impaired as of December 31, 2017 and 2016.

Receivables that are neither past due nor impaired are due from creditworthy counterparties with good payment history with the Company. Such receivables are collectible and in good standing as assessed by the Company's management.

Cash with banks and short-term investments are deposits and investments, respectively, made with reputable banks duly approved by the BOD. As such, cash and cash equivalents are assessed by Management as high grade.

Capital Management

The Company considers the following items in the statements of financial position as its core capital:

	2017	2016
Capital stock	₱1,951,387,570	₱1,951,387,570
Additional paid-in capital	201,228,674	201,228,674
Deficit	(411,216,644)	(400,556,999)
	₱1,741,399,600	₱1,752,059,245

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2017, 2016 and 2015.



Below is the Company's track record of registration of securities under the Securities Regulation Code of the SEC:

Date of Registration (SEC Approval)	Description	Number of shares (in 000's)	Par value per share	Total amount (in 000's)
1988	Capital upon registration:			
	Class A	30,000,000	₱0.01	₱300,000
	Class B	20,000,000	0.01	200,000
		50,000,000		500,000
1992	Decrease in authorized capital stock and change of par value from ₱0.01 to ₱1.00			
	Class A	150,000	1.00	150,000
	Class B	100,000	1.00	100,000
		250,000		250,000
1994	Change of par value from ₱1.00 to ₱0.30			
	Class A	150,000	0.30	45,000
	Class B	100,000	0.30	30,000
		250,000		75,000
1995	Increase in authorized capital stock and removal of classification of shares of stock	1,000,000	0.30	300,000
1996	Increase in authorized capital stock and change of par value from ₱0.30 to ₱1.00	5,000,000	1.00	5,000,000
Total authorized capital		5,000,000	₱1.00	₱5,000,000

In November 2015, the Company issued additional 390,277,500 shares out of the 3,438,889,930 remaining authorized shares with par value of ₱1.00 to Gregorio Araneta, Inc. based on the latter's agreed subscription, for a total proceeds of ₱437.11 million. There were no movements in the Company's registered securities in 2017 and 2016. As of December 31, 2017, there are 2,208 shareholders who hold 1,951,387,570 shares in the Company.

Fair Value and Categories of Financial Instruments

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables:				
Trade receivables	₱158,522,959	₱125,722,563	₱132,336,494	₱104,969,439
AFS financial assets	2,490,000	2,490,000	2,400,000	2,400,000
	₱161,012,959	₱128,212,563	₱134,736,494	₱107,369,439
Other financial liabilities:				
Liability for purchased land	₱174,454,325	₱174,454,325	₱231,216,234	₱231,216,234



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

Cash and Cash Equivalents, Other Receivables, Due from Related Parties, and Accounts Payable and Accrued Expenses

The carrying amounts of these financial instruments approximate fair values due to the short-term nature of these financial instruments.

Noncurrent Trade Receivables

Fair value is based on discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. This is classified under level 3 of the fair value hierarchy.

AFS Financial Assets

AFS financial assets are carried at fair value. The fair values of AFS financial assets are based on the quoted market prices. This is classified under level 2 of the fair value hierarchy.

Liability for Purchased Land

Fair value of liability for purchased land is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. This is classified under level 3 of the fair value hierarchy.

In 2017, 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

18. Project Agreement with SLRDI

The Company together with SLRDI began their activities based on their agreement dated June 5, 2003. Under the agreement, SLRDI will develop and sell certain parcels of land owned by the Company at its own cost. The Company is responsible for the delivery of the parcels of land free from liens and encumbrances including any claims of tenants or third parties and from any form of litigation. The project shall consist of the development of an exclusive mixed-use residential-commercial subdivision with a country club. Once developed, the property will be shared by the parties either through cash or lot overrides. The Company shall receive 40% of the net sales proceeds, in case of cash override, or 40% of the saleable lots, in case of a lot override, while SLRDI shall receive 60% of the net sales proceeds or the saleable lots. The Company opted to receive its share through a combination of cash override and lot override.

On April 27, 2006, SLRDI's application to obtain license to sell from the Housing and Land Use Regulatory Board was approved.

On January 29, 2013, SLRDI assigned its rights and interests over the sales proceeds from the sales of saleable area in Phase 3 to Sta. Lucia Land, Inc. The latter assumes the responsibility of collecting payments or amortizations and undertakes to remit the Company's share from the sales proceeds.

As at December 31, 2017, the project has been substantially completed.

The Company presently derives its revenue and the related costs solely from the sale of real estate under this joint operation. Such revenue and costs have been accounted for based on the percentage of completion method and are measured principally on the basis of estimated completion of a



physical proportion of the contract work by the project's supervising engineer. In addition, management uses 20% of the contract price as the collection threshold before a sale is recognized.

The Company's unsold real estate inventories amounting to P859.60 million and P881.02 million and trade receivables amounting to P314.92 million and P300.67 million as of December 31, 2017 and 2016, respectively, pertains to its share in the assets of the joint operation.

Sales and cost of sales recognized amounted to P60.97 million and P21.42 million, respectively, in 2017, P134.88 million and P66.88 million, respectively, in 2016 and P93.28 million and P31.87 million, respectively, in 2015.

19. Contingencies

In the ordinary course of business, the Company has pending claims/assessments which are in various stages of discussion/protest/appeal with relevant third parties. Management believes that the bases of the Company's position are legally valid such that the ultimate resolution of these claims/assessments would not have a material effect on the Company's financial position and results of operations. No provision is recognized as the criteria under PAS 37 have not been met based on management's assessment.

20. Segment Reporting

The Company has only one reportable segment that sells only one product line.

All segment revenues are derived from external customers. The Company sells real estate properties. No specific customer pass the concentration threshold.

Operating results of the Company are regularly reviewed by the Company's Chief Operating Decision Maker, who is the Company's Chief Executive Officer, to make decisions about resources to be allocated to the segment and assess its performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the presentation and classification in the statements of comprehensive income.

The Company has only one geographical segment as all of its assets are located in the Philippines.

21. Other Matters

Note to Statement of Cash Flows

The following are noncash investing activities in 2016:

- Transfer from "Deposit for land acquisition" to "Land held for future development" amounting to P33.51 million.
- Unpaid additions to "Land held for future development" recorded under "Liability for purchased land" amounting to P228.83 million.

There are no noncash investing activities in 2017.



In 2017, the movements in the financing activity pertain to the advances made by/to the related parties to/by the Company for funding purposes and the payment for the liability of the purchased land. There are no noncash financing activities incurred during the year.

Interest Expense

Interest expense consists of amortization of discount liability for purchased land amounting to ₱7.39 million and ₱2.38 million in 2017 and 2016, respectively (see Note 12).

22. Supplementary Tax Information Required under Revenue Regulations (RR) 15-2010

The Company reported and/or paid the following types of taxes in 2017:

VAT

- a. The Company is VAT-registered with taxable sale of goods amounting to ₱66,025,269 with a corresponding output VAT of 12% amounting to ₱7,923,032.

The Company's income that are subject to VAT are based on actual collections received, hence, may not be the same as the amounts recognized in the 2017 statement of comprehensive income. The Company's VAT exempt sales arise from the sale of real properties from the Company's project agreement with SLRDI.

RA No. 8424, Tax Reform Act of 1997, Title IV, Chapter 1, Section 109(p) specified that sale of residential lot amounting to ₱1,500,000 and below for purposes of computing VAT are VAT exempt transactions and therefore, will not be subject to VAT. Provided, however that not later than January 31, 2009 and every three (3) years thereafter, the amounts stated herein shall be adjusted to its present value using the Consumer Price Index, as published by the National Statistics Office (NSO) and that such adjustment shall be published through revenue regulations to be issued not later than March 31 of each year.

Per RR 3-2013, the adjustment in computing VAT resulted in a revised threshold amounting to ₱1,919,500 effective January 1, 2013.

- b. Input VAT

The amount of input VAT claimed are broken down as follows:

Balance at January 1, 2017	₱79,553,465
Domestic purchases/payments for:	
Goods for resale or manufacture	370,161
Services lodged under other accounts	842,785
<u>Balance at December 31, 2017</u>	<u>₱80,766,411</u>



Other Taxes and Licenses

The following are the details of the Company's taxes and licenses:

<i>A. Local</i>	
Business taxes	₱2,569,660
Real estate taxes	3,548,447
Licenses, permits and fees	795,003
Community tax certificate	10,500
Others	2,764,644
<i>B. National</i>	
Annual registration	405,951
	<hr/>
	₱10,094,205
	<hr/> <hr/>

Withholding Taxes

The amount of withholding taxes paid/accrued for the year amounted to:

Withholding taxes on compensation and benefits	₱210,683
Expanded withholding taxes	77,070
	<hr/>
	₱287,753
	<hr/> <hr/>

Tax Assessment and Cases

As at December 31, 2017, the Company has no pending final assessment notices. The Company is not aware of any tax case under preliminary investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

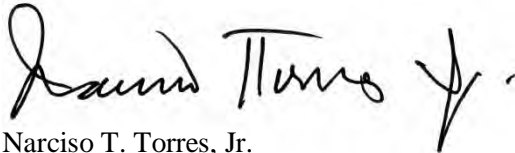


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
Araneta Properties, Inc.
21st Floor, Citibank Tower
Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Araneta Properties, Inc. as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017, and have issued our report thereon dated April 12, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Narciso T. Torres, Jr.

Partner

CPA Certificate No. 84208

SEC Accreditation No. 1511-A (Group A),
October 1, 2015, valid until September 30, 2018

Tax Identification No. 102-099-147

BIR Accreditation No. 08-001998-111-2018,
February 14, 2018, valid until February 13, 2021

PTR No. 6621336, January 9, 2018, Makati City

April 12, 2018



ARANETA PROPERTIES, INC.
INDEX TO THE FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

FINANCIAL STATEMENTS

Statements of Financial Position as of December 31, 2017 and December 31, 2016.

Statements of Comprehensive Income for the Years Ended December 31, 2017, 2016 and 2015.

Statements of Changes in Equity for the Years Ended December 31, 2017, 2016 and 2015.

Statements of Cash flows for the Years Ended December 31, 2017, 2016 and 2015.

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

I. Supplementary schedules required by Annex 68-E

- A. Marketable Securities (Current Marketable Equity Securities and Other Short-Term Cash Investments)
- B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- C. Non-current Marketable Equity Securities, Other Long-term Investments In Stock and Other Investments
- D. Intangible Assets - Other Assets
- E. Long Term and Short Term Loan
- F. Indebtedness to Related Parties (Long-term Loans from Related Parties)
- G. Guarantees of Securities of Other Issuer
- H. H.1 Capital Stock
H.2 Capital Stock Track Record
- J. J.1 Security Ownership of Certain Beneficial Owners and Management
J.2 Ownership Held by CEO and Four Highly Compensated Executive Officers
- K. Supplemental Statements of Financial Report

II. Schedule of all of the effective standards and interpretations

ARANETA PROPERTIES, INC.

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E

DECEMBER 31, 2017

PLEASE REFER TO THE SCHEDULES ATTACHED UNDER 17-A ANNUAL REPORT

ARANETA PROPERTIES, INC.**SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS AS OF DECEMBER 31, 2017**

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional schedule requirements for large entities showing a list of all effective standards and interpretations under Philippine Financial Reporting Standards (PFRS).

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as at December 31, 2017:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	<i>First-time Adoption of Philippine Financial Reporting Standards</i>	✓		
	<i>Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>			✓
	<i>Amendments to PFRS 1: Additional Exemptions for First-time Adopters</i>			✓
	<i>Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters</i>			✓
	<i>Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters</i>			✓
	<i>Amendments to PFRS 1: Government Loans</i>			✓
PFRS 2	<i>Share-based Payment</i>			✓
	<i>Amendments to PFRS 2: Vesting Conditions and Cancellations</i>			✓
	<i>Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions</i>			✓
	<i>Amendments to PFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions</i>			✓
PFRS 3	<i>Business Combinations</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
(Revised)				
PFRS 4	<i>Insurance Contracts</i>			✓
	<i>Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts</i>			✓
	<i>Amendments to PFRS 4, Applying PFRS 9, Financial Instruments, with PFRS 4</i>			✓
PFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>			✓
PFRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>			✓
PFRS 7	<i>Financial Instruments: Disclosures</i>	✓		
	<i>Amendments to PFRS 7: Transition</i>			✓
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets</i>	✓		
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition</i>	✓		
	<i>Amendments to PFRS 7: Improving Disclosures about Financial Instruments</i>	✓		
	<i>Amendments to PFRS 7: Disclosures - Transfers of Financial Assets</i>			✓
	<i>Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	✓		
	<i>Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures</i>			✓
PFRS 8	<i>Operating Segments</i>	✓		
PFRS 9	<i>Financial Instruments: Classification and Measurement of Financial Assets</i>	✓		
	<i>Financial Instruments: Classification and Measurement of Financial Liabilities</i>	✓		
	<i>Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures</i>			✓
	<i>Amendments to PFRS 9: Hedge Accounting</i>			✓
PFRS 10	<i>Consolidated Financial Statements</i>			✓
	<i>Amendments to PFRS 10: Transition Guidance</i>			✓
	<i>Amendments to PFRS 10: Investment Entities</i>			✓
	<i>Amendments to PFRS 10: Sale or Contribution of</i>			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
	<i>Assets between an Investor and its Associate or Joint Venture</i>			
	<i>Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception</i>			✓
PFRS 11	<i>Joint Arrangements</i>	✓		
	<i>Amendments to PFRS 11: Transition Guidance</i>	✓		
	<i>Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations</i>	✓		
PFRS 12	<i>Disclosure of Interests in Other Entities</i>			✓
	<i>Amendments to PFRS 12: Transition Guidance</i>			✓
	<i>Amendments to PFRS 12: Investment Entities</i>			✓
	<i>Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception</i>			✓
	<i>Amendments to PFRS 12: Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)</i>			✓
PFRS 13	<i>Fair Value Measurement</i>	✓		
PFRS 14	<i>Regulatory Deferral Accounts</i>			✓
PFRS 15	<i>Revenue from Contracts with Customers</i>			✓
PFRS 16	<i>Leases</i>			✓
Philippine Accounting Standards				
PAS 1 (Revised)	<i>Presentation of Financial Statements</i>	✓		
	<i>Amendment to PAS 1: Capital Disclosures</i>	✓		
	<i>Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation</i>			✓
	<i>Amendments to PAS 1: Presentation of Items of Other Comprehensive Income</i>	✓		
	<i>Amendments to PAS 1 (Revised): Disclosure Initiative</i>	✓		
PAS 2	<i>Inventories</i>	✓		
PAS 7	<i>Statement of Cash Flows</i>	✓		
	<i>Amendments to PAS 7, Statement of Cash Flows, Disclosure Initiative</i>	✓		
PAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 10	<i>Events after the Reporting Date</i>	✓		
PAS 11	<i>Construction Contracts</i>			✓
PAS 12	<i>Income Taxes</i>	✓		
	<i>Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets</i>	✓		
	<i>Amendments to PAS 12, Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses</i>			✓
PAS 14	<i>Segment Reporting</i>	✓		
PAS 16	<i>Property, Plant and Equipment</i>	✓		
	<i>Amendments to PAS 16: Bearer Plants</i>			✓
	<i>Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation</i>			✓
PAS 17	<i>Leases</i>	✓		
PAS 18	<i>Revenue</i>	✓		
PAS 19	<i>Employee Benefits</i>	✓		
	<i>Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures</i>	✓		
PAS 19 (Revised)	<i>Employee Benefits</i>	✓		
	<i>Amendments to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions</i>			✓
PAS 20	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>			✓
PAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i>	✓		
	<i>Amendment: Net Investment in a Foreign Operation</i>			✓
PAS 23 (Revised)	<i>Borrowing Costs</i>	✓		
PAS 24 (Revised)	<i>Related Party Disclosures</i>	✓		
PAS 26	<i>Accounting and Reporting by Retirement Benefit Plans</i>			✓
PAS 27	<i>Consolidated and Separate Financial Statements</i>			✓
PAS 27 (Revised)	<i>Amendments to PAS 27 (Amended): Investment Entities</i>			✓
	<i>Amendments to PAS 27 (Revised): Cost of an</i>			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
	<i>Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>			
PAS 27 (Amended)	<i>Separate Financial Statements</i>			✓
	<i>Amendments to PAS 27 (Amended): Investment Entities</i>			✓
	<i>Amendments to PAS 27 (Amended): Equity Method in Separate Financial Statements</i>			✓
PAS 28	<i>Investments in Associates</i>			✓
PAS 28 (Amended)	<i>Investments in Associates and Joint Ventures</i>			✓
	<i>Amendments to PAS 28 (Amended): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>			✓
	<i>Amendments to PAS 28 (Amended): Investment Entities: Applying the Consolidation Exception</i>			✓
	<i>Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value</i>		✓	
PAS 29	<i>Financial Reporting in Hyperinflationary Economies</i>			✓
PAS 31	<i>Interests in Joint Ventures</i>			✓
PAS 32	<i>Financial Instruments: Disclosure and Presentation</i>	✓		
	<i>Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation</i>			✓
	<i>Amendment to PAS 32: Classification of Rights Issues</i>			✓
	<i>Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities</i>	✓		
PAS 33	<i>Earnings per Share</i>	✓		
PAS 34	<i>Interim Financial Reporting</i>	✓		
PAS 36	<i>Impairment of Assets</i>	✓		
	<i>Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets</i>	✓		
PAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>	✓		
PAS 38	<i>Intangible Assets</i>			✓
	<i>Amendments to PAS 38: Clarification of</i>			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
	<i>Acceptable Methods of Amortization</i>			
PAS 39	<i>Financial Instruments: Recognition and Measurement</i>	✓		
	<i>Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities</i>	✓		
	<i>Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions</i>			✓
	<i>Amendments to PAS 39: The Fair Value Option</i>			✓
	<i>Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts</i>			✓
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets</i>	✓		
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition</i>	✓		
	<i>Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives</i>			✓
	<i>Amendment to PAS 39: Eligible Hedged Items</i>			✓
	<i>Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting</i>			✓
<i>Amendments to PAS 39: Hedge Accounting</i>			✓	
PAS 40	<i>Investment Property</i>	✓		
	<i>Amendments to PAS 40, Transfers of Investment Property</i>			✓
PAS 41	<i>Agriculture</i>			✓
	<i>Amendments to PAS 41: Bearer Plants</i>			✓
Philippine Interpretations				
IFRIC 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>			✓
IFRIC 2	<i>Members' Share in Co-operative Entities and Similar Instruments</i>			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>			✓
IFRIC 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓
IFRIC 9	<i>Reassessment of Embedded Derivatives</i>			✓
	<i>Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives</i>			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	<i>PFRS 2- Group and Treasury Share Transactions</i>			✓
IFRIC 12	<i>Service Concession Arrangements</i>			✓
IFRIC 13	<i>Customer Loyalty Programmes</i>			✓
IFRIC 14	<i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>			✓
	<i>Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement</i>			✓
IFRIC 15	<i>Agreements for the Construction of Real Estate</i>			✓
IFRIC 16	<i>Hedges of a Net Investment in a Foreign Operation</i>			✓
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>			✓
IFRIC 18	<i>Transfers of Assets from Customers</i>			✓
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>			✓
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>			✓
IFRIC 21	<i>Levies</i>	✓		
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>			✓
SIC-7	<i>Introduction of the Euro</i>			✓
SIC-10	<i>Government Assistance - No Specific Relation to Operating Activities</i>			✓
SIC-12	<i>Consolidation - Special Purpose Entities</i>			✓
	<i>Amendment to SIC - 12: Scope of SIC 12</i>			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
SIC-13	<i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>			✓
SIC-15	<i>Operating Leases - Incentives</i>			✓
SIC-21	<i>Income Taxes - Recovery of Revalued Non-Depreciable Assets</i>			✓
SIC-25	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>			✓
SIC-27	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	✓		
SIC-29	<i>Service Concession Arrangements: Disclosures.</i>			✓
SIC-31	<i>Revenue - Barter Transactions Involving Advertising Services</i>			✓
SIC-32	<i>Intangible Assets - Web Site Costs</i>			✓

Standards tagged as “Not applicable” have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2017.

Standards tagged as “Not adopted” are standards issued but not yet effective as of December 31, 2017. The Company will adopt the Standards and Interpretations when these become effective.

