ARANETA PROPERTIES INCORPORATED

INFORMATION STATEMENT
(SEC FORM 20-IS)

November 28, 2016
At 9:30 a.m.
21st Floor Citibank Tower, Paseo de Roxas,
Makati City, Philippines

ARANETA PROPERTIES INCORPORATED
21st FloorCitibankTower, Paseo de Roxas, MakatiCity
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 28, 2016 at 9:30 a.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 25, 2015;
4. Report of the President;
5. Presentation and approval of the Financial Statements as of December 31, 2015;
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 25, 2015 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 5, 2016 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, September 20, 2016

christine p base

CHRISTINE P. BASE
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   Preliminary Information Statement
   X Definitive Information Statement

2. Name of Registrant as specified in its charter: **ARANETA PROPERTIES, INC.**

3. **21st Floor, CitibankTower, 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, CitibankTower, Paseo de Roxas, MakatiCity, Phillipines**
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 28, 2016; 9:30a.m.; 21st/F Citibank Tower, Paseo de Roxas, MakatiCity

9. Approximate date on which the Information Sheet is first to be sent or given to security holders on **November 7, 2016**.

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	1,951,387,570shares

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 28, 2016
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: November 7, 2016.

**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 ay 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 BEACTED 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 September 30, 2016, 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 179,878,521 shares are owned by foreigners.

All stockholders of record at the close of business hours of October 5, 2016 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 5, 2016 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 September 30, 2016 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	Gregorio Araneta, Inc. 6/F Adamson Center Suite A, 121 LP Leviste St., Makati City *Shareholder*	Nominee: Gregorio Ma. Araneta III *Shareholder*	Filipino	390,277,500	Direct	20.00%
Common	Carmel Development, Inc. 21/F CitibankTower Paseo de Roxas, MakatiCity *Shareholder*	Nominee: Gregorio Ma. Araneta III *Shareholder*	Filipino	499,999,997	Direct	32.03%
Common	Gamma Properties, Inc., 21/F CitibankTower Paseode Roxas, MakatiCity *Shareholder*	Nominee: Gregorio Ma. Araneta III *Shareholder*	Filipino	136,000,000	Direct	8.71%
Common	LBC Express, Inc. LBC Compound Aviation Center, Airport Road, Pasay City *Shareholder*	Nominee: Santiago Araneta *Direcotr/Shareholder*	Filipino	194,898,074	Direct	9.98%
Common	Olongapo Mabuhay Express Corporation, LBC Compound Aviation Center, Airport Road, Pasay City *Shareholder*	Nominee: Gregorio Ma Araneta III *Shareholder*	Filipino	124,855,422	Direct	8.00%

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 September 30, 2016:

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	Filipino	Direct Indirect Indirect	0.0096

		Gamma Properties, Inc.			
Common	**Cesar Zalamea** RMS 801-802, PSE Plaza, Ayala Triangle, Ayala Ave., Makati City	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	**Santiago Araneta** LBC Compound Aviation Center, Airport Road, Pasay City	85,800	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.	Common	390,277,500	Direct	20
Carmel Development, Inc. (of which 99% held by Gregorio Ma. Araneta III)	Common	499,999,997	Direct	32.03%
Gamma Properties, Inc. (of which 50% held by Gregorio Ma. Araneta III)	Common	264,472,892	Direct	8.71%
LBC Express Inc. (wholly owned by LBC Development Corporation, of which 25% is owned by Santiago Araneta)	Common	194,818,074	Direct	9.98%
Olongapo Mabuhay Express Corp. (of which 80% held by Ma. Joy A. Cruz)	Common	124,855,422	Direct	8.00%

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 5, 2016 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 5, 2016 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 Companyare as follows:

Office	Name	Citizenship	Age	Year of assumption of office	No. of years/ Months
Chairman/CEO/Director	Gregorio Ma. Araneta III	Filipino	68	1997	19 years
Director/President	Crisanto Roy B. Alcid	Filipino	47	1997	19 years
Director	Cesar Zalamea	Filipino	71	2015	66 years
Director/Treasurer	Luis M. Araneta	Filipino	31	2012/2015	4 years
Director	Alfonso M. Araneta	Filipino	32	2013	3 years
Director	Perry L. Pe	Filipino	55	2003	5 years
Director	Alfredo de Borja	Filipino	72	2009	7 years
Director	Alfredo D. Roa III	Filipino	69	2010	6 years
Director	Santiago Araneta	Filipino	44	2013	5 years
Corporate Secretary	Christine P. Base	Filipino	46	2007	9 years
Chief Finance Officer	Jose O. Eustaquio III	Filipino	69	2012	4 years

The above incumbent directors are all nominated for re-election in this year's Annual Stockholders' Meetingper 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 2016-2017, 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 D. Araneta nominated Santiago Araneta, Perry L. Pe and Afredo 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, 68 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. 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, 47 years old, is currently the President of Araneta Properties, Inc. 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, 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 HarvardBusinessSchool.

LUIS M. ARANETA, Filipino, 31 years old, is currently the Business Development Manager of Araneta Properties, Inc. He was elected Director of the Company in 2012. 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 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, 72 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, 55 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, 32 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, 69 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.

SANTIAGO G. ARANETA, Filipino, 44 years old, is the Chairman and CEO of LBC Express, Inc., the largest cargo, courier and remittance company in the Philippines. He is also the Chairman of LBC Mabuhay Hawaii Corporation, LBC Mabuhay Saipan Corporation and LBC Holdings USA Corp., Director and President of Rudy Project Philippines, a Director and Treasurer of LBC Properties Inc., a Director for Advanced Global Systems Inc. and LBC Mundial Inc. and Executive Vice President of LBC Development Corporation.

Mr. Santiago G. Araneta is likewise one of the Trustees of LBC's foundation, LBC Hari ng PadalaFoundation, Inc. He is also the Chairman of the United Football League, the Philippines premier professional football league. For the year 2013, Santiago Araneta was nominated as Ernst and Young's CEO. Since 2003, he has been an active member of the Philippine chapter of the Entrepreneur Organization. Mr. Araneta graduated in De La Salle University, Manila where he obtained his degree in Bachelor of Arts Major in Management.

CHRISTINE P. BASE, Filipino, 45 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 atSycip, 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 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 2015-2016. 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.	Santiago Araneta	Director
9.	Alfredo D. Roa, III	Independent Director

For the term 2016-2017, 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. 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 AlfonsoAraneta 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.

As of August 31, 2016, 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, 2016.

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 2014 and 2015 and to be paid in the ensuing fiscal year 2016to 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	2014 2015 2016			
Crisanto Roy Alcid* President	2014 2015 2016			
Luis M. Araneta Director	2014 2015 2016			
RhoanPurugganan* Legal Head	2014 2015 2016			
Jose O. Eustaquio III** Chief Finance Officer	2014 2015 2016			
TOTAL FOR THE GROUP	2014 2015 2016**	10,126,800.00 10,126,800.00 10,126,800.00		

Other Officers as a group unnamed	2014 2015 2016**	5,624,000.00 5,624,000.00 5,624,000.00		

* Key officers, ** Figures in Year 2016 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 2014, 2015 and 2016. 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 2015-2016. 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 2014-2015.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 2015-2016.

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, 2015, 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 25, 2015.

The minutes of the previous Stockholders' Meeting held last November 25, 2015 shall be presented to the stockholders for approval. Items are as follows:

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 19, 2015;
4. Report of the President;
5. Presentation and approval of the Financial Statements as of December 31, 2015;
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.

(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
February 15, 2016	Authority to acquire a parcel of land located in Brgy. Balacad, Laoag City.
February 15, 2016	Authority to enter into a Contract of Lease with Smart Communications, Inc.
February 15, 2016	Authorization and designation of the Corporation's representatives in respective ejectment cases over specified parcels of land
February 15, 2016	Authority to allow Philippine Savings Bank to release the loan proceeds to Sta. Lucia Realty and Development, Inc.
February 15, 2016	Authorization and designation of the Corporation's representatives in filing a Petition for Certiorari with Application for a Temporary Restraining Order and/or Write of Preliminary Injunction before the Court of Appeals
April 6, 2016	Authority to transact with the City Government of Makati in the application fpr a building permit, occupational permit, and all other necessary documentary requirements
May 18, 2016	Authority to transact with the Home Development Mutual Fund
May 18, 2016	Authority to apply for a special permit to extract ferrochrome tailings/slug with the Department of Environment and Natural Resources
May 18, 2016	Authorization to transact with the Registry of Deeds of Meycauayan, Bulacan
May 18, 2016	Authorization to transact with the Registry of Deeds of Meycauayan, Bulacan

June 6, 2016	Authorization and designation of the Corporation's representatives in respective ejectment cases over specified parcels of land
June 6, 2016	Authorization allowing BPI Family Savings Bank to release loan proceeds to Sta. Lucia Realty
June 6, 2016	Authorization to enroll in the BancNet E-Gov System through China Banking Corporation
August 10, 2016	Authorization to participate in a public bidding for the purchase of a parcel of land in Brgy. Tungkong Mangga Brgy. Paradise III, San Jose Del Monte
September 13, 2016	Authority to purchase a parcel of land located in Brgy. Tungkong, Mangga, San Jose Del Monte, Bulacan.

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 5, 2016 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 5, 2016 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, 2015 and Interim Financial Statements ending June 30, 2016 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, CitibankTower, Paseo de Roxas, MakatiCity

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 onSeptember 20, 2016.

ARANETA PROPERTIES INCORPORATED

By: christinepbase
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, 2016, the engineering department reported percentage completion detailed below:

Percentage of Completion	As of June 30, 2015	As of June 30, 2016
Phase I	99.964%	99.96%
Phase II	99.972%	99.970%
Phase III	84.700%	93.000%
Club House / Sports Center	98.760%	99.000%

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, 2016 are as follows:

Legal officer - - - - - - - - - -	1
Managers - - - - - - - - - - - -	6
Consultants - - - - - - - - - - -	3
Supervisors, Rank and File -	47
Total number of employees -	57

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 2014-2015

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

The cash balance of ₱306.749 million as at end of December 31, 2015 as compared with that ₱ 51.618 million in 2015. 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 ₱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.

The receivables decreased by 6.24% from ₱252.498 million in 2015 as compared to 2014 which is₱ 269,300 million. Trade receivables mainly represent the Company's outstanding balance in its share from the sale of real estate by 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 ₱1,170,454,786in 2014 as compared with ₱1,138,585,139 in 2015. The movement in the Real Estate for sale and development is attributable to the land banking activity of the Company net of cost of lots sold during the year. 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.

The decrease in accounts payable and accrued expenses account was basically caused by normal recording of accrual of payables vis-a-vis payments.

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

The Company has recorded a Net Income before income tax of ₱50.101 million in 2015, ₱117.897 million in 2014 and ₱33.837 million in 2013.

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

Status of Operation

The Company's 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.

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 June 30, 2016, the residential area of Phase 1, Phase 2 & Phase 3 are 99.96%, 99.97% & 93.00% complete. while the Country club is 99.00% complete

Table I – The comparative figures of the results of operations for the quarter ending June 30, 2016 with comparative figures of year 2015 and 2014 for the same period.

	For the six (6) months ending June 30			**% Change**	**% Change**
In millions (Php)	**Year 2014**	**Year 2015**	**Year 2016**	**2014 vs 2015**	**2015 vs 2016**
Revenue	47.323	52.400	30.599	9.689%	(41.605%)
Cost and Expenses	35.834	31.160	18.141	(15.000%)	(41.781%)
Net Income (before tax)	11.489	21.240	12.458	45.909%	(41.347%)

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 six (6) months period.

	For the six (6) months ending June 30			**% Change**	**% Change**
In millions (Php)	**Year 2014**	**Year 2015**	**Year 2016**	**2014 vs 2015**	**2015 vs 2016**
Revenue	83.020	90.140	63.075	7.899%	(30.026%)
Expenses	67.353	58.824	41.471	(14.499%)	(29.500%)
Net Income (before tax)	15.667	31.316	21.604	(49.971%)	(31.013%)

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

	For the six (6) months ending June 30		*% Change*
In Millions (Php)	**Year 2015**	**Year 2016**	**2015 vs 2016**
Income from Real Estate Business	75.966	55.547	(36.760%)
Accretion of interest from Installment sales	14.174	7.528	(88.284%)
Total Revenue	90.140	63.075	(42.909%)

Originally, it was allocated for Golf Course but was realigned and reclassified as Phase 2 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, 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%
Financial Condition		
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

Results of Operation (January – June 30, 2015 vs. January – June 30, 2014)

The Company sales output during the period remains slowdown 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 plan 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 2014	Year 2015
Sale from Real Estate	83,020,298	90,140,070
Cost of Land	24,043,045	31,956,702
Percentage of revenue	28.96%	35.45%

The deficit stands at P503.023 million and P513.990 million as of June 30, 2015 and 2014, respectively.

In Million	For the Six months ending June 30, 2014	For the Six months ending June 30, 2015
Revenue	P83.020	P90.140
Direct Costs	P43.040	P31.957
Gross Profit Margin	P39.980	P58.183
Operating Expenses	P24.313	P26.867
Net Income before tax	P15.667	P31.316

Revenue generated during the second quarter of 2015 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

As mentioned above that in spite of losses incurred by the Company due to prolonged pre-operating status, the Company remains to be stable because of its large amount of resources not only on the Company's assets but also the support of its stockholders.

Particulars	June 30, 2014 (In Million)	June 30, 2015 (In Million)
Total assets as of	P1,387.542	P1,453.764
Total liabilities as of	P175.810	P264.309
Ratio of assets to liabilities	12.671%	18.181%

Financial Condition		
Cash and cash equivalent	P27.852	P54.333
Receivable	P200.504	P204.485
Real estate for sale and development	P1,079.739	P1,138.549
Property and equipment	P19.486	P18.666
Deferred income tax assets	P13.415	-0-
Investment property	P5.444	P5.444
Other assets	P41.101	P31.280
Payables	P55,153	P264.309
Stockholders' equity	P1,211.732	P1,279.595

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, 2014	June 30, 2015
Current Ration (1)	0.2921 : 1	1.4888 : 1
Debt to Equity Ratio (2)	1 : 0.1450	1 : 0.2060
Earnings per Share (3)	1 : 0.00703	1 : 0.01404
Earnings before interest and Income Taxes (4)	P15.667 million	P31.316 million
Return on Equity	0.00905	0.01713

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 2015 is P1,279,595,219 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

- Total Stockholders' Equity in 2014 is P1,211,732,425.16 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

Results of Operation (January – June 30, 2014 vs. January – June 30, 2013)

The present business trend in the country shows a very bright scenario in all aspect. including the real estate sector and there is strong interest in eyeing to develop new areas adjacent to Metro Manila including San Jose Del Monte, Bulacan.

This scenario will strongly influence the real estate opportunities in the area. In anticipation of this, the company boasted its land banking activities resulting in acquisitions of land parcels owned by Don Manuel Corporation on August 24, 2012 of 388,541 square meters. Another contract was concluded and signed on December 19, 2012 with BDO Strategic Holdings, Inc., for the acquisition of more or less 926.550 square meters.

The Company is optimistic that the value of the land shall dramatically be increased due to the large amount of percentage of completion from its development and eventually would generate the Company a profit margin.

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

Particulars	**Year 2013**	**Year 2014**
Sale from Real Estate	91,915,736	83,020,298
Cost of Land	27,411,608	24,043,045
Percentage of revenue	53.81%	51.84%

The deficit stands at P503.023 million and P511.933 million as of June 30, 2014 and 2013, respectively.

PARTICULARS	For the Quarter Ended June 30, 2013(In Million)	For the Quarter Ended June 30, 2014 (In Million)
Revenue	***50.379***	***47.323***
Direct Costs	***27.411***	***24.043***
Gross Profit Margin	***22967***	***23.280***
Operating Expenses	***10.174***	***11.791***
Net Income (Loss) Before Tax	***12.793***	***11.489***

Revenue generated during the 2nd quarter of 2014 represents share from sales of Joint Venture Project with SLRDI and accretion of interest from installment sales of non-operating assets and sales from joint venture project.

Liquidity and Capital Resources

As mentioned above that in spite of losses incurred by the Company due to prolonged pre-operating status, the Company remains to be stable because of its large amount of resources not only on the Company's assets but also the support of its stockholders.

PARTICULARS	As at end of June 30, 2013 (in Million)	As at end of June 30, 2014 (in Million)
Total assets as at end of	1,490.085	1,387.542
Total liability as at end of	286.663	175.810
Ratio of assets to Liability	19.24%	12.67%
Financial condition		
Cash and cash equivalent	14.439	27.852
Receivable – net	201.793	200.504
Real estate for sale & dev't	1,109.245	1,079.739
Property and equipment	20.464	19.486
Deferred income tax assets	16.627	13.415
Investment property	5.444	5.444
Other Assets	122.074	41.102
Accounts payable & accruals	75.415	55.153
Stockholders' equity	1,203.422	1,211.732

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

The loans payable amounting ₱2,619 million are non-interest bearing. Funds were obtained for the acquisition of two (2) parcels of land included in the "real estate for sale and development account" in the 2012 statement of financial position.

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

Total lots sold during the six months is Sixty One Thousand Three Hundred Forty Five (61,345) square meter, Thus the Company has already sold a total area of Seven Hundred Forty Six Thousand Two Hundred Seventy Seven (746,277) square meter as of June 30, 2014.

On the revenue side, the company has posted a net profit (after tax) of P10.967 Million in the six (6) months period ending June 30, 2014 as compared with the P14.535 million in 2013 of that same period. The deficit stands at P503.023 million and P511.933 million as of June 30, 2014 and 20132, respectively.

The Company posted an increase in Stockholder's Equity which is ₱1,211.732 million as of June 30, 2014 compared to ₱1,203.422 million as of June 30, 2013, the increase is attributed to the normal operational income in the real estate business.

Other related matters in operation

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

The loans payable amounting ₱2,619 million are non-interest bearing. Funds were obtained for the acquisition of two (2) parcels of land included in the "real estate for sale and development account" in the 2012 statement of financial position.

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, 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 ₱50.101 million in 2015 compared with ₱117.896 million in 2014.

Material Changes to the Balance Sheet as of December 31, 2014
Compared to December 31, 2013 (Increase/Decrease of 5% or more)

The Company's total assets decreased at ₱1,547,467,757 in year 2014, as compared with ₱ 1,482,068,780 in 2013. The change from the total assets is attributable to the cost of sold during the year.

Cash balance of ₱51.618 million as at end of December 31, 2014 as compared to ₱17.730 million in 2013, 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 ₱92,057.00, ₱335,006.00, and ₱343,375.00 for the years ended December 31, 2014, 2013 and 2012 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increased by 66.91% from ₱180.950 million in 2013 as compared to that ₱269.2300 million 2014. 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 increased from ₱1,117,236,418 million and ₱ 1,170,454,786 million in 2013 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, 2015, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 97%, 98%, 72% and 98% 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 ₱2.949 million partially offset by acquisition of additional property and equipment in the amount of ₱1.334 million.

There is 29.66% 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 2013.

The Company recorded a net income (before income tax) in the amount of ₱56.839 million in 2014 compared with ₱9.281 million in 2013.

Material Changes to the Balance Sheet as of December 31, 2013
Compared to December 31, 2012 (Increase/Decrease of 5% or more)

The Company's total assets decreased at ₱1,482,068,780 in year 2013, as compared with ₱ 1,492,042,253 in 2012. The change from the total assets is attributable to the cost of sold during the year.

Cash balance of ₱17.729 million as at end of December 31, 2013 as compared to ₱15.052 million in 2012, 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 ₱92,057.00, ₱335,006.00, and ₱343,375.00 for the years ended December 31, 2013, 2012 and 2011 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increased by 8.91% from ₱166.153 million in 2012 as compared to that ₱180.950 million 2013. 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 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 Company recognizes full allowance on these receivables while they are currently on the process of renegotiating with the management of Platinum Group Metal Corporation (PGMC) with respect to the settlement of the outstanding balance of the installment receivables.
The Real Estate for Sale and Development decreased from ₱1,157,778,227 million and ₱ 1,117,236,418 million in 2012 and 2013 respectively. The movement in the Real Estate for sale and development is attributable to the cost of sold during the period. As of June 30, 2014, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 97%, 98%, 72% and 98% 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 ₱2.949 million partially offset by acquisition of additional property and equipment in the amount of ₱1.334 million.

There is 29.66% decreased in accounts payable and accrued expenses account due to the realization of clients deposits, accounting of cost of lot purchased on installement 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 2013.

The Company recorded a net income (before income tax) in the amount of ₱33.837 million in 2013 compared with ₱41.422 million in 2012.

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.

Material Changes to the Statements of Income as of December 31, 2014 Compared to December 31, 2013 (Increase/Decrease of 5% or more)

There is 69.85% increased in real estate revenues in 2014 compared to that of 2013 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 22.94% increase in Interest Income in 2014 compared to that of 2013 which is due normal accounting of sales on installment.

There is 23.80% increased in Other Income in 2014 compared to that of 2013 the increase is attributed to the accounting of penalties and surcharges from installment receivable from sales of real estate.

There is 15.00% decreased in the cost of Real Estate for Sale and Development in 2014 compared to that of 2013 which is due primarily to increased in cost price of lots sold during the year.

There is 28.90% increased in Administrative Expenses in 2014 compared to that of 2013 which is due primarily to normal economic trend during the year.

There is 0.31% increased in Interest Expense in 2014 compared to that of 2013 detail of which is the recognition of accretion of installment payable from acquired parcels of land purchase on installment terms. The said parcels of land acquired on installment has been full paid in the second quarter of 2014.

Overall, the Company posted net income before tax of ₱56.838 Million for the year ended December 2014 as compared with the ₱9.280 Million in 2013.

Material Changes to the Statements of Income as of December 31, 2013
Compared to December 31, 2012 (Increase/Decrease of 5% or more)

There is 14.97% decreased in real estate revenues in 2013 compared to that of 2012 which is attributed 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 68.33% decrease in Interest Income in 2013 compared to that of 2012 which is due to the declining of the installment receivable of non-operating assets.

There is 37.86% increased in Other Income in 2013 compared to that of 2012 the increase is attributed to the accounting of penalties and surcharges from installment receivable from sales of real estate.

There is 3.50% decreased in the cost of Real Estate for Sale and Development in 2013 compared to that of 2012 which is due primarily to the cost of lots sold during the year.

There is 2.39% increased in Administrative Expenses in 2013 compared to that of 2012 which is due primarily to normal economic trend during the year.

There is 889.08% increased in Interest Expense in 2013 compared to that of 2012 detail of which is the recognition of accretion of installment payable from acquired parcels of land purchase on installment terms. The said parcels of land acquired on installment has been full paid in the second quarter of 2014.

There is 0.14% increased in Benefit from Income Taxes in 2013 compared to the year 2012 which is due to the accounting of allowance for impairment losses on installment receivable from sale of non-operating assets

Overall, the Company posted net income before tax of ₱33.837 Million for the year ended December 2013 as compared with the ₱41.422 Million in 2012.

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 cyclicality 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 two (2) parcels of land recorded under "real estate for sale and development account" in year 2012 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 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 if 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) The 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 and results of operation in the interim report of the Company for the quarter ending June 30, 2012 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, 2016 and 2015, 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, 2016	On demand
Accounts payable & accrued expenses	P30,519,825
Deferred tax liabilities	14,884,081
Income tax payable	2,944,845
Others	22,504,635
Total	***70,853,386***

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 ₱55.252 million as at end of June 30, 2016.

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, 2016.

The following table pertains to the account balance the Company considers as its core capital as at end of June 30, 2016.

Capital stock	₱1,951,387,570
Capital surplus	201,228,674
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 practi cable 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 2015 and 5.66% to 5.66% in 2014.

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:

YEAR	MONTH/DATE	CLOSING (in Php)
2016	January 29	1.050
	February 29	1.500
	March 31	1.570
	April 28	2.460
	May 31	2.500
	June 30	2.170
	July 29	2.360
	August 31	3.900
	September 30	2.650

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)
		1.969	
		1.521	
		1.418	
2014	First	1.603	1.500
	Second	1.740	1.725
	Third	1.544	1.506
	Fourth	1.573	1.562
2015	First	1.386	1.351
	Second	1.296	1.271
	Third	1.199	1.173
	Fourth	1.339	1.276
2016	First	1.515	1.379
	Second	2.738	2.188
	Third	3.373	3.108

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

DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last three (3) fiscal years, i.e., 2015, 2014, 2013. 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

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₱500,000.00, ₱500,000.00, ₱ 500,000.00 for the years 2015, 2014 and 2013 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 September 30, 2016 are the following:

STOCKHOLDERS	CITIZENSHIP	SHARES	PERCENTAGE
01) PCD Nominee Corporation	Filipino	671,018,296	42.98%
02) Carmel Development, Inc.	Filipino	499,999,997	25.62%
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	94,871,166	6.08%
07) Brand Realty Corporation	Filipino	13,725,404	0.88%
08) Seafront Resources Corporation	Filipino	3,756,788	0.24%
09) MJ Soriano Trading, Inc.	Filipino	1,621,000	0.10%
10) Pedro O. Tan	Filipino	870,000	0.06%
11) Ruby D. Roa	Filipino	588,599	0.04%
12) Teresita Dela Cruz	Filipino	528,458	0.03%
13) Ma. Cristina De La Paz	Filipino	525,000	0.03%
14) Flora Pascual	Filipino	493,720	0.03%
15) Leonides Francisco Balmeo	Filipino	425,000	0.03%
Lovell Redondo Bautista	Filipino	425,000	0.03%
16) Luis V. Ongpin(ITF Luis M. Ongpin)	Filipino	411,000	0.03%
17) Pan Malayan Mgt&Invst Group	Filipino	392,727	0.03%
18) Paolo Tuason	Filipino	376,500	0.02%
19) EBC Securities Corporation	Filipino	300,000	0.02%
20) Rosanna Isabel Fores	Filipino	255,000	0.02%
21) Florentino M. Herrera III	Filipino	241,102	0.02%
Sub-total		**1,938,848,499**	**99.36%**
Other stockholder's		**12,539,071**	**0.64%**
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, 52, and 53 as at end of second quarter of 2015, 2014 and 2013 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, CitibankTower, Paseo de Roxas, Makati City, Philippines

ARANETA PROPERTIES, INC.

21ST FLOOR CITIBANK TOWER PASEO DE ROXAS, 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 for the years ended December 31, 2015 and 2014, including the additional components attached therein:

a. Schedule of receipts and disbursements (not applicable);

b. Reconciliation of Retained Earnings Available for Dividend Declaration (not applicable);

c. Schedule of all the effective standards and interpretations as of reporting date;

d. Supplementary schedules required by Annex 68-E;

e. Map of the relationships of the companies within the group

in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances, including the additional components attached therein:

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

Sycip, Gorres, Velayo and Co., the independent auditors, appointed by the stockholders has examined 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 examination.

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 13, 2016

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
RECEIVED
APR 14 2016

SUBSCRIBED AND SWORN to before me this 14th day of April 2016 at Makati City, Philippines, affiant exhibiting to their following competent evidence of identities:

NAME	ID & NUMBER	DATE OF ISSUE	PLACE OF ISSUE
Gregorio Ma. Araneta, III	Phil. Passport # EB7228351	January 24, 2013	DFA Manila
Crisanto Roy B. Alcid	Driver's Lic# N01-88-077407	October 25, 2014	Quezon City
Jose O. Eustaquio	Senior Citizen ID: 13828	August 22, 2007	

JOSE FIDEL R. ACUNA
Pacis & Reyes Law Office
8th Flr. Chatham House, 116 Valero cor Rufino Sts.
1227, Salcedo Village Makati City/Roll No: 62644
IBP Lifetime Member: 011846-Pangasinan Chapter
PTR No. 5326691—Makati City (Jan 5, 2016)/APT No. M287, Notary Public, Makati City/Valid Until: Dec. 31, 2016

Doc No.: 290
Page No: 58
Book No.: V
Series of 2016

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	1	5	2	2	4	9	

C O M P A N Y   N A M E

ARANETA PROPERTIES, INC.

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

21ST FLOOR, CITIBANK TOWER, PASEO DE ROXAS, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
Not Applicable	(02) 848-1501	Not Applicable

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,208	11/25	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Gerardo Deloso	gerardo_deloso@yahoo.com	(02) 848-1501	Not Applicable

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.*

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Araneta Properties, Inc.
21st Floor, Citibank Tower
Paseo de Roxas, Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of Araneta Properties, Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, 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, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

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

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

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

SGV
Building a better working world

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Araneta Properties, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

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 20 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.

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. 08-001998-111-2015,
March 4, 2015, valid until March 3, 2018
PTR No. 5321702, January 4, 2016, Makati City

April 12, 2016

ARANETA PROPERTIES, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Cash and Cash Equivalents (Note 4)	**₱306,748,770**	₱51,618,128
Receivables (Note 5)	**252,498,322**	269,299,805
Real Estate for Sale and Development (Note 6)	**1,138,585,139**	1,170,454,786
Prepaid Taxes	**3,536,361**	–
Property and Equipment (Note 7)	**17,668,719**	19,877,526
Investment Property (Note 8)	**5,444,076**	5,444,076
Input Value-added Tax (VAT) - net	**36,922,917**	28,403,436
Available-for-Sale (AFS) Investments	**2,350,000**	2,370,000
Deposit for Land Acquisition (Note 9)	**33,506,830**	–
TOTAL ASSETS	**₱1,797,261,134**	₱1,547,467,757
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses (Note 10)	**₱29,871,161**	₱236,494,827
Income tax payable	–	23,651,710
Deferred tax liability - net (Note 13)	**14,884,081**	12,471,915
Retirement benefit obligation (Note 12)	**21,795,135**	17,245,413
Total Liabilities	**66,550,377**	289,863,865
Equity		
Capital stock - ₱1 par value		
Authorized - 5,000,000,000 shares		
Issued - 1,951,387,570 shares in 2015 and 1,561,110,070 in 2014 (Note 15)	**1,951,387,570**	1,561,110,070
Capital surplus (Note 15)	**201,228,674**	154,395,374
Unrealized valuation losses on AFS investments	**(170,000)**	(150,000)
Actuarial losses on retirement benefit plan (Note 12)	**(5,532,573)**	(3,735,486)
Deficit	**(416,202,914)**	(454,016,066)
Total Equity	**1,730,710,757**	1,257,603,892
TOTAL LIABILITIES AND EQUITY	**₱1,797,261,134**	₱1,547,467,757

See accompanying Notes to Financial Statements.

ARANETA PROPERTIES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
REVENUE AND OTHER INCOME			
Sale of real estate (Notes 5 and 16)	**₱93,284,365**	₱204,697,130	₱114,301,070
Interests and penalties (Notes 4 and 5)	**43,028,983**	26,747,393	21,825,049
Gain on disposal of property and equipment (Note 7)	**–**	400,000	–
	136,313,348	231,844,523	136,126,119
COSTS AND EXPENSES			
Costs of real estate sold (Note 6)	**31,869,647**	34,352,430	40,541,809
Salaries and wages	**13,204,139**	13,098,280	12,569,056
Security services	**9,333,068**	8,901,900	6,770,217
Entertainment, amusement and recreation	**9,091,450**	17,966,458	17,673,571
Taxes and licenses	**6,795,474**	13,009,736	2,638,155
Depreciation (Note 7)	**3,328,011**	2,957,149	2,949,702
Retirement benefit expense (Note 12)	**1,982,455**	1,644,097	865,198
Building dues and related charges	**1,707,977**	2,708,678	1,684,778
Professional fees	**1,257,610**	1,884,464	919,609
Utilities	**777,539**	1,078,358	738,206
Telecommunications	**701,855**	1,097,517	717,189
Office supplies	**675,097**	842,538	699,150
Transportation	**538,659**	588,540	307,259
Repairs and maintenance	**421,161**	1,006,066	459,282
Contractual costs	**356,862**	467,928	359,537
13th month pay	**162,048**	117,201	81,475
Interest (Note 19)	**–**	6,503,272	8,699,028
Provision for impairment losses (Note 5)	**–**	48,946	78,313
Others	**4,009,605**	5,674,461	3,537,564
	86,212,657	113,948,019	102,289,098
INCOME BEFORE INCOME TAX	**50,100,691**	117,896,504	33,837,021
PROVISION FOR INCOME TAX (Note 13)			
Current	**9,105,193**	30,690,852	17,461,316
Deferred	**3,182,346**	27,231,248	3,597,235
	12,287,539	57,922,100	21,058,551
NET INCOME	**37,813,152**	59,974,404	12,778,470

(Forward)

	Years Ended December 31		
	2015	2014	2013
OTHER COMPREHENSIVE LOSS			
Item not to be reclassified to profit or loss in subsequent periods			
Remeasurement losses on retirement benefit plan, net of tax of ₱0.77 million in 2015, ₱1.34 million in 2014 and ₱1.50 million in 2013	**(₱1,797,087)**	(₱3,135,899)	(₱3,497,593)
Item to be reclassified to profit or loss in subsequent periods			
Unrealized valuation losses on AFS investments	**(20,000)**	–	–
TOTAL COMPREHENSIVE INCOME	**₱35,996,065**	₱56,838,505	₱9,280,877
EARNINGS PER SHARE			
Basic and diluted (Note 14)	**₱0.0233**	₱0.0384	₱0.0082

See accompanying Notes to Financial Statements.

ARANETA PROPERTIES, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Capital Stock	Capital Surplus	Unrealized Valuation Losses on AFS Investments	Remeasurement Gains (Losses) on Retirement Benefit Plan, net of Deferred Taxes (Note 12)	Deficit	Total
Balances at January 1, 2013	**₱1,561,110,070**	**₱154,395,374**	**(₱150,000)**	**₱2,898,006**	**(₱526,768,940)**	**₱1,191,484,510**
Net income	–	–	–	–	12,778,470	12,778,470
Other comprehensive loss	–	–	–	(3,497,593)	–	(3,497,593)
Total comprehensive income (loss)	–	–	–	(3,497,593)	12,778,470	9,280,877
Balances at December 31, 2013	**1,561,110,070**	**154,395,374**	**(150,000)**	**(599,587)**	**(513,990,470)**	**1,200,765,387**
Net income	–	–	–	–	59,974,404	59,974,404
Other comprehensive loss	–	–	–	(3,135,899)	–	(3,135,899)
Total comprehensive income (loss)	–	–	–	(3,135,899)	59,974,404	56,838,505
Balances at December 31, 2014	**1,561,110,070**	**154,395,374**	**(150,000)**	**(3,735,486)**	**(454,016,066)**	**1,257,603,892**
Issuance of shares (Note 15)	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**

See accompanying Notes to Financial Statements.

ARANETA PROPERTIES, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱50,100,691**	₱117,896,504	₱33,837,021
Adjustments for:			
Depreciation (Note 7)	**3,328,011**	2,957,149	2,949,702
Retirement benefit expense (Note 12)	**1,982,455**	1,644,097	865,198
Interest income (Notes 4 and 5)	**(675,799)**	(209,597)	(170,370)
Interest expense (Note 19)	**–**	6,503,272	8,699,028
Provision for impairment losses (Note 5)	**–**	48,946	78,313
Gain on disposal of property and equipment (Note 7)	**–**	(400,000)	–
Operating income before working capital changes	**54,735,358**	128,440,371	46,258,892
Decrease (increase) in:			
Receivables	**16,801,483**	(88,349,014)	(14,797,612)
Input VAT	**(8,519,481)**	(1,415,102)	(841,508)
Real estate for sale and development	**31,869,647**	14,352,430	65,835,783
Increase (decrease) in accounts payable and accrued expenses	**(206,623,666)**	122,945,833	(41,689,595)
Net cash generated from (used in) operations	**(111,736,659)**	175,974,518	54,765,960
Interest received	**675,799**	160,651	92,057
Income taxes paid	**(36,293,264)**	(16,351,438)	(13,802,857)
Interest paid	**–**	(6,459,062)	(6,915,748)
Net cash flows from (used in) operating activities	**(147,354,124)**	153,324,669	34,139,412
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other assets	**–**	87,003,759	(23,047,083)
Deposits for land acquisition (Note 9)	**(33,506,830)**	–	–
Proceeds from disposal of property and equipment (Note 7)	**–**	400,000	–
Acquisitions of property and equipment (Note 7)	**(1,119,204)**	(2,673,115)	(1,334,168)
Net cash flows from (used in) investing activities	**(34,626,034)**	84,730,644	(24,381,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issuance (Note 15)	**437,110,800**	–	–
Payment of loans payable (Note 19)	**–**	(204,167,102)	(7,081,115)
Cash flows from (used in) financing activities	**437,110,800**	(204,167,102)	(7,081,115)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**255,130,642**	33,888,211	2,677,046
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**51,618,128**	17,729,917	15,052,871
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱306,748,770**	₱51,618,128	₱17,729,917

See accompanying Notes to Financial Statements.

1. 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 is 21st Floor, Citibank Tower, Paseo de Roxas, Makati City.

The financial statements of the Company as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 were authorized for issue by the Board of Directors (BOD) on April 12, 2016.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost basis, except for AFS investments 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.

The financial statements as of and for the years ended December 31, 2015 and 2014 provide information in respect to the previous period.

Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

New and Amended Standards and Interpretations and Improved PFRS Adopted in Calendar Year 2015

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standard and improved PFRS which the Company has adopted starting January 1, 2015. Unless otherwise indicated, the adoption did not have any significant impact on the financial statements of the Company.

Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Improvements to PFRS

The *Annual Improvements to PFRS* contains non-urgent but necessary amendments to the following standards:

2010-2012 Cycle
- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
- PAS 16, *Property, Plant and Equipment,* and PAS 38*, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
- PAS 24, *Related Party Disclosures - Key Management Personnel*

2011-2013 Cycle
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
- PFRS 13, *Fair Value Measurement - Portfolio Exception*
- PAS 40, *Investment Property*

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2015

The Company will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new, revised and amended standards and new Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) to have a significant impact on its financial statements.

Effective in 2016:

- Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16, *Property, Plant and Equipment,* and PAS 41*, Agriculture - Bearer Plants*
- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*

Improvements to PFRS
The *Annual Improvements to PFRSs* contains non-urgent necessary amendments to the following standards:

2012-2014 Cycle
- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

In addition, the International Accounting Standards Boar d has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Company is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

Effective in 2018:

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*

Effective in 2019:

- PFRS 16, *Leases*
  PFRS 16 was issued in January 2016 which will replace PAS 17, the current leases standard, and the related Interpretations. Under the new standard, lessees will no longer classify their leases as either operating or finance lease in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Deferred Effectivity:

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

<u>Cash and Cash Equivalents</u>
Cash and cash equivalents consist of cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from date of acquisition and that are subject to an insignificant risk of change in value.

Financial Instruments
Financial instruments are recognized in the statements 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.

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.

Financial Assets
The Company's financial assets consist of loans and receivables and AFS investments.

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 investments or designated as financial asset at FVPL. This accounting policy mainly relates to the statement of financial position captions "Cash and cash equivalents" and "Receivables".

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 statements of comprehensive income as part of profit or loss. The losses arising from impairment of receivables, if any, are recognized as expense in the statements 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 Investments
AFS investments 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 investments 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 statements of comprehensive income.

AFS investments 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 equity account is recognized as part of net income in the statement of comprehensive income as a reclassification adjustment. Interest earned on holding AFS investments are reported as interest income using the EIR method. Dividends earned on holding AFS investments 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 investments" 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" 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 only financial instrument of the Company that is measured at fair value using Level 1 of the fair value hierarchy is its quoted AFS investments. The investments amounted to ₱2.35 million and ₱2.37 million as of December 31, 2015 and 2014, respectively. For the years ended December 31, 2015, 2014 and 2013, 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.

“Day” 1 Difference
When the transaction price in a non-active market is different from the fair value of 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” difference) in the statements of comprehensive income as part of profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income as part of 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” difference 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 statements 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 statements 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 Investments
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 investment 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.

<u>Derecognition of Financial Instruments</u>
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 statements of comprehensive income.

Real Estate for Sale and Development
Property acquired or those that are being constructed 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;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads 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.

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 12 months.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization, 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 or amortized separately.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets or term of the lease, in the case of leasehold improvements, whichever is shorter, as follows:

Category	Number of Years
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 lives and method of depreciation and amortization are reviewed periodically to ensure that the periods and method of depreciation and amortization are 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 statements of comprehensive income as part of profit or loss in the year the asset is derecognized.

Fully depreciated and amortized 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 statements 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.

Input Value-Added Tax (VAT)
Input VAT represents VAT imposed on the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is stated at its estimated NRV.

Deposit for Land Acquisition
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 accumulated impairment losses.

Impairment of Property and Equipment, Investment Property, Input VAT and Other Assets
These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset 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 statements 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 statements 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 and amortization) had no impairment loss been recognized for that asset in prior years.

Capital Stock and Capital Surplus

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. Capital surplus represents the excess of the investors' total contribution over the stated par value of shares.

Deficit

Deficit includes accumulated profits and 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 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 joint venture's supervising engineer's percentage of completion report.

Interest Income

Interest income is recognized as it accrues using the EIR method.

Other Income

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 is recognized consistent with the revenue recognition method applied. Cost of subdivision land before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Company's in-house technical staff.

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 multiplying the discount rate based on government bonds times the defined benefit liability. Interest on the defined benefit liability is recognized in the statements 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 equity as part of other comprehensive income section and not in profit or loss.

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 statements of comprehensive income as part of profit or loss, net of any reimbursement.

Earnings Per Share
The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the net income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued and outstanding during the period after giving retroactive effect to any stock dividends declared.

Diluted earnings per share is calculated in the same manner, adjusted for the effects of any dilutive potential ordinary shares. Where the effect of the dilutive potential ordinary 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

Operating Lease Commitment - as a Lessor

The Company has entered into a lease agreement on its investment property. This lease agreement is accounted for as an operating lease since all significant risks and rewards of the ownership of the property are retained by the Company (see Note 8).

Determining Indicators of Impairment of Property and Equipment, Investment Property, Input VAT 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 CGU 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, input VAT and deposit for land acquisition for the years ended December 31, 2015, 2014 and 2013, as such, no impairment testing was performed. The aggregate carrying amounts of property and equipment, investment property, input VAT and deposit for land acquisition amounted to ₱93.54 million and ₱53.73 million as of December 31, 2015 and 2014 respectively (see Notes 7, 8 and 11).

Estimates

Estimating Revenue and Cost Recognition

The Company's revenue arising from the sale of real estate and its related costs in accordance with the Company's joint venture agreement with Sta. Lucia Realty and Development, Inc. (SLRDI), 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 joint venture's supervising engineer (see Notes 6 and 16). 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 ₱93.28 million, ₱204.70 million and ₱114.30 million for the years ended December 31, 2015, 2014 and 2013, respectively. The related costs of real estate sold amounted to ₱31.87 million, ₱34.35 million and ₱40.54 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Estimating Impairment of 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 ₱55.30 million as of December 31, 2015 and 2014. Provision for impairment losses on receivables amounted to nil, ₱0.05 million and ₱0.08 million for the years ended December 31, 2015, 2014 and 2013, respectively. The carrying amounts of receivables amounted to ₱252.50 million and ₱269.30 million as of December 31, 2015 and 2014, respectively (see Note 5).

Estimating NRV of Real Estate for Sale and Development
The Company estimates adjustments for write-down of real estate for sale and development to reflect the excess of cost of real estate for sale and development over their NRV. NRV of real estate for sale and development are assessed regularly based on selling prices of real estate for sale and development 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 for sale and development becomes lower than cost due to changes in price levels or other causes.
No adjustments on real estate for sale and development were recognized for the years ended December 31, 2015, 2014 and 2013. Real estate for sale and development, at cost, amounted to ₱1,138.59 million and ₱1,170.45 million as of December 31, 2015 and 2014, respectively (see Note 6).

Estimating Useful Lives of Property and Equipment
The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2015 and 2014, the net book values of property and equipment amounted to ₱17.67 million and ₱19.88 million, respectively (see Note 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 12).

Retirement benefit expense amounted to ₱1.98 million, ₱1.64 million and ₱0.87 million for the years ended December 31, 2015, 2014 and 2013, respectively. Actuarial losses on retirement benefit plan recognized in other comprehensive income, net of tax amounted to ₱1.80 million, ₱3.14 million and ₱3.50 million for the years ended December 31, 2015, 2014 and 2013, respectively. Retirement benefit obligation amounted to ₱21.80 million and ₱17.25 million as of December 31, 2015 and 2014, respectively (see Note 12).

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, 2015 and 2014, the Company's deferred tax assets amounted to ₱23.13 million and ₱21.78 million, respectively (see Note 13).

4. Cash and Cash Equivalents

	2015	2014
Cash on hand and in banks	**₱31,174,902**	₱26,540,782
Short-term investments	**275,573,868**	25,077,346
	₱306,748,770	₱51,618,128

Cash with banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods up to three 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 with banks and short-term investments amounted to ₱0.68 million, ₱0.16 million and ₱0.09 million for the years ended December 31, 2015, 2014 and 2013, respectively.

5. Receivables

	2015	2014
Trade receivables (see Note 16)	**₱251,724,322**	₱268,038,728
Impaired installment receivables (discounted)	**55,074,832**	55,074,832
Advances to suppliers, officers and employees and others:		
Impaired	**226,458**	226,458
Unimpaired	**774,000**	1,261,077
	1,000,458	1,487,535
	307,799,612	324,601,095
Less allowance for impairment losses	**55,301,290**	55,301,290
	₱252,498,322	₱269,299,805

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, ₱26.54 million and ₱21.65 million in 2015, 2014 and 2013, respectively, are recognized as "Interests and penalties" in the "Revenue and Other Income" section in the statements 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 Corporaton (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 to an effective interest rate of 9.45%. Interest income from accretion recognized in 2015, 2014 and 2013 amounted to nil, ₱0.05 million and ₱0.08 million, respectively. The Company recognizes 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 outstanding balance of the installment receivables.

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

Movements in allowance for impairment losses are as follows:

	2015	2014
Balances at beginning of year	**₱55,301,290**	₱55,252,344
Provision	**–**	48,946
Balances at end of year	**₱55,301,290**	₱55,301,290

6. **Real Estate for Sale and Development**

	2015	2014
Land for sale and development	**₱947,900,462**	₱979,770,109
Undeveloped land	**190,684,677**	190,684,677
	₱1,138,585,139	₱1,170,454,786

Land for Sale and Development
Land for sale and development pertains to land to be developed for residential subdivisions including the land under the joint venture with SLRDI. As discussed in Note 16 to the financial statements, the Company, together with SLRDI, began their regular activities in 2005 based on their joint venture agreement. As of December 31, 2015, the residential area of Phase 1, Phase 2, and Phase 3 are 100%, 100%, and 93% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Undeveloped Land
Undeveloped land comprises land for future development and land included in the joint venture agreement with SLRDI. The latter is apportioned for the development of commercial area, country club and a reserved area, either for a golf course or other development depending on market acceptance and condition.

In 2014, the Company purchased a parcel of land from a third party for a total consideration of ₱76.80 million and other assets. As of December 31, 2014, the Company has already paid ₱20.00 million while the remaining balance of ₱56.80 million was recognized under "Accounts payable and accrued expenses". In 2015, the outstanding balance on such purchase was fully settled.

Based on management's evaluation, the NRV of the real estate for sale and development is substantially higher than its cost, accordingly, no write-down was recognized for the years 2015, 2014 and 2013.

The amount of real estate for sale and development recognized under "Cost of real estate sold" in the statements of comprehensive income amounted to ₱31.87 million, ₱34.35 million and ₱40.54 million in 2015, 2014 and 2013, respectively.

Movements in the real estate for sale and development are set-out below:

	2015	2014
Balances at beginning of year	**₱1,170,454,786**	₱1,117,236,418
Land acquired	**–**	87,570,798
Recognized as cost of real estate sold	**(31,869,647)**	(34,352,430)
Balances at end of year	**₱1,138,585,139**	₱1,170,454,786

7. **Property and Equipment**

2015

	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**	**₱14,728,007**	**₱6,926,905**	**₱4,486,929**	**₱8,464,727**	**₱80,653,572**
Additions	**–**	**562,334**	**138,393**	**–**	**418,477**	**1,119,204**
Balances at end of year	**46,047,004**	**15,290,341**	**7,065,298**	**4,486,929**	**8,883,204**	**81,772,776**
Accumulated depreciation:						
Balances at beginning of year	**31,282,730**	**12,436,649**	**4,648,471**	**4,486,929**	**7,921,267**	**60,776,046**
Depreciation	**1,841,880**	**594,745**	**657,420**	**–**	**233,966**	**3,328,011**
Balances at end of year	**33,124,610**	**13,031,394**	**5,305,891**	**4,486,929**	**8,155,233**	**64,104,057**
Net book values	**₱12,922,394**	**₱2,258,947**	**₱1,759,407**	**₱–**	**₱727,971**	**₱17,668,719**

2014

	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	₱13,693,322	₱7,139,540	₱4,486,929	₱8,228,083	₱79,594,878
Additions	–	1,034,685	1,401,786	–	236,644	2,673,115
Disposals	–	–	(1,614,421)	–	–	(1,614,421)
Balances at end of year	46,047,004	14,728,007	6,926,905	4,486,929	8,464,727	80,653,572
Accumulated depreciation:						
Balances at beginning of year	29,440,850	12,107,529	5,666,875	4,486,929	7,731,135	59,433,318
Depreciation	1,841,880	329,120	596,017	–	190,132	2,957,149
Disposals	–	–	(1,614,421)	–	–	(1,614,421)
Balances at end of year	31,282,730	12,436,649	4,648,471	4,486,929	7,921,267	60,776,046
Net book values	₱14,764,274	₱2,291,358	₱2,278,434	₱–	₱543,460	₱19,877,526

"Gain on disposal of property and equipment" amounting to ₱400,000 was recognized in the 2014 statement of comprehensive income.

Fully depreciated machinery and equipment with cost of ₱16.34 million and ₱15.19 million as of December 31, 2015 and 2014, respectively, are still being used in operations.

8. 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.

Investment property being leased out under the operating lease classification has a fair value of ₱258.93 million based on the latest prevailing market price as reported by a SEC accredited independent appraiser. This is classified under level 1 of the fair value hierarchy.

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

	Valuation technique	Significant unobservable inputs	Range
Land			
Residential	Market Data Approach/ Sales Comparison	Price per square meter	₱800 - ₱375
Industrial			₱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 properties.

For the years ended December 31, 2015, 2014 and 2013, the Company did not recognize the rent income from this lease arrangement 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.

9. Deposit for Land Acquisition

In 2015, the Company paid a deposit of ₱33.51 million to a third party as partial payment for the purchase of a 169,904-square meter parcel of land situated at Laoag, Ilocos Norte.

10. Accounts Payable and Accrued Expenses

	2015	2014
Trade payables	**₱23,384,939**	₱92,238,944
Accrued:		
Interest	**3,817,705**	3,693,276
Taxes	**1,247,095**	1,247,095
Professional fees	**525,000**	500,000
Payroll	**256,218**	245,247
Others	**344,774**	173,497
Withholding taxes payable	**187,847**	194,696
Payable to Araza Resources, Inc. (“Araza”) (see Note 11)	–	137,061,387
Others	**107,583**	1,140,685
	₱29,871,161	₱236,494,827

Trade payables are unsecured, noninterest-bearing and are generally due and demandable. These include unsecured noninterest-bearing payable to a third party arising from purchase of land in August 2012 and is payable up to 2014. Amortization of discount, included as part of interest expense, amounted to nil, ₱0.69 million and ₱1.12 million for the years ended December 31, 2015, 2014 and 2013, respectively (see Note 19).

11. 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 a related party as follows:

Category/ Related Party	Year	Amount	Outstanding Balance	Terms	Conditions
Entity under common control:					
Araza					
Advances	**2015**	**₱137,061,387**	**₱–**	Due and demandable;	
	2014	(223,115,685)	(137,061,387)	Noninterest-bearing	Unsecured
	2013	–	86,054,298		

In 2014, the Company received advances from Araza amounting to ₱223.12 million. The cash received was offset against the receivable from Araza as of December 31, 2013 amounting to ₱86.05 million resulting in a net payable to Araza (see Note 10). The advances received from Araza were used to pre-terminate loans payable amounting to ₱204.17 million (see Note 19). In 2015, the payable to Araza was fully settled.

Compensation of Key Management Personnel
Short-term compensation of key management personnel of the Company amounted to ₱6.61 million, ₱6.37 million and ₱6.37 million in 2015, 2014 and 2013, respectively.

12. Retirement Benefit Obligation

The Company has an unfunded defined benefit pension 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 pension benefit obligation is determined using the projected unit credit method. There was no plan termination, curtailment or settlement for the years ended December 31, 2015, 2014 and 2013.

The movements of retirement benefit obligation recognized in the statements of financial position are as follows:

	2015	2014
Balances at beginning of year	**₱17,245,413**	₱11,121,460
Retirement benefit expense recognized in profit or loss:		
Current service costs	**1,431,900**	1,088,200
Interest costs	**550,555**	555,897
	1,982,455	1,644,097
Actuarial loss recognized in OCI	**2,567,267**	4,479,856
Balances at end of year	**₱21,795,135**	₱17,245,413

The components of retirement benefit expense recognized in profit or loss are as follows:

	2015	2014	2013
Current service cost	**₱1,431,900**	₱1,088,200	₱576,300
Interest costs	**550,555**	555,897	288,898
	₱1,982,455	₱1,644,097	₱865,198

The principal assumptions used in determining the defined benefit obligation are as follows:

	2015	2014	2013
Discount rate	**4.88%**	4.52%	5.05%
Salary increase rate	**8.00%**	6.00%	6.00%

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 **2015**	Amounts 2014
Discount rate	+100	**(₱1,904,340)**	(₱1,422,387)
	-100	**2,279,949**	1,692,836
Salary increase rate	+100	**2,247,283**	1,564,664
	-100	**(1,917,488)**	(1,348,575)

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2015:

Years	Amounts
Less than 1 year	₱5,388,475
More than 1 year to 5 years	2,609,195
More than 5 years to 10 years	5,717,372
More than 10 years to 15 years	21,392,804
More than 15 years to 20 years	13,139,826
More than 20 years	60,196,148
Total	₱108,443,820

The Company does not expect to contribute to its retirement fund in 2016.

The average working life of employees as of December 31, 2015 and 2014 is 11.26 years and 10.78 years, respectively.

13. **Income Taxes**

The provision for current income tax represents regular corporate income tax in 2015, 2014 and 2013.

The components of the Company's net deferred tax liability are as follows:

	2015	2014
Deferred tax assets:		
Allowance for impairment losses	**₱16,590,387**	₱16,590,387
Retirement benefit recognized in profit or loss	**4,167,437**	3,572,701
Retirement benefit recognized in OCI	**2,371,103**	1,600,923
Others	–	13,262
	23,128,927	21,777,273
Deferred tax liability:		
Effect of difference between revenue recognized for tax and accounting	**(38,013,008)**	(34,249,188)
	(₱14,884,081)	(₱12,471,915)

A reconciliation of the statutory income tax expense at statutory rate of 30% to the provision for income tax expense is as follows:

	2015	2014	2013
At statutory income tax rate	**₱15,030,207**	₱35,368,951	₱10,151,106
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	**6,737,257**	5,093,319	5,935,062
Nontaxable income	**(202,740)**	(48,195)	(27,617)
Others	**(9,277,185)**	17,508,025	5,000,000
	₱12,287,539	₱57,922,100	₱21,058,551

14. **Earnings Per Share**

	2015	2014	2013
Net income	**₱37,813,152**	₱59,974,404	₱12,778,470
Weighted average common shares	**1,626,156,320**	1,561,110,070	1,561,110,070
Basic and diluted earnings per share	**₱0.0233**	₱0.0384	₱0.0082

The Company does not have any dilutive common shares outstanding, accordingly, the basic and diluted earnings per share are the same.

15. **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 receivables. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as AFS investments and 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, 2015 and 2014, 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 investments and as such, has no material impact to the financial statements. The 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.

2015

	On demand	Within 1 year	More than 1 year	Total
Financial assets:				
Cash and cash equivalents	**₱31,174,902**	**₱275,573,868**	**₱–**	**₱306,748,770**
Receivables[1]	**252,498,322**	**–**	**–**	**252,498,322**
AFS investments	**–**	**–**	**2,350,000**	**2,350,000**
	283,673,224	**275,573,868**	**2,350,000**	**561,597,092**
Financial liabilities:				
Accounts payable and accrued expenses[2]	**(29,575,733)**	**–**	**–**	**(29,575,733)**
Net financial assets	**₱254,097,491**	**₱275,573,868**	**₱2,350,000**	**₱532,021,359**

[1] *Excluding impaired receivables.*
[2] *Excluding withholding taxes and other statutory tax liabilities.*

2014

	On demand	Within 1 year	More than 1 year	Total
Financial assets:				
Cash and cash equivalents	₱26,540,782	₱25,077,346	₱–	₱51,618,128
Receivables[1]	269,299,805	–	–	269,299,805
AFS investments	–	–	2,370,000	2,370,000
	295,840,587	25,077,346	2,370,000	323,287,933
Financial liabilities:				
Accounts payable and accrued expenses[2]	(236,058,967)	–	–	(236,058,967)
Net financial assets (liabilities)	₱59,781,620	₱25,077,346	₱2,370,000	₱87,228,966

[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 ₱561.56 million and ₱323.26 million in 2015 and 2014, respectively.

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:

	2015	2014
Capital stock	**₱1,951,387,570**	₱1,561,110,070
Capital surplus	**201,228,674**	154,395,374
Deficit	**(416,202,914)**	(454,016,066)
	₱1,736,413,330	₱1,261,489,378

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 years ended December 31, 2015, 2014 and 2013.

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 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. There were no movements in the Company's registered securities in 2014 and 2013. As of December 31, 2015, there are 2,208 shareholders who hold 1,951,387,570 shares in the Company.

Fair Value and Categories 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 that value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Accrued Expenses
The carrying amounts of these financial instruments approximate fair values due to the short-term maturity of these financial instruments.

AFS Investments
AFS investments are carried at fair value. The fair values of AFS investments are based on the quoted market prices.

16. 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 cash 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.

17. 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.

18. 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.

19. **Other Matters**

Interest Expense
Interest expense consists of the following:

	2015	2014	2013
Amortization of discount - trade payables (see Note 9)	₱–	₱692,759	₱1,120,507
Amortization of discount - loans payable	–	13,736	87,227
Write-off of discount due to pre-termination of loans payable	–	2,735	–
Interest expense	–	5,794,042	7,491,294
	₱–	₱6,503,272	₱8,699,028

Loans Payable
In 2014, the Company pre-terminated the following loans payable:

Loan from	Terms	Rate	Condition
BDO Strategic Holdings Inc. (BDOSHI)	Interest-bearing, payable in 10 years	8%	Unsecured
Gregorio Araneta Social Development Foundation (GASDF)	Noninterest-bearing, payable in 4 years	–	Unsecured

The Company paid ₱204.17 million to pre-terminate these loans. This payment was applied to the principal amount and interest payable to BDOSHI and GASDF. No pre-termination costs were paid by the Company.

Movements in discount on loans payable to GASDF in 2014 are as follows:

	2014
Balance at beginning of year	₱16,471
Less:	
Amortization	(13,736)
Write-off due to pre-termination	(2,735)
Balance at end of year	₱–

Interest expense on BDOSHI loan amounted to nil, ₱5.79 million and ₱7.49 million in 2015, 2014 and 2013, respectively.

Write-off of discount from the loan payable is lodged under “Interest” in the “Costs and Expenses” section of the 2014 statement of comprehensive income.

20. **Supplementary Tax Information Required under Revenue Regulations (RR) 15-2010**

The Company reported and/or paid the following types of taxes for the year ended December 31, 2015:

VAT

a. The Company is VAT-registered with taxable sale of goods amounting to ₱63,411,147 with a corresponding output VAT of 12% amounting to ₱7,609,338.

   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 2015 statement of comprehensive income.

   The Company's VAT exempt sales arise from the sale of real properties from the Company's joint venture agreement with SLRDI.

   Republic Act 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, 2015	₱28,403,436
Domestic purchases/payments for:	
Goods for resale or manufacture	372,563
Services lodged under other accounts	536,676
Balance at December 31, 2015	₱29,312,675

Other Taxes and Licenses

The following are the details of the Company's taxes and licenses:

A. Local	
Documentary stamp taxes	₱2,344,180
Real estate taxes	1,859,442
Licenses, permits and fees	1,823,905
Business taxes	437,229
Community tax certificate	10,500
Others	319,718
B. National	
Annual registration	500
	₱6,795,474

Withholding Taxes

The amount of withholding taxes paid/accrued for the year amounted to:

Withholding taxes on compensation and benefits	₱175,967
Expanded withholding taxes	6,477
	₱182,444

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
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, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated April 12, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of all effective standards and interpretations is the responsibility of the Company's management. This schedule is presented for the purpose of complying with Securities Regulation Code Rule No. 68, As Amended (2011) and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, 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. 08-001998-111-2015,
March 4, 2015, valid until March 3, 2018
PTR No. 5321702, January 4, 2016, Makati City

April 12, 2016

ARANETA PROPERTIES, INC.

SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS AS OF DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		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)	*First-time Adoption of Philippine Financial Reporting Standards*	✓		
PFRS 1 (Revised)	*Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*			✓
PFRS 1 (Revised)	*Amendments to PFRS 1: Additional Exemptions for First-time Adopters*			✓
PFRS 1 (Revised)	*Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters*			✓
PFRS 1 (Revised)	*Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters*			✓
PFRS 1 (Revised)	*Amendments to PFRS 1: Government Loans*			✓
PFRS 2	*Share-based Payment*			✓
PFRS 2	*Amendments to PFRS 2: Vesting Conditions and Cancellations*			✓
PFRS 2	*Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions*			✓
PFRS 3 (Revised)	*Business Combinations*			✓
PFRS 4	*Insurance Contracts*			✓
PFRS 4	*Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts*			✓
PFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*			✓
PFRS 6	*Exploration for and Evaluation of Mineral Resources*			✓
PFRS 7	*Financial Instruments: Disclosures*	✓		
PFRS 7	*Amendments to PFRS 7: Transition*			✓
PFRS 7	*Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓*	
PFRS 8	*Operating Segments*	✓		
PFRS 9	*Financial Instruments: Classification and Measurement of Financial Assets*	✓		
	Financial Instruments: Classification and Measurement of Financial Liabilities	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓*	
	Amendments to PFRS 9: Hedge Accounting			✓
PFRS 10	*Consolidated Financial Statements*			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	*Joint Arrangements*	✓		
	Amendments to PFRS 11: Transition Guidance	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	✓		
PFRS 12	*Disclosure of Interests in Other Entities*			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓

**Not early adopted*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 13	*Fair Value Measurement*	✓		
PFRS 14	*Regulatory Deferral Accounts*			✓
Philippine Accounting Standards				
PAS 1 (Revised)	*Presentation of Financial Statements*	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1 (Revised): Disclosure Initiative		✓*	
PAS 2	*Inventories*	✓		
PAS 7	*Statement of Cash Flows*	✓		
PAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	✓		
PAS 10	*Events after the Reporting Date*	✓		
PAS 11	*Construction Contracts*			✓
PAS 12	*Income Taxes*	✓		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets	✓		
PAS 14	*Segment Reporting*	✓		
PAS 16	*Property, Plant and Equipment*	✓		
	Amendments to PAS 16: Bearer Plants			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation			✓
PAS 17	*Leases*	✓		
PAS 18	*Revenue*	✓		
PAS 19	*Employee Benefits*	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Revised)	*Employee Benefits*	✓		
	Amendments to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions			✓
PAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*			✓

**Not early adopted*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 21	*The Effects of Changes in Foreign Exchange Rates*	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	*Borrowing Costs*	✓		
PAS 24 (Revised)	*Related Party Disclosures*	✓		
PAS 26	*Accounting and Reporting by Retirement Benefit Plans*			✓
PAS 27	*Consolidated and Separate Financial Statements*			✓
PAS 27 (Revised)	*Amendments to PAS 27 (Amended): Investment Entities*			✓
	Amendments to PAS 27 (Revised): Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
PAS 27 (Amended)	*Separate Financial Statements*			✓
	Amendments to PAS 27 (Amended): Investment Entities			✓
	Amendments to PAS 27 (Amended): Equity Method in Separate Financial Statements			✓
PAS 28	*Investments in Associates*			✓
PAS 28 (Amended)	*Investments in Associates and Joint Ventures*			✓
	Amendments to PAS 28 (Amended): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PAS 28 (Amended): Investment Entities: Applying the Consolidation Exception			✓
PAS 29	*Financial Reporting in Hyperinflationary Economies*			✓
PAS 31	*Interests in Joint Ventures*	✓		
PAS 32	*Financial Instruments: Disclosure and Presentation*	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 33	*Earnings per Share*	✓		
PAS 34	*Interim Financial Reporting*			✓
PAS 36	*Impairment of Assets*	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	*Provisions, Contingent Liabilities and Contingent Assets*	✓		
PAS 38	*Intangible Assets*			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization			✓
PAS 39	*Financial Instruments: Recognition and Measurement*	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
	Amendments to PAS 39: Hedge Accounting			✓
PAS 40	*Investment Property*	✓		
	Amendments to PAS 41: Bearer Plants			✓
PAS 41	*Agriculture*			✓
Philippine Interpretations				
IFRIC 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*			✓
IFRIC 2	*Members' Share in Co-operative Entities and*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2015**		**Adopted**	**Not Adopted**	**Not Applicable**
	Similar Instruments			
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	*Reassessment of Embedded Derivatives*			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	*PFRS 2- Group and Treasury Share Transactions*			✓
IFRIC 12	*Service Concession Arrangements*			✓
IFRIC 13	*Customer Loyalty Programmes*			✓
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	*Agreements for the Construction of Real Estate*			✓
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*			✓
IFRIC 17	*Distributions of Non-cash Assets to Owners*			✓
IFRIC 18	*Transfers of Assets from Customers*			✓
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*			✓
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*			✓
IFRIC 21	*Levies*	✓		
SIC-7	*Introduction of the Euro*			✓
SIC-10	*Government Assistance - No Specific Relation to Operating Activities*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		**Adopted**	**Not Adopted**	**Not Applicable**
SIC-12	*Consolidation - Special Purpose Entities*			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*			✓
SIC-15	*Operating Leases - Incentives*			✓
SIC-21	*Income Taxes - Recovery of Revalued Non-Depreciable Assets*			✓
SIC-25	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*			✓
SIC-27	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	✓		
SIC-29	*Service Concession Arrangements: Disclosures.*			✓
SIC-31	*Revenue - Barter Transactions Involving Advertising Services*			✓
SIC-32	*Intangible Assets - Web Site Costs*			✓