ARANETA PROPERTIES INCORPORATED

INFORMATION STATEMENT
(SEC FORM 20-IS)

November 25, 2015
At 9:30 a.m.
21st Floor Citibank Tower, Paseo de Roxas,
Makati City, Philippines

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **Araneta Properties Incorporated** (the “Company”) will be held at the 21st Floor Citibank Tower, Paseo de Roxas, Makati City, Philippines on November 25, 2015 at9:30a.m.with the following agenda:

1. Call to order;
2. Proof of notice and due calling of meeting; Determination of a quorum;
3. Approval of Minutes of the Annual Stockholders’ Meeting held on November 19, 2014;
4. Report of the President;
5. Presentation and approval of the Financial Statements as of December 31, 2014;
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 19, 2014 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 16, 2015as of the record date for the determination of stockholders entitled to notice of meeting and to vote at the specified election date.

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

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

Makati City, October 15, 2015

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, Citibank Tower, Paseo de Roxas, Makati City, Philippines**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **152249**

5. BIR Tax Identification Code: **050-000-840-355**

6. **21st Floor, Citibank Tower, Paseo de Roxas, Makati City, 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 25, 2015; 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 securityholders on **October 27, 2015**.

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	1,561,110,070 shares

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

    Yes **X** No _

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

ARANETA PROPERTIES INCORPORATED
INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date:November 25, 2015
Time:9:30 a.m.
Place:21st Floor, CitibankTower, Paseo de Roxas, MakatiCity
Principal Office: 21st Floor, CitibankTower, Paseo de Roxas, MakatiCity

Approximate Date of Distribution to Security Holders: October 27, 2015.

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 takenduring the proposed Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of September 30, 2015, there are 1,561,110,070 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, 95,084,355 are owned by foreigners.

All stockholders of record at the close of business hours of October16, 2015 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 16, 2015 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, 2015 are as follows:

Title of Class	Name and Address of Record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Share	Nature of Ownership	% Held
Common	PCD Nominee	Various clients and Philippine Depository & Trust Corp. (PDTC)	Filipino	671,018,296	Direct	42.98%
Common	Carmel Development, Inc. 21/F CitibankTower Paseo de Roxas, MakatiCity	Nominee: Gregorio Ma. Araneta III	Filipino	499,999,997	Direct	32.03%
Common	Gamma Properties, Inc., 21/F CitibankTower Paseode Roxas, MakatiCity	Nominee: Gregorio Ma. Araneta III	Filipino	264,472,892	Direct	12.49%
Common	LBC Express, Inc. LBC Compound Aviation Center, Airport Road, Pasay City	Nominee: Santiago Araneta	Filipino	195,043,074	Direct	12.49%
Common	Olongapo Mabuhay Express Corporation, LBCCompoundAviationCenter, Airport Road, PasayCity	Nominee: Gregorio Araneta	Filipino	124,855,422	Direct	8.00%
Common	PCD Nominee	Various clients and Philippine Depository & Trust Corp. (PDTC)	Alien	94,871,166	Direct	6.08

(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, 2015:

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	120,060 499,999,997 Carmel Development Inc. 264,472,892 Gamma Properties, Inc.	Filipino	Direct Indirect Indirect	0.0096
Common	**Carlos R. Araneta** RMS 801-802, PSE Plaza, Ayala Triangle, Ayala Ave., Makati City	21,660	Filipino	R&b Direct	0.0017

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 Driect	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
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	195,043,074	Direct	12.49%
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 16, 2015 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 16, 2014 multiplied by the whole number of directors to be elected.

(1) Board of Directors and Executive Officers

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

Office	Name	Citizenship	Age	Year of assumption of office	No. of years/ Months
Chairman/CEO/Director	Gregorio Ma. Araneta III	Filipino	67	1997	18years
Director/President	Crisanto Roy B. Alcid	Filipino	46	1997	18years
Director /Treasurer	Carlos R. Araneta	Filipino	70	2009	6years
Director	Luis M. Araneta	Filipino	30	2012	3years
Director	Alfonso M. Araneta	Filipino	31	2013	2years
Director	Perry L. Pe	Filipino	54	2003	12years
Director	Alfredo de Borja	Filipino	71	2009	6years
Director	Alfredo D. Roa III	Filipino	68	2010	5years
Director	Santiago Araneta	Filipino	43	2013	2years
Corporate Secretary	Christine P. Base	Filipino	45	2007	8years
Chief Finance Officer	Jose O. Eustaquio III	Filipino	68	2012	3years

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

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

For the term 2015-2016, 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, 67 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 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, 46 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 Harvard Business School.

LUIS M. ARANETA, Filipino, 30 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., 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.

CARLOS R. ARANETA, 70 years old, Filipino, is one of the Directors and the Treasurer of the Company. He was the Chairman of the Board of the following local companies: LBC Properties, Inc., LBC Development Corporation, LBC Development Bank, Inc., LBC Express, Inc., LBC Mabuhay Development Philippine Corporation, LBC Domestic Franchise Co., Inc., and LBC Airways, Inc. He was the Chairman of the Board of LBC Holdings USA Corp., LBC Mabuhay USA Corp., LBC Mabuhay North America Corp., LBC Mabuhay Hawaii Corp., LBC Mabuhay Saipan Corp., LBC Mabuhay Italy Corp., and LBC Travel USA Corp.Mr. Araneta holds a Bachelor of Science Degree in Business Administration from Boston University. He earned his Bachelor of Laws Degree at the Ateneo de Manila University Law School.

ALFREDO DE BORJA, 71 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, 54 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, 31 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. 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, 68 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, 43 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. Araneta is likewise one of the Trustees of LBC's foundation, LBC Hari ng Padala Foundation, 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 at Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a Bachelor of Science Degree in Commerce Major in Accounting.

JOSE O. EUSTAQUIO, III, Filipino, 68 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 2014-2015. 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.	Carlos R. Araneta	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 2015-2016, 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. Peand 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.Messrs. Gregorio Ma. Araneta III and Carlos R. Araneta are related to the fourth civil degree of consanguinity. Mr. Santiago Araneta is the son of Mr. Carlos Araneta. 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

On May 15, 2015, the Department of Justice ("DOJ") issued subpoenas to officers and stockholders of the LBC Bank, including the Company's director, Santiago G. Araneta, directing them to submit their counter-affidavits in connection with the conduct of a preliminary investigation over a complaint filed by the PDIC against the said officers and stockholders in their capacities as officers and stockholders of the Bank.

The preliminary investigation is an inquiry to determine whether there is sufficient ground that the offenses alleged have been committed, and that trial should be held. The offenses alleged to have been committed are Estafa under Article 315 of the Revised Penal Code, Violations of Sections 21(f) and (g) of R.A. No. 3591, as amended, and Falsification of Commercial/Official Documents under Article 172 of the Revised Penal Code.

This particular case has been submitted for resolution although the DOJ has yet to resolve this.

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

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

4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self regulatory organization, for violation of a securities or commodities law.

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

(5) Significant Employees
The Company currently has no significant employees.

(6) Certain Relationships and Related Transactions
Mr. Luis M. Araneta and Alfonso Araneta are the sons of Mr. Gregorio Ma. Araneta III. Messrs. Gregorio Ma. Araneta III and Carlos R. Araneta are related to the fourth civil degree of consanguinity. Mr. Santiago Araneta is also the son of Mr. Carlose Araneta. 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 June 30, 2015, there are no directors or officers who own ten percent (10%) or moreof 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 30,2015.

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 2013and 2014and to be paid in the ensuing fiscal year 2015to 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 * Chairmanand CEO	2013 2014 2015			
Crisanto Roy Alcid* President	2013 2014 2015			
Luis M. Araneta Director	2013 2014 2015			
RhoanPurugganan* Legal Head	2013 2014			

	2015			
Jose O. Eustaquio III** Chief Finance Officer	2013 2014 2015			
TOTAL FOR THE GROUP	2013 2014 2015**	10,126,800.00 10,126,800.00 10,126,800.00		
Other Officers as a group unnamed	2013 2014 2015**	5,624,000.00 5,624,000.00 5,624,000.00		

* Key officers, ** Figures in Year 2015 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 paidfor the years 2013, 2014and 2015. All other directors of the Company assumed their positions andserved 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 thecompensation arrangements mentioned above.

(3) Employment Contracts and Termination of Employment and Change-in-ControlArrangements

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: Carlos R. Araneta; and
Gregorio Ma. Araneta III

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS
Sycip, Gorres, Velayo and Co. was the Independent Public Accountant for the year 2014-2015. The re-appointmentof 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, John T. Villa, has been appointed as the Partner-in charge for the audit year 2013-2014.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 three(3) year since year 2012, rotation may be is not necessary for the years 2014-2015.

The audit committee is composed of the following:
Chairman: Alfredo de Borja
Members: Gregorio Ma. Araneta III; and
Carlos Araneta

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 private placement agreements in order to fund its land banking activities. The Company will use the funds to acquire and develop real properties.

The Company will issue common shares of up to 25% of the Company's total issued and outstanding common shares.

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, 2014, 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 19, 2014.

The minutes of the previous Stockholders' Meeting held last November 19, 2014 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 20, 2013;
4. Report of the President;
5. Presentation and approval of the Financial Statements as of December 31, 2013;
6. Approval of the Company's issuance of ARA common shares of up to 25% of the Company's total issued and outstanding capital stock and the delegation to the Company's Board of Directors the determination of the termsand other details of the said issuances;
7. Ratification of the acts of the Board of Directors and Officers;
8. Election of members of the Board of Directors;
9. Appointment of External Auditors;
10. Other Matters;
11. 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
December 5, 2014	Appointment of Authorized Representatives with respect to the subject properties
December 5, 2014	Appointment of Attorneys in fact with respect to proceedings relative to the properties acquired from BDO Strategic Holdings, Inc.
December 11, 2014	Approval of the issuance of 390,277,517 ARA Common Shares at 1.242 per share, and the delegation to the management of the Company the

	determination of the other terms and conditions of such issuance.
December 20, 2015	Authority to file the appropriate actions or to defend itself against Wenceslao A. Hernando et. Al
December 20, 2015	Authority to enter into a deed of assignment with Colinas Verdes Country Club, Inc.
February 5, 2015	Authority to enter into a contract of lease with BDO Strategic Holdings, Inc.
February 5, 2015	Authority to file the appropriate actions or to defend itself against Nestor Geguiera
March 25, 2015	Authority to enter into a contract of elase with Mapfre Insular Insurance Corp covering 5 parking lots
March 25, 2015	Authority to allow china bank to release loan proceeds to Sta. Lucia Realty and Development, Inc.
March 27, 2015	Appointment of Authorized Representatives with respect to the subject properties amending the resolution 2014-10-18
August 11, 2015	Authority to file the appropriate actions or to defend itself against Wenceslao A. Hernando et. Al
August 11, 2015	Authority to allow china bank to release loan proceeds to Sta. Lucia Realty and Development, Inc.

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 16, 2015 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 16, 2015multiplied 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, 2014and Interim Financial Statements ending June 30, 2015arehereby 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 on October 15, 2015.

ARANETA PROPERTIES INCORPORATED

By: Christine P. Base

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.
a.7) The Company is still in the process of obtaining approval from the Securities and Exchange Commissionfor the increase in Capital Stock. The increased in Capital Stock was approved by the Board of Directors on December ___,2014regular meeting

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, 2015, the engineering department reported percentage completion detailed below:

Percentage of Completion	As of June 30, 2014	As of June 30, 2015
Phase I	97.76%	99.96%
Phase II	98.34%	99.97%
Phase III	72.58%	84.70%
Club House / Sports Center	98.32%	98.76%

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, 2015 are as follows:

Legal officer - - - - - - - - - -	1
Managers - - - - - - - - - - - -	6
Consultants - - - - - - - - - - -	3
Supervisors, Rank and File -	47
Total number of employees -	37

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 2014-2014

The Company's total assets increased at ₱1,547,467,757 in year 2014, as compared with ₱ 1,482,068,780 in 2013. 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 ₱51.618 million as at end of December 31, 2014changed from₱17.730 million in 2013. 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₱209,597, ₱170,370, and ₱537,916 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.

The receivables increased by 148%from ₱180.950 million in 2013 as compared to 2014 which is₱ 269,300 million. 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 Real Estate for Sale and Development increased from ₱1,170,454,786 million and ₱ 1,117,236,418 million in 2014 and 2013 respectively. 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, 2015, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 99.96%, 99.97%, and 84.70% 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 ₱2.957 million partially offset by acquisition of additional property and equipment in the amount of ₱2.673 million.

The increase 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.

There was no movement in the number of issued shares as at end of June 30, 2015. The Company is still in the process of obtaining approval from the Securities and Exchange Commission for the increase in Capital Stock.

The Company has recorded a Net Income before income tax of ₱117.8796 million in 2014, ₱ 33.837 million in 2013 and ₱41.423 million in 2012.

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. Said performance is a result of marketing strategies being implemented more specifically, the holding of some inventory in line with 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. as well as the Avida Land, Inc. in San Jose Del Monte, Bulacan area were done.

Table I – Shows a comparative figures of the results of operations for the six (6) months period ending June 30, 2015 with comparative figures of year 2014 and 2013 for the same six (6) months period, the increase in the sales by more or less 7.899% in the six (6) months period ending June 30, 2015 as compared with that of the same period in Year 2014 is brought about by the increased in the Selling Price of subdivided Lots from P6,500.00 per square meter to P9,500.00 per square meter

	For six (6) months Period			% Change	% Change
In millions (Php)	Year 2013	Year 2014	Year 2015	2013 vs 2014	2014 vs 2015
Revenue	91.916	83.020	90.140	(10.715%)	7.899%
Expenses	71.151	67.353	58.824	(5.639%)	(14.501)
Net Income (before tax)	20.765	15.667	31.317	(32.540%)	49.973%

Table II – Shows the comparative figures of the revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2015 with comparative figures of year 2014 for the same period.

	For the six (6) months ending June 30		*% Change*
In Millions (Php)	Year 2014	Year 2015	2014 vs 2015
Income from Real Estate Business	79.550	75.966	(4.718%)
Accretion of interest from Installment sales	3.470	14.174	75.519%
Total Revenue	83.020	90.140	7.899%

As of June 30, 2015, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 99.96%, 99.97%, 84.70% and 98.76% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

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, 2015 vs. January – June 30, 2014)

The Company sales output during the period remains slow as compared with that of the second quarter of the previous year. This performance is a result of marketing strategies being implemented specifically, the holding of some inventory in line with 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. as well as the Avida Land, Inc. in San Jose Del Monte, Bulacan area.

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	June 30, 2014	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

The revenue generated during the second quarter of 2015 represents share from sales of Joint Venture Project with SLRDI. The increase 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, 2014 (In Million)	June 30, 2015 (In Million)
Total assets as of	P1,387.542	P1,543.113
Total liabilities as of	P175.810	P263.588
Ratio of assets to liabilities	12.670%	17.082%

Financial Condition		
Cash and cash equivalent	P27.852	P57.177
Receivable	P200.504	P291.998
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	P41.102	P31.280
Loans payable	P0.000	P0
Other payables	P175.810	P263.588
Stockholders' equity	P1,211.732	P1,279.525

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 Ratio (1)	0.29212 : 1	1.48883 : 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 (5)	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

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

The Company sales output during the period remains slowdown as compared with that of the second quarter of the previous year, this performance is a result of marketing strategies being implemented specifically the holding of some inventory in line with 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. as well as the Avida Land, Inc. in San Jose Del Monte, Bulacan area.

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

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

In Million	June 30, 2014	June 30, 2013
Revenue	P47.323	P50.379
Direct Costs	P24.043	P27.411
Gross Profit Margin	P23.280	P22.967
Operating Expenses	P11.791	P10.174
Net Income before tax	P11.489	P12.793

Revenue generated during the second quarter of 2014 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, 2013 (In Million)
Total assets as of	P1,387.542	P1,490.085
Total liabilities as of	P175.810	P286.663
Ratio of assets to liabilities	12.670%	19.238%
Financial Condition		
Cash and cash equivalent	P27.852	P14.439
Receivable	P200.504	P201.793
Real estate for sale and development	P1,079.739	P1,109.245

Property and equipment	P19.486	P20.464
Deferred income tax assets	P13.415	P16.627
Investment property	P5.444	P5.444
Other assets	P41.102	P122.074
Loans payable	P0.000	P211.248
Other payables	P55,153	P75.415
Stockholders' equity	P1,211.732	P1,203.422

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, 2013
Current Ration (1)	24.11 : 1	34.88 : 1
Debt to Equity Ratio (2)	1 : 14.51	1 : 23.82
Earnings per Share (3)	1 : 0.00703	1 : 0.00931
Earnings before interest and Income Taxes (4)	P15.667 million	P20.764 million
Return on Equity	0.00905	0.01208

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 2014 is P1,211,732,425.16 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)
-Total Stockholders' Equity in 2013 is P1,203,422,391.11(Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

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 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 2013, respectively.

Results of Operation (January – June 30, 2013 vs. January – June 30, 2012)

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.

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PARTICULARS	For the Quarter Ended June 30, 2013 (In Million)	For the Quarter Ended June 30, 2012 (In Million)
Revenue	***50.378***	***36.771***
Direct Costs	***27.414***	***24.873***
Gross Profit Margin	***22.964***	***11.898***
Operating Expenses	***10.172***	***7.847***
Net Income (Loss) Before Tax	***12.792***	***4.051***

Revenue generated during the 2nd quarter of 2013 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, 2012 (in Million)**
Total assets as at end of	1,490.085	1,204.047
Total liability as at end of	286.663	34.902
Ratio of assets to Liability	0.192%	0.029%
Financial condition		
Cash and cash equivalent	14.439	26.971
Receivable – net	201.793	153.704
House & lot available for sale	6.318	6.318
Real estate for sale & dev't	1,102.297	835.165
Property and equipment	20.464	22.847
Deferred income tax assets	16.627	19.442
Investment property	5.444	5.444
Available-for-sale Investments	2.370	1.370
Other Assets	119.704	132.784
Accounts payable & accruals	286.663	34.902
Stockholders' equity	1,203.422	1,169.145

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, 2013.

On the revenue side, the company has posted a net profit (after tax) of P14.535 Million in the six (6) months period ending June 30, 2013 as compared with the P6.748 million in 2013 of that same period. The deficit stands at P511.933 million and P546.210 million as of June 30, 2013 and 2012, respectively.

The Company posted an increase in Stockholder's Equity which is ₱1,203.422 million as of June 30, 2013 compared to ₱1,169.144 million as of June 30, 2012, the increase is attributed to the normal operational income in the real estate business.

There is a decreased in cash and cash equivalent balances amounting to ₱14.43 million as of June 30, 2013 compared with that ₱26.971 million on June 30, 2012. The increased cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

A movement in the receivable was also posted from ₱201.7924 million as of June 30, 2013 compared to ₱153,703 million on June 30, 2012. The said movement is attributed to the recognition of current and non-current receivable from sales with Joint Venture project and other receivables.

There is also an increased in real estate for sale and development which is ₱1,109.245 million as of June 30, 2013 compared with that ₱841.483 million as of June 30, 2012, the nature of the increased is specifically attributable to the cost of parcels of land purchased from Don Manuel Corporation on August 24, 2012, and from BDO Strategic Holdings, Inc. on December 19, 2012 with BDO Strategic Holdings, Inc., details of which have been described above net of lots sold by the joint venture during the period.

Material Changes to the Balance Sheet as of December 31, 20143
Compared to December 31, 20132 (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 Balance Sheet as of December 31, 2012
Compared to December 31, 2011 (Increase/Decrease of 5% or more)

There is 31.71% decreased in cash and cash equivalents from ₱22.041 million in 2011 compared to₱15,052 million in 2012 due to the net cash flows generated by the Company from its operating activities.

There is 39.35% increased in receivables mainly due to the movement of sales on installment of Joint Venture. The total gross amount of individually impaired receivables amounted to ₱55.174 million as of December 31, 2012. These receivables were fully provided with allowance for impairment losses. The current installment receivables consist of amounts arising from sale of non operating properties in 2005 and repayable in fixed monthly payment of P2.0 million beginning January 24, 2006 up to October 24, 2011. The installment receivable was 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%. The trade receivables are receivable from individual lot buyers of joint venture project with various payment terms. Other receivable such as advances for liquidation, advances to suppliers and others are non-interest bearing and are due within 12 months from balance sheet date.

There is an increased by 39.35% in the real estate for sale and development account the said movement was resulted by the acquisition of parcels of land net of cost of lot sold for the year ended December 31, 2012.

There is 10.78% decrease in Property and Equipment account due to the recognition of depreciation expense by the Company amounting to ₱2.872 million partially offset by acquisition of additional property and equipment in the amount of ₱0.401 million during the year.

There is 40.85% decreased in the other assets account the of which was brought about by the liquidation of land banking fund representing full down payment of parcels of land purchase on an installment terms from Don Manuel Corporation and BDO Strategic Holdings, Inc. details of which have been described above.

There is an increased in accounts payable and accrued expenses in the amount of 304.268 million as at end of December 31, 2012 as compared with P40.935 million in 2011, the nature of said increased was the recognition of payables from the cost of parcels of land on an installment net of accruals 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 2012.

The Company recorded a net income (before income tax) in the amount of ₱41.418 million in 2012 compared with ₱4.096 million in 2012.

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.

Material Changes to the Statements of Income as of December 31, 2012
Compared to December 31, 2011 (Increase/Decrease of 5% or more)

There is 53.31% increased in real estate revenues in 2012 compared to that of 2011 which is attributed primarily to the completion percentage of its Joint Venture Agreement with SLRDI and economic market trend.

There is 69.51% decrease in Interest Income in 2012 compared to that of 2011 which is due to the declining of the installment receivable of non-operating assets.

There is 639.78% increased in Other Income in 2012 compared to that of 2011 the increase is attributed to the accounting of penalties and surcharges from installment receivable from sales of real estate.

There is 2.49% increased in Real Estate Cost of Sales in 2012 compared to that of 2011 which is due primarily to the increased in the total number of lots sold during the period.

There is 55.372% increased in Administrative Expenses in 2012 compared to that of 2011 which is due primarily to the recognition of allowance for impairment losses on installment receivable from sale of non-operating asset and other economic cycle and trend during the year.

There is 301.14%% increased in Interest Expense in 2012 compared to that of 2011 which is due to recognition of accretion of installment payable from acquired parcels of land purchase on installment terms.

There is 140.09% decreased in Benefit from Income Taxes in 2012 compared to the year 2011 which is due to the accounting of allowance for impairment losses on installment receivable from sale of non-operating assets

Overall, the Company posted a gain in the net income of ₱26.490 Million for the year ended December 2012 as compared with the ₱2.540 Million in 2011.

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 Company in order to measure the profitability of the Company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

	As of December 31, 2013	As of December 31, 2012
Current Ratio (1)	33. 227 : 1	43.263 : 1
Debt-to-Equity Ratio (2)	1 : 0.023	1 : 0.043
Assets-to-Equity Ratio (3)	1 : 1.234	1 : 1.025
Earnings per Share (4)	1 : 0.0082	1 : 0.0017
Earnings before interest and Income Tax (5)	P33.837 Million	P41.422 Million
Return on Equity (6)	1 : 1.0773	1 : 1.022

1) Current Assets / Current Liabilities
2) Total Liabilities / Stockholders' Equity
3) Total Assets / Stockholders' Equity
4) Net Income / Outstanding Shares
5) Net Income (inclusive of Interest Expenses & Provision for Income Tax)
6) Net Income / Stockholder's Equity

Stockholders' Equity

Total Stockholders' Equity in 2013 is ₱1,200,765,387 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

Total Stockholders' Equity in 2012 is ₱1,191,484,510 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

<u>Other Matters</u>

(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, 2015 and 2014, 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, 2015	On demand
Accounts payable & accrued expenses	P226,789,115
Deferred tax liabilities	12,471,915
Income tax payable	6,372,349
Others	17,954,913
Total	***263,588,293***

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, 2015.

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, 2015.

The following table pertains to the account balance the Company considers as its core capital as at end of June 30, 2015.

Capital stock	₱1,561,110,070
Capital surplus	154,395,374
Total	₱1,715,505,444

Fair Value of Financial Instruments

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

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

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)
2012	First	0.672	0.571
	Second	0.701	0.685
	Third	0.615	0.594
	Fourth	0.787	0.702
2013	First	1.594	1.326
	Second	1.969	1.857
	Third	1.521	1.4787
	Fourth	1.418	1.364
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

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

YEAR	MONTH/DATE	CLOSING (in Php)
2015	January 31	1.38
	February 27	1.310
	March 25	1.310
	April 30	1.29
	May 29	1.300
	June 26	1.200
	July 31	1.200
	August 28	1.170
	September 29	1.100

DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last three (3) fiscal years, i.e., 2014, 2013, 2012. 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 Service**s**

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 2014, 2013 and 2012 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, 2015 are the following:

STOCKHOLDERS	CITIZENSHIP	SHARES	PERCENTAGE
01) PCD Nominee Corporation	Filipino	671,018296	42.98%
02) Carmel Development, Inc.	Filipino	499,999,997	32.03%
03) Gamma Properties, Inc.	Filipino	136,000,000	8.71%
04) Olongapo Mabuhay Express Corp	Filipino	124,855,422	8.00%
05) PCD Nominee Corporation	Alien	94,871,166	6.08%
06) Brand Realty Corporation	Filipino	13,725,404	0.88%
07) Seafront Resources Corporation	Filipino	3,756,788	0.24%
08) MJ Soriano Trading, Inc.	Filipino	1,621,000	0.10%
09) Pedro O. Tan	Filipino	870,000	0.06%
10) Ruby D. Roa	Filipino	588,599	0.04%
11) Teresita Dela Cruz	Filipino	528,458	0.03%
12) Ma. Cristina De La Paz	Filipino	525,000	0.03%
13) Flora Pascual	Filipino	493,720	0.03%
14) Leonides Francisco Balmeo	Filipino	425,000	0.03%
Lovell Redondo Bautista	Filipino	425,000	0.03%
15) Luis V. Ongpin(ITF Luis M. Ongpin)	Filipino	411,000	0.03%
16) Pan Malayan Mgt&Invst Group	Filipino	392,727	0.03%
17) Paolo Tuason	Filipino	376,500	0.02%
18) EBC Securities Corporation	Filipino	300,000	0.02%

19) Rosanna Isabel Fores	Filipino	255,000	0.02%
20) Florentino M. Herrera III	Filipino	241,102	0.02%
Sub-total		**1,551,680,179**	**99.39%**
Other stockholder's		**9,429,891**	**0.61%**
Total Number of Shares		**1,561,110,070**	**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 47, 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 RESPONSIBILIT 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, 2014 and 2013, 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:

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

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 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 10, 2015

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

APR 15 2015

SUBSCRIBED AND SWORN to before me this ______ day of ____________ at Makati City, Philippines, affiant exhibiting to me their identification card as follows:

Name	Identification Card No.
Gregorio Ma. Araneta III	TIN: 136-998-184
Crisanto Roy B. Alcid	TIN: 107-973-163
Jose O. Eustaquio III	TIN: 108-128-015

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL December 31, 2016
PTR NO. 0682987-C- 1-20-15 - QUEZON CITY
IBP NO. 975680 12-11-2014 - QUEZON CITY
ROLL NO. 13295
ADM. MATTER NO. NP-144 (2015-2016)
TIN NO. 177967619
MCLE EXEMPTED

Doc. No. 375;
Page No. 65;
Book No. 570;
Series of 2015.

SGV
Building a better working world

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 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

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, 2014 and 2013, 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, 2014, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Araneta Properties, Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulation 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 Regulation 15-2010 in Note 20 to the financial statements, respectively, 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.

John T. Villa

John T. Villa
Partner
CPA Certificate No. 94065
SEC Accreditation No. 0783-AR-1 (Group A),
February 9, 2012, valid until April 30, 2015
Tax Identification No. 901-617-005
BIR Accreditation No. 08-001998-76-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751340, January 5, 2015, Makati City

April 10, 2015

Araneta Properties, Inc.

Financial Statements
December 31, 2014 and 2013 and
For Each of the Three Years in the Period Ended
December 31, 2014

and

Independent Auditors' Report

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	1	5	2	2	4	9

Company Name

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

Principal Office (No./Street/Barangay/City/Town/Province)

2 1 s t F l o o r , C i t i b a n k T o w e r , P a s e o d e R o x a s , M a k a t i C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,220	**November 19**	**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: 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.

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ARANETA PROPERTIES, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013
ASSETS		
Cash and Cash Equivalents (Note 4)	**₱51,618,128**	₱17,729,917
Receivables - net (Note 5)	**269,299,805**	180,950,791
Real Estate for Sale and Development (Note 6)	**1,170,454,786**	1,117,236,418
Property and Equipment - net (Note 7)	**19,877,526**	20,161,560
Deferred Income Tax Assets - net (Note 13)	**–**	13,415,377
Investment Property (Note 8)	**5,444,076**	5,444,076
Input Value-added Tax (VAT) - net	**28,403,436**	37,756,882
Available-for-Sale (AFS) investments	**2,370,000**	2,370,000
Other Assets (Note 11)	**–**	87,003,759
TOTAL ASSETS	**₱1,547,467,757**	₱1,482,068,780
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses (Note 9)	**₱236,494,827**	₱56,702,536
Loans payable (Note 10)	**–**	204,167,102
Income tax payable	**23,651,710**	9,312,295
Deferred income tax liabilities - net (Note 13)	**12,471,915**	–
Retirement benefit obligation (Note 12)	**17,245,413**	11,121,460
Total Liabilities	**289,863,865**	281,303,393
Equity		
Capital stock - ₱1 par value		
Authorized - 5,000,000,000 shares		
Issued - 1,561,110,070 shares	**1,561,110,070**	1,561,110,070
Capital surplus	**154,395,374**	154,395,374
Unrealized valuation losses on AFS investments	**(150,000)**	(150,000)
Actuarial losses on retirement benefit plan (Note 12)	**(3,735,486)**	(599,587)
Deficit	**(454,016,066)**	(513,990,470)
Total Equity	**1,257,603,892**	1,200,765,387
TOTAL LIABILITIES AND EQUITY	**₱1,547,467,757**	₱1,482,068,780

See accompanying Notes to Financial Statements.

ARANETA PROPERTIES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2014	2013	2012
REVENUE AND OTHER INCOME			
Sale of real estate (Notes 5 and 16)	**₱204,697,130**	₱114,301,070	₱143,844,130
Gain on disposal of property and equipment (Note 7)	**400,000**	–	–
Interest (Notes 4 and 5)	**209,597**	170,370	537,916
Others (Note 5)	**26,537,796**	21,654,679	15,708,236
	231,844,523	136,126,119	160,090,282
COSTS AND EXPENSES			
Costs of real estate sold (Note 6)	**34,352,430**	40,541,809	58,361,958
Entertainment, amusement and recreation	**17,966,458**	17,673,571	9,363,740
Salaries and wages	**13,098,280**	12,569,056	8,985,333
Taxes and licenses	**13,009,736**	2,638,155	1,180,703
Security services	**8,901,900**	6,770,217	4,522,787
Interest (Note 19)	**6,503,272**	8,699,028	879,506
Depreciation and amortization (Note 7)	**2,957,149**	2,949,702	2,872,297
Building dues and related charges	**2,708,678**	1,684,778	1,550,406
Professional fees	**1,884,464**	919,609	1,784,804
Retirement benefit expense (Note 12)	**1,644,097**	865,198	1,473,808
Telecommunications	**1,097,517**	717,189	709,601
Repairs and maintenance	**1,006,066**	459,282	585,286
Utilities	**1,078,358**	738,206	716,917
Office supplies	**842,538**	699,150	429,059
Transportation	**588,540**	307,259	317,701
Contractual costs	**467,928**	359,537	513,110
13th month pay	**117,201**	81,475	1,151,442
Provision for impairment losses (Note 5)	**48,946**	78,313	17,541,445
Others	**5,674,461**	3,537,564	5,727,743
	113,948,019	102,289,098	118,667,646
INCOME BEFORE INCOME TAX	**117,896,504**	33,837,021	41,422,636
PROVISION FOR INCOME TAX (Note 13)			
Current	**30,690,852**	17,461,316	12,112,640
Deferred	**27,231,248**	3,597,235	2,816,686
	57,922,100	21,058,551	14,929,326
NET INCOME	**59,974,404**	12,778,470	26,493,310
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified to profit or loss			
Actuarial gain (losses) on retirement benefit plan, net of tax of ₱1.34 million in 2014, ₱1.50 million in 2013 and (₱1.38 million) in 2012 (Note 12)	**(3,135,899)**	(3,497,593)	3,226,166
TOTAL COMPREHENSIVE INCOME	**₱56,838,505**	₱9,280,877	₱29,719,476
EARNINGS PER SHARE			
Basic and diluted (Note 14)	**₱0.0384**	₱0.0082	₱0.0170

See accompanying Notes to Financial Statements.

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ARANETA PROPERTIES, INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

	Capital Stock	Capital Surplus	Unrealized Valuation Losses on AFS Investments	Actuarial Gains (Losses) on Retirement Benefit Plan, net of Deferred Taxes (Note 12)	Deficit	Total
Balances at January 1, 2012	**₱1,561,110,070**	**₱154,395,374**	**(₱150,000)**	**(₱328,160)**	**(₱553,262,250)**	**₱1,161,765,034**
Net income	–	–	–	–	26,493,310	26,493,310
Other comprehensive income	–	–	–	3,226,166	–	3,226,166
Total comprehensive income	–	–	–	3,226,166	26,493,310	29,719,476
Balances at December 31, 2012	**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**

See accompanying Notes to Financial Statements.

ARANETA PROPERTIES, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱117,896,504**	₱33,837,021	₱41,422,636
Adjustments for:			
Interest expense (Note 19)	**6,503,272**	8,699,028	879,506
Depreciation and amortization (Note 7)	**2,957,149**	2,949,702	2,872,297
Retirement benefit expense (Note 12)	**1,644,097**	865,198	1,473,808
Provision for impairment losses (Note 5)	**48,946**	78,313	17,541,445
Gain on disposal of property and equipment (Note 7)	**(400,000)**	–	–
Interest income (Notes 4 and 5)	**(209,597)**	(170,370)	(537,916)
Operating income before working capital changes	**128,440,371**	46,258,892	63,651,776
Decrease (increase) in:			
Receivables	**(88,349,014)**	(14,797,612)	57,877,545
Input VAT	**(1,415,102)**	(841,508)	(64,257,146)
Real estate for sale and development	**14,352,430**	65,835,783	(933,593)
Increase (decrease) in accounts payable and accrued expenses	**122,945,833**	(41,689,595)	(25,874,612)
Net cash generated from operations	**175,974,518**	54,765,960	30,463,970
Interest received	**160,651**	92,057	335,006
Income taxes paid	**(16,351,438)**	(13,802,857)	(13,818,934)
Interest paid	**(6,459,062)**	(6,915,748)	–
Net cash flows from operating activities	**153,324,669**	34,139,412	16,980,042
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other assets	**87,003,759**	(23,047,083)	49,062,641
Proceeds from disposal of property and equipment (Note 7)	**400,000**	–	–
Acquisitions of:			
Property and equipment (Note 7)	**(2,673,115)**	(1,334,168)	(401,161)
AFS investments	**–**	–	(1,700,000)
Net cash flows from (used in) investing activities	**84,730,644**	(24,381,251)	46,961,480
CASH FLOW USED IN A FINANCING ACTIVITY			
Payment of loans payable (Note 10)	**(204,167,102)**	(7,081,115)	(70,930,530)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**33,888,211**	2,677,046	(6,989,008)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**17,729,917**	15,052,871	22,041,879
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱51,618,128**	₱17,729,917	₱15,052,871

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, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 were authorized for issue by the Board of Directors (BOD) on April 10, 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements have been prepared under the historical cost basis, except for available-for-sale (AFS) 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, 2014 and 2013 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

Amended Standards Adopted in Calendar Year 2014

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended standards. Adoption of the following changes in PFRS did not have any significant effect to the Company:

- Amendment to Philippine Accounting Standard (PAS) 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*

- Amendment to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*
- PAS 39, Financial Instruments: *Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*

Improvements to PFRS
The *Annual Improvements to PFRSs* contains non-urgent but necessary amendments to PFRSs:

(2010-2012 cycle)
- PFRS 13, *Fair Value Measurement*

(2011-2013 cycle)
- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards-First-time Adoption of PFRS*

New Accounting Standards and Philippine Interpretations and Amendments to Existing Standards Issued and Effective after December 31, 2014:
The standards and interpretations that are issued, but not yet effective are described below. 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 and amended standards to have significant impact on its financial statements. The relevant disclosures will be included in the notes to the financial statements when these become effective.

Effective in 2015:
- PFRS 9, *Financial Instruments**
  **Part of which is effective January 1, 2015 and parts of which have no mandatory effective date*
- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

Improvements to PFRS
The *Annual Improvements to PFRSs* 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*

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 but necessary amendments to PFRSs:

(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'*

Effective in 2018:
PFRS 9, *Financial Instruments* (2014 or final version)

Deferred:
Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires the revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts,* or involves rendering of services in which case revenue is recognized based on the stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Philippine SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final revenue standard is issued by International Accounting Standards Board and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed. Once effective, the Company expects to adopt the interpretation.

Cash and Cash Equivalents
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 statement of financial position when the Company becomes a party to the contractual provisions of the instruments. The Company determines the classification of its financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.
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 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 method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included in "Interest" account in the statement of comprehensive income as part of profit or loss. The losses arising from impairment of receivables, if any, are recognized as expense in the statement of comprehensive income. The level of allowance for impairment losses is evaluated by management on the basis of factors that affect the collectibility of accounts.

AFS 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 statement 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 effective interest rate 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 statement 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 effective interest rate 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 effective interest rate.

This accounting policy applies primarily to the Company's "Accounts payable and accrued expenses", "Loans payable" 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) process 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 ₱2.37 million as of December 31, 2014 and 2013. For the years ended December 31, 2014, 2013 and 2012, 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 statement 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 statement 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 effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of loss is charged to the statement of comprehensive income as part of profit or loss. If, in a subsequent year, the amount of the impairment loss decreases because an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income as part of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Impaired debts are derecognized when they are assessed as uncollectible.

AFS Investments
The Company assesses at each reporting date whether there is objective evidence that an AFS investment is impaired.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of "Interest" account in the "Revenue and Other Income" section in the statement of comprehensive income. If in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income as part of profit or loss, the impairment loss is reversed as income through the statement of comprehensive income as part of profit or loss.

<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 not 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 to repay.

Financial Liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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, is held as inventory and is 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 of sale.

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 of 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
Furniture, fixtures and other equipment	5
Hauling and transportation equipment	5
Machinery and 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 statement 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 statement of comprehensive income as part of profit or loss in the year of the retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with PAS 16 up to the date of change in use.

Input 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.

Other Assets
The Company measures other assets initially at cost, including transaction costs. Subsequent to initial recognition, other assets are stated at cost less accumulated impairment losses.

Other assets are derecognized either when they have been disposed of or when there is no future economic benefit is expected from their disposal and when they are permanently withdrawn from use as initially intended by the management, including land banking activities. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statements of comprehensive income as part of profit or loss in the year of derecognition.

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 statement of comprehensive income as part of profit or loss.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the statement of comprehensive income as part of profit or loss. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation 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 percentage of completion report.

Interest Income

Interest income is recognized as it accrues using the effective interest rate method.

Rent Income

Rent income from investment property is recognized whenever the realization of income is probable. Rent income is recognized on a straight-line basis over the lease term.

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 and condominium units sold 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 statement of comprehensive income as part of profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Income Taxes
Current Income Tax
Current income tax liabilities for the current and prior year 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 Income Tax
Deferred income 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 income tax liabilities are recognized for all taxable temporary differences. Deferred income 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 income 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 income 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 statement 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.

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.

<u>Judgments</u>

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the ₱. The ₱ is the currency of the primary economic environment in which the Company operates.

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).

<u>Estimates</u>

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 and by reference to the actual costs incurred to date over the estimated total costs of the project as reported 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 ₱204.70 million, ₱114.30 million and ₱143.84 million for the years ended December 31, 2014, 2013 and 2012, respectively. The related costs of real estate sold amounted to ₱34.35 million, ₱40.54 million and ₱58.36 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Estimating for 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 and ₱55.25 million as of December 31, 2014 and 2013, respectively. Provision for impairment losses on receivables amounted to ₱0.05 million, ₱0.08 million and ₱17.54 million for the years ended December 31, 2014, 2013 and 2012, respectively. The carrying amounts of receivables amounted to ₱269.30 million and ₱180.95 million as of December 31, 2014 and 2013, respectively (see Note 5).

Estimating Impairment of Property and Equipment, Investment Property, Input VAT and Other Assets
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 other assets for the years ended December 31, 2014, 2013 and 2012, as such, no impairment testing was performed. The aggregate carrying amounts of property and equipment, investment property, input VAT and other assets amounted to ₱53.73 million and ₱150.37 million as of December 31, 2014 and 2013 respectively (see Notes 7, 8 and 11).

Estimating Impairment of AFS Investments
The Company treats AFS investments as impaired when there has been significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or when is "prolonged" requires judgment. The Company treats "significant" generally as 20% or more and "prolonged" if greater than 6 months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities.

If an AFS investment is impaired, an amount comprising the difference between its cost (net of any principal payment) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as AFS are not recognized in profit or loss. AFS investments amounted to ₱2.37 million as of December 31, 2014 and 2013.

For the years ended December 31, 2014, 2013 and 2012, there were no recognized impairment losses on AFS investments.

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, 2014, 2013 and 2012. Real estate for sale and development, at cost, amounted to ₱1,170.45 million and ₱1,117.24 million as of December 31, 2014 and 2013, 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, 2014 and 2013, the net book values of property and equipment amounted to ₱19.88 million and ₱20.16 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 ₱1.64 million, ₱0.87 million and ₱1.47 million for the years ended December 31, 2014, 2013 and 2012, respectively. Actuarial changes on retirement benefit plan recognized in other comprehensive income (OCI), net of tax amounted to ₱3.14 million and ₱3.50 million losses for the years ended December 31, 2014 and 2013, respectively and ₱3.23 million gain for the year ended December 31, 2012. Retirement benefit obligation amounted to ₱17.25 million and ₱11.12 million as of December 31, 2014 and 2013, respectively (see Note 12).

Estimating Realizability of the Deferred Income Tax Assets
The Company reviews the carrying amounts of its deferred income 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 income tax assets to be utilized. The amount of deferred income 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 income tax assets can be utilized as well as the volatility of government issuances on tax interpretations. As of December 31, 2014 and 2013, the Company's deferred income tax assets amounted to ₱21.78 million and ₱19.91 million, respectively (see Note 13).

4. Cash and Cash Equivalents

	2014	2013
Cash on hand and in banks	**₱26,540,782**	₱13,223,130
Short-term investments	**25,077,346**	4,506,787
	₱51,618,128	₱17,729,917

Cash with banks earns 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 in banks and short-term investments amounted to ₱0.16 million, ₱0.09 million and ₱0.34 million for the years ended December 31, 2014, 2013 and 2012, respectively.

5. Receivables

	2014	2013
Trade receivables (see Note 16)	**₱268,038,728**	₱178,935,747
Impaired installment receivables (discounted)	**55,074,832**	55,025,886
Advances to suppliers, officers and employees and others:		
Impaired	**226,458**	226,458
Unimpaired	**1,261,077**	2,015,044
	1,487,535	2,241,502
	324,601,095	236,203,135
Less allowance for impairment losses	**55,301,290**	55,252,344
	₱269,299,805	₱180,950,791

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 ₱26.54 million, ₱21.65 million and ₱15.71 million in 2014, 2013 and 2012, respectively, are recognized as "Others" 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 2014, 2013 and 2012 amounted to ₱0.05 million, ₱0.08 million and ₱0.20 million, respectively. The Company recognizes full allowance on these receivables while they are currently on 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:

	2014	2013
Balances at beginning of year	**₱55,252,344**	₱55,174,031
Provision	**48,946**	78,313
Balances at end of year	**₱55,301,290**	₱55,252,344

6. Real Estate for Sale and Development

	2014	2013
Land for sale and development	**₱979,770,109**	₱1,031,711,476
Undeveloped land	**190,684,677**	85,524,942
	₱1,170,454,786	₱1,117,236,418

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. The land for sale and development covers a land area of 2,070,312 square meters (sqm) as of December 31, 2014 and 2013. As of December 31, 2014, the residential area of Phase 1, Phase 2, and Phase 3 are 100%, 100%, and 84.70% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

On August 24, 2012, the Company entered into a contract with Don Manuel Corporation to purchase parcels of land. The net saleable portion from the lot acquired is 388,541 sqm. The purchase price is payable on an installment terms basis over a period of three years.

On December 19, 2012, the Company entered into a contract for the acquisition of land, with a lot area of 926,550 sqm, from BDO Strategic Holdings, Inc. The acquired land is payable within ten years, on an installment basis, with a fixed interest rate of 8% per annum (see Note 10).

Undeveloped Land
Undeveloped land comprises of 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".

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 2014, 2013 and 2012.

The amount of real estate for sale and development recognized under "Cost of real estate sold" in the statements of comprehensive income amounted to ₱34.35 million, ₱40.54 million and ₱58.36 million in 2014, 2013 and 2012, respectively.

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

	2014	2013
Balances at beginning of year	**₱1,117,236,418**	₱1,157,778,227
Land acquired - net	**87,570,798**	–
Recognized as cost of real estate sold	**(34,352,430)**	(40,541,809)
Balances at ending of year	**₱1,170,454,786**	₱1,117,236,418

7. Property and Equipment

2014

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

2013

	Office Condominium Unit	Building and Improvements	Furniture, Fixtures and Other Equipment	Hauling and Transportation Equipment	Machinery and Equipment	Total
Costs:						
Balances at beginning of year	₱46,047,004	₱13,693,322	₱7,990,343	₱6,043,112	₱4,486,929	₱78,260,710
Additions	–	–	237,740	1,096,428	–	1,334,168
Balances at end of year	46,047,004	13,693,322	8,228,083	7,139,540	4,486,929	79,594,878
Accumulated depreciation and amortization:						
Balances at beginning of year	27,598,970	11,559,795	7,528,896	5,309,026	4,486,929	56,483,616
Depreciation and amortization	1,841,880	547,734	202,239	357,849	–	2,949,702
Balances at end of year	29,440,850	12,107,529	7,731,135	5,666,875	4,486,929	59,433,318
Net book values	₱16,606,154	₱1,585,793	₱496,948	₱1,472,665	₱–	₱20,161,560

Fully depreciated machinery and equipment with cost of ₱16.38 million and ₱16.29 million as of December 31, 2014 and 2013, respectively, are still being used in operations.

In 2014, fully depreciated hauling and transportation equipment was disposed for a consideration of ₱0.40 million. "Gain on disposal of property and equipment" presented in the statement of comprehensive income amounted to the proceeds received from the disposal.

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 ₱0.20 million, respectively.

Investment property being leased out under the operating lease classification has a fair value of ₱242.20 million based on the latest prevailing market price as reported by an independent appraiser.

For the years ended December 31, 2014, 2013 and 2012, 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 entity. 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. Accounts Payable and Accrued Expenses

	2014	2013
Payable to Araza Resources, Inc. ("Araza")	**₱137,061,387**	₱–
Trade payables	**92,238,944**	48,939,378
Accrued expenses	**5,859,115**	5,759,976
Withholding taxes payable	**194,696**	228,184
Others	**1,140,685**	1,774,998
	₱236,494,827	₱56,702,536

Payable to Araza mainly pertains to the portion of the pre-termination payment of the Company's loans payable paid by Araza on behalf of the Company (see Note 10). This payable is unsecured, noninterest-bearing and due and demandable.

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 2015. Amortization of discount, included as part of interest expense, amounted to ₱0.69 million, ₱1.12 million and ₱0.68 million for the years ended December 31, 2014, 2013 and 2012, respectively [see Note 19 (b)].

10. Loans Payable

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

Loan from	Terms	Rate	Condition
BDOSHI (see Note 6)	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.

The carrying amount of these loans as of December 31, 2013 amounted to ₱202.74 million and ₱1.42 million for BDOSHI and GASDF, respectively. Loan payable to GASDF was net of discount amounting to ₱0.02 million.

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

	2014	2013
Balances at beginning of year	**₱16,471**	₱103,698
Less:		
Amortization	**(13,736)**	(87,227)
Write-off due to pre-termination	**(2,735)**	–
Balances at end of year	**₱–**	₱16,471

Interest expense on BDOSHI loan amounted to ₱5.79 million, ₱7.49 million and ₱0.05 million in 2014, 2013 and 2012, respectively (see Note 19).

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.

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.

Deposit for Future Land Acquisition
Other than the transaction in 2014 discussed in Note 9, in 2011, the Company entered into a memorandum of agreement (MOA) with Araza (an entity under common control) for future land acquisition. In line with this, the Company assigned to Araza its advances to related parties as deposit for the said land acquisition. Accordingly, the outstanding advances to related parties were reclassified as part of the "Other assets" account in the 2011 statement of financial position.

In 2014, the outstanding balance amounting to ₱86.05 million was applied against Payable to Araza in relation to the pre-termination of the Company's loans payable that were used in acquiring parcels of land in 2012 (see Notes 6 and 10).

Related Party	Years	Outstanding Balance	Terms	Conditions
Araza	**2014**	**₱–**	Due and demandable;	Unsecured;
	2013	₱86,054,295	noninterest-bearing	no impairment

Compensation of Key Management Personnel
Short-term compensation of key management personnel of the Company amounted to ₱6.37 million, ₱6.37 million and ₱7.42 million in 2014, 2013 and 2012, 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, 2014, 2013 and 2012.

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

	2014	2013
Balances at beginning of year	**₱11,121,460**	₱5,259,700
Retirement benefit expense recognized in profit or loss:		
Current service costs	**1,088,200**	576,300
Interest costs	**555,897**	288,898
	1,644,097	865,198
Actuarial loss recognized in OCI	**4,479,856**	4,996,562
Balances at end of year	**₱17,245,413**	₱11,121,460

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

	2014	2013	2012
Current service cost	**₱1,088,200**	₱576,300	₱916,400
Interest costs	**555,897**	288,898	557,408
	₱1,644,097	₱865,198	₱1,473,808

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

	2014	2013	2012
Discount rate	**4.52%**	5.05%	5.60%
Salary increase rate	**6.00%**	6.00%	1.80%

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	
		2014	2013
Discount rate	+100	**(₱1,422,387)**	(₱1,283,731)
	-100	**1,692,836**	1,526,896
Salary increase rate	+100	**1,564,664**	1,419,479
	-100	**(1,348,575)**	(1,222,966)

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2014:

Years	Amounts
Less than 1 year	₱5,065,031
More than 1 year to 5 years	2,367,151
More than 5 years to 10 years	5,101,461
More than 10 years to 15 years	17,376,069
More than 15 years to 20 years	11,222,711
More than 20 years	30,328,742
Total	₱71,461,165

13. **Income Taxes**

The provision for current income tax in 2014, 2013 and 2012 represents regular corporate income tax.

The components of the Company's net deferred income tax assets (liabilities) are as follows:

	2014	2013
Deferred income tax assets:		
Allowance for impairment losses	**₱16,590,387**	₱16,575,703
Retirement benefit recognized in profit or loss	**3,572,701**	3,079,472
Retirement benefit recognized in OCI	**1,600,923**	256,966
Others	**13,262**	–
	21,777,273	19,912,141
Deferred income tax liabilities:		
Effect of difference between revenue recognized for tax and accounting	**(34,249,188)**	(6,426,782)
Others	–	(69,982)
	(₱12,471,915)	₱13,415,377

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

	2014	2013	2012
At statutory income tax rate	**₱35,368,951**	₱10,151,106	₱12,426,791
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	**5,093,319**	5,935,062	2,603,037
Nontaxable income	**(48,195)**	(27,617)	(100,502)
Others	**17,508,025**	5,000,000	–
	₱57,922,100	₱21,058,551	₱14,929,326

14. **Earnings Per Share**

	2014	2013	2012
Net income	**₱59,974,404**	₱12,778,470	₱26,493,310
Weighted average common shares	**1,561,110,070**	1,561,110,070	1,561,110,070
Basic and diluted earnings per share	**₱0.0384**	₱0.0082	₱0.0170

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, receivables and loans payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as 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, 2014 and 2013, 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. Likewise, the Company is not exposed to cash flow interest rate risk due to the fiexd interest rate on the Company's loans payable. The Company's exposure to fair value interest rate risk will not affect profit or loss. 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.

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*	**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**	**(236,058,967)**	–	–	**(236,058,967)**
Net financial assets	**₱59,781,620**	**₱25,077,346**	**₱2,370,000**	**₱87,228,966**

* *Excluding impaired receivables.*
** *Excluding withholding taxes and other statutory tax liabilities.*

2013

	On demand	Within 1 year	More than 1 year	Total
Financial assets:				
Cash and cash equivalents	₱13,223,130	₱4,506,787	₱–	₱17,729,917
Receivables*	180,950,791	–	–	180,950,791
AFS investments	–	–	2,370,000	2,370,000
	194,173,921	4,506,787	2,370,000	201,050,708
Financial liabilities:				
Accounts payable and accrued expenses**	(5,759,976)	(14,923,393)	(35,697,204)	(56,380,573)
Loans payable	–	(30,352,344)	(260,688,540)	(291,040,884)
	(5,759,976)	(45,275,737)	(296,385,744)	(347,421,457)
Net financial assets (liabilities)	₱188,413,945	(₱40,768,950)	(₱294,015,744)	(₱146,370,749)

** Excluding impaired receivables.*
*** 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 amounting to ₱323.29 million and ₱201.05 million in 2014 and 2013, 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.

<u>Capital Management</u>
The Company considers the following items in the statements of financial position as its core capital:

	2014	2013
Capital stock	**₱1,561,110,070**	₱1,561,110,070
Capital surplus	**154,395,374**	154,395,374
Deficit	**(454,016,066)**	(513,990,470)
	₱1,261,489,378	₱1,201,514,974

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, 2014, 2013 and 2012.

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

There were no movements in the Company's registered securities in 2014, 2013 and 2012. There are 2,220 shareholders who hold 1,561,110,070 shares as of December 31, 2014.

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.

Loans Payable
The discount rates used to compute the fair values ranges from 0.42% to 3.90% in 2013. These were based on market risk free rate adjusted based the credit profile of the Company. The fair value of the Company's loans payable amounted to ₱282.54 million as of December 31, 2013. The Company no longer has any loans payable in 2014.

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.

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, which 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 Matter

a) Note to Statements of Cash Flows

Noncash operating activity in 2012 pertains to the acquisition of land from BDOSHI and Don Manuel Corporation resulting to an increase in “Real Estate for Sale and Development” amounting to ₱248.18 million and ₱75.32 million, respectively (see Note 6).

b) Interest Expense

Interest expense consists of the following:

	2014	2013	2012
Amortization of discount - trade payables (see Note 9)	**₱692,759**	₱1,120,507	₱678,155
Amortization of discount - loans payable (see Note 10)	**13,736**	87,227	154,782
Write-off of discount due to pre-termination of loans payable (see Note 10)	**2,735**	–	–
Interest expense (see Note 10)	**5,794,042**	7,491,294	46,569
	₱6,503,272	₱8,699,028	₱879,506

20. Supplementary Tax Information Required under Revenue Regulations 15-2010

The Company reported and/or paid the following types of taxes for the year ended December 31, 2014:

VAT

a. The Company is VAT-registered with taxable sale of goods amounting to ₱125,087,980 with a corresponding output VAT of 12% amounting to ₱15,010,558.

   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 2014 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 revenue regulation 3-2012, the adjustment in computing VAT resulted to a revised threshold amounting to ₱1,919,500 effective January 1, 2012.

b. Input VAT

The amount of input VAT claimed are broken down as follows:

Balance at January 1, 2014	₱37,756,882
Domestic purchases/payments for:	
Goods for resale or manufacture	563,744
Services lodged under other accounts	591,443
Balance at December 31, 2014	₱38,912,069

Other Taxes and Licenses

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

A. Local	
Documentary stamp taxes	₱6,705,820
Real estate taxes	2,090,085
Business taxes	1,780,418
Licenses, permits and fees	476,579
Community tax certificate	10,500
Others	1,945,834
B. National	
Annual registration	500
	₱13,009,736

Withholding Taxes

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

Withholding taxes on compensation and benefits	₱2,326,161
Expanded withholding taxes	623,891
	₱2,950,052

ARANETA PROPERTIES, INC.
SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS
AS OF DECEMBER 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of PFRS - Borrowing Costs			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Share-based payment - Definition of Vesting Condition			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Business Combinations - Accounting for Contingent Consideration in a Business Combination			✓
	Amendments to PFRS 3: Business Combinations - Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	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	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓

* Effective subsequent to December 31, 2014
\+ Deferred effectivity

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		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	✓		
	Amendments to PFRS 8: Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Investment Entities			✓
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Investment Entities			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Fair Value Measurement - Short-term Receivables and Payables	✓		
	Amendments to PFRS 13: Fair Value Measurement - Portfolio Exception			✓
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: Presentation of Financial Statements - Clarification of the requirements for comparative information	✓		
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 Period	✓		
PAS 11	Construction Contracts			✓

* Effective subsequent to December 31, 2014
+ Deferred effectivity

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Property, Plant and Equipment - Classification of servicing equipment			✓
	Amendments to PAS 16: Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
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	✓		
	Amendment to PAS 24, Related Party Disclosures - Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
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*	✓		
	Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity instruments			✓
PAS 33	Earnings per Share	✓		

* Effective subsequent to December 31, 2014
+ Deferred effectivity

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Intangible Assets - Revaluation Method - Proportionate Restatements of Accumulated 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			✓
	Amendment to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Investment Property*	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members Share in Co-operative Entities and 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			✓

* Effective subsequent to December 31, 2014
+ Deferred effectivity

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
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		See foot note. +	
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			✓
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-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			✓

* Effective subsequent to December 31, 2014
\+ Deferred effectivity

SEC Number **152249**
File Number ___________

ARANETA PROPERTIES INCORPORATED

Company's Full name

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

Company's Address

(632) 848-1501

Telephone Number

December 31

Fiscal Year Ending
(month & day)

17-Q 2nd Quarter

Form Type

____

Amended Designation (if applicable)

June 30, 2015

Period Ended Date

Registered and Listed

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2015**

2. SEC Identification No. **152249** 3. BIR Tax Identification No. **050-000-840-355**

4. Exact name of issuer as specified in its charter: **ARANETA PROPERTIES, INC.**

5. ____________________
Province, country or other jurisdiction of incorporation or organization

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

7. **21st Floor, Citibank Tower, Paseo de Roxas, Makati City**
Address of issuer's principal office Postal Code

8. (632) 848-1501
Registrant's telephone number, including area code

9.
Former name, former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
	1,561,110,070

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

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

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

Plan of Operation

During the 2nd quarter of 2015

The Company's sales output during the period remains slow as compared to the second quarter of the previous year. This performance is a result of marketing strategies being implemented specifically the holding of some inventory in line with price watch which shows higher forecast of demand in the real estate within the locality, evidenced by the launching of real estate projects of Ayaland Development, Inc., the Avida Land, Inc., and as well as the soon to open SM Shoemart, in San Jose Del Monte, Bulacan area.

The Company posted revenue during the quarter amounting P52.401 million as compared with P47.323 million of the same period last year. The increase in sales was the effect of marketing strategies being implemented by the Company wherein some of the inventories are temporarily put on-hold while waiting for much better price.

As of June 30, 2015, the residential areas of Phase 1, Phase 2 and Phase 3 are 99.96%, 99.97%, and 84.70% complete, respectively, while the Country Club is 98.76% complete as of June 30, 2015, based on the physical completion report provided by the joint venture's supervising engineer.

Table I – Shows a comparative figures of the results of operations for the six (6) months period ending June 30, 2015 with comparative figures of year 2014 and 2013 for the same six (6) months period

	For six (6) months Period			% Change	% Change
In millions (Php)	**Year 2013**	**Year 2014**	**Year 2015**	**2013 vs 2014**	**2014 vs 2015**
Revenue	91.916	83.020	90.140	(10.715%)	7.899%
Expenses	71.151	67.353	58.824	(5.639%)	(14.501)
Net Income (before tax)	20.765	15.667	31.317	(32.540%)	49.973%

Table II – Shows the comparative figures of the revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2015 with comparative figures of year 2014 for the same period

	For the six (6) months ending June 30		% Change
In Millions (Php)	**Year 2014**	**Year 2015**	**2014 vs 2015**
Income from Real Estate Business	79.550	75.966	(4.718%)
Accretion of interest from Installment sales	3.470	14.174	75.519%
Total Revenue	83.020	90.140	7.899%

During the 2nd quarter of 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 a result of marketing strategies being implemented specifically the holding of some inventory in line with price watch which shows higher forecast of demand in the real estate within the locality, evidenced by the launching of real estate projects of Ayaland Development, Inc. as well as the Avida Land, Inc. in San Jose Del Monte, Bulacan area.

The Company posted sales during the quarter amounting P45.518 million as compared with P46.803 million of the same period last year. The decrease in sales was the effect of marketing strategy being implemented by the Company which some of the inventory is temporarily put on-hold waiting for much better price.

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

During the 2nd quarter of 2013

The performance of the Company in terms of sales input significantly improved in the second quarter of 2013 as compared with that of the second quarter of the previous year, this performance is a result of marketing strategies being implemented and the completion of the Country Club which at present is undergoing a test-run of its facilities.

The Company posted sales during the quarter amounting P46.803 million as compared with P36.660 million of the same period last year.

As of June 30, 2013, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 97%, 98%, 57.00% and 98% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

There is a bright future seen in the coming years is the plan of the National Government on the expansion of the MRT/LRT from Quezon City LRT (from Welcome Rotonda through Commonwealth Avenue and its proposed extension via Quirino Highway to Norzaragay). This will provide faster and easier access to and from Metro Manila.

Management's Discussion and Analysis or plan of operation

The second quarter of 2015

During the quarter, the Company had a very healthy operation. There were reputable real estate Companies who are already developing and marketing their operations in San Jose Del Monte Bulacan. This development has created a positive signal on the real estate business and eventually benefited the Company's land banking activities from the previous year.

The Company has posted a net profit (after tax) of P21.921 Million in the six (6) months period ending June 30, 2015 as compared with the P10.967 million in 2014 of that same period.

The percentage of revenues during each of the six (6) months period, are as follows:

Particulars	Year 2013	Year 2014	Year 2015
Sale from Real Estate	91,915,786	83,020,298	90,140,069
Cost of Land	49,455,940	43,039,558	31,956,702
Percentage to revenue	53.806%	51.842%	35.452%

The deficit stands at P435.230 million and P503.023 million as of June 30, 2015 and 2014, respectively.

For the Quarter Ending (in Millions)		
Period covered	June 30, 2015	June 30, 2014
Revenue	P52.401	P47.323
Direct Costs	18.290	24.043
Gross Profit Margin	P34.111	P23.280
Operating Expenses	12.870	11.791
Net Income before tax	P21.241	P11.489

Revenue generated during the 2nd quarter of 2015 represents share from sales of Joint Venture Project with SLRDI. The increase in sales was the effect of marketing strategy being implemented by the Company which some of inventory is put on-hold to sell market awaiting for much better price

Liquidity and Capital Resources

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

Particulars	June 30, 2015 (in Million)	June 30, 2014 (In Million)
Total assets as at end of	P1,543.113	P1,387.542
Total liabilities as at end of	P263.588	P175.810
Ratio of assets to liabilities	17.082%	12.671%
Financial Condition		
Cash and cash equivalent	P57.177	P27.852
Receivable	P291.998	P200.504
Real estate for sale and development	P1,138.549	P1,079.739
Property and equipment	P18.666	P19.486
Deferred income tax assets	-0-	P13.415
Investment property	P5.444	P5.444
Other assets	P31.280	P41.101
Stockholders' equity	P1,279.525	P1,211.732

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 the recognition of current and non-current receivable from sales with joint venture project and other receivable.

The decrease in land for sale & development is the result of the accounting of cost of land banking net of 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 net of cost or assets acquired during the period.

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

The movement in accounts payable and accruals is attributed to regular accrual and deferred payments.

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

The increase in Stockholder's Equity is attributed to normal operational income in the real estate business which started commercial operation in year 2006.

Capital Expenditure

There was no capital expenditure for the period.

Key Performance Indicators

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

For the six (6) months period	June 30, 2015	June 30, 2014
Current Ration (1)	1.48883 : 1	0.29212 : 1
Debt to Equity Ratio (2)	1 : 0.2060	1 : 0.1450
Earnings per Share (3)	1 : 0.01404	1 : 0.00703
Earnings before interest and Income Taxes (4)	P31.316 million	P15.667 million
Return on Equity	0.01713	0.00905

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 P1,279,525,284.27 (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)

During the second quarter of 2014

During the second quarter the scenario of business shows very healthy in all aspect, this includes the real estate as there are reputable real estate companies that started their development and marketing operations in San Jose Del Monte, Bulacan. This scenario sending positively business opportunity in the locality which directly benefited the previous year's land banking activity.

The Company has posted a net profit (after tax) of P8.042 Million in the second quarter of 2014 as compared with the P8.955 million in 2013 of that same period.

The percentage of revenues during each of the last two quarters are as follows:

Particulars	Year 2014	Year 2013	Year 2012
Sale from Real Estate	45,518,467	46,802,736	36,660,861
Cost of Land	24,043,045	27,411,608	24,872,604
Percentage of revenue	52.82%	58.56%	67.85%

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

	For the Quarter Ended June 30, 2014 (In Million)	June 30, 2013 (In Million)
Revenue	**P47.323**	**P50.379**
Direct Costs	**P24.043**	**P27.411**
Gross Profit Margin	**P23.280**	**P22.967**
Operating Expenses	**P11.791**	**P10.174**
Net Income before tax	**P11.489**	**P12.793**

Revenue generated during the second quarter of 2014 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 2014, 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, 2014.

Particulars	June 30, 2014 (In Million)	June 30, 2013 (In Million)
Total assets as of	P1,387.542	P1,490.085
Total liabilities as of	P175.810	P286.663
Ratio of assets to liabilities	12.670%	19.238%
Financial Condition		

Cash and cash equivalent	P27.852	P14.439
Receivable	P200.504	P201.793
Real estate for sale and development	P1,079.739	P1,109.245
Property and equipment	P19.486	P20.464
Deferred income tax assets	P13.415	P16.627
Investment property	P5.444	P5.444
Other assets	P41.102	P122.074
Loans payable	P0.000	P211.248
Deposits on subscription	P120,747	P0.000
Other payables	P55,153	P75.415
Stockholders' equity	P1,211.732	P1,203.422

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, 2013
Current Ration (1)	24.11 : 1	34.88 : 1
Debt to Equity Ratio (2)	1 : 14.51	1 : 23.82
Earnings per Share (3)	1 : 0.00703	1 : 0.00931
Earnings before interest and Income Taxes (4)	P15.667 million	P20.764 million
Return on Equity (5)	0.00905	0.01208

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

Stockholders' Equity

- 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)

- Total Stockholders' Equity in 2013 is P1,203,422,391.11 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

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 the recognition of current and non-current receivable from sales with joint venture project and other receivable.

The increase in land for sale and development is attributable to the accounting of cost of land banking net 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 net of assets acquire during the period.

The increase in other assets is attributed to the recording of Output VAT from sale of subdivided lot net of Input VAT from purchase of local goods and services during the period

The movement in accounts payable and accruals is attributed to regular accrual and deferred payments.

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

The second quarter of 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.

Total lots sold during the six months is 61,345 square meters, thus the Company has already sold a total area of 746,277 square meters as of June 30, 2013.

On the revenue side, the Company has posted a net profit (after tax) of P8.954 Million in the second quarter of 2013 as compared with the P2.869 million in 2012 of that same period. The deficit stands at P511.933 million and P546.210 million as of June 30, 2013 and 2012, respectively.

	For the Quarter Ended	
	June 30, 2013 (In Million)	**June 31, 2012 (In Million)**
Revenue	**P50.379**	**P36.770**
Direct Costs	**P27.411**	**P24.872**
Gross Profit Margin	**P22.968**	**P11.898**
Operating Expenses	**P10.176**	**P07.848**
Net Income before tax	**P12.972**	**P04.050**

Revenue generated during the second quarter of 2013 represents share from sales of Joint Venture Project with SLRDI. The increase in sales was the effect of economic performance of the country and the completion of Club House has also created scenario in the second quarter of 2013.

Liquidity and Capital Resources

The Company posted net profit during the quarter a benefit from construction of the Clubhouse and Sports Center which the project engineer in-charge of the development has reported 98.00% complete as of June 30, 2013.

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

Particulars	June 30, 2013 (In Million)	June 30, 2012 (In Million)
Total assets as of	P1,490.085	P1,204.047
Total liabilities as of	P286.663	P34.902
Ratio of assets to liabilities	19.238%	0.029%
Financial Condition		
Cash and cash equivalent	P14.439	P26.971
Receivable	P201.793	P153.704
Real estate for sale and development	P1,109.245	P841.483
Property and equipment	P20.464	P22.847
Deferred income tax assets	P16.627	P19.442
Investment property	P5.444	P5.444
Other assets	P122.073	P134.154
Loans payable	P211.248	P0.000
Other payables	P75,415	P34.902
Stockholders' equity	P1,203.422	P1,169.145

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, 2013	June 30, 2012
Current Ration (1)	3.4934 : 1	9.0144 : 1
Debt to Equity Ratio (2)	1 : 23.821	1 : 24.519
Earnings per Share (3)	1 : 0.00931	1 : 0.00432
Earnings before interest and Income Taxes (4)	P14.535 million	P6.748 million
Return on Equity (5)	0.00931	0.000432

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 2013 is P1,203,422,391.11 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

- Total Stockholders' Equity in 2012 is P1,169,144,842.82 (Issued and paid of 1,561,110,070.00 shares with P1.00 par value)

Other Matters

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

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

(a) No known trends, events or uncertainties with significant impact on net sales, or income except for the above mentioned international economic uncertainties, 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.

(b) Significant elements of income or loss did not arise from the Company's continuing operations other than what was mentioned in the revenues.

(c) All accounting policies and methods of computation and estimates are followed in the interim financial statement as compared with the most recent annual financial statement report.

(d) There were no seasonality or cyclicality aspects that have material effect in the financial statement and the financial condition or results of operations during the period.

(e) There were no material commitments affecting assets, liabilities, equity, net income, or cash flows that are unusual during the interim financial report except for the prepayment of installment purchase of land reported under *Loans Payable* in the Balance Sheet account fully paid in the second quarter of 2014.

(f) There were no nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

(g) There were no issuances, repurchases and repayments of debt and equity securities, except for the payment non-interest bearing payable obtained for the acquisition of two (2) parcels of land classified under "real estate for sale and development account" in the 2012, recorded as loans payable in the balance account of the financial statement was already fully paid in the second quarter of year 2014.

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

(i) The Company is reporting with only one (1) accounting segment.

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

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

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

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

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

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and bank loans. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivables, accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk, credit risk and interest rate risk. As of June 30, 2014, 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, 2015

	On demand
Accounts payable and accrued expenses	P226,789,115
Deferred tax liabilities	12,471,915
Income tax payable	6,372,349
Others	17,954,913
Total	P263,588,293

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

The Company sets up provision for impairment of accounts receivables equal to the balance of long-outstanding accounts receivables. The balance of long-outstanding accounts receivables subjected to the full allowance for doubtful accounts amounted to ₱55.252 million and ₱55.174 million as of June 30, 2015 and 2014 respectively.

Receivables that are neither past due nor impaired are due from creditworthy counterparties with good payment history with the Company, except for the receivable from the sale of non-operating assets which Company is currently in discussion with the management of Platinum Group Metal Corporation (PGMC) with respect to the existing terms of the installment receivable.

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 quarters ended June 30, 2015 and 2014.

The following table pertains to the account balance the Company considers as its core capital as of June 30, 2015.

Capital stock	P1,561,110,070
Capital surplus	154,395,374
Total	P1,715,505,444

Fair Value of Financial Instruments

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

Cash and Receivables

The carrying amounts of cash and receivables approximate fair values primarily due to the relatively short-term maturity of these financial instruments. In the case of long-term receivables, the fair value is based on the present value of expected future cash flows using the applicable discount rates. The discount rates used range from 5.66% to 5.66% in 2015 and 5.66% to 5.66% in 2014.

PART II - OTHER INFORMATION

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

Date of Report	Item Reported
None	

S I G N A T U R E S

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

ARANETA PROPERTIES, INC.
(Issuer)
By:

GREGORIO MA. ARANETA III	**JOSE O. EUSTAQUIO III**
Principal Executive Officer	Chief Financial Officer
Date signed August 11, 2015	Date signed August 11, 2015

S I G N A T U R E S

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

ARANETA PROPERTIES, INC.
(Issuer)

By:

GREGORIO MA. ARANETA III
Principal Executive Officer

Date signed August 11, 2015

JOSE O. EUSTAQUIO III
Chief Financial Officer

Date signed August 11, 2015

ARANETA PROPERTIES, INC.

STATEMENTS OF FINANCIAL POSITION

		AS OF JUNE 30, 2015 un-audited		AS OF DECEMBER 31, 2014 audited		CHANGES INCREASED (DECREASED)
ASSETS						
Cash and cash equivalents	P	57,176,953.86	P	51,618,128.03	P	5,558,825.83
Receivables		291,998,151.39		269,299,804.59		22,698,346.80
Real Estate for Sale and Development		1,138,549,183.02		1,170,454,786.00		(31,905,602.98)
Property, plant and equipment		18,665,500.74		19,877,525.94		(1,212,025.20)
Investment Property		5,444,076.65		5,444,076.65		-
Input Value-added Tax (VAT) - net		28,909,711.66		28,403,433.19		506,278.47
Available-for-sale (AFS) Investments		2,370,000.00		2,370,000.00		-
TOTAL ASSETS	P	1,543,113,577.32	P	1,547,467,754.40	P	(4,354,177.08)
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and Accrued Expenses	P	226,789,115.44	P	236,494,827.00	P	(9,705,711.56)
Deferred Income Tax Liabilities		12,471,915.00		12,471,915.00		-
Income Tax Payable		6,372,349.61		23,651,710.00		(17,279,360.39)
Accrued retirement benefit obligation		17,954,913.00		17,245,413.00		709,500.00
Stockholders' Equity						
Capital Stock:						
Issued and Paid						
(Authorized - 5 Billion shares at P1.00 par value)		1,561,110,070.00		1,561,110,070.00		-
Capital Surplus		154,395,374.12		154,395,374.12		-
Unrealized valuation of gain AFS investments		(150,000.00)		(150,000.00)		-
Actuareal Gain (Losses) on Retirement Benefits		(599,587.40)		(599,587.40)		-
Deficit		(435,230,572.45)		(457,151,967.32)		21,921,394.87
Total		1,279,525,284.27		1,257,603,889.40		21,921,394.87
TOTAL LIABILITIES *and* STOCKHOLDERS' EQUITY	P	1,543,113,577.32	P	1,547,467,754.40	P	(4,354,177.08)
Net Book Value per Share	P	0.8196	P	0.8056	P	-

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ARANETA PROPERTIES, INC.
STATEMENT OF COMPREHENSIVE INCOME

		FOR THE SIX (6) MONTHS ENDING			FOR THE QUARTER ENDED			
		JUNE 30, 2015		JUNE 30, 2014		JUNE 30, 2015		JUNE 30, 2014
REVENUES								
Income from JV company-Net *	P	75,965,721.40	P	79,549,996.75	P	43,402,971.93	P	45,518,467.00
Others		14,174,348.27		3,470,301.50		8,998,024.04		1,804,557.00
		90,140,069.67		83,020,298.25		52,400,995.97		47,323,024.00
EXPENSES								
Cost of Sales		31,956,702.35		43,039,558.66		18,289,822.44		24,043,044.58
Security Costs		5,132,768.59		3,599,582.18		2,492,539.22		2,406,081.75
Professional fees		867,751.81		1,482,165.38		375,100.27		717,685.29
Depreciation expense		1,661,445.40		1,514,885.69		830,082.67		777,547.26
Representation		133,405.00		24,067.16		81,100.00		6,303.00
Salaries & Wages		7,422,442.63		6,586,541.23		3,500,755.35		3,196,145.15
Building Dues & Other Charges		917,692.62		1,048,025.98		522,350.40		398,865.57
Retirement benefits		709,500.00		709,500.00		354,750.00		354,750.00
Telecommunication		324,226.50		382,441.21		179,558.67		202,686.42
Taxes & Licenses		3,805,545.22		3,012,834.73		1,445,767.16		845,657.58
Transporation & Travelling		132,795.71		10,724.50		84,634.71		4,552.50
Printing and Office Supplies		344,922.31		220,131.25		267,476.34		121,808.60
Repairs & Maintenance		213,120.19		184,954.06		57,417.40		124,807.79
Gasoline, Oil & Lubes		133,541.23		145,724.81		66,645.02		62,405.83
Other operating costs		5,067,931.72		5,391,962.00		2,611,830.97		2,571,966.59
		58,823,791.28		67,353,098.84		31,159,830.62		35,834,307.91
NET LOSS BEFORE INCOME TAX		31,316,278.39		15,667,199.41		21,241,165.35		11,488,716.09
PROVISION FOR INCOME TAX				-				
Current		9,394,883.52		4,700,159.82		6,372,349.61		3,446,614.82
		9,394,883.52		4,700,159.82		6,372,349.61		3,446,614.82
NET INCOME	P	21,921,394.87	P	10,967,039.59	P	14,868,815.75	P	8,042,101.27
WEIGHTED AVERAGE NO. OF SHARE		1,561,110,070		1,561,110,070		1,561,110,070		1,561,110,070
NET GAIN (LOSS) PER SHARE		0.01404		0.00703		0.00952		0.00515

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ARANETA PROPERTIES, INC.

COMPARATIVE CASH FLOWS

(In Ph Pesos)	FOR THE SIX (6) MONTHS ENDING JUNE 30, 2015	FOR THE SIX (6) MONTHS ENDING JUNE 30, 2014	FOR THE QUARTER ENDING JUNE 30, 2015	FOR THE QUARTER ENDING JUNE 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	21,921,394.87	10,967,039.59	23,889,361.29	8,042,101.27
Add: Back Non-cash items				
Interest Income (net)	206,135.99	3,470,301.50	120,750.28	3,470,301.50
Depreciation	1,661,445.40	1,525,792.47	830,082.67	788,454.04
Accretion Interest Income	-	-	-	-
Provision for doubtful accounts and other losses	-	-	-	-
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Receivables	(20,662,071.30)	(19,553,651.79)	(13,603,565.90)	(11,744,739.03)
Inventories	-	-	-	-
Other current assets	(4,026,255.50)	86,972,242.44	(19,336,637.86)	79,554,250.69
Increase (Decrease) in:				
Accounts Payable & Accruals	(14,423,975.05)	6,694,511.95	(7,277,026.54)	8,985,135.20
Net cash provided by (used in) operating activities	(15,323,325.59)	90,076,236.16	(15,377,036.06)	89,095,503.67
CASH FLOW FROM INVESTING & OPERATING ACTIVITIES				
Decrease (Increase) in Property, Plant & Equipment	1,212,025.20	685,970.27	3,895,898.70	971,835.49
Decrease (Increase) in Real Estate for Sale & Devt	31,905,602.98	37,497,396.00	18,273,336.98	46,853,196.00
Decrease (Increase) in other assets	(2,036,275.50)	86,029,165.85	(903,134.37)	78,151,151.05
Net cash provided by (used in) investing activities	31,081,352.68	124,212,532.12	21,266,101.31	125,976,182.54
CASH FLOW FROM FINANCING ACTIVITIES				
Net availments of short-term borrowings	(10,199,201.26)	(204,167,101.98)	(5,099,600.63)	(203,811,556.98)
Net availments of long-term borrowings	-	-	-	-
Net cash provided by (used in) financing activities	(10,199,201.26)	(204,167,101.98)	(5,099,600.63)	(203,811,556.98)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,558,825.83	10,121,666.30	789,464.62	11,260,129.23
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	51,618,128.03	17,729,917.29	56,387,489.24	16,591,454.36
CASH AND CASH EQUIVALENTS AT QUARTER END	57,176,953.86	27,851,583.59	57,176,953.86	27,851,583.59

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ARANETA PROPERTIES, INC.

CASH AND CASH EQUIVALENT

	AS AT END OF	
	JUNE 30, 2015	DECEMBER 31, 2014
Cash on Hand		
Petty Cash fund	10,437.95	10,437.95
Revolving Fund (Bulacan field office)	21,842.52	21,842.52
Total	*32,280.47*	*32,280.47*
Cash in Banks		
Cash in Bank - China Bank	5,662,706.02	5,304,340.94
Cash in Bank - CBC SFCDA	139,583.85	139,583.85
Cash in Bank - Banco de Oro	26,295,798.41	21,139,389.37
Total	*32,098,088.28*	*26,583,314.16*
Short-term Placement		
CBC Special Savings Account	4,646,585.11	4,602,533.40
BDO Peso Money Mrkt Acct#304607884332	5,400,000.00	5,400,000.00
BDO Peso Money Mrkt Acct#304607854576	15,000,000.00	15,000,000.00
Total	25,046,585.11	25,002,533.40
TOTAL	57,176,953.86	51,618,128.03

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ARANETA PROPERTIES, INC.

Receivables

	AS AT END OF	
	JUNE 30, 2015	DECEMBER 31, 2014
Accounts Receivable Trade	291,152,770.09	266,726,240.51
Installment Receivable, Discounted		
Impaired	55,074,832.04	55,025,885.88
Advances to suppliers, officers, employees & others		
Impaired	903,046.94	2,680,175.88
Unimpaired	168,792.32	168,792.32
	1,071,839.26	2,848,968.20
	347,299,441.39	*324,601,094.59*
Less: provision for doubtful account	55,301,290.00	55,301,290.00
Net	291,998,151.39	269,299,804.59

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ARANETA PROPERTIES, INC.

SCHEDULE OF RECEIVABLE

As of June 30, 2015

P A R T I C U L A R S	AMOUNT	COLLECTION / LIQUIDATION				REMARKS
		1 Months	15 Days	Overdue	Others	
Receivable from Joint Venture-SLRDI	151,272,274.21				151,272,274.21	Installment sales/Monthly amortization
Receivable from Joint Venture-Sland	108,116,795.40				108,116,795.40	Installment sales/Monthly amortization
Receivable from sale of reserved lot	16,167,792.75				16,167,792.75	Installment sales/Monthly amortization
Advances suppliers	16,000,000.00					Reservation from purchase of land
Platinum Group Metals-Impaired	55,074,832.04			55,074,832.04	-	Under negotiation
Platinum Group Metals-Rental	240,133.77				240,133.77	Monthly Rental
Advances for liquidation	190,189.75	190,189.75			-	For liquidation
Salary loan of various employees	188,477.10	37,056.27			151,421.03	Payroll deduction
TOTAL	**347,250,495.23**	**227,246.02**	**-**	**55,074,832.04**	**275,948,417.16**	
ALLOW. FOR DOUBTFUL ACCT	55,252,343.84				55,252,343.84	
NET RECEIVABLE	**291,998,151.39**	**227,246.02**	**-**	**55,074,832.04**	**220,696,073.32**	

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ARANETA PROPERTIES, INC.

Schedule of Land and Land for Sale and Development

	AS OF JUNE 30, 2015	AS OF DECEMBER 31, 2014
Undevelope land	85,524,942.00	85,524,942.00
Saleable house and lot Inventory	9,475,646.47	9,475,646.47
Investments in Land (Acquired from GASDF Property)	6,618,779.27	6,618,779.27
Investments in Land (Acquired from Universal Rightfield)	78,201,917.21	78,201,917.21
Investments in Land (acquired from BDOSHI)	248,183,035.71	248,183,035.71
Investmetns in Land (acquired from Marga)	132,175,285.13	-
Land for Sale & Land Development	578,369,577.23	742,450,465.34
Total	1,138,549,183.02	1,170,454,786.00

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ARANETA PROPERTIES, INC.

PROPERTY PLANT & EQUIPMENT

	AS OF JUNE 30, 2015	AS OF' DECEMBER 31, 2014
PPE COSTS DATA		
Building	46,047,003.73	46,047,003.73
Building Improvements	11,627,889.28	11,581,064.29
Building and Plant Structures	3,146,943.13	3,146,943.13
Transporation Equipment	7,025,118.54	6,926,904.26
Heavy Machinery Equipment	4,486,928.72	4,486,928.72
Other Tools & Equipment	395,689.58	392,589.58
Communication Equipment	2,811,030.30	2,695,255.30
Office Furniture & Equipment	5,567,389.25	5,376,883.29
Total	**81,107,992.53**	**80,653,572.30**
DEPRECIATION DATA		
Building	32,203,670.62	31,282,730.56
Building Improvements	10,760,529.57	10,549,602.00
Building and Plant Structures	1,949,986.08	1,887,047.22
Transporation Equipment	5,016,495.73	4,648,470.70
Heavy Machinery Equipment	4,486,928.72	4,486,928.72
Other Tools & Equipment	392,744.59	392,589.58
Communication Equipment	2,556,536.53	2,530,248.73
Office Furniture & Equipment	5,075,599.95	4,998,428.85
Total	**62,442,491.79**	**60,776,046.36**
NET BOOK VALUE		
Building	13,843,333.11	14,764,273.17
Building Improvements	867,359.71	1,031,462.29
Building and Plant Structures	1,196,957.05	1,259,895.91
Transporation Equipment	2,008,622.81	2,278,433.56
Heavy Machinery Equipment	-	-
Other Tools & Equipment	2,944.99	0.00
Communication Equipment	254,493.77	165,006.57
Office Furniture & Equipment	491,789.30	378,454.44
Total	18,665,500.74	19,877,525.94

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ARANETA PROPERTIES, INC.

SCHEDULE OF OTHER ASSETS

	AS OF JUNE 30, 2015	AS OF DECEMBER 31, 2014
Investments Property (Manticao Property)	5,444,076.65	5,444,076.65
Recoverable tax (Input VAT)	28,909,711.66	28,403,433.19
(AFS) Investments Available for Sale - Net		
Subic Yacth Club Shares	1,500,000.00	1,500,000.00
Tagaytay Highlands	1,000,000.00	1,000,000.00
Alphaland Balesin Island Club, Inc.	1,000,000.00	1,000,000.00
Colinas Country Club, Inc.	700,000.00	700,000.00
Total	4,200,000.00	4,200,000.00
Allow for Decline AFS Investments	1,830,000.00	1,830,000.00
Net	2,370,000.00	2,370,000.00

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ARANETA PROPERTIES, INC.

SCHEDULE OF LIABILITIES

	AS OF JUNE 30, 2014	AS OF DECEMBER 31, 2014
ACCOUNTS PAYABLE & ACCRUALS		
Accounts Payable to Suppliers	219,569,558.71	229,220,389.35
SSS Salary Loan Payable	14,351.08	6,580.20
Pag-ibig Salary Loan Payable	14,216.25	14,216.25
Pag-ibig Fund Contribution	4,600.00	4,400.00
SSS, Medicare & EC Payable	44,039.00	49,000.00
Philhealth Payable	16,700.00	15,724.00
Withholding Tax Payable	182,333.49	188,208.82
Retentions & Deposits	393,757.92	422,500.00
Accrued Operating	6,499,169.69	6,129,661.16
Deferred Interest Income	50,389.30	50,389.30
Others	-	393,757.92
	226,789,115.44	*236,494,827.00*
DEFERREDM INCOME TAX LIABILITIES	*12,471,915.00*	*12,471,915.00*
INCOME TAX PAYABLE	*6,372,349.61*	*23,651,710.00*
ACCRUED RETIREMENT BENEFITS	*17,954,913.00*	*17,245,413.00*
TOTAL	263,588,293.05	289,863,865.00

05/08/2014

ARANETA PROPERTIES, INC.
STATEMENT OF CHANGES IN EQUITY

	AS AT END OF	
	JUNE 30, 2015	JUNE 30, 2014
Balance at December 31,	1,561,110,070.00	1,561,110,070.00
Add: Capital surplus	154,395,374.12	154,395,374.12
Actuareal gain (losses) on retirement benefits	(599,587.40)	(599,587.40)
Unrealized valuation of gain on AFS Investments	(150,000.00)	(150,000.00)
Total	1,714,755,856.72	1,714,755,856.72
Deficit as at December 31,	(457,151,967.32)	(513,990,471.15)
Net Income (Loss) for the Six (6) months ended June 30	21,921,394.87	10,967,039.59
Balances	1,279,525,284.27	1,211,732,425.16

	FOR THE QUARTER ENDING	
	JUNE 30, 2015	JUNE 30, 2014
Balance at December 31,	1,561,110,070.00	1,561,110,070.00
Add: Capital surplus	154,395,374.12	154,395,374.12
Actuareal gain (losses) on retirement benefits	(599,587.40)	(599,587.40)
Unrealized valuation of gain on AFS Investments	(150,000.00)	(150,000.00)
Total	1,714,755,856.72	1,714,755,856.72
Deficit as at December 31,	(457,151,967.32)	(513,990,471.15)
Net Income (Loss) for quarter ended March 31	7,052,579.13	2,924,938.32
Net Income (Loss) for quarter ended June 30	14,868,815.75	8,042,101.27
Balances	1,279,525,284.27	1,211,732,425.16