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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS200613870

COMPANY NAME

ONE DELA ROSA PROPERTY DEVELOPMENT, INCORPORATED (A Wholly Owned Subsidiary of AyalaLand Offices, Inc.)

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

28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
secreto.susan@ayalaland.com.ph	908-3804	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	10/26	12/31

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
Susan J. Secreto	secreto.susan@ayalaland.com.ph	908 3804	N/A

CONTACT PERSON's ADDRESS

28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.* ***2 :*** *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
One Dela Rosa Property Development, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of One Dela Rosa Property Development, Inc. (a wholly owned subsidiary of AyalaLand Offices, Inc.) (the Company), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
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Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of One Dela Rosa Property Development, 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.

Dolmar C. Montañez

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
SEC Accreditation No. 1561-A (Group A),
April 21, 2016, valid until April 21, 2019
Tax Identification No. 925-713-249
BIR Accreditation No. 08-001998-119-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 6621303, January 9, 2018, Makati City

March 23, 2018

ONE DELA ROSA PROPERTY DEVELOPMENT, INC.
(A Wholly Owned Subsidiary of AyalaLand Offices, Inc.)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash (Notes 4, 18 and 19)	**₱17,168,024**	₱32,665,944
Receivables (Notes 5, 18 and 19)	**448,564,451**	391,403,559
Other current assets (Note 6)	**246,226,614**	239,820,890
Total Current Assets	**711,959,089**	663,890,393
Noncurrent Assets		
Investment property (Note 7)	**1,130,127,916**	1,162,754,418
Noncurrent portion of receivables (Notes 5)	**86,773,563**	51,877,710
Property and equipment (Note 8)	**25,738,098**	36,153,053
Deferred tax assets - net (Note 17)	**26,821,753**	29,597,782
Other noncurrent assets (Note 6)	**18,680,684**	1,949,652
Total Noncurrent Assets	**1,288,142,014**	1,282,332,615
	₱2,000,101,103	₱1,946,223,008
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 9, 18 and 19)	**₱74,189,580**	₱91,561,130
Income tax payable	**21,351,451**	23,125,895
Current portion of deposits and other liabilities (Notes 11 and 19)	**9,154,209**	8,535,304
Construction bonds (Notes 10 and 19)	**2,799,751**	3,561,282
Total Current Liabilities	**107,494,991**	126,783,611
Noncurrent Liabilities		
Deposits and other liabilities - net of current portion (Notes 11 and 19)	**248,215,008**	230,913,756
Total Liabilities	**355,709,999**	357,697,367
Equity (Note 12)		
Paid-up capital	**1,636,224,000**	1,636,224,000
Treasury shares	**(653,299,700)**	(633,299,700)
Retained earnings	**661,466,804**	585,601,341
Total Equity	**1,644,391,104**	1,588,525,641
	₱2,000,101,103	₱1,946,223,008

See accompanying Notes to Financial Statements.

ONE DELA ROSA PROPERTY DEVELOPMENT, INC.
(A Wholly Owned Subsidiary of AyalaLand Offices, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2017	2016
REVENUE		
Rental income (Notes 7, 13 and 16)	**₱551,966,359**	₱545,228,911
Dues (Notes 7 and 14)	**273,428,402**	280,947,909
	825,394,761	826,176,820
COSTS AND EXPENSES		
Direct operating expenses (Notes 7 and 15)	**272,051,893**	290,608,041
General and administrative expenses (Note 15)	**16,560,080**	20,782,841
	288,611,973	311,390,882
OTHER INCOME (CHARGES)		
Interest income (Notes 4 and 18)	**10,055,681**	7,294,569
Interest expense (Note 11)	**(4,015,867)**	(3,182,437)
Other income	**576,755**	2,710,827
	6,616,569	6,822,959
INCOME BEFORE INCOME TAX	**543,399,357**	521,608,897
PROVISION FOR INCOME TAX (Note 17)	**105,033,894**	103,903,513
NET INCOME	**438,365,463**	417,705,384
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱438,365,463**	₱417,705,384

See accompanying Notes to Financial Statements.

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BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
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ONE DELA ROSA PROPERTY DEVELOPMENT, INC.
(A Wholly Owned Subsidiary of AyalaLand Offices, Inc.)
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2017	2016
PAID-UP CAPITAL (Note 12)		
Common Shares - ₱1 par value		
Balance at beginning and end of year	**₱12,924,300**	₱12,924,300
Preferred Shares - ₱1 par value		
Balance at beginning of year	**1,623,299,700**	633,299,700
Issuance of new shares	**–**	990,000,000
Balance at end of year	**1,623,299,700**	1,623,299,700
	1,636,224,000	1,636,224,000
DEPOSIT FOR FUTURE STOCK SUBSCRIPTIONS		
Balance at beginning of year	**–**	990,000,000
Issuance of new shares	**–**	(990,000,000)
Balance at end of year	**–**	–
TREASURY SHARES (Note 12)		
Balance at beginning of year	**(633,299,700)**	(633,299,700)
Redemption of shares	**(20,000,000)**	–
Balance at end of year	**(653,299,700)**	(633,299,700)
RETAINED EARNINGS (Note 12)		
Balance at beginning of year	**585,601,341**	534,395,957
Net income	**438,365,463**	417,705,384
Cash dividends	**(362,500,000)**	(366,500,000)
Balance at end of year	**661,466,804**	585,601,341
	₱1,644,391,104	₱1,588,525,641

See accompanying Notes to Financial Statements.

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BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
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ONE DELA ROSA PROPERTY DEVELOPMENT, INC.
(A Wholly Owned Subsidiary of AyalaLand Offices, Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱543,399,357**	₱521,608,897
Adjustments for:		
Depreciation (Notes 7, 8 and 15)	**47,322,616**	44,410,125
Interest expense (Note 11)	**4,015,867**	3,182,437
Interest income (Notes 4 and 18)	**(10,055,681)**	(7,294,569)
Operating income before working capital changes	**584,682,159**	561,906,890
Changes in operating assets and liabilities:		
Increase in:		
Receivables	**(90,879,822)**	(124,151,373)
Other assets	**(24,313,679)**	(8,619,404)
Increase (decrease) in:		
Accounts and other payables	**(17,371,550)**	30,328,603
Deposits and other liabilities	**17,920,157**	9,018,903
Construction bonds	**(761,531)**	944,116
Net cash generated from operations	**469,275,734**	469,427,735
Interest received	**10,055,681**	7,294,569
Interest paid	**(4,015,867)**	(3,182,437)
Income tax paid	**(104,032,309)**	(94,634,972)
Net cash flows provided by operating activities	**371,283,239**	378,904,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for additions to:		
Property and equipment (Note 8)	**(494,695)**	(19,736,713)
Investment property (Note 7)	**(3,786,464)**	–
Net cash flows used in investing activities	**(4,281,159)**	(19,736,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of preferred shares (Notes 12 and 20)	**(20,000,000)**	–
Payments of dividends (Notes 12 and 20)	**(362,500,000)**	(366,500,000)
Net cash used in financing activities	**(382,500,000)**	(366,500,000)
NET DECREASE IN CASH	**(15,497,920)**	(7,331,818)
CASH AT BEGINNING OF YEAR	**32,665,944**	39,997,762
CASH AT END OF YEAR (Note 4)	**₱17,168,024**	₱32,665,944

See accompanying Notes to Financial Statements.

ONE DELA ROSA PROPERTY DEVELOPMENT, INC.
(A Wholly Owned Subsidiary of AyalaLand Offices, Inc.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

One Dela Rosa Property Development, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 4, 2006. The Company was organized primarily to develop, invest, own, acquire, lease, hold, mortgage, administer or otherwise deal with commercial, residential, industrial or agricultural lands, buildings, structures or apertures, or in any other profitable business enterprise, venture or establishment, alone or jointly with other persons, natural or artificial.

The Company is a wholly-owned subsidiary of AyalaLand Offices, Inc. (ALOI). ALOI is a subsidiary of Ayala Land, Inc. (ALI). ALI's parent is Ayala Corporation (AC). AC is 47.74%-owned by Mermac, Inc., 10.15%-owned by Mitsubishi Corporation and the rest by the public. Both ALI and AC are publicly-listed companies domiciled and incorporated in the Philippines.

The Company's registered office address and principal place of business is 28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The accompanying financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 23, 2018.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements of the Company have been prepared on a historical cost basis and are presented in Philippine Peso (₱), which is also the Company's functional currency. All amounts are rounded to the nearest peso unit unless otherwise indicated.

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Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014–2016 Cycle)
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

  The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

  The Company has provided the required information in Note 20 to the financial statements. As allowed under the transition provisions of the standard, the Company did not present comparative information for the year ended December 31, 2016.

<u>Standards and Interpretations Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements to have significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  The amendments are not applicable to the Company since it has no share-based payment transactions.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The Company plans to adopt the new standard on the mandatory effective date and will not restate comparative information.

  The Company is currently assessing the potential impact of adopting this Standard.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

  The amendments are not applicable to the Company since it has no activities that are connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the full retrospective method.

  The Company is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the effectivity date.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014–2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively, with earlier application permitted.

  The amendments are not applicable to the Company since it has no interest in joint ventures or associates.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

  Since the Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements upon adoption of these amendments.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The amendments are not applicable to the Company since it has no foreign currency transactions.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

  The amendments are not applicable to the Company since it has no debt instruments with negative compensation prepayment features.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Company is currently assessing the potential impact of adopting this Standard.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

  The amendments are not applicable to the Company since the Company does not have long term interests in an associate or joint venture.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The Company is currently assessing the impact of adopting this interpretation.

Deferred effectivity
- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effectivity date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Current and Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on a current and noncurrent classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- Is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash

Cash includes cash on hand and in banks. Cash in banks are stated at face amounts and earn interest at the prevailing bank deposit rates.

Financial Instruments

Date of recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and financial liabilities are initially recognized at fair value. Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The Company classifies its financial liabilities into financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market.

The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2017 and 2016, the financial instruments of the Company are of the nature of loans and receivables and other financial liabilities.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset or liability. 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 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.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the statement of financial position captions "Cash" and "Receivables" (except trade receivables resulting from the straight-line method of recognizing rental income).

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The amortization is included in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

Loans and receivables are included in current assets if maturity is within 12 months or when the Company expects to realize or collect within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Other financial liabilities
Issued financial instruments or their components, which are not designated 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 its own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest 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 statement of financial position captions "Accounts and other payables" (except statutory liabilities), "Security deposits" under "Deposits and other liabilities" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

Deposits and other liabilities
Deposits and other liabilities which includes accrued rent and security deposits that are initially measured at fair value. After initial recognition, security deposits are subsequently measured at amortized cost using effective interest method. Accrued rent is recognized for the difference between the straight-line recognition of rent income for financial reporting purposes and the rental income due for the year based on contract terms.

The difference between the cash received and its fair value is deferred (included in the "Deferred credits" under "Deposits and other liabilities" account in the statement of financial position) and amortized using the straight-line method and recognized as "Amortization of deferred credits" under the "Rental income" account in profit or loss. Accretion of discount is recorded under "Interest expense" account in profit or loss.

Derecognition of Financial Instruments
Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed as obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right 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 the risks and rewards of the asset but has transferred the control of the asset.

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

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

Impairment of Financial Assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or 'events') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial 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.

Loans and receivables
For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. 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 for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of 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 is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Fair Value Measurement
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:

- In the principal market for the asset or liability, or
- 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 economic best interest.

A fair value measurement of a nonfinancial 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 assets 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.

Fair value hierarchy
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Other assets
Other assets include input value-added tax (VAT), prepaid expenses and creditable withholding taxes.

Input VAT
Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services which are incurred and billings which has been received as of date. The input VAT can also be recovered as tax credit against future income tax liability of the Company upon approval of the BIR. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Creditable withholding taxes
Creditable withholding taxes represent the amount withheld by the payee. These are recognized upon collection of the related income and are utilized as tax credits against income tax due.

Prepaid expenses
Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Investment property
Investment properties comprise of completed property or re-development that are held to earn rentals or capital appreciation or both and are not occupied by the Company.

These are carried at cost less accumulated depreciation and amortization and any impairment.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful life of the building is 25 to 40 years.

Investment properties are derecognized when either it has 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 profit or loss in the year of retirement or disposal.

A transfer is made to investment property when there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. A transfer is made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

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

	Years
Building improvements	5
Electronic data processing equipment	5

The assets' useful lives and depreciation method are reviewed periodically to ensure that the amounts, periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Equity

Paid-up capital

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Treasury shares

Treasury shares are the Company's own equity instruments which were reacquired. These are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-up capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-up capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings

Retained earnings represent the cumulative balance of net income of the Company, net of dividend distribution, if any.

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 measured reliably. The Company assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Rental income

Rental income under noncancellable and cancellable leases on investment properties is recognized on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contracts.

Dues

Income from dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant. Common area and air conditioning dues in excess of the actual consumption are recorded as revenue.

Interest income

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

Other income

Other income is recognized when earned.

Costs and Expenses

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are

expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Leases

Company as lessor

Leases where the Company does not transfer substantially all the risks and benefits of the ownership of the assets are classified as operating leases. Lease payments received are recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

Company as lessee

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

Income Tax

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and NOLCO can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

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

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 obligations, and a reliable estimate can be made of the amount of the obligation.

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

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

Events After the Reporting Date
Post year-end events up to the date when the financial statements are authorized for issue that provide additional information about the Company's financial position at the reporting date (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. Summary of Significant Accounting Estimates, Judgments and Assumptions

The preparation of the accompanying financial statements in compliance with PFRS requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates, judgments and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Judgment
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statement.

Operating lease commitments - Company as lessor
The Company has entered into commercial property leases on its investment portfolio. The Company has determined that it retains all significant risks and rewards of ownership of the property as the Company considered, among others, the length of the lease term as compared with the estimated life of the assets.

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

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

Estimating allowance for impairment losses on receivables
The Company maintains an allowance for impairment losses based on the results of the individual and collective assessments under PAS 39. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

The carrying value of the Company's receivables amounted to ₱535.34 million and ₱443.28 million as of December 31, 2017 and 2016, respectively, net of allowance for doubtful accounts amounting to ₱7.66 million and ₱8.03 million as of December 31, 2017 and 2016, respectively (see Note 5).

Evaluating impairment of nonfinancial assets
The Company regularly reviews its nonfinancial asset for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If such indicators are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Company estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. 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 estimates and assumptions that may affect its nonfinancial assets.

Based on management assessment, its nonfinancial assets are recoverable as of December 31, 2017 and 2016. The carrying values of the Company's nonfinancial assets follow:

	2017	2016
Other current assets (Note 6)	**₱246,226,614**	₱239,820,890
Other noncurrent assets (Note 6)	**18,680,684**	1,949,652
Investment property (Note 7)	**1,130,127,916**	1,162,754,418
Property and equipment (Note 8)	**25,738,098**	36,153,053
	₱1,420,773,312	₱1,440,678,013

Estimating useful lives of investment property
The Company estimates the useful life of its investment property based on the period over which the asset is expected to be available for use. The estimated useful life of investment property is reviewed at least annually and is updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of the asset. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. See Note 7 for the related balances.

Recognition of deferred tax assets
The Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

Based on management's assessment, the Company recognized deferred tax assets amounted to ₱43.68 million and ₱40.29 million as of December 31, 2017 and 2016, respectively (see Note 17).

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded or disclosed in the financial statements cannot be derived from active markets, they are determined using internal valuation techniques and generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at fair value by using the discounted cash flow technique. See Note 19 for the related balances.

4. Cash

This account consists of:

	2017	2016
Cash on hand	**₱22,500**	₱22,500
Cash in banks	**17,145,524**	32,643,444
	₱17,168,024	₱32,665,944

Cash in banks earn interest at the respective bank deposit rates which ranges from 0.35% to 0.45% and 0.65% to 0.85% in 2017 and 2016, respectively. Interest income earned from cash in banks amounted to ₱0.08 million and ₱0.12 million in 2017 and 2016, respectively.

5. Receivables

This account consists of:

	2017	2016
Due from related parties (Note 18)	**₱405,415,332**	₱349,381,214
Trade receivables	**136,580,793**	99,694,920
Other receivables	**1,006,806**	2,237,334
	543,002,931	451,313,468
Less allowance for doubtful accounts	**7,664,917**	8,032,199
	535,338,014	443,281,269
Less noncurrent portion of trade receivables	**86,773,563**	51,877,710
	₱448,564,451	₱391,403,559

Trade receivables arise mainly from tenants for rentals of office and retail spaces and recovery charges for common area and utilities. These are noninterest-bearing and are generally collectible on 30-day term. These also include receivables resulting from the straight-line method of recognizing rental income amounting to ₱93.65 million and ₱39.52 million as of December 31, 2017 and 2016, respectively.

Other receivables pertain to advances to in the ordinary course of business. These are noninterest-bearing and are collectible through expense liquidation.

Allowance for doubtful accounts were individually identified as impaired trade receivables.

The movements in allowance for doubtful accounts follows:

	2017	2016
Balance at beginning of year	**₱8,032,199**	₱1,625,057
Provisions (Note 15)	**–**	6,407,142
Reversals (Note 15)	**(367,282)**	–
Balance at end of year	**₱7,664,917**	₱8,032,199

6. Other Assets

Other current assets
This account consists of:

	2017	2016
Input value added tax	**₱287,272,278**	₱280,832,069
Creditable withholding taxes	**3,886,389**	4,495,834
Advances to contractors	**1,751,786**	1,176,923
Prepaid expenses	**127,518**	127,421
	293,037,971	286,632,247
Less allowance for impairment of input VAT	**46,811,357**	46,811,357
	₱246,226,614	₱239,820,890

Input VAT can be applied against output VAT in the succeeding periods. This includes input VAT claimed for refund or tax credit certificates which are awaiting approval from the BIR.

Creditable withholding taxes represent the amount withheld by the payee. These are recognized upon collection of the related income and are utilized as tax credits against income tax due.

Advances to contractors are recouped upon every progress billing payment depending on the percentage of accomplishment or delivery.

Other noncurrent assets
This account consists of:

	2017	2016
Prepaid expense	**₱15,913,770**	₱–
Deferred input VAT	**2,766,914**	1,949,652
	₱18,680,684	₱1,949,652

Prepaid expenses pertains to cost of obtaining a contract with a utility company. This is amortized over the period of the contract.

Deferred input VAT pertains to input tax on the Company's purchases of capital goods exceeding ₱1.00 million which is available for offset against the Company's future output VAT. The remaining balance is recoverable in future periods.

7. Investment Property

	2017	2016
Cost		
Balance at beginning of year	**₱1,688,948,134**	₱1,688,948,134
Additions	**3,786,464**	–
Balance at end of year	**1,692,734,598**	1,688,948,134
Accumulated Depreciation		
Balance at beginning of year	**526,193,716**	489,857,640
Depreciation (Note 15)	**36,412,966**	36,336,076
Balance at end of year	**562,606,682**	526,193,716
Net Book Value	**₱1,130,127,916**	₱1,162,754,418

The Company's investment property pertains to a building that is being leased out for office and retail spaces.

The fair value of the Company's investment property has been determined based on valuations performed by independent appraiser on December 31, 2016. The fair value of investment property amounted to ₱2,825.69 million which is not materially different as of December 31, 2017.

The following table provides the fair value hierarchy of the Company's investment property as of December 31, 2017 and 2016:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Office Property	December 31, 2016	₱2,825,694,000	₱–	₱–	₱2,825,694,000

The fair value of the Company's investment property was arrived using Cost Approach. The estimate of cost of the properties were arrived using the Replacement Cost. Under this method, fair value is determined as the cost of construction, at current prices, of assets having utility equivalent to the assets being appraised but built with modern materials and according to current standards, design, and layout.

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs
Office Property	Cost approach	Construction material and labor costs; percentages of indirect costs

Rental income and dues earned from investment property and direct operating expenses incurred are as follows:

	2017	2016
Rental income (Note 13)	**₱551,966,359**	₱545,228,911
Dues (Note 14)	**273,428,402**	280,947,909
Direct operating expenses (Note 15)	**272,051,893**	290,608,041

8. Property and Equipment

The rollforward analyses of this account follow:

	2017		
	Building Improvements	**Electronic Data Processing Equipment**	**Total**
Cost			
Balances at beginning of year	**₱53,466,201**	**₱1,848,693**	**₱55,314,894**
Additions	**454,516**	**40,179**	**494,695**
Balances at end of year	**53,920,717**	**1,888,872**	**55,809,589**
Accumulated Depreciation			
Balances at beginning of year	**17,452,264**	**1,709,577**	**19,161,841**
Depreciation (Note 15)	**10,846,010**	**63,640**	**10,909,650**
Balances at end of year	**28,298,274**	**1,773,217**	**30,071,491**
Net Book Value	**₱25,622,443**	**₱115,655**	**₱25,738,098**

	2016		
	Building Improvements	Electronic Data Processing Equipment	Total
Cost			
Balances at beginning of year	₱33,729,488	₱1,848,693	₱35,578,181
Additions	19,736,713	–	19,736,713
Balances at end of year	53,466,201	1,848,693	55,314,894
Accumulated Depreciation			
Balances at beginning of year	9,437,837	1,649,955	11,087,792
Depreciation (Note 15)	8,014,427	59,622	8,074,049
Balances at end of year	17,452,264	1,709,577	19,161,841
Net Book Value	₱36,013,937	₱139,116	₱36,153,053

Costs of fully depreciated electronic data processing equipment still in use amounted to ₱1.55 million as of December 31, 2017 and 2016.

9. Accounts and Other Payables

This account consists of:

	2017	2016
Accrued expenses	**₱40,916,250**	₱57,420,381
Due to related parties (Note 18)	**19,790,423**	27,696,758
Accounts payable	**9,299,322**	5,518,094
Taxes payable	**3,699,385**	390,416
Retention payable	**484,200**	535,481
	₱74,189,580	₱91,561,130

Accrued expenses consist mainly of accruals for water, professional fees, postal and communication, supplies, repairs and maintenance, transportation and travel, security, insurance and representation. These are noninterest-bearing and are normally settled on 15- to 60-day terms.

Accounts payable arises from regular transactions with suppliers and service providers. These are noninterest-bearing and are normally settled on 15- to 60-day terms.

Taxes payable consist of amounts payable to taxing authority pertaining to expanded withholding taxes which are noninterest-bearing and are normally settled within one (1) month.

Retention payable pertains to the portion of contractor's progress billings withheld by the Company which will be released after the satisfactory completion of the contractor's work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract.

10. Construction Bonds

Construction bonds represent cash bonds to be used as a guarantee against damages to properties resulting from the construction, renovation or improvements being undertaken therein. The bond will be refunded after full completion of the construction, renovation or improvements and inspection by the Company.

The carrying value of the Company's construction bonds amounted to ₱2.80 million and ₱3.56 million as of December 31, 2017 and 2016, respectively.

11. Deposits and other liabilities

This account consists of:

	2017	2016
Advance rentals	**₱120,974,132**	₱121,372,602
Security deposits	**106,325,664**	89,834,688
Deferred credits	**30,069,421**	28,241,770
	257,369,217	239,449,060
Less current portion	**9,154,209**	8,535,304
	₱248,215,008	₱230,913,756

The current portion of this accounts follows:

	2017	2016
Advance rentals	**₱1,043,556**	₱856,964
Security deposits	**8,070,048**	7,646,884
Deferred credits	**40,605**	31,456
	₱9,154,209	₱8,535,304

Advance rentals from lessees represent cash received in advance representing three months' rent which will be applied to the last three (3) months rentals on the related lease contracts.

Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligation under the leas contract. These are equivalent to three (3) months' rent and will be refunded to the lessee at the end of the lease term. Interest expense on security deposits amounted to ₱4.02 million and ₱3.18 million.

The rollforward of security deposits follows:

	2017	2016
Gross Amount		
Balance at beginning of year	**₱118,076,458**	₱111,329,944
Additions	**18,318,627**	12,802,892
Terminations	**–**	(6,056,378)
Balance at end of year	**136,395,085**	118,076,458
Unamortized Discount		
Balance at beginning of year	**28,241,770**	3,018,914
Additions	**5,843,518**	28,405,293
Accretion	**(4,015,867)**	(3,182,437)
Balance at end of year	**30,069,421**	28,241,770
Net Amount	**₱106,325,664**	₱89,834,688

Deferred credits pertain to the difference between the nominal value of the deposits and its fair value. This is initially measured at fair value and subsequently amortized using the straight line method. Amortization of deferred credits amounted to ₱4.45 million and ₱3.65 million in 2017 and 2016, respectively and is presented as part of "Rental income" in the statement of comprehensive income.

The rollforward of deferred credits follows:

	2017	2016
Balance at beginning of year	**₱28,241,770**	₱3,018,914
Additions	**6,277,685**	28,877,502
Amortization (Note 13)	**(4,450,034)**	(3,654,646)
Balance at end of year	**30,069,421**	28,241,770
Less current portion	**40,605**	31,456
	₱30,028,816	₱28,210,314

12. Equity

Capital stock

The details of the Company's capital stock as of December 31, 2017 and 2016 follow:

		Preferred	
	Common	A	B
Authorized	33,679,500	716,320,500	990,000,000
Par value per share	₱1.00	₱1.00	₱1.00
Issued and outstanding shares	12,924,300	–	970,000,000

The changes in the number of shares follow:

	2017			2016		
	Common	Preferred		Common	Preferred	
		A	B		A	B
Authorized number of shares						
Balance at the beginning and end of the year	**33,679,500**	**716,320,500**	**990,000,000**	33,679,500	716,320,500	990,000,000
Issued shares						
Balance at beginning of year	**12,924,300**	**633,299,700**	**990,000,000**	12,924,300	633,299,700	–
Issuance of new shares	**–**	**–**	**–**	–	–	990,000,000
Balance at end of year	**12,924,300**	**633,299,700**	**990,000,000**	12,924,300	633,299,700	990,000,000
Treasury shares						
Balance at beginning of year	**–**	**(633,299,700)**	**–**	–	(633,299,700)	–
Redemption of shares	**–**	**–**	**(20,000,000)**	–	–	–
Balance at end of year	**–**	**(633,299,700)**	**(20,000,000)**	–	(633,299,700)	–
Outstanding shares	**12,924,300**	**–**	**970,000,000**	12,924,300	–	990,000,000

Preferred shares

On February 18, 2016, SEC approved the Company's application for increase in authorized capital stock, creation of new shares named as Preferred B shares and renaming original preferred shares as Preferred A shares.

Preferred shares A have the following features: (a) voting, (b) participating, (c) preferred in liquidation to the extent of par value, and (d) redeemable at the option of the Company.

Preferred shares B have the following features: (a) voting, (b) preferred in dividend over Common, (c) non-cumulative, (d) non-participating, (e) no pre-emptive right to any issue of shares, and (d) redeemable at the option of the Company.

Treasury shares

On October 26, 2017, the Company's BOD approved the redemption of Preferred B shares amounting to ₱20.00 million which was paid in 2017.

As of December 31, 2017 and 2016, the Company is in the process of filing with the SEC for the retirement of Preferred A, decrease in authorized capital stock and amendment of the Articles of Incorporation.

Retained earnings
On October 26, 2017, the Company's BOD approved the declaration of cash dividends of ₱24.22 per common share or an aggregate amount of ₱313.00 million and 5% coupon dividend amounting to ₱49.50 million to Preferred B stockholders of record as of December 31, 2016. These were paid in 2017.

On October 26, 2016, the Company's BOD approved the declaration of cash dividends of ₱24.54 per common share or an aggregate amount of ₱317.00 million and 5% coupon dividend amounting to ₱49.50 million to Preferred B stockholders of record as of December 31, 2015. These were paid in 2016.

Capital management
The primary objectives of the Company's capital management policies are to afford the financial flexibility to support its business initiatives while providing a sufficient cushion to absorb cyclical industry risks and to maximize stakeholder value. The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Company considers its total capital as capital.

The Company's sources of capital as of December 31, 2017 and 2016 follow:

	2017	2016
Capital stock	**₱1,636,224,000**	₱1,636,224,000
Treasury shares	**(653,299,700)**	(633,299,700)
Retained earnings	**661,466,804**	585,601,341
	₱1,644,391,104	₱1,588,525,641

The Company is not subject to any external capital requirement.

No changes were made in the Company's capital management objectives, policies or processes in 2017 and 2016.

13. Rental Income

This account consists of:

	2017	2016
Office and retail	**₱517,367,851**	₱518,269,298
Parking fees	**30,148,474**	23,304,967
Amortization of deferred credits (Note 11)	**4,450,034**	3,654,646
	₱551,966,359	₱545,228,911

Rental income from office and parking includes income from straight-line method of recognizing rental income amounting to ₱39.52 million and ₱41.55 million in 2017 and 2016, respectively.

14. Dues

Income from dues, amounting to ₱273.80 million and ₱280.95 million in 2017 and 2016, respectively, pertain to recoveries from tenants for the usage of common areas and utilities.

15. Costs and Expenses

Direct Operating Expenses
This account consists of:

	2017	2016
Utilities (Note 18)	**₱88,738,908**	₱88,743,247
Depreciation (Note 7)	**36,412,966**	36,336,076
Land lease (Notes 16 and 18)	**35,559,393**	35,001,618
Taxes and licenses	**33,365,167**	33,366,598
Management fees (Note 18)	**26,154,707**	27,833,264
Repairs and maintenance	**21,775,416**	37,997,947
Outside services	**14,984,365**	14,670,645
Commissions	**10,262,562**	9,893,395
Professional Fees	**1,106,500**	1,380,000
Insurance	**1,033,062**	3,467,915
Others	**2,658,847**	1,917,336
	₱272,051,893	₱290,608,041

General and Administrative Expenses
This account consists of:

	2017	2016
Depreciation (Note 8)	**₱10,909,650**	₱8,074,049
Taxes and licenses	**3,928,573**	4,672,849
Systems cost (Note 18)	**1,409,843**	906,635
Professional fees	**348,000**	360,680
(Reversal of) provision for doubtful account (Note 5)	**(367,282)**	6,407,142
Others	**331,296**	361,486
	₱16,560,080	₱20,782,841

16. Operating Lease Commitments

Company as lessor
The Company entered into lease agreements with third parties covering its investment properties for a period of two (2) to more than five (5) years. These noncancellable leases are subject to 5% to 10% annual escalation rate.

The future minimum rentals receivable under noncancellable operating leases are as follows:

	2017	2016
Within one year	**₱526,547,466**	₱530,954,140
After one year but not more than five years	**1,903,526,975**	2,144,026,217
More than five years	**698,460,155**	1,115,442,202
	₱3,128,534,596	₱3,790,422,559

Rental income amounted to ₱551.97 million and ₱545.23 million in 2017 and 2016, respectively (see Note 13).

Company as lessee
On January 1, 2016, the Company entered into a land lease agreement with ALI for a term of 50 years (Note 18). The lease generally provides for a monthly rent based on a certain percentage of gross revenue.

Rental expense recognized as "Land lease" under "Direct operating expenses" in the statements of comprehensive income amounted to ₱35.56 million and ₱35.00 million in 2017 and 2016, respectively (see Note 15).

17. Income Tax

Provision for income tax consists of:

	2017	2016
Current	**₱101,290,488**	₱99,739,879
Deferred	**3,729,975**	4,138,971
Final	**13,431**	24,663
	₱105,033,894	₱103,903,513

The current provision for income tax represents RCIT in 2017 and 2016.

The components of net deferred tax assets follow:

	2017	2016
Deferred tax assets on:		
Advance rentals	**₱34,932,664**	₱35,004,389
Accrued expense	**7,365,823**	5,289,260
Allowance of doubtful accounts	**1,379,685**	–
	43,678,172	40,293,649
Deferred tax liabilities on excess of lease income over collections	**16,856,419**	10,695,867
	₱26,821,753	₱29,597,782

In 2017 and 2016, the Company availed of the optional standard deduction (OSD) and the tax rate of 18.00% for the years in which OSD is projected to be utilized was used in computing the deferred income taxes of the Company.
The reconciliation between the statutory income tax rate to the effective income tax rate shown in the statements of comprehensive income follows:

	2017	2016
Statutory income tax rate	**30.00%**	30.00%
Add (deduct) tax effect of:		
Nondeductible expenses	**0.64**	0.00
Nontaxable income	**(0.25)**	(0.21)
Deductible expenses due to option to use OSD	**(11.06)**	(9.87)
Effective income tax rate	**19.33%**	19.92%

18. Related Party Transactions

Parties are considered to be related 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 operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Terms and Conditions of Transactions with Related Parties

The Company, in its regular conduct of business, has entered into transactions with related parties consisting of advances and development, management, marketing and leasing and administrative service agreements.

Outstanding balances at yearend are unsecured, noninterest-bearing and settlement occurs in cash, unless otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Company does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year:

	2017			
Category	Volume	Outstanding Balance	Terms	Conditions
Due from related parties				
Parent Company of ALOI				
Ayala Land, Inc. (a)	₱90,000,000	₱6,693,997	Noninterest-bearing, due and demandable	Unsecured, no impairment
Other related parties				
Avida Land Corp. (b)	–	107,800,000	Interest-bearing; On demand	Secured; No impairment
Amaia Land Corp. (b)	–	73,300,000	Interest-bearing; On demand	Secured; No impairment
Ayalaland Metro North, Inc. (b)	60,000,000	55,000,000	Interest-bearing; On demand	Secured; No impairment
Hillsford Property Corporation (b)	35,000,000	35,000,000	Interest-bearing; On demand	Secured; No impairment
Sunnyfield E-Office Corp. (b)	–	35,000,000	Interest-bearing; On demand	Secured; No impairment
Summerhill Commercial Ventures Corp. (b)	30,000,000	30,357,335	Interest-bearing; On demand	Secured, No impairment
Accendo Commercial Corp (b)	30,000,000	30,299,767	Interest-bearing; On demand	Secured; No impairment
Westview Commercial Ventures Corp. (b)	20,000,000	20,000,000	Interest-bearing; On demand	Secured; No impairment
Econorth Resorts Ventures, Inc. (b)	5,500,000	5,549,302	Interest-bearing; On demand	Secured; No impairment
Alveo Land Corp. (Alveo) (f)	2,845,390	2,845,390	Interest-bearing; On demand	Secured; No impairment
Greenhaven Property Venture, Inc. (b)	34,000,000	2,282,816	Interest-bearing; On demand	Secured; No impairment
UP North Property Holdings, Inc. (b)	892,950	892,950	Interest-bearing; On demand	Secured; No impairment
Arvo Commercial Corporation (b)	30,000,000	274,515	Interest-bearing; On demand	Secured; No impairment
Ayala Property Management Corporation (b)	119,260	119,260	Interest-bearing; On demand	Secured; No impairment
		₱405,415,332		

	2017			
Category	Volume	Outstanding Balance	Terms	Conditions
Due to related parties				
Parent Company				
AyalaLand Offices, Inc. (g)	₱899,022	₱147,775	Noninterest-bearing, due and demandable	Unsecured, no impairment
Parent Company of ALOI				
Ayala Land, Inc. (a)	56,977,618	11,732,043	Noninterest-bearing; On demand	Unsecured
Other Related Parties				
Direct Power Services, Inc. (c)	88,738,908	5,891,143	Noninterest-bearing; On demand	Unsecured
Makati Development, Inc. (d)	–	2,019,462	Noninterest-bearing; On demand	Unsecured
Ayala Property Management, Corp. (e)	6,154,707	–	Noninterest-bearing; On demand	Unsecured
		₱19,790,423		

Category	2016 Volume	Outstanding Balance	Terms	Conditions
Due from related parties				
Parent Company of ALOI				
Ayala Land, Inc. (a)	₱3,375,953	₱3,375,953	Noninterest-bearing, due and demandable	Unsecured, no impairment
Other related parties				
Avida Land Corp. (b)	226,700,000	226,700,000	Interest-bearing; On demand	Secured; No impairment
Amaia Land Corp. (b)	84,300,000	84,300,000	Interest-bearing; On demand	Secured; No impairment
Sunnyfield E-Office Corp. (b)	10,000,000	35,000,000	Noninterest-bearing; On demand	Secured; No impairment
Alveo Land Corp. (f)	–	5,261	Interest-bearing; On demand	Secured; No impairment
		₱349,381,214		
Due to related parties				
Parent Company of ALOI				
Ayala Land, Inc. (ALI) (a)	₱67,282,777	17,913,330	Noninterest-bearing; On demand	Unsecured
Other Related Parties				
Direct Power Services, Inc. (c)	88,743,247	7,763,969	Noninterest-bearing; On demand	Unsecured
Makati Development, Inc. (d)	–	2,019,459	Noninterest-bearing; On demand	Unsecured
Ayala Property Management, Corp. (e)	7,833,264	–	Noninterest-bearing; On demand	Unsecured
		₱27,696,758		

The following describes the nature of the material transactions of the Company with related parties in 2017 and 2016:

(a) The Company's intercompany receivable from ALI pertains to payment of operating expenses for and on behalf of ALI amounting to ₱6.69 million and ₱3.38 million as of December 31, 2017 and 2016, respectively.

ALI handles the lease management and marketing functions of the Company and is entitled to receive a management fees. The Company recognized management fees amounting to ₱20.00 million in 2017 and 2016 (see Note 15).

The Company entered into a contract of lease with ALI to occupy a parcel of land where the building is located . The Company recognized "Land lease" under "Direct operating expenses" in the statements of comprehensive income amounting to ₱35.56 million and ₱35.00 million in 2017 and 2016, respectively (see Note 15).

ALI allocated system costs amounting to ₱1.41 million and ₱0.91 million in 2017 and 2016, respectively (see Note 15).

ALI has made payments pertaining to operating expenses for and in behalf of the Company amounting to ₱0.01 million and ₱6.74 million in 2017 and 2016, respectively.

(b) The Company provides interest-bearing loan to related parties which are subject to monthly repricing and maturing in one month with interest ranging from 2.36% to 2.98% and 2.19% to 2.55% per annum in 2017 and 2016, respectively.

The Company recognized interest income amounting to ₱9.98 million and ₱7.17 million in 2017 and 2016, respectively.

Documentary stamp tax is paid by the borrowers at the time of the loan.

(c) Direct Power Services, Inc., a subsidiary of ALI, provides energy distribution service to the Company. Energy distribution expense incurred amounted to ₱88.74 million and ₱88.74 million in 2017 and 2016, respectively, of which the remaining payable amounted to ₱5.89 million and ₱7.76 million as of December 31, 2017 and 2016, respectively.

(d) On December 19, 2006, the Company (the 'Owner') and Makati Development Corp. (the 'Contractor') signed a construction contract agreement for the project. The Company has an outstanding retention payable to the contractor amounting to ₱2.02 million as of December 31, 2017 and 2016.

(e) Ayala Property Management Corporation, a subsidiary of ALI, handles the facilities management of the Company in exchange for a fee equivalent to ₱12.00 per square meter of the total gross leasable area of units accepted by tenants subject to an annual escalation of 5% of the immediate succeeding year's rate. Provided, that if during the term, the occupancy rate of the building shall be 85% or above. If below 85%, the actual management fee for any given year shall be subject to approval of the BOD as part of the annual operating maintenance budget process. In the event no such approval is obtained, the management fee prevailing for the immediately preceding year shall apply. The Company recognized management fees amounting to ₱6.15 million and ₱7.83 million in 2017 and 2016, respectively (see Note 15).

(f) The Company's receivable from Alveo Land Corp. pertains to payment of operating expenses for and on behalf of the said related party amounting to ₱2.85 million and ₱0.01 million as of December 31, 2017 and 2016, respectively.

(g) The Company's intercompany payable to ALOI pertains to outstanding balance of accounting shared services billed on behalf of the Company amounting to ₱0.15 million. The Company recognized ₱0.90 million accounting shared services under "Others" under "Direct operating expenses" in the statements of comprehensive income in 2017.

Cash in bank
The Company has entered into transactions with Bank of the Philippine Islands (BPI), an associate of AC, consisting of cash in bank amounting to ₱1,944,891 and ₱5,525,401 in 2017 and 2016, respectively (see Note 4). Interest income earned from these deposits amounted to ₱ 25,936 and ₱4,746 in 2017 and 2016, respectively.

Compensation of Key Management Personnel
The key management personnel of the Company are employees of ALI. The compensation of the said employees is paid by ALI and as such, the disclosures required by PAS 24, *Related Party Disclosures,* are included in ALI's financial statements.

19. Financial Assets and Liabilities

Fair Value Information
Except for the Company's security deposits, which are disclosed below, carrying values of the other financial instruments of the Company approximate their fair values due to the short term nature of the transactions.

	2017		2016	
	Carrying value	**Fair value**	Carrying value	Fair value
Security deposits	**₱106,325,664**	**₱85,260,224**	₱89,834,688	₱70,402,627

Fair Value Hierarchy
As of December 31, 2017 and 2016, the Company has no financial instrument measured at fair value. In 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

The fair value of the Company's security deposits is categorized under Level 3 in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurements categorized within level 3 of the fair value hierarchy as at December 31, 2017 and 2016 are shown below:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Security deposits	DCF Method	Discount rate	2017: 1.89%-4.79% 2016: 3.15%-3.59%	Increase (decrease) in the discount would decrease (increase) the fair value

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash, receivables and accounts and other payables which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are liquidity risk and credit risk.

The Company reviews policies for managing each of these risks. The Company monitors market price risk from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Company's business activities. The main objectives of the Company's financial risk management follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

ALI's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Company.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, the Company maintains defined credit policies and monitors on a continuous basis its exposure to credit risks.

Credit risk arising from rental income from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for the trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

The Company's maximum exposure to credit risk as of December 31, 2017 and 2016 is equal to the carrying values of its financial assets, except for "Trade receivables" under "Receivables" in the statements of financial position. Details follow:

	2017			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Cash (excluding cash on hand)	₱17,145,524	₱–	₱17,145,524	₱–
Receivables				
Due from related parties	405,415,332	–	405,415,332	–
Trade receivable *	38,952,090	257,369,213	–	38,952,090
Other receivables	6,740,522	–	6,740,522	–
	₱468,253,468	₱257,369,213	₱429,301,378	₱38,952,090

**Excluding receivables resulting from the straight-line method of recognizing rental income*

	2016			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Cash (excluding cash on hand)	₱32,643,444	₱–	₱32,643,444	₱–
Receivables				
Due from related parties	349,381,214	–	349,381,214	–
Trade receivable *	45,431,806	229,486,041	–	45,431,806
Other receivables	3,555,589	–	3,555,589	–
	₱431,012,053	₱229,486,041	₱385,580,247	₱45,431,806

**Excluding receivables resulting from the straight-line method of recognizing rental income*

Given the Company's tenant mix and credit quality, it is not exposed to significant credit risks. As of December 31, 2017 and 2016, the aging analysis of receivables presented per class, follows:

	2017						
	Neither Past Due nor Impaired	Past Due but not Impaired					
		<30 days	30-120 days	>120 days	Total	Impaired	Total
Receivables							
Due from related parties	**₱398,428,313**	**₱–**	**₱3,707,707**	**₱3,279,312**	**₱6,987,019**	**₱–**	**₱405,415,332**
Trade receivables	**20,270,072**	**7,145,172**	**3,657,936**	**213,993**	**11,017,101**	**7,664,917**	**38,952,090**
Others	**–**	**–**	**6,740,522**	**–**	**6,740,522**	**–**	**6,740,522**
	₱418,698,385	**₱7,145,172**	**₱14,106,165**	**₱3,493,305**	**₱24,744,642**	**₱7,664,917**	**₱451,107,944**

	2016						
	Neither Past Due nor Impaired	Past Due but not Impaired					
		<30 days	30-120 days	>120 days	Total	Impaired	Total
Receivables							
Due from related parties	₱287,764,094	₱23,300,000	₱–	₱38,317,120	₱61,617,120	₱–	₱349,381,214
Trade receivables	10,531,781	661,718	2,100,204	24,105,904	26,867,826	8,032,199	45,431,806
Others	–	–	3,555,589	–	3,555,589	–	3,555,589
	₱298,295,875	₱23,961,718	₱5,655,793	₱62,423,024	₱92,040,535	₱8,032,199	₱398,368,609

As of December 31, 2017, and 2016, all of the Company's neither past due nor impaired financial assets are considered as high grade.

The credit quality of the financial assets was determined as follows:

Cash in banks - based on the nature of the counterparty and the Company's internal rating system.

Receivables - high grade pertains to receivables from counterparties with no default in payment; medium grade pertains to receivables from counterparties with up to three (3) defaults in payment; and low grade pertains to receivables from counterparties with more than three (3) defaults in payment.

Liquidity risk
The Company actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. The Company's policy is to maintain a level of cash deemed sufficient to fund its monthly cash requirements, at least for the next two months. Capital expenditures are funded through long term debt, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders.

Through scenario analysis and contingency planning, the Company also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost and ensures the availability of ample unused credit facilities as back-up liquidity.

The tables below summarize the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments:

	2017		
	< 1 year	**1 to < 5 years**	**Total**
Financial assets			
Cash	**₱17,168,024**	**₱–**	**₱17,168,024**
Receivables			
Due from related parties	**405,415,332**	**–**	**405,415,332**
Trade receivable*	**31,287,173**	**–**	**31,287,173**
Other receivables	**6,740,522**	**–**	**6,740,522**
	₱460,611,051	**₱–**	**₱460,611,051**
Financial liabilities			
Accounts and other payables			
Accrued expenses	**₱40,916,250**	**₱–**	**₱40,916,250**
Due to related parties	**19,790,423**	**–**	**19,790,423**
Accounts payable	**9,299,322**	**–**	**9,299,322**
Retention payable	**484,200**	**–**	**484,200**
Construction bonds	**2,799,751**	**–**	**2,799,751**
Security deposits	**8,070,048**	**98,255,616**	**106,325,664**
	₱81,359,994	**₱98,255,616**	**₱179,615,610**

**net of allowance for doubtful accounts*

	2016		
	< 1 year	1 to < 5 years	Total
Financial assets			
Cash	₱32,665,944	₱–	₱32,665,944
Receivables:			
Due from related parties	349,381,214	–	349,381,214
Trade receivable*	37,399,607	–	37,399,607
Other receivables	3,555,589	–	3,555,589
	₱423,002,354	₱–	₱423,002,354
Financial liabilities			
Accounts and other payables:			
Accrued expenses	₱57,420,381	₱–	₱57,420,381
Due to related parties	27,696,758	–	27,696,758
Accounts payable	5,518,094	–	5,518,094
Retention payable	535,481	–	535,481
Construction bonds	3,561,282	–	3,561,282
Security deposits	7,646,884	82,187,804	89,834,688
	₱102,378,880	₱82,187,804	₱184,566,684

**net of allowance for doubtful accounts*

20. Notes to cash flow

Changes in liabilities arising from financing activities follow:

	January 1, 2017	Cash Flows	Non-cash changes	December 31, 2017
Treasury shares (Note 12)	(₱633,299,700)	(₱20,000,000)	₱–	₱653,299,700
Dividends payable (Note12)	–	(362,500,000)	362,500,000	–
Total liabilities from financing activities	(₱633,299,700)	(₱382,500,000)	₱362,500,000	₱653,299,700

21. Supplementary Information Required Under Revenue Regulations 15-2010

In compliance with the requirements set forth by Revenue Regulations 15-2010 hereunder are the information on taxes and licenses fees paid or accrued during the taxable year 2017.

Receipts and output VAT declared in the Company's VAT returns in 2017

	Net Receipts	Output VAT
Taxable receipts	₱151,120,630	₱18,134,476
Zero-rated receipts	647,131,623	–
	₱798,252,253	₱18,134,476

Zero-rated services consist of rent revenue and those services rendered to persons or entities whose exemptions are provided under special laws or international agreements to which the Philippines is a signatory.

Details of Input VAT follow:
The amount of VAT Input taxes claimed are broken down as follows:

Balance at beginning of the year	₱223,747,165
Current year's purchases:	
Services lodged under other accounts	24,391,634
Goods other than capital goods	789,974
Capital goods exceeding ₱1.00 million	123,214
Capital goods not exceeding ₱1.00 million	123,166
	249,175,153
Output VAT applied to Input VAT	(18,134,476)
VAT refund/tax credit certificate claimed	(7,005,647)
Input tax on purchases of capital goods exceeding ₱1 million deferred for the succeeding period	581,018
Balance at end of the year	₱224,616,048

Taxes and Licenses
This includes all other taxes, local and national, including licenses and permit fees included as "Taxes and Licenses" under "Direct operating expenses" and "General and administrative expenses" in the statement of comprehensive income. Details of taxes and licenses in 2015 follow:

Local	
Real property tax	₱28,795,208
Business permits	4,559,459
Community tax	10,500
	33,365,167
National	
Other taxes	3,892,974
Documentary stamp tax	35,099
BIR annual registration	500
	3,928,573
	₱37,293,740

Withholding Taxes
The Company paid expanded withholding taxes amounting to ₱6,322,838 for taxable year 2017.

Taxes on Importation
The Company has no importation in 2017.

Excise Tax
The Company did not incur any excise tax in 2017.

Documentary Stamp Tax
The Company paid documentary stamp tax amounted to ₱35,099 which pertain to land lease payment to ALI in 2017.

In 2017, the borrowers of related party loans paid the DST related to the loan.

Tax Contingencies
The Company did not received any Letter of Assessment, Preliminary Assessment Notice and Final Tax Assessment before or during 2017, nor it has tax cases under preliminary investigations, litigation, and/or prosecution in courts or bodies outside the administration of the Bureau of Internal Revenue.

SGV
Building a better working world

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ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
One Dela Rosa Property Development, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited the financial statements of One Dela Rosa Property Development, Inc. (a wholly owned subsidiary of AyalaLand Offices, Inc.) (the Company) as at and for the years ended December 31, 2017 and 2016, on which we have rendered the attached report dated March 23, 2018.

In compliance with Securities Regulation Code Rule No. 68, As Amended (2011), we are stating that the Company has only one (1) stockholder owning 100 or more shares.

SYCIP GORRES VELAYO & CO.

Dolmar C. Montañez

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
SEC Accreditation No. 1561-A (Group A),
April 21, 2016, valid until April 21, 2019
Tax Identification No. 925-713-249
BIR Accreditation No. 08-001998-119-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 6621303, January 9, 2018, Makati City

March 23, 2018

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November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors
One Dela Rosa Property Development, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of One Dela Rosa Property Development, Inc. (a wholly owned subsidiary of AyalaLand Offices, Inc.) (the Company) as at and for the years ended December 31, 2017 and 2016 and have issued our report thereon dated March 23, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of all effective standards and interpretations under Philippine Financial Reporting Standards is the responsibility of the Company's management. This schedule is presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011), and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dolmar C. Montañez

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
SEC Accreditation No. 1561-A (Group A),
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February 15, 2016, valid until February 14, 2019
PTR No. 6621303, January 9, 2018, Makati City

March 23, 2018

ONE DELA ROSA PROPERTY DEVELOPMENT, INC.
(A Wholly Owned Subsidiary of AyalaLand Offices, Inc.)
SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional schedule requirements for large entities showing a list of all effective standards and interpretations under Philippine Financial Reporting Standards (PFRS).

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: 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			✓
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 Classification and Measurement of Share-based Payment Transactions	Not Early Adopted		
PFRS 3	Business Combinations			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4, Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4	Not Early Adopted		
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 PFRS 7: Reclassification of Financial Assets			✓
	Amendments to 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 *			✓
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting (2013 version)			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments: Classification and Measurement (2010 version)	Not Early Adopted		
	Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)	Not Early Adopted		
	Financial Instruments (2014 or final version)	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective date of PFRS 9 and Transition disclosure	Not early adopted		
	Amendments to PFRS 9: Prepayment features with Negative Compensation	Not early adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12, Classification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	Not Early Adopted		
PFRS 16	Leases	Not Early Adopted		
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 - disclosure initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
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	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not Early Adopted		
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures	Not Early Adopted		
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: 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			✓
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and 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: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Investment Property, Transfers of Investment Property	Not Early Adopted		
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
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*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC 9: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advanced Consideration	Not Early Adopted		
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-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
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			✓

Standards tagged as "Not Applicable" have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2017.

Standards tagged as "Not adopted" are standards issued but not yet effective as of December 31, 2017. The Company will adopt the Standards and Interpretations when these become effective.