

**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **ARTHALAND CORPORATION** (the “Corporation”) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 2018, 2017 and 2016**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Corporation’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 Corporation or to cease operations, or has no realistic alternative but to do so.

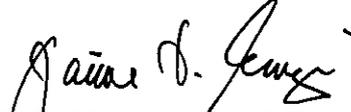
The Board of Directors is responsible in overseeing the Corporation’s financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Corporation in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this **20th** day of **March 2019**, **Taguig City, Philippines**.


ERNEST K. CUYEGKENG
Chairman of the Board


JAIME C. GONZALEZ
Vice Chairman and President


FERDINAND A. CONSTANTINO
Chief Finance Officer



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Arthaland Corporation
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the accompanying separate financial statements of Arthaland Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2018 and 2017, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2018, 2017 and 2016, and notes to separate financial statements, including a summary of significant accounting policies.

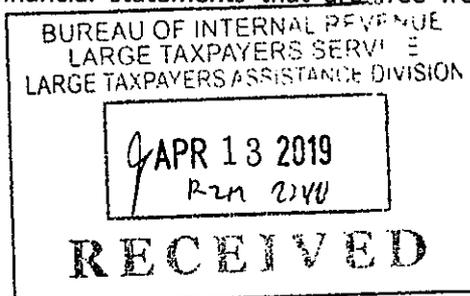
In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2018 and 2017, and its separate financial performance and its separate cash flows for the years ended December 31, 2018, 2017 and 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

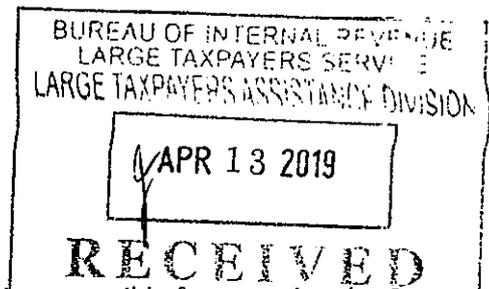
Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate 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 the audit of the separate 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 Separate Financial Statements

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





In preparing the separate 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.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate 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 audits.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1499-AR-1 Group A

Valid until July 17, 2021

BIR Accreditation No. 08-005144-012-2017

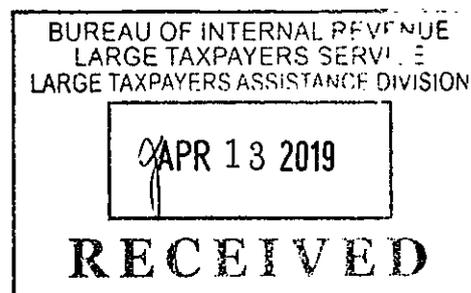
Valid until March 8, 2020

PTR No. 7334342

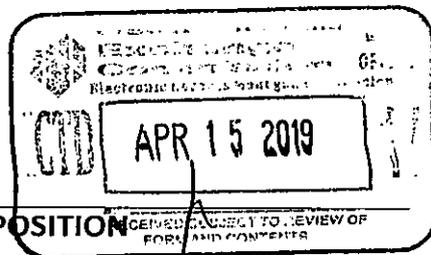
Issued January 3, 2019, Makati City

March 20, 2019

Makati City, Metro Manila

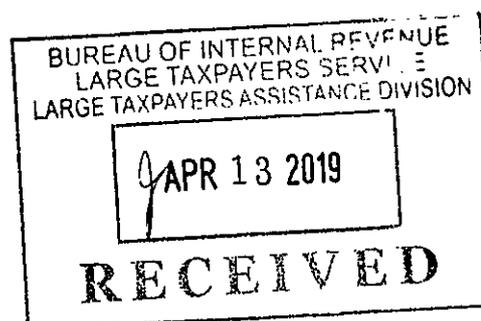


ARTHALAND CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION



	Note	December 31 2018	2017
ASSETS			
Cash and cash equivalents	4	P232,715,512	P519,388,835
Financial assets at fair value through profit or loss (FVPL)	5	120,433,615	376,557,528
Receivables	6	377,134,822	323,986,061
Real estate for sale	7	-	102,898,713
Creditable withholding taxes (CWT)		235,551,940	243,457,075
Investment properties	8	3,606,744,952	4,704,116,423
Property and equipment	9	211,432,608	24,000,597
Investments in and advances to subsidiaries	10	2,970,976,545	2,961,141,536
Other assets	11	139,951,215	303,263,204
		P7,894,941,209	P9,558,809,972
LIABILITIES AND EQUITY			
Liabilities			
Loans payable	12	P2,197,482,011	P3,618,892,416
Accounts payable and other liabilities	13	631,224,906	684,424,159
Advances from subsidiaries	19	281,425,397	280,202,357
Retirement liability	20	66,088,998	50,668,546
Net deferred tax liabilities	22	314,210,737	389,237,761
Total Liabilities		3,490,432,049	5,023,425,239
Equity			
Capital stock	14	989,757,136	989,757,136
Additional paid-in capital		2,031,441,541	2,031,441,541
Retained earnings		1,365,140,988	1,506,737,665
Cumulative remeasurement gains on retirement liability - net of tax	20	18,169,495	7,448,391
Total Equity		4,404,509,160	4,535,384,733
		P7,894,941,209	P9,558,809,972

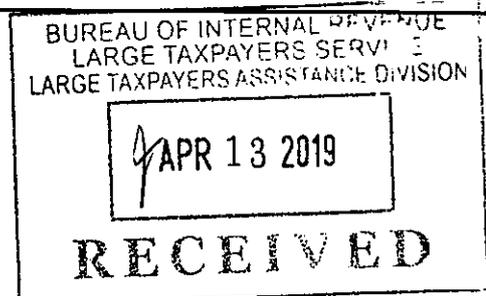
See accompanying Notes to Separate Financial Statements.



ARTHALAND CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2018	2017	2016
REVENUES				
Real estate sales		P147,639,118	P428,809,376	P409,965,808
Leasing revenue	8	121,130,460	14,072,666	-
Project management and development fees	19	102,000,000	119,800,563	-
		370,769,578	562,682,605	409,965,808
COST OF SALES AND SERVICES				
Cost of real estate sales	7	83,559,820	271,113,525	336,699,756
Cost of services	15	34,255,647	34,846,712	-
Cost of leasing	8	9,692,900	2,263,680	-
		127,508,367	308,223,917	336,699,756
GROSS INCOME		243,261,211	254,458,688	73,266,052
OPERATING EXPENSES	16	263,167,198	226,726,042	318,138,042
INCOME (LOSS) FROM OPERATIONS		(19,905,987)	27,732,646	(244,871,990)
FINANCE COSTS	17	(71,253,982)	(101,471,383)	(69,283,278)
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	8	225,446,039	41,182,639	809,745,956
OTHER INCOME (EXPENSE)	18	(52,881,977)	78,690,049	153,763,320
INCOME BEFORE INCOME TAX		81,404,093	46,133,951	649,354,008
PROVISION FOR INCOME TAX	22	18,267,628	16,408,259	186,785,336
NET INCOME		63,136,465	29,725,692	462,568,672
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss -</i>				
Remeasurement gains on retirement liability	20	15,315,863	6,323,380	2,902,163
Income tax expense relating to item that will not be reclassified	22	(4,594,759)	(1,897,014)	(870,649)
		10,721,104	4,426,366	2,031,514
TOTAL COMPREHENSIVE INCOME		P73,857,569	P34,152,058	P464,600,186

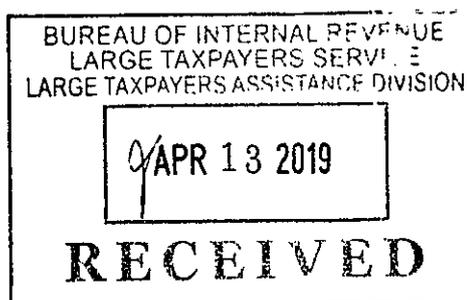
See accompanying Notes to Separate Financial Statements.



ARTHALAND CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2018	2017	2016
CAPITAL STOCK				
Common - at ₱0.18 par value - issued and outstanding	14	₱957,257,136	₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value - issued and outstanding		32,500,000	32,500,000	32,500,000
		989,757,136	989,757,136	989,757,136
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year	14	2,031,441,541	2,031,441,541	75,000,000
Issuance of preferred shares		-	-	1,980,000,000
Stock issuance costs		-	-	(23,558,459)
Balance at end of year		2,031,441,541	2,031,441,541	2,031,441,541
RETAINED EARNINGS				
Balance at beginning of year		1,506,737,665	1,681,745,115	1,219,176,443
Net income		63,136,465	29,725,692	462,568,672
Dividends declared during the year	14	(204,733,142)	(204,733,142)	-
Balance at end of year		1,365,140,988	1,506,737,665	1,681,745,115
CUMULATIVE REMEASUREMENT GAINS ON RETIREMENT LIABILITY				
Balance at beginning of year	20	7,448,391	3,022,025	990,511
Remeasurement gains on retirement liability		15,315,863	6,323,380	2,902,163
Income tax expense relating to other comprehensive income for the year	22	(4,594,759)	(1,897,014)	(870,649)
Balance at end of year		18,169,495	7,448,391	3,022,025
		₱4,404,509,160	₱4,535,384,733	₱4,705,965,817

See accompanying Notes to Separate Financial Statements.



ARTHALAND CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

BUREAU OF INTERNAL REVENUE
 LARGE TAXPAYERS SERVICE
 LARGE TAXPAYERS ASSISTANCE DIVISION

APR 13 2019

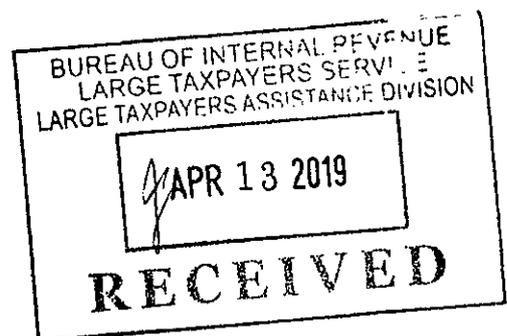
RECEIVED
 Year Ended December 31

	Note	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P81,404,093	P46,133,951	P649,354,008
Adjustments for:				
Reversal of gain on change in fair value of investment properties	8	402,715,043	-	-
Gain on settlement of loans payable	12	(319,553,431)	-	-
Gain on change in fair value of investment properties	8	(225,446,039)	(41,182,639)	(809,745,956)
Interest expense	12	70,631,626	98,783,644	68,515,737
Retirement expense	20	35,736,315	9,747,561	9,345,010
Interest income	4	(13,672,115)	(25,190,536)	(17,546,847)
Depreciation and amortization	9	10,572,738	8,816,766	7,976,973
Realized gain on disposal of financial assets at FVPL	5	(9,569,831)	(37,402,424)	(15,924,321)
Unrealized holding losses (gains) on financial assets at FVPL	5	6,759,981	(1,752,251)	(5,656,674)
Amortization of initial direct leasing costs	8	1,126,823	249,952	-
Foreign exchange gains	18	(1,070,089)	(83,999)	(600,156)
Loss on disposal of investment properties	8	917,769	-	-
"Day 1" gain on loan discounting	12	-	(2,907,783)	(80,883,656)
Loss (gain) on disposal of property and equipment	9	-	475,131	(185,888)
Operating income (loss) before working capital changes		40,552,883	55,687,373	(195,351,770)
Decrease (increase) in:				
Receivables		(44,612,623)	(10,721,014)	1,500,772,093
Real estate for sale		102,898,713	255,906,825	140,299,533
Other assets		163,311,989	(129,491,888)	12,949,115
Increase (decrease) in accounts payable and other liabilities		(252,359,792)	54,636,957	(233,237,123)
Net cash generated from operations		9,791,170	226,018,253	1,225,431,848
Interest paid		(124,852,724)	(28,810,679)	(11,070,481)
Income tax paid		(88,420,459)	(32,262,285)	(103,771,587)
Interest received		5,135,977	12,239,184	8,590,012
Contributions to retirement plan assets	20	(5,000,000)	-	-
Net cash provided by (used in) operating activities		(203,346,036)	177,184,473	1,119,179,792
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Financial assets at FVPL	5	(1,472,093,827)	(909,600,000)	(4,710,175,068)
Investment properties	8	(483,368,357)	(1,490,488,197)	(1,068,272,189)
Property and equipment	9	(21,763,057)	(15,269,921)	(12,448,027)
Proceeds from disposal of:				
Financial assets at FVPL		1,731,027,590	2,604,572,424	3,148,829,389
Investment properties		2,470,000	-	-
Property and equipment		623,877	1,173,957	2,101,160
Increase in investments in and advances to subsidiaries		(9,835,009)	(938,837,439)	(548,079,950)
Net cash used in investing activities		(252,938,783)	(748,449,176)	(3,188,044,685)

(Forward)

		Years Ended December 31		
	Note	2018	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from:				
Loans payable	12	P523,591,912	P1,400,662,463	P2,386,606,892
Issuance of preferred shares	14	-	-	1,988,941,541
Payment of dividends	23	(204,273,545)	(204,884,469)	-
Payments of loans payable	12	(152,000,000)	(951,520,000)	(2,338,783,409)
Proceeds from (net payment of) advances from subsidiaries		1,223,040	(9,366,485)	289,568,842
Net cash provided by financing activities		168,541,407	234,891,509	2,326,333,866
NET EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS				
		1,070,089	83,999	600,156
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(286,673,323)	(336,289,195)	258,069,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		519,388,835	855,678,030	597,608,901
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		P232,715,512	P519,388,835	P855,678,030
COMPONENTS OF CASH AND CASH EQUIVALENTS 4				
Cash on hand		P45,000	P30,000	P30,000
Cash in banks		22,680,375	12,540,351	25,609,345
Cash equivalents		209,990,137	506,818,484	830,038,685
		P232,715,512	P519,388,835	P855,678,030
NONCASH FINANCIAL INFORMATION:				
Settlement of loans payable through dacion en pago	12	P1,847,539,634	P-	P-
Transfer of construction in progress from "Investment properties" account to "Property and equipment" account	8	131,937,452	-	-
Capitalized borrowing cost	12	104,494,260	68,169,703	54,581,665
Transfer of raw land from "Real estate for sale" account to "Investment properties" account		-	-	45,019,935

See accompanying Notes to Separate Financial Statements.



ARTHALAND CORPORATION
NOTES TO SEPARATE FINANCIAL STATEMENTS

1. General Information

Corporate Information

Arthaland Corporation (the Company or ALCO) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 10, 1994. ALCO's common shares and Series B preferred shares are listed for trading in the Philippine Stock Exchange (PSE). The Company is primarily engaged in real estate development and leasing.

The Company is currently 40.3% owned by CPG Holdings, Inc. (CPG), a holding company incorporated in the Philippines, and 26.0% owned by AO Capital Holdings 1, Inc. (AOCH1), a holding company also incorporated in the Philippines.

In December 2016, the Company made a follow-on offering of 20.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated perpetual Series B preferred shares ₱1.00 par value a share with issuance price of ₱100 a share (see Note 14).

The new registered office and principal place of business of the Company is at 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Philippines, upon SEC's approval of the amendment of its Articles of Incorporation on September 4, 2018.

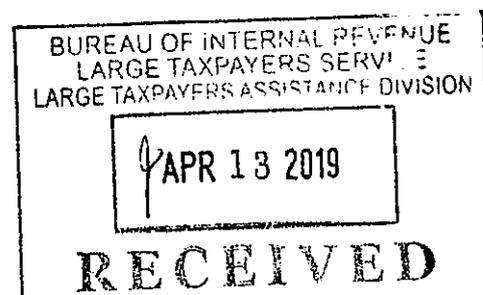
Major Projects

The Company's first major development project is the Arya Residences Towers 1 and 2 (Arya Residences) located in Bonifacio Global City (BGC), Taguig. Arya Residences is the first top-market condominium development in the Philippines awarded by the US Green Building Council's (USGBC) with Leadership in Energy and Environmental Design (LEED) program Gold certification and a 4-star rating from the Philippine Green Building Council's (PHILGBC) Building for Ecologically Responsive Design Excellence (BERDE) program. Arya Residences was completed on December 31, 2016.

In 2014, the Parent Company started the construction of Arthaland Century Pacific Tower (ACPT), ALCO's flagship office project, which is set to be BGC's landmark of sustainability. This 30-storey AAA-grade office building located along the prime 5th Avenue is designed by SOM New York, the same group that penned the One World Trade Center and Burj Khalifa in Dubai. ACPT secured the LEED Platinum and BERDE 5-star certification in 2018. ACPT became the first office building in the Philippines to secure the dual certification of the highest rating from USGBC LEED as Platinum and PHILGBC's BERDE as 5-star rated. ACPT is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 22) and was completed in the 1st quarter of 2019.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at and for the years ended December 31, 2018 and 2017 were approved and authorized for issue by the Board of Directors (BOD) on March 20, 2019.



2. Summary of Significant Accounting Policies

Basis of Preparation

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The Company also prepares consolidated financial statements for the same year in accordance with PFRS. The consolidated financial statements are available for public use and can be obtained in the registered office address of the Company and SEC.

Measurement Bases

The separate financial statements are presented in Philippine Peso (Peso), the Company's functional and presentation currency. All values are stated in absolute amounts, unless otherwise indicated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for financial assets at FVPL and investment properties, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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 or 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 by 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 non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 3 - Significant Judgments, Accounting Estimates and Assumptions
- Note 5 - Financial Assets at FVPL
- Note 8 - Investment Properties
- Note 25 - Fair Value Measurement

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard replaces PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

The Company has applied the requirements of PFRS 9 retrospectively.

The Company has performed an assessment and determined the following impact of PFRS 9 on its financial instruments:

Classification and Measurement. Based on the Company's analysis of its business model and the contractual cash flow characteristics of its financial assets and liabilities as of December 31, 2018, the Company has concluded that all of its financial assets and financial liabilities shall continue to be measured on the same basis as under PAS 39 but shall be classified under PFRS 9.

The following table shows the original classification categories under PAS 39 and the new classification categories under PFRS 9 for each class of the Company's financial assets:

	Classification under PAS 39	Classification under PFRS 9	
		Financial assets at amortized cost	Financial assets at FVPL
Cash and cash equivalents	Loans and receivables	₱519,388,835	₱--
Financial assets at FVPL	Held for trading	--	376,557,528
Receivables*	Loans and receivables	212,495,512	--
Advances to subsidiaries	Loans and receivables	1,834,196,719	--
Deposits	Loans and receivables	43,194,039	--
Amounts held in escrow	Loans and receivables	20,096,757	--
Investment in time deposits	Loans and receivables	19,972,000	--
		₱2,649,343,862	₱376,557,528

*Excludes advances for project development and accrued rent receivable under straight-line basis of accounting aggregating to ₱111.5 million as at December 31, 2017.

There are no changes in classification and measurement for the Company's financial liabilities.

The application of the classification and measurement requirements under PFRS 9 did not materially affect the carrying amounts of the Company's financial instruments.

Impairment. The new impairment requirements did not result to additional provision for impairment with respect to trade receivables from sale of real estate because the credit exposure arising from these financial assets was mitigated by the Company's policy that title should transfer only upon full payment by the buyer and the Company can take possession of the subject property in case the buyer fails to pay the outstanding balance.

For trade receivables, the Company applies the simplified approach in measuring the ECL. This approach does not track changes in credit risk, but instead recognize an allowance for impairment losses based on lifetime ECL.

While cash and cash equivalents, amounts held in escrow and investment in time deposits are subject to the impairment requirements of PFRS 9, the resulting impairment loss is not significant primarily because the placements are with reputable counterparty banks that possess good credit ratings.

For other financial assets at amortized cost which mainly comprise related party transactions, the PFRS 9 impairment requirements do not result in significant ECL. In performing the assessment, the Company considered the available liquid assets of the related parties.

Hedging. The Company does not have transactions that will require the use of hedge accounting.

- PFRS 15, *Revenue from Contract with Customers* – The new standard replaced PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance.

The following are the related literatures issued subsequent to the adoption of PFRS 15:

- Philippine Interpretations Committee (PIC) Q&A No. 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry* – The interpretation addresses some implementation issues affecting real estate industry due to changes brought about by the adoption of PFRS 15.
- SEC Memorandum Circular No. 14, Series of 2018, *PIC Q&A 2018-12 Implementation Issues Affecting the Real Estate Industry* – The circular provides relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12 with respect to the accounting for significant financing component, uninstalled materials and the exclusion of land in the calculation of percentage of completion (POC), for a period of three (3) years. This deferral will only be applicable for real estate transactions. Effective January 1, 2021, real estate companies will adopt PIC Q&A 2018-12 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.
- Amendments to PFRS 15, *Revenue from Contract with Customers - Clarification to PFRS 15* – The amendments provide clarifications on: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

The Company adopted the PFRS 15 using the full retrospective. As at January 1, 2017, the Company has no remaining incomplete contracts. The Company recognizes revenue from real estate sales as the goods are transferred to the customer at the point of delivery, which generally undertake to provide single performance obligation at a fixed price. Revenue from project management and development is recognized overtime. The allocation of transaction price to the single performance obligation is not applicable. Accordingly, the adoption of PFRS 15 has no impact in the timing of the Company's revenue recognition.

PFRS 15 did not have a significant impact on the Company's other revenue streams.

- Amendments to PAS 40, *Investment Property - Transfers of Investment Property* – The amendments clarify that transfers to, or from, investment property (including assets under construction and development) should be made when, and only when, there is evidence that a change in use of a property has occurred.
- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration* – The interpretation provides guidance clarifying that the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency is the one at the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

The adoption of the amendments to PAS 40 and Philippine Interpretation IFRIC 22 did not have any material effect on the separate financial statements. Additional disclosures have been included in the notes to separate financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the separate financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2019:

- PFRS 16, *Leases* – This standard will replace PAS 17, *Leases* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

For the Company's non-cancellable operating lease commitments as at December 31, 2018, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under PFRS 16. However, the Company's non-cancellable operating lease, in which the Company acted as a lessee, has ceased in 2018 (see Note 21). Thus, the Company does not have to recognize right-of-use asset (ROU) and a corresponding liability in respect of this lease. Moreover, the Company will opt not to apply the requirements to recognize ROU and finance liability for leases with terms of one year or less and leases for which the underlying asset is of low value. The Company acts as a lessor in other non-cancellable operating leases as at December 31, 2018. Accordingly, PFRS 16 will not have a significant impact on the Company's separate financial statements.

- Amendments to PFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation* – The amendments allow entities to measure particular prepayable financial assets with negative compensation at amortized cost or at fair value through other comprehensive income (instead of at fair value through profit or loss) if a specified condition is met. It also clarifies the requirements in PFRS 9, *Financial Instruments* for adjusting the amortized cost of a financial liability when a modification or exchange does not result in its derecognition (as opposed to adjusting the effective interest rate).

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the notes to separate financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction costs.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference 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.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

As at December 31, 2018, the Company does not have financial assets at FVOCI and financial liabilities at FVPL.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not “solely for payment of principal and interest” assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these asset.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

The Company classified its investment in money market fund under this category (see Note 5).

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2018 and 2017, the Company’s cash and cash equivalents, receivables (excluding advances for project development and accrued rent receivable under straight-line basis of accounting), advances to subsidiaries, deposits, amounts held in escrow and investment in time deposits, are classified under this category (See Notes 4, 6, 10, and 11).

Cash and cash equivalents comprise cash on hand, demand deposits with banks, short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when 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 settle 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 instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2018 and 2017, the Company's loans payable, accounts payable and other liabilities (excluding advance rent, statutory liabilities and payable to buyers,) and advances from subsidiaries are classified under this category (see Notes 12, 13 and 19).

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost

The Company records an allowance for ECL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the separate statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Classification of Assets and Liabilities between Current and Noncurrent

The Company presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in its separate statement of financial position.

Current Assets. The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Company will classify all other assets as noncurrent.

Current Liabilities. The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Company will classify all other liabilities as noncurrent.

Cost to Obtain a Contract with a Customer

The Company recognizes an asset for the incremental cost of obtaining a contract with a customer if the Company expects to recover those costs. Otherwise, those costs are recognized as expense when incurred. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract such as, but not limited to, sales commissions paid to sales agents and direct taxes incurred in obtaining a contract.

Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

Real Estate for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes acquisition cost plus any other directly attributable costs of developing the asset to its saleable condition and costs of improving the properties up to the reporting date. Directly attributable costs include amounts paid to contractors, borrowing costs, planning and designing costs, costs of site preparation and construction overheads.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. When borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Company uses fair value model for the accounting for its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The fair value of investment properties is determined using market data approach and income approach by an independent real estate appraiser. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these separate financial statements, in order to avoid double counting, the fair value reported in the separate financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sale.

Investment properties are derecognized when either those have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the separate statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment losses.

The initial cost of property and equipment consists of the purchase price, including import duties, borrowing costs (during the construction period) and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation and amortization is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Leasehold improvements	3 to 5 or lease term, whichever is shorter
Transportation equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3

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

Fully-depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect to those assets.

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and available for operational use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Investment in Subsidiaries

The Company's investment in subsidiaries, entities over which the Company has control, are accounted for under the cost method of accounting in the separate financial statements less any impairment in value. In assessing control, the Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Other Assets

Other assets include deposits, prepayments, amounts held in escrow, investment in time deposits, value-added tax (VAT) and materials and supplies.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise these are classified as noncurrent asset.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT except where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Other assets" or "Accounts payable and other liabilities" accounts, respectively, in the separate statements of financial position.

Deferred Input VAT. In accordance with the BIR Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT represents the unamortized amount of input VAT on capital goods. Deferred input that are expected to be claimed against output VAT for no more than 12 months after the financial reporting period are classified as other current assets. Otherwise these are classified as other noncurrent assets.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Materials and Supplies. The Company recorded as assets several excess construction materials and supplies from the completed construction of its projects. Materials and supplies are stated at lower of cost and NRV.

Deposits, amounts held in escrow and investment in time deposits qualify as financial asset.

CWT

CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Impairment of Nonfinancial Assets

The carrying amounts of the Company's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's net recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its net recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Company. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Advance Rent

Advance rent are initially recognized at the value of cash received, and will generally be applied as lease payments to the immediately succeeding months or in the last three (3) months of the lease term.

Payable to Buyers

Payable to buyers consist of amounts received by the Company from its tenants as reservation fee for lease of ACPT. These are recorded at face amount in the separate statements of financial position. Reservation fees for the lease of ACPT will be applied as security deposits upon execution of the lease contracts.

Capital Stock

Common Stock. Common stock is measured at par value for all shares issued.

Preferred Stock. The Company's preferred stocks are cumulative, nonparticipating, nonvoting and nonconvertible. Preferred stock is classified as equity if this is nonredeemable, or redeemable only at the Company's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Company.

Preferred stock is classified as a liability if this is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

Additional Paid-in Capital

Additional paid-in capital is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and prior period adjustments.

Other Comprehensive Income

Other component of equity comprises items of income and expense that are not recognized in profit or loss for the year. Other comprehensive income pertains to cumulative remeasurement gains on net retirement liability.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer in an amount that reflects the consideration to which the Company expected to be entitled in exchange for those goods and services.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

Revenue from Real Estate Sales. Revenue from the sale of completed real estate project is accounted for using the full accrual method in which revenue is recognized at a point in time when control is transferred to a customer. The Company transfers control of real estate for sale under pre-completion contracts over time and, therefore, satisfies the performance obligations under the contract and recognizes revenue over time.

The Company considers a contract to sell as a valid revenue contract. The Company also assess the probability that it will collect the consideration under the contract prior to recognizing revenue. This assessment is based on the customer's ability and intention to pay the amount of consideration when it is due. If any of the above criteria is not met, the deposit method is applied until all the conditions for recognizing revenue are met.

Leasing Revenue. Leasing revenue consists of rent income and common use service area (CUSA) fees. Rent income arising from operating leases on investment properties is recognized on a straight-line basis over the lease terms, except for contingent rental income, which is recognized in the period that it arises. Tenant lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management is reasonably certain that the tenant will exercise that option. CUSA fees are recognized as income once earned. These are charged monthly and are based on the lessee's proportionate share on the common areas.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in profit or loss when the right to receive those amounts arises.

Project Management and Development Fees. Revenue is recognized in profit or loss when the related services are rendered.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset. *Other Income.* Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales. Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of condominium units before the completion of the development is determined on the basis of its full development costs, which include estimated costs for future development works.

Cost of Services. Cost of services, which constitute direct costs incurred in relation to the lease operation and personnel cost in relation to project management and development services, is recognized as expense when the related services are rendered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost of selling and marketing condominium units for sale. It includes commissions, marketing and selling expenses and other operating expenses, among others. Operating expenses are recognized as incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfilment is dependent on a specified asset;
or
- d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Company as a Lessor. Leases where the Company does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease payments are recognized as revenue 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. Contingent rents are recognized as revenue in the year in which they are earned.

Company as a Lessee. Leases where all the risks and rewards and benefits of ownership of the assets are not substantially transferred to the Company are classified as operating leases. Operating lease payments are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has a funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements, and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on retirement liability on asset) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement asset (liability) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Foreign Currency - Denominated Transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at reporting date. Resulting exchange differences arising on the settlement of or on translating such monetary assets and liabilities are recognized in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable income will be available against which the deductible temporary differences.

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 asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

Related Party Transactions

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the investee that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are 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 an interest expense.

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

Events After the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the separate financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of separate financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The accounting estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the separate financial statements:

Determining Functional Currency. Based on management's assessment, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the operations of the Company.

Classifying Financial Instruments. The Company exercises judgment in classifying financial instruments in accordance with PFRS 9. The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Company's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Determining Revenue and Cost Recognition. Selecting an appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development. Changes in estimates may affect the reported amounts of revenue and cost of real estate sales.

Revenue from sale of condominium units of Arya Residences is recognized at a point in time, when control is transferred.

Real estate sales amounted to ₱147.6 million in 2018, ₱428.8 million in 2017 and ₱410.0 million in 2016. Cost of real estate sales amounted to ₱83.6 million in 2018, ₱271.1 million in 2017 and ₱336.7 million in 2016 (see Note 7).

Classifying Real Estate for Sale, Investment Properties and Property and Equipment. The Company determines whether a property qualifies as a real estate for sale, an investment property or a property and equipment. In making its judgment, the Company considers whether the property is held for sale in the ordinary course of business, or held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes by the Company.

Determining Highest and Best Use of Investment Properties. The Company determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Company takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Company has determined that the highest and best use of the investment properties is their current use.

Investment properties amounted to ₱3,606.7 million and ₱4,704.1 million as at December 31, 2018 and 2017, respectively (see Note 8).

Determining Lease Commitments - Company as Lessor. The Company entered into various lease contracts for its office units in ACPT. The Company determined that the risks and benefits of ownership related to the leased properties are retained by the Company. Accordingly, the leases were accounted for as operating leases.

Revenue from leasing operations recognized from these operating leases amounted to ₱121.1 million in 2018 and ₱14.1 million in 2017 (see Note 21).

Determining Lease Commitments - Company as Lessee. The Company entered into a property lease as a lessee for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease was accounted for as operating lease.

Rent expense amounted to ₱11.5 million in 2018, ₱11.3 million in 2017 and ₱10.1 million in 2016 (see Note 21).

Estimates and Assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimating Fair Value of Investment Properties. Investment properties are measured at fair values. The Company works closely with external qualified valuers who performed the valuation using the appropriate valuation techniques. The Company estimates expected future cash flows and discount rates. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 8 to the separate financial statements.

Investment properties amounted to ₱3,606.7 million and ₱4,704.1 million as at December 31, 2018 and 2017, respectively (see Note 8).

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 investment properties and the level of the fair value hierarchy.

Determining NRV of Real Estate for Sale. Real estate for sale is stated at lower of cost or NRV. NRV for completed real estate for sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Company in the light of recent market transactions. NRV in respect of real estate assets under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

The carrying amount of real estate for sale amounted to nil and ₱102.9 million as at December 31, 2018 and 2017, respectively (see Note 7).

Assessing ECL on Trade Receivables. The Company initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specify provision rates depending on the number of days that a receivable is past due. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Company adjusts historical default rates if forecasted economic conditions such as gross domestic product are expected to deteriorate which can lead to increased number of defaults in the real estate industry. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the correlation between historical default rates and forecasted economic conditions is a significant estimate. Accordingly, the provision for ECL of trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

No provision for ECL was recognized in 2018, 2017 and 2016. The Company's trade receivables aggregated ₱153.6 million and ₱135.1 million as at December 31, 2018 and 2017, respectively (see Note 6).

Assessing ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade
- existing or forecasted adverse changes in business, financial or economic conditions
- actual or expected significant adverse changes in the operating results of the borrower
- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

No provision for ECL was recognized in 2018, 2017 and 2016. The Company's cash and cash equivalents, due from related parties, interest receivables, receivable from non-affiliated entity, other receivables, advances to subsidiaries, deposits, amounts held in escrow and investment in time deposits aggregated ₱2,268.7 million and ₱2,507.8 million as at December 31, 2018 and 2017, respectively (see Notes 4, 6, 10 and 11).

Estimating Useful Lives of Property and Equipment. The Company reviews annually the estimated useful lives of property and equipment based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment.

There were no changes in the estimated useful lives of property and equipment in 2018, 2017 and 2016. The carrying amount of property and equipment amounted to ₱211.4 million and ₱24.0 million as at December 31, 2018 and 2017, respectively (see Note 9).

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Company considers the external and internal sources of information. External sources of information include but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Company, whether it had taken place during period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information include evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Company whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount represents the value in use, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

No provision for impairment loss was recognized in 2018, 2017 and 2016.

The carrying amounts of nonfinancial assets are as follows:

Asset Type	Note	2018	2017
Advances for project development*	6	₱74,251,744	₱100,247,378
Accrued rent receivable*	6	48,381,390	11,243,171
CWT		235,551,940	243,457,075
Property and equipment	9	211,432,608	24,000,597
Investment in subsidiaries	10	1,126,944,817	1,126,944,817
Other assets**	11	44,769,534	220,000,408

*presented under "Receivables".

**excluding deposits, investment in time deposits and amounts held for escrow aggregating ₱95.2 million and ₱83.3 million as at December 31, 2018 and 2017, respectively.

Estimating Retirement Expense. The determination of the Company's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 20 to the separate financial statements and include among others, discount rate and salary increase rate. While the Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement liability.

Retirement liability amounted to ₱66.1 million and ₱50.7 million as at December 31, 2018 and 2017, respectively (see Note 20).

Assessing Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the projected taxable income in the following periods. Based on projections, not all temporary differences will be realized, therefore, only a portion of deferred tax assets was recognized.

The carrying amount of recognized deferred tax assets amounted to ₱26.8 million and ₱18.0 million as at December 31, 2018 and 2017, respectively. Unrecognized deferred tax assets amounted to ₱2.5 million as at December 31, 2018 and 2017, as management assessed that there may not be realized in the future (see Note 22).

Assessing Provisions and Contingencies. The Company evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

4. Cash and Cash Equivalents

This account consists of:

	2018	2017
Cash on hand	₱45,000	₱30,000
Cash in banks	22,680,375	12,540,351
Cash equivalents	209,990,137	506,818,484
	₱232,715,512	₱519,388,835

Cash in bank earns interest at prevailing bank deposit rates and is immediately available for use in the current operations. Cash equivalents are made for varying periods up to three (3) months or less and earn interest at the prevailing short-term deposit rates.

Interest income is earned from the following (see Note 18):

	Note	2018	2017	2016
Advances to a subsidiary	19	₱9,247,247	₱13,265,911	₱7,874,656
Cash equivalents		4,252,286	11,459,532	8,377,907
Investment in time deposits	11	104,592	281,865	887,625
Cash in banks		67,990	183,228	406,659
		₱13,672,115	₱25,190,536	₱17,546,847

5. Financial Assets at FVPL

Movements in this account are as follows:

	Note	2018	2017
Balance at beginning of year		₱376,557,528	₱2,032,375,277
Additions		1,472,093,827	909,600,000
Disposals		(1,721,457,759)	(2,567,170,000)
Unrealized holding gains (losses)	18	(6,759,981)	1,752,251
		₱120,433,615	₱376,557,528

Realized gain on disposals of financial assets at FVPL amounted to ₱9.6 million in 2018, ₱37.4 million in 2017 and ₱15.9 million in 2016 (see Note 18).

The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices (see Note 25).

6. Receivables

This account consists of:

	Note	2018	2017
Trade receivables on:			
Project management and development	19	₱133,547,340	₱133,547,340
Lease		20,017,546	–
Real estate sales		–	1,554,441
Advances for project development		74,251,744	100,247,378
Accrued rent receivable	21	48,381,390	11,243,171
Due from related parties	19	36,052,873	36,052,873
Interest receivable on:			
Advances to a subsidiary	19	30,471,916	21,140,567
Short-term placements		89,003	884,214
Receivable from non-affiliated entity		9,587,986	–
Advances to employees		4,606,398	6,828,097
Others		20,496,918	12,856,272
		377,503,114	324,354,353
Allowance for impairment loss		(368,292)	(368,292)
		₱377,134,822	₱323,986,061

Trade receivable from project management and development are non-interest bearing, unsecured and collectible within 30 days and when the pending matters in invoice are resolved. Receivables from real estate sales pertain to receivables from sale of Arya Residences condominium units. These receivables are noninterest-bearing and generally collectible in monthly installments over a maximum period of three (3) years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price.

Advances for project development pertain to downpayments made to contractors for the construction of the Company's real estate projects. These advances are applied against contractors' progress billings.

Accrued rent receivable pertains to the difference between the rental income recognized using straight-line method of accounting and rent payments based on the terms of the lease contracts.

Receivable from non-affiliated entity pertains to cash advances to non-affiliated entity, which is unsecured, noninterest-bearing and collectible on demand.

Advances to employees represent salary and other loans granted to employees, which are noninterest-bearing and collectible through salary deductions.

Others mainly include other charges and receivables from Arya Residences Condominium Corp. (ARCC) which are collectible within 30 days.

7. Real Estate for Sale

Real estate for sale amounting to nil and ₱102.9 million as at December 31, 2018 and 2017, respectively, pertains to unsold and completed condominium units of Arya Residences.

Cost of real estate sold amounted to ₱83.6 million in 2018, ₱271.1 million in 2017 and ₱336.7 million in 2016, respectively.

Condominium units with carrying amount of ₱102.9 million as at December 31, 2017 are under an unregistered real estate mortgage and were used as collateral for a loan with an outstanding balance of ₱100.0 million as at December 31, 2017 (see Note 12). These condominium units were already sold in 2018.

As at December 31, 2017, real estate for sale is stated at cost which is lower than its NRV. There is no allowance for inventory write-down as at December 31, 2017.

8. Investment Properties

Investment properties consist of:

	2018	2017
ACPT	₱3,438,420,267	₱4,579,238,370
Raw land	141,898,400	96,082,021
Arya Residences - parking slots	26,426,285	28,796,032
	₱3,606,744,952	₱4,704,116,423

Movements of this account follow:

	Note	2018	2017	2016
Balance at the beginning of year		₱3,441,385,377	₱1,960,725,661	₱843,982,932
Reduction as a result of dacion en pago	12	(1,330,035,528)	–	–
Construction costs incurred		474,788,616	1,412,490,013	1,045,756,285
Transfer to property and equipment		(131,937,452)	–	–
Capitalized borrowing costs	12	104,494,260	68,169,703	25,966,509
Disposal		(2,210,000)	–	–
Transfers from real estate for sale		–	–	45,019,935
		2,556,485,273	3,441,385,377	1,960,725,661
Cumulative gain on change in fair value		1,026,327,022	1,249,701,912	1,208,519,273
		3,582,812,295	4,691,087,289	3,169,244,934
Unamortized initial direct leasing costs		23,932,657	13,029,134	–
Balance at end of year		₱3,606,744,952	₱4,704,116,423	₱3,169,244,934

Movements of the cumulative gain on change in fair value are as follows:

	Note	2018	2017	2016
Balance at beginning of year		₱1,249,701,912	₱1,208,519,273	₱398,773,317
Reversal of gain on change in fair value	12	(402,715,043)	–	–
Gain on change in fair value		225,446,039	41,182,639	809,745,956
Transfer to property and equipment		(44,928,117)	–	–
Disposals		(1,177,769)	–	–
Balance at end of year		₱1,026,327,022	₱1,249,701,912	₱1,208,519,273

The cumulative gain on change in fair value are not available for dividend declaration.

Movements of the unamortized initial direct leasing costs are as follows:

	2018	2017
Balance at beginning of year	₱13,029,134	₱–
Additions	12,030,346	13,279,086
Amortization	(1,126,823)	(249,952)
Balance at end of year	₱23,932,657	₱13,029,134

ACPT

ACPT is an office building under construction used for lease operations (see Note 1).

In 2018, the Company transferred its office to ACPT. Accordingly, investment properties with carrying amount of ₱176.9 million (₱131.9 million original costs) was reclassified to “Property and equipment” account (see Note 9).

Loans payable to Centrobless and SOPI with carrying amount aggregating ₱1,847.5 million were settled in exchange of for ACPT office units and parking slots with cost aggregating ₱1,330.0 million in 2018. The cumulative gain on change in fair value on transferred ACPT office units and parking slots amounting to ₱402.7 million was reversed (see Note 12). This resulted to gain on settlement of loans payable aggregating ₱319.6 million in 2018 (see Note 18).

ACPT is used as collateral for loans payable under Omnibus Loan and Security Agreement (OLSA) with outstanding balance amounting to ₱1,779.8 million and ₱1,497.8 million as at December 31, 2018 and 2017, respectively (see Note 12).

Raw Land

Raw land of the Company has a total area of 10.3 hectares located in Batangas and Tagaytay aggregating ₱141.9 million and ₱96.1 million as at December 31, 2018 and 2017, respectively.

Arya Residences - Parking Slots

Parking slots are parking units of the Company in Arya Residences which are intended for leasing operations. These were used, together with the commercial units and parking slots of MPI, as collateral for loans payable with outstanding balance amounting ₱230.0 million and ₱280.0 million as at December 31, 2018 and 2017, respectively (see Note 12).

In 2018, the Company sold parking slots with carrying amount of ₱3.4 million (₱2.2 million at cost) for a total consideration of ₱2.5 million. This resulted to loss on disposal of investment properties amounting to ₱0.9 million (see Note 18).

Leasing Operations

The Company recognized leasing revenue from the use of investment properties amounting to ₱121.1 million in 2018 and ₱14.1 million in 2017 (see Note 21) and incurred direct cost of leasing amounting to ₱9.7 million in 2018 and ₱2.3 million in 2017.

Fair Value Measurement

Details of the valuation techniques used in measuring fair values of investment properties classified under Levels 2 and 3 of the fair value hierarchy are as follows:

Class of Property	Valuation Technique	Significant Inputs	Range	
			2018	2017
ACPT	Land development approach	Discount rate	8.74%	8.70%
		Proposed rental rates (per sq.m.)	₱1,350	₱1,250
		Rental rates for parking (per sq. m.)	₱6,000	₱5,500
		Calculated no. of net leasable area	20,923 sq. m	27,809 sq.m
		Vacancy rate	5% - 10%	5% - 75%
Arya Residences - Parking slots	Discounted cash flow (DCF) approach	Rental rate per slot	₱6,500	₱5,500
		Rent escalation rate p.a.	7%	5%
		Discount rate	8.74%	6.17%
		Vacancy rate	2%	2%
		Raw Land	Market data approach	Price per sq. m.
Value adjustments	5% - 15%	25% - 40%		

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

Land Development Approach

Under this approach, the investment property is treated as office and commercial units development and the gross rental income that may be expected from the proposed leasable units are then estimated in accordance with the prevailing prices of comparable office and commercial units development within the immediate vicinity. Overhead and operating expenses, and developer's profit are deducted from the gross rental income. The resulting residual income is then attributed to the "raw" land value.

The valuation process consists of the following:

- Preparation of an office and commercial building study in accordance with the highest and best use concept of the land.
- Establishment of total rental income from lease of office and commercial units based on the current rental rates in similar office building within the immediate vicinity.
- Determination of development costs consisting of clearing and grading, survey, tilting services, construction of access roads, roadways, curbs and gutters, sewerage and drainage system, water supply and electrical distribution, rip-rapping and supervision and other contingency items considering current prices for construction materials, labor, contractor's profit and overhead expenses.
- Estimation of overhead and operating expenses such as promotion and advertisement, administrative and collection, taxes and miscellaneous expenses.

Discounted Cash Flow Approach

Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate per sq.m. and rent escalation rate p.a. in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate and vacancy rate in isolation would result in a significantly lower (higher) fair value measurement.

Market Data Approach

Market data approach involves the comparison of the Batangas and Tagaytay properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sq.m.* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.
- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

The reconciliation of the balances of investments properties classified according to level in the fair value hierarchy is as follows:

	2018		Total
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Balance at beginning of year	₱96,082,021	₱4,608,034,402	₱4,704,116,423
Dacion en pago	–	(1,330,035,528)	(1,330,035,528)
Construction costs incurred	–	474,788,616	474,788,616
Reversal of gain on change in fair value	–	(402,715,043)	(402,715,043)
Gain on change in fair value	45,816,379	179,629,660	225,446,039
Transfers	–	(176,865,569)	(176,865,569)
Capitalized borrowing costs	–	104,494,260	104,494,260
Initial direct leasing costs	–	10,903,523	10,903,523
Disposals	–	(3,387,769)	(3,387,769)
Balance at end of year	₱141,898,400	₱3,464,846,552	₱3,606,744,952

	2017		Total
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Balance at beginning of year	₱83,976,500	₱3,085,268,434	₱3,169,244,934
Construction costs incurred	–	1,412,490,013	1,412,490,013
Capitalized borrowing costs	–	68,169,703	68,169,703
Gain on change in fair value	12,105,521	29,077,118	41,182,639
Initial direct leasing costs	–	13,029,134	13,029,134
Balance at end of year	₱96,082,021	₱4,608,034,402	₱4,704,116,423

9. Property and Equipment

The balances and movements of this account consist of:

		2018					
	Note	Leasehold Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Construction in Progress	Total
Cost							
Balance at beginning of year		₱48,390,120	₱38,084,688	₱41,858,907	₱7,599,847	₱-	₱135,933,562
Transfer from investment properties	8	-	-	-	-	176,865,569	176,865,569
Additions		-	14,356,684	6,473,268	736,230	196,875	21,763,057
Disposals		-	(4,337,840)	(285,714)	(21,325)	-	(4,644,879)
Write-off		(48,390,120)	-	-	-	-	(48,390,120)
Balance at end of year		-	48,103,532	48,046,461	8,314,752	177,062,444	281,527,189
Accumulated Depreciation and Amortization							
Balance at beginning of year		48,352,701	18,928,511	37,097,945	7,553,808	-	111,932,965
Depreciation and amortization	16	37,419	8,786,074	1,652,085	97,160	-	10,572,738
Disposals		-	(3,713,963)	(285,714)	(21,325)	-	(4,021,002)
Write-off		(48,390,120)	-	-	-	-	(48,390,120)
Balance at end of year		-	24,000,622	38,464,316	7,629,643	-	70,094,581
Carrying Amount		₱-	₱24,102,910	₱9,582,145	₱685,109	₱177,062,444	₱211,432,608

		2017					
	Note	Leasehold Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures		Total
Cost							
Balance at beginning of year			₱48,363,334	₱40,558,056	₱37,270,753	₱7,572,124	₱133,764,267
Additions			26,786	10,521,323	4,694,089	27,723	15,269,921
Disposals			-	(12,994,691)	(105,935)	-	(13,100,626)
Balance at end of year			48,390,120	38,084,688	41,858,907	7,599,847	135,933,562
Accumulated Depreciation and Amortization							
Balance at beginning of year			48,205,758	22,409,694	36,421,732	7,530,553	114,567,737
Depreciation and amortization	16		146,943	7,868,902	777,666	23,255	8,816,766
Disposals			-	(11,350,085)	(101,453)	-	(11,451,538)
Balance at end of year			48,352,701	18,928,511	37,097,945	7,553,808	111,932,965
Carrying Amount			₱37,419	₱19,156,177	₱4,760,962	₱46,039	₱24,000,597

In 2018, leasehold improvements with cost and accumulated amortization amounting to ₱48.4 million was written-off as a result of the termination of the Company's non-cancellable operating lease (see Note 21).

As at December 31, 2018 and 2017, fully depreciated property and equipment amounting to ₱12.5 million and ₱10.5 million, respectively, are still being used by the Company.

The Company sold property and equipment with carrying amount of ₱0.6 million and ₱1.6 million in 2018 and 2017, respectively, resulting to loss on disposal of nil in 2018 and ₱0.5 million in 2017 (see Note 18).

10. Investments in and Advances to Subsidiaries

This account consists of:

	Note	2018	2017
Investment in subsidiaries - at cost:			
Manchesterland Properties Inc. (MPI)		₱900,459,683	₱900,459,683
Urban Property Holdings, Inc. (UPHI)		80,467,161	80,467,161
Cebu Lavana Land Corporation (CLLC)		50,000,000	50,000,000
Zileya Land Development Corporation (ZLDC)		50,000,000	50,000,000
Savya Land Development Corporation (SLDC)		50,000,000	50,000,000
Cazneau Inc. (Cazneau)		1,000,000	1,000,000
Emera Property Management, Inc (EPMI)		250,000	250,000
		1,132,176,844	1,132,176,844
Allowance for impairment loss		(5,232,027)	(5,232,027)
		1,126,944,817	1,126,944,817
Advances to subsidiaries:			
	19		
SLDC		497,381,392	1,042,812,933
Cazneau		483,822,258	354,362,919
CLLC		447,500,000	270,000,000
ZLDC		353,023,444	106,434,006
UPHI		65,565,569	62,518,983
MPI		314	314
EPMI		-	1,328,813
		1,847,292,977	1,837,457,968
Allowance for impairment loss		(3,261,249)	(3,261,249)
		1,844,031,728	1,834,196,719
		₱2,970,976,545	₱2,961,141,536

The Company's interest on the following subsidiaries follows:

Subsidiary	Place of Incorporation	Percentage of Ownership	
		2018	2017
Cazneau	Philippines	100%	100%
MPI	Philippines	100%	100%
EPMI	Philippines	100%	100%
UPHI	Philippines	100%	100%
ZLDC	Philippines	100%	100%
SLDC	Philippines	100%	100%
CLLC	Philippines	60%	60%

All the subsidiaries are established to engage primarily in real estate development and presently all of them hold parcels of land or certain properties for future development, except for EPMI, a property management company that offers management and administration of residential, commercial and other kinds of property owned by another party or entity.

In 2017, the Company subscribed to 100% of the outstanding common shares of SLDC. SLDC was registered with the SEC on February 10, 2017, with ALCO as one of the incorporators, to engage primarily in real estate development.

In 2016, the stockholders and the BOD of CLLC approved the subscription of a new investor for 214,351 common shares at ₱100 par value a share and 118,982 preferred shares at ₱100 par value a share out of the unissued authorized capital stock of CLLC. The additional subscription resulted in the reduction of ALCO's ownership from 100% to 60%.

On September 7, 2016, the Company subscribed to Cazneau's 7,500 common shares at an issue price of ₱100 a share or a total of ₱750,000 and to 2,990,000 Series A preferred shares at a price of ₱100 a share. The deposit for future stocks subscription amounting to ₱299.0 million will be applied on the subscription of Series A preferred shares of Cazneau.

Details of the Company's unpaid subscription as at December 31 are as follows (see Note 13):

	2018	2017
ZLDC	₱37,500,000	₱37,500,000
SLDC	37,500,000	37,500,000
EPMI	40,300	40,300
	₱75,040,300	₱75,040,300

11. Other Assets

This account consists of:

	Note	2018	2017
Deposits		₱47,771,783	₱43,194,039
Prepaid:			
Taxes		33,992,612	31,753,010
Insurance		3,037,982	1,871,806
Rent		2,356,510	3,739,034
Others		170,269	864,148
Amounts held in escrow	12	26,377,898	20,096,757
Investment in time deposits		21,032,000	19,972,000
Deferred input VAT		3,692,354	2,555,794
Materials and supplies		1,519,807	1,519,807
Input VAT		-	177,696,809
		₱139,951,215	₱303,263,204

Deposits pertain to rental and utility deposits, deposits for professional services, and guarantee deposits for the construction of the Company's real estate projects.

Amounts held in escrow represents the debt service account required under an existing loan with a certain bank and the amount of which is equivalent to a quarterly principal and interest amortization. The outstanding loan balance under OLSA amounted to ₱1,779.8 million and ₱1,497.8 million as at December 31, 2018 and 2017, respectively (see Note 12).

Investment in time deposits pertain to US Dollar-denominated time deposits with a term of two (2) years and fixed interest rates of 1.75% and 2.5% per annum (p.a.). These time deposits are subject to a holding period of six (6) months from the date of issuance. In case of early retirement, the investments will earn interest based on regular deposit rates. Interest income earned from investment in time deposits amounted to ₱0.1 million in 2018, ₱0.3 million in 2017 and ₱0.9 million in 2016 (see Note 4).

Materials and supplies are the excess construction materials and supplies from the construction of Arya Residences.

12. Loans Payable

This account consists of:

	2018	2017
Local bank loans	₱2,109,758,041	₱1,877,767,436
Private funders	87,723,970	1,741,124,980
	₱2,197,482,011	₱3,618,892,416

Movements of this account follow:

	2018	2017
Balance at beginning of year	₱3,705,741,750	₱3,256,599,287
Dacion en pago	(1,857,695,691)	-
Availments	523,591,912	1,400,662,463
Payments	(152,000,000)	(951,520,000)
Balance at end of year	2,219,637,971	3,705,741,750
Unamortized debt issue cost	(22,155,960)	(25,606,565)
Unamortized "Day 1" gain	-	(61,242,769)
	2,197,482,011	3,618,892,416
Less current portion of loans payable	417,723,970	1,841,124,980
Long-term portion of loans payable	₱1,779,758,041	₱1,777,767,436

Movement in debt issue cost follows:

	2018	2017
Balance at beginning of year	₱25,606,565	₱29,057,170
Amortization	(3,450,605)	(3,450,605)
Balance at end of year	₱22,155,960	₱25,606,565

Movements in "Day 1" gain are as follow:

	Note	2018	2017
Balance at beginning of year		₱61,242,769	₱116,503,414
Amortization		(51,086,712)	(58,168,428)
Dacion en pago		(10,156,057)	
Additions	18	-	2,907,783
Balance at end of year		₱-	₱61,242,769

Future repayment of the principal is as follows:

	2018	2017
Within one year	P417,723,970	P1,841,124,980
After one year but not more than three years	-	280,000,000
More than three years	1,801,914,001	1,584,616,770
	P2,219,637,971	P3,705,741,750

Local Bank Loans

These are loans from local banks which are interest-bearing secured loans obtained to finance the Company's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 3.5% to 6.0% p.a. in 2018 and 3.0% to 5.81% p.a. in 2017.

Details of outstanding balances of loans from local banks at December 31 follow:

Purpose	Security	Effective interest rate (p.a.)	2018	2017
To finance construction of ACPT	Payable on a quarterly basis starting 4 th quarter of 2019, secured by ACPT with carrying amount of P3,438.4 million and P4,579.2 million as at December 31, 2018 and 2017, respectively (see Note 8), and an escrow account amounting to P26.4 million and P20.1 million as at December 31, 2018 and 2017, respectively (see Note 11).	5.81%	P1,779,758,041	P1,497,767,436
To finance acquisition of land	Payable on a quarterly basis until July 5, 2019; secured by the commercial units of MPI and parking slots of ALCO and MPI in Arya Residences with carrying amount of P1,379.4 million and P1,317.5 million as at December 31, 2018 and 2017, respectively.	5.12%	230,000,000	280,000,000
Working fund	Payable in full on August 16, 2019; secured by the commercial units of MPI and parking slots of ALCO and MPI in Arya Residences with carrying amount of P1,288.8 million as at December 31, 2018.	6.00%	100,000,000	-
Working fund	Payable monthly until June 11, 2018; secured by Arya Residences condominium units with carrying amount of P 102.9 million as at December 31, 2017 (see Note 7).	3.50%	-	100,000,000
			P2,109,758,041	P1,877,767,436

In 2015, the Company entered into an OLSA for a credit line of ₱2,000.0 million, to partially finance the cost of the construction and development of the ACPT. The loan is supported by 21 promissory notes. The Company incurred debt issue cost amounting to ₱34.5 million in 2015. In addition, OLSA provides the following:

- Loan outstanding balance is secured by first ranking and continuing real estate mortgage over present and future real estate assets in relation to the lot and building for the ACPT;
- A security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements (see Note 11).
- The Company is required to maintain the following debt to equity ratio:

Period	Debt to Equity Ratio
2015	2.00:1.00
2016 to 2018	1.75:1.00
2019 to 2025	1.50:1.00

The outstanding loan balance under OLSA amounted to ₱1,779.8 million and ₱1,497.8 million as at December 31, 2018 and 2017, respectively.

Debt to equity ratio is calculated as total outstanding interest-bearing loans over total equity.

The Company's debt to equity ratio as at December 31 is as follows:

	2018	2017
Total debt	₱2,197,482,011	₱1,967,491,406
Total equity	4,404,509,160	4,535,384,733
	0.50:1.00	0.43:1.00

The Company is compliant with the required debt to equity ratio as at December 31, 2018 and 2017.

Private Funders

Details of outstanding balances of loans from private funders at December 31 follow:

Purpose	Terms	Effective interest rate (p.a.)	2018	2017
Working fund	Payable in full on June 5, 2019, unsecured	3.50%	₱40,000,000	₱40,000,000
Working fund	Payable in full on January 21, 2019, unsecured	3.50%	15,145,000	17,145,000
Working fund	Payable in full on January 21, 2019, unsecured	3.50%	16,302,970	16,302,970
Working fund	Payable in full on April 1, 2019, unsecured	3.50%	16,276,000	16,276,000
To finance construction of ACPT	Payable in cash or in kind at the option of the lender on December 31, 2018, unsecured	3.75%	-	1,591,325,936
To finance construction of ACPT	Payable in cash or in kind at the option of the lender on December 31, 2018, unsecured	3.16%	-	60,075,074
			₱87,723,970	₱1,741,124,980

Construction of ACPT. The Company entered into a non-interest bearing loan agreement for ₱1,650.6 million with Centrobless Corporation (Centrobless) in 2015 and for ₱207.1 million with Signature Office Property, Inc. (SOPI) in 2017. Both are related parties under common management with the Company (see Note 19).

The loans are payable in cash or in kind at the option of Centrobless and SOPI. In the event Centrobless and SOPI elect to be paid in kind on maturity date, the Parent Company shall pay the loan by dacion en pago:

- Centrobless - seven (7) floors and 150 parking slots of ACPT
- SOPI - one (1) floor and 10 parking slots of ACPT.

“Day 1” gain of ₱2.9 million in 2017 and ₱80.9 million in 2016 was recognized on this loan and is presented under “Other income (expense)” account in the separate statements of comprehensive income (see Note 18).

In 2018, loans payable to Centrobless and SOPI with carrying amounts aggregating ₱1,847.5 million were settled in exchange for ACPT office units and parking slots with cost aggregating ₱1,330.0 million. The cumulative gain on change in fair value on these ACPT office units and parking slots amounting to ₱402.7 million was reversed (see Note 8). This resulted in a gain on settlement of loans payable aggregating ₱319.6 million in 2018 (see Note 18).

Capitalized Borrowing Costs

Borrowing costs capitalized are as follows:

	Note	2018	2017	2016
Investment properties	8	₱104,494,260	₱68,169,703	₱25,966,509
Real estate for sale		–	–	28,615,156
		₱104,494,260	₱68,169,703	₱54,581,665

Interest Expense

Total interest expense charged under “Finance costs” consists of the following (see Note 17):

	2018	2017	2016
Interest expense on interest-bearing loans	₱19,544,914	₱40,615,216	₱19,636,378
Amortization of “Day 1” gain on loan discounting	51,086,712	58,168,428	48,879,359
	₱70,631,626	₱98,783,644	₱68,515,737

13. Accounts Payable and Other Liabilities

This account consists of:

	Note	2018	2017
Retention payable		₱258,100,147	₱320,992,546
Accounts payable:			
Third parties		57,667,593	124,732,617
Related party	19	2,856,448	8,424,024
Subscription payable	10	75,040,300	75,040,300
Security deposits	21	65,230,671	13,314,914
Accrued:			
Interest		26,441,153	20,370,434
Personnel costs		11,785,055	10,505,375
Construction cost		–	27,131,801
Others		17,436,437	24,383,944
Advance rent	21	49,946,948	8,931,298
Construction bonds		25,379,501	5,005,393
Deferred output VAT		14,032,407	14,615,399
Withholding taxes payable		10,434,238	9,608,264
Output VAT		9,896,347	–
Dividends payable		5,056,961	4,597,364
Income tax payable		1,563,817	–
Payable to buyers		–	12,304,292
Others		356,883	4,466,194
		₱631,224,906	₱684,424,159

Retention payable, which will be released after the completion and satisfaction of the terms and conditions of the construction contract, pertains to amount retained by the Company from the contractors' progress billings for ACPT and Arya Residences.

Accounts payable, which are unsecured, noninterest-bearing and are normally settled within 30 days to one year, consist mainly of liabilities to contractors and suppliers.

Subscription payable pertains to the unpaid portion of the Company's subscription to its subsidiaries.

Security deposits pertain to the deposits made by the lessees of the ACPT which are refundable upon termination of the lease less any unsettled balances.

Accrued expenses are expected to be settled within the next 12 months. Other accrued expenses pertain to management and professional fees, utilities, commissions, advertising and other expenses.

Advance rent pertains to payments made in advance by the tenants to be applied to their rent payable in the immediately succeeding months or in the last three (3) months of the lease term.

Construction bonds represent noninterest-bearing deposits made by the lessees before the start of its construction in the ACPT and refundable upon fulfillment of contract provisions.

Deferred output VAT pertains to the VAT on the project management development fees billed but not yet collected.

Payable to buyers include reservation fees and collections received from prospective buyers and lessees, which are to be applied against the receivable upon execution of sales documents and applied as security deposits upon execution of lease contracts, respectively.

Other accrued expenses pertain to professional and management fees.

Other payables pertain to liabilities to SSS, PhilHealth and HDMF.

14. Equity

The details of the Company's number of common and preferred shares follow:

	2018		2017		2016	
	Preferred	Common	Preferred	Common	Preferred	Common
Authorized	50,000,000	16,368,095,199	50,000,000	16,368,095,199	50,000,000	16,368,095,199
Par value per share	₱1.00	₱0.18	₱1.00	₱0.18	₱1.00	₱0.18
Issued and outstanding	32,500,000	5,318,095,199	32,500,000	5,318,095,199	32,500,000	5,318,095,199

Preferred Shares

As at December 31, 2018 and 2017, the Company has issued and outstanding preferred shares of ₱32.5 million.

On August 30, 2016, the Company's BOD approved the increase in authorized capital stock of ₱50.0 million consisting of 50 million preferred shares at ₱1.00 par value a share. The increase in authorized capital stock was approved by the SEC on September 22, 2016.

Of the ₱50.0 million increase in authorized capital stock, ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated preferred shares (the Series A preferred shares) to MPI and 20.0 million preferred shares (the Series B preferred shares) which are likewise cumulative, nonvoting, nonparticipating, and nonconvertible Peso-denominated, among other conditions, to the public at the issuance price of ₱100 a share at ₱1.00 par value a share (see Note 1). MPI acquired the 12.5 million Series A preferred shares at ₱1.00 par value a share.

The Company recognized additional paid-in capital related to the issuance of preferred shares amounting to ₱1,980.0 million arising from the excess of the proceeds over par value of the shares sold. Total cost incurred in the follow-on offering amounted to ₱26.4 million, consisting of ₱2.8 million which was charged to profit or loss and ₱23.6 million which was recognized as reduction to additional paid-in capital.

Common Shares

As at December 31, 2018 and 2017, the Company has issued and outstanding common shares of 5,318,095,199 amounting to ₱957.3 million.

The details and movement of the shares listed with PSE follows:

Date of SEC Approval	Type of Issuance	No. of Shares Issued	Issue/Offer Price
1996	Initial public offering	351,000,000	₱1.00
1998	Payment of subscription	256,203,748	1.00
1999	Stock dividends	410,891,451	1.00
2009	Payment of subscription	628,770,000	0.20
2010	Payment of subscription	100,000,000	0.20
2011	Payment of subscription	2,200,000,000	0.20
2016	Public offering of Series "B" preferred shares	20,000,000	100

The Company has 1,955 and 1,979 shareholders as at December 31, 2018 and 2017, respectively.

Dividend Declaration

The Company's BOD and stockholders approved the following cash dividends to preferred and common stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Amount	Share	Dividend per Share
October 25, 2018	November 12, 2018	December 6, 2018	₱35,229,000	Series B preferred shares	₱1.76
August 1, 2018	August 16, 2018	September 6, 2018	35,229,000	Series B preferred shares	1.76
May 9, 2018	May 23, 2018	June 6, 2018	35,229,000	Series B preferred shares	1.76
March 21, 2018	April 6, 2018	May 2, 2018	63,817,142	Common	0.012
January 10, 2018	February 9, 2018	March 6, 2018	35,229,000	Series B preferred shares	1.76
			₱204,733,142		
October 26, 2017	November 24, 2017	December 6, 2017	₱35,229,000	Series B preferred shares	₱1.76
August 9, 2017	August 23, 2017	September 6, 2017	35,229,000	Series B preferred shares	1.76
May 10, 2017	May 25, 2017	June 6, 2017	35,229,000	Series B preferred shares	1.76
February 28, 2017	March 14, 2017	April 7, 2017	63,817,142	Common	0.012
February 8, 2017	February 24, 2017	March 6, 2017	35,229,000	Series B preferred shares	1.76
			₱204,733,142		
March 9, 2015	March 23, 2015	April 8, 2015	₱63,817,141	Common	0.012

15. Personnel Costs

This account consists of salaries and employee benefits as follows:

	Note	2018	2017	2016
Operating expenses	16	₱141,800,598	₱94,215,185	₱131,995,277
Cost of services		34,255,647	34,846,712	—
		₱176,056,245	₱129,061,897	₱131,995,277

The breakdown of salaries and employee benefits is as follows:

	Note	2018	2017	2016
Salaries and other employee benefits		₱140,319,930	₱119,314,336	₱122,650,267
Retirement expense	20	35,736,315	9,747,561	9,345,010
		₱176,056,245	₱129,061,897	₱131,995,277

16. Operating Expenses

Operating expenses are classified as follows:

	2018	2017	2016
Administrative	₱243,394,637	₱205,769,164	₱277,851,434
Selling and marketing	19,772,561	20,956,878	40,286,608
	₱263,167,198	₱226,726,042	₱318,138,042

Details of operating expenses by nature are as follows:

	Note	2018	2017	2016
Personnel costs	15	₱141,800,598	₱94,215,185	₱131,995,277
Management and professional fees		27,782,874	27,270,497	30,595,365
Insurance		12,452,989	9,762,903	11,038,244
Rent	21	11,511,101	11,292,109	10,093,439
Taxes and licenses		10,627,827	27,511,396	50,269,607
Depreciation and amortization	9	10,572,738	8,816,766	7,976,973
Commissions		10,307,733	11,626,790	22,260,169
Communication and office expenses		10,215,495	10,987,585	14,523,069
Advertising		9,464,828	9,330,088	18,026,439
Transportation and travel		7,408,436	3,309,556	4,489,067
Utilities		5,778,063	1,256,860	8,061,461
Repairs and maintenance		2,354,042	2,197,525	2,009,296
Representation		366,448	469,149	2,969,526
Others		2,524,026	8,679,633	3,830,110
		₱263,167,198	₱226,726,042	₱318,138,042

17. Finance Costs

This account consists of:

	Note	2018	2017	2016
Interest expense	12	₱70,631,626	₱98,783,644	₱68,515,737
Bank charges		622,356	2,687,739	767,541
		₱71,253,982	₱101,471,383	₱69,283,278

18. Other Income (Expense)

This account consists of:

	Note	2018	2017	2016
Reversal of gain on change in fair value of investment properties	8	(P402,715,043)	P-	P-
Gain on settlement of loans payable	12	319,553,431	-	-
Interest income	4	13,672,115	25,190,536	17,546,847
Realized gain on disposals of financial assets at FVPL	5	9,569,831	37,402,424	15,924,321
Unrealized holding gains (losses) on financial assets at FVPL	5	(6,759,981)	1,752,251	5,656,674
Manpower fee	19	1,235,928	1,029,940	1,456,388
Foreign exchange gains		1,070,089	83,999	600,156
Loss on disposal of investment properties	8	(917,769)	-	-
Forfeited collections		-	10,657,784	31,090,888
"Day 1" gain on loan discounting	12	-	2,907,783	80,883,656
Gain (loss) on disposal of property and equipment	9	-	(475,131)	185,888
Others		12,409,422	140,463	418,502
		(P52,881,977)	P78,690,049	P153,763,320

19. Related Party Transactions

The Company, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions.

Related Party	Nature of Relationship	Note	Nature of Transaction	Amount of Transactions		Outstanding Balance	
				2018	2017	2018	2017
Advances to Subsidiaries:							
		10	Advances for working capital				
SLDC	Subsidiary			P-	P1,042,812,933	P497,381,392	P1,042,812,933
Cazneau	Subsidiary		Advances for working capital	129,130,962	35,839,824	483,822,258	354,362,919
CLLC	Subsidiary		Advances for working capital	177,669,561	5,417,003	447,500,000	270,000,000
ZLDC	Subsidiary		Advances for working capital	246,589,438	98,860,562	353,023,444	106,434,006
UPHI	Subsidiary		Advances for working capital	3,046,586	2,464,793	65,565,569	62,518,983
MPI	Subsidiary		Advances for working capital	-	-	314	314
EPMI	Subsidiary		Advances for working capital	-	2,154,730	-	1,328,813
						1,847,292,977	1,837,457,968
Allowance for impairment loss		10				(3,261,249)	(3,261,249)
						P1,844,031,728	P1,834,196,719

Related Party	Nature of Relationship	Note	Nature of Transaction	Amount of Transactions		Outstanding Balance	
				2018	2017	2018	2017
Interest Receivable -							
CLLC	Subsidiary	4	Interest on advances for working capital	₱9,247,247	₱13,265,911	₱30,471,916	₱21,140,567
Trade Receivables -							
CLLC	Subsidiary	6	Project management and development fees	₱102,000,000	₱119,800,563	₱133,547,340	₱133,547,340
Due from related parties:							
CPG	Principal stockholder	6	Share purchase agreement	₱-	₱-	₱36,052,873	₱36,052,873
Advances from Subsidiaries:							
MPI	Subsidiary		Advances for working capital	₱1,223,040	₱-	₱281,158,275	₱279,935,235
CLLC	Subsidiary		Advances for working capital	-	180,084	267,122	267,122
						₱281,425,397	₱280,202,357
Loans Payable:							
Centrobless	Entity under common management	12	Loan	₱-	₱-	₱-	₱1,591,325,936
SOPJ	Entity under common management		Loan	145,051,912	62,000,000	-	60,075,074
						₱-	₱1,651,401,010
Accounts Payable -							
CPG	Principal stockholder	13	Management fee	₱10,387,085	₱8,424,024	₱2,856,448	₱8,424,024
Other Income -							
EPMI	Subsidiary	18	Manpower fee	₱1,235,928	₱1,029,940	₱-	₱-

Advances for Working Capital

Outstanding balances of advances for working capital at year end are unsecured and normally collectible or payable on demand. These are non-interest bearing, except for advances to CLLC which bears a 3.5% interest rate.

The Company's allowance for impairment on advances to related parties amounted to ₱3.3 million as at December 31, 2018 and 2017 (see Note 10).

Project Management and Development Fees

In 2017, the Company entered into an agreement with CLLC, where the former will provide management services for the development and construction of CLLC's Cebu Exchange Project. Outstanding balances are non-interest bearing, unsecured and collectible within 30 days and when the pending matters in invoice are resolved.

Share Purchase Agreement

The Company has an outstanding receivable from CPG amounting to ₱36.1 million as at December 31, 2018 and 2017 arising from the share purchase agreement between the Company, CPG and AOCH1. Under the claw-back provision of the share purchase agreement, the Company warrants the final resolution acceptable to CPG and its counsel with respect to the pending complaint involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the property. In the event the satisfactory evidence is submitted by the Company to CPG, the latter shall pay to the Company the entire claw-back amount or a portion thereof plus interest earned in which the claw-back amount was held in escrow.

Loans Payable

Outstanding loans payable are unsecured, non-interest bearing and payable in cash or in kind at the option of the lenders. These loans were settled in 2018 (see Note 12).

Management Fee

CPG provides management consultancy, development and administrative services to the Company. Outstanding balances are unsecured, noninterest-bearing, payable on demand and to be settled in cash.

Manpower Fee

The Company entered into an agreement with EPMI for the Company to provide manpower services for EPMI's operations. The Company agreed to pay the salaries of the employees whereas EPMI agreed to refund such expense by the Company. The contract's term is seven years effective on December 1, 2014. Outstanding balance is unsecured, noninterest-bearing, payable within 30 days and to be settled in cash.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2018	2017	2016
Salaries and other employee benefits	₱77,960,692	₱72,981,021	₱63,395,457
Retirement expense	24,095,262	4,782,219	4,830,248
	₱102,055,954	₱77,763,240	₱68,225,705

20. Retirement Liability

The Company has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

There are no unusual or significant risks to which the retirement liability exposes the Company. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Company.

The following tables summarize the components of retirement benefit costs recognized in the separate statements of comprehensive income (based on the report of an independent actuary dated February 22, 2019):

Breakdown of retirement expense is as follow (see Note 15):

	2018	2017	2016
Current service cost	₱7,879,934	₱7,205,814	₱7,272,293
Interest cost	2,033,107	2,541,747	2,072,717
Past service cost	25,823,274	-	-
	₱35,736,315	₱9,747,561	₱9,345,010

The new retirement plan provides a retirement benefit ranging from 100% to 150% of salary for every year of credit service. Accordingly, this plan amendment changed the benefits payable under the plan, which resulted in the recognition of past service cost for the year.

The movements of net retirement liability recognized in the separate statements of financial position are as follows:

	2018	2017	2016
Balance at beginning of year	₱50,668,546	₱47,244,365	₱40,801,518
Current service cost	7,879,934	7,205,814	7,272,293
Interest cost	2,033,107	2,541,747	2,072,717
Past service cost	25,823,274	-	-
Contribution to retirement plan assets	(5,000,000)	-	-
Remeasurement gains on:			
Change in financial assumptions	(9,240,813)	(1,360,050)	(1,119,751)
Experience adjustments	(6,066,417)	(4,963,330)	(1,782,412)
Return on retirement plan assets	(8,633)	-	-
Balance at end of year	₱66,088,998	₱50,668,546	₱47,244,365

The funded status and amounts recognized in the separate statements of financial position for the net retirement liability as at December 31, 2018 and 2017 are as follows:

	2018	2017
Present value of retirement liability	₱71,097,631	₱50,668,546
Fair value of plan assets	(5,008,633)	-
	₱66,088,998	₱50,668,546

Changes in the present value of the retirement liability are as follows:

	2018	2017	2016
Balance at beginning of year	₱50,668,546	₱47,244,365	₱40,801,518
Current service cost	7,879,934	7,205,814	7,272,293
Interest cost	2,033,107	2,541,747	2,072,717
Past service cost	25,823,274	-	-
Remeasurement gains on:			
Change in financial assumptions	(9,240,813)	(1,360,050)	(1,119,751)
Experience adjustments	(6,066,417)	(4,963,330)	(1,782,412)
Balance at end of year	₱71,097,631	₱50,668,546	₱47,244,365

Changes in the fair value of plan assets are as follows:

	2018
Balance at beginning of year	P-
Contribution to retirement plan assets	5,000,000
Remeasurement gain on return on plan assets	8,633
Balance at end of year	P5,008,633

Plan assets are composed of trust accounts.

The cumulative remeasurement gains on retirement liability recognized in OCI as at December 31 are as follows:

	2018		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 22)	Net
Balance at beginning of year	P10,640,559	P3,192,168	P7,448,391
Remeasurement gains	15,315,863	4,594,759	10,721,104
Balance at end of year	P25,956,422	P7,786,927	P18,169,495

	2017		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 22)	Net
Balance at beginning of year	P4,317,179	P1,295,154	P3,022,025
Remeasurement gains	6,323,380	1,897,014	4,426,366
Balance at end of year	P10,640,559	P3,192,168	P7,448,391

	2016		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 22)	Net
Balance at beginning of year	P1,415,016	P424,505	P990,511
Remeasurement gains	2,902,163	870,649	2,031,514
Balance at end of year	P4,317,179	P1,295,154	P3,022,025

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2018	2017
Discount rate	7.53%	5.70%
Salary projection rate	5.00%	5.00%
Average remaining service years	23.6	24.3

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2018 and 2017 are presented below.

	Change in Assumption	Effect on Present Value of Retirement Liability	
		Discount Rate	Salary Projection Rate
December 31, 2018	+1%	(P3,905,406)	P4,737,145
	-1%	4,663,430	(4,026,486)
December 31, 2017	+1%	(P3,758,936)	P4,149,890
	-1%	4,543,249	(3,508,485)

The expected future benefit payments are as follows:

Financial Year	Amount
2019	P29,879,658
2020	1,709,998
2021-2026	25,258,191

21. Lease Commitments

Operating Lease Commitments - Company as Lessor

As a lessor, the Company leases the ACPT for periods ranging from five (5) years to 10 years. All lease agreements include an escalation clause of 5% every year. The lease contracts do not provide for any contingent rent.

The Company recognized revenue from leasing operations amounting to P121.1 million in 2018 and P14.1 million in 2017 (see Note 8). Lease receivables amounted to P20.0 million as at December 31, 2018. Accrued rent receivable amounted to P48.4 million and P11.2 million as at December 31, 2018 and 2017, respectively (see Note 6). Advance rent from tenants amounted to P49.9 million and P8.9 million as at December 31, 2018 and 2017, respectively. Security deposits, which may be applied to unsettled balance or refunded at the end of the lease term, amounted to P65.2 million and P13.3 million as at December 31, 2018 and 2017, respectively (see Note 13).

The future minimum lease payments to be received under non-cancellable operating leases as at December 31 are as follows:

	2018	2017
Within one year	P164,000,835	P51,106,339
After one year but not more than five years	803,023,438	297,618,072
More than five years	127,208,392	95,598,057
	P1,094,232,665	P444,322,468

Operating Lease Commitment - Company as Lessee

The Company is a lessee under non-cancellable operating lease where its office space is situated. In 2018, the Company transferred its office in ACPT. This resulted to the termination of its non-cancellable operating lease.

Rent expense recognized from this operating lease amounted to ₱11.5 million, ₱11.3 million and ₱10.1 million in 2018, 2017 and 2016, respectively (see Note 16).

22. Income Taxes

The components of provision for income tax are as follows:

	Note	2018	2017	2016
Reported in Profit or Loss				
Current income tax:				
RCIT		₱92,832,587	₱13,636,822	₱72,574,497
Final taxes		3,086,514	11,137,242	5,555,936
Gross income tax (GIT)		1,970,310	–	–
		97,889,411	24,774,064	78,130,433
Deferred income tax expense (benefit)		(79,621,783)	(8,365,805)	108,654,903
		₱18,267,628	₱16,408,259	₱186,785,336
Reported in OCI				
Deferred tax expense related to remeasurement gains on retirement liability				
	20	₱4,594,759	₱1,897,014	₱870,649

Deferred Tax Assets and Deferred Tax Liabilities

The components of the Company's recognized deferred tax assets and deferred tax liabilities are as follows:

	2018	2017
Deferred tax assets:		
Retirement liability	₱19,826,699	₱15,200,564
Advance rent	6,850,857	2,679,389
Allowance for impairment loss	110,488	110,488
	26,788,044	17,990,441
Deferred tax liabilities:		
Cumulative gain on change in fair value of investment property	307,898,107	374,910,574
Transfer of fair value to property and equipment	13,478,435	–
Capitalized debt issue cost	10,351,816	10,351,816
Accrued rent receivable	8,659,394	3,372,951
Unrealized foreign exchange gains	321,027	25,200
Depreciation of investment properties	290,002	194,830
"Day 1" gain on loan discounting	–	18,372,831
	340,998,781	407,228,202
Net Deferred Tax Liabilities	₱314,210,737	₱389,237,761

The Company did not recognize the deferred tax assets on the allowance for impairment loss on investment in and advances to subsidiaries amounting to ₱2.5 million as at December 31, 2018 and 2017 because management has assessed that these items will not be realized in the future.

The reconciliation between the income tax based on statutory income tax rate and effective income tax rate reported in the separate statements of comprehensive income is as follow:

	2018	2017	2016
Income tax computed at statutory tax rate	₱24,421,228	₱13,840,185	₱194,806,202
Add (deduct) tax effect of:			
Difference in income and statutory rates	(7,573,344)	--	--
Unrealized holding losses (gains) on financial assets at FVPL	2,027,994	(525,675)	(1,697,002)
Realized gain on disposals of financial assets at FVPL subjected to final tax	(656,011)	(2,572,936)	(1,035,081)
Nondeductible expenses	503,645	6,754,622	2,866,692
Interest income already subjected to final tax	(455,884)	(1,087,937)	(1,087,937)
Stock issuance costs	--	--	(7,067,538)
	₱18,267,628	₱16,408,259	₱186,785,336

PEZA Registration

ACPT is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise. The scope of its registered activity is limited to development, operation and maintenance of an economic zone.

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and
- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT.

23. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes:

	Financing Cash Flows				Non-Cash Changes		2018
	2017	Availments	Payments	Dacion en Pago	Amortization of Day 1 gain	Amortization of Debt Issue Cost	
Loans payable	₱3,618,892,416	₱523,591,912	(₱152,000,000)	(₱1,847,539,634)	₱51,086,712	₱3,450,605	₱2,197,482,011
Advances from subsidiaries	280,202,357	1,223,040	--	--	--	--	281,425,397
Dividends payable	4,597,364	204,733,142	(204,273,545)	--	--	--	5,056,961
	₱3,903,692,137	₱729,548,094	(₱356,273,545)	(₱1,847,539,634)	₱51,086,712	₱3,450,605	₱2,483,964,369

	Financing Cash Flows				Non-cash Changes		2017
	2016	Availments	Payments	Day 1 Gain	Amortization of Day 1 gain	Amortization of Debt Issue Cost	
Loans payable	₱3,111,038,703	₱1,400,662,463	(₱951,520,000)	(₱2,907,783)	₱58,168,428	₱3,450,605	₱3,618,892,416
Advances from subsidiaries	289,568,842	180,084	(9,546,569)	--	--	--	280,202,357
Dividends payable	4,748,691	204,733,142	(204,884,469)	--	--	--	4,597,364
	₱3,405,356,236	₱1,605,575,689	(₱1,165,951,038)	(₱2,907,783)	₱58,168,428	₱3,450,605	₱3,903,692,137

24. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise cash and cash equivalents, financial assets at FVPL, receivables (excluding advances for project development and accrued rent receivable under straight-line basis of accounting), advances to subsidiaries, deposits, amounts held in escrow, investment in time deposits, loans payable, accounts payable and other liabilities (excluding advance rent, statutory payables and payable to buyers) and advances from subsidiaries. The main purpose of these financial instruments is to finance the Company's operations.

It is the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

The Company's exposure to foreign currency risk is minimal, as it does not enter into significant transactions in currencies other than its functional currency.

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of financial assets at amortized costs represent its maximum credit exposure.

Trade Receivables

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms, and conditions are offered. The Company's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Company limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Company. Also, customers are required to deposit postdated checks to the Company covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at December 31, 2018 and 2017, there were no significant credit concentrations. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables and contract assets.

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost are mostly composed of cash in banks such as cash and cash equivalents, amounts held in escrow and investment in time deposits. The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For deposits, credit risk is low since the Company only transacts with reputable companies and individuals with respect to this financial asset.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL

The Company is also exposed to credit risk in relation to its investment in money market fund that is measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

Assets that are credit-impaired are separately presented.

	2018				
	Financial assets at amortized cost			Financial Assets at FVPL	Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	₱232,670,512	₱--	₱--	₱--	₱232,670,512
Financial assets at FVPL	--	--	--	120,433,615	120,433,615
Receivables**	100,936,802	153,564,886	368,292	--	254,869,980
Advances to subsidiaries	1,844,031,728	--	3,261,249	--	1,847,292,977
Deposits	47,771,783	--	--	--	47,771,783
Investment in time deposits	21,032,000	--	--	--	21,032,000
Amounts held in escrow	26,377,898	--	--	--	26,377,898
	₱2,272,820,723	₱153,564,886	₱3,629,541	₱120,433,615	₱2,550,448,765

*Excludes cash on hand amounting to ₱45,000 as at December 31, 2018.

**Excludes advances for project development and accrued rent receivable under straight-line basis of accounting aggregating to ₱122.6 million as at December 31, 2018.

	2017				
	Financial assets at amortized cost			Financial Assets at FVPL	Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	₱519,358,835	₱-	₱-	₱-	₱519,358,835
Financial assets at FVPL	-	-	-	376,557,528	376,557,528
Receivables**	77,025,439	135,101,781	368,292	-	212,495,512
Advances to subsidiaries	1,837,457,968	-	3,261,249	-	1,840,719,217
Deposits	43,194,039	-	-	-	43,194,039
Investment in time deposits	19,972,000	-	-	-	19,972,000
Amounts held in escrow	20,096,757	-	-	-	20,096,757
	₱2,517,105,038	₱135,101,781	₱3,629,541	₱376,557,528	₱3,032,393,888

*Excludes cash on hand amounting to ₱30,000 as at December 31, 2018.

**Excludes advances for project development and accrued rent receivable under straight-line basis of accounting aggregating to ₱111.5 million as at December 31, 2018.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to settle its obligations as they fall due.

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted cash flows as at December 31, 2018 and 2017:

	2018					Total
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	
Loans payable	₱-	₱427,907,731	₱-	₱-	₱2,491,216,327	₱2,919,124,058
Accounts payable and other liabilities*	116,186,686	206,663,705	154,717,848	64,467,739	3,315,171	545,351,149
Advances from subsidiaries	281,425,397	-	-	-	-	281,425,397
	₱397,612,083	₱634,571,436	₱154,717,848	₱64,467,739	₱2,494,531,498	₱3,745,900,604

*Excludes advance rent, statutory liabilities and payable to buyers aggregating to ₱85.9 million as at December 31, 2018.

	2017					Total
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	
Loans payable	₱-	₱1,920,904,423	₱375,676,029	₱88,508,029	₱2,015,885,135	₱4,400,973,616
Accounts payable and other liabilities*	136,993,792	317,972,360	183,998,754	-	-	638,964,906
Advances from subsidiaries	280,202,357	-	-	-	-	280,202,357
	₱417,196,149	₱2,238,876,783	₱559,674,783	₱88,508,029	₱2,015,885,135	₱5,320,140,879

*Excludes advance rent, statutory liabilities and payable to buyers aggregating to ₱45.5 million as at December 31, 2017.

The Company monitors its risk to a shortage of funds through analyzing the maturity of its financial investments and financial assets and cash flows from operations. The Company monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a daily basis to arrive at the projected cash position to cover its obligations.

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on annual intervals.

The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Company's net income.

Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the separate statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2018	2017
Total liabilities	₱3,490,432,049	₱5,023,425,239
Total equity	4,404,509,160	4,535,384,733
Debt-to-equity ratio	0.79:1:00	1.11:1:00

The Company manages the capital structure and makes adjustments when there are changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

25. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

2018					
Fair Value					
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	5	P120,433,615	P120,433,615	P-	P-
Investment properties	8	3,606,744,952	-	141,898,400	3,464,846,552
Asset for which fair value is disclosed –					
Financial assets at amortized cost –					
Deposits	11	47,771,783	-	-	45,737,104
		P3,774,950,350	P120,433,615	P141,898,400	P3,510,583,656
Liability for which fair value is disclosed –					
Loans payable	12	P2,197,482,011	P-	P-	P2,062,949,505
2017					
Fair Value					
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	5	P376,557,528	P376,557,528	P-	P-
Investment properties	8	4,704,116,423	-	96,082,021	4,608,034,402
Asset for which fair value is disclosed –					
Financial assets at amortized cost –					
Deposits	11	43,194,039	-	-	38,071,468
		P5,123,867,990	P376,557,528	P96,082,021	P4,646,105,870
Liability for which fair value is disclosed –					
Loans payable	12	P3,618,892,416	P-	P-	P3,668,118,823

The following methods and assumptions were used in estimating the fair value of the Company's financial assets and liabilities:

Financial Assets and FVPL. The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices.

Investment Properties. The fair value of of ACPT, Arya Residences and raw land were determined using land development approach, discounted cash flow approach and market data approach, respectively.

Deposits and Loans Payable. The fair value of the Company's deposits and loans payable was determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities. Interest-bearing loans payable includes accrued interest in the estimation of its fair value.

The table below presents the financial assets and liabilities of the Company whose carrying amounts approximate fair values as at December 31, 2018 and 2017:

	2018	2017
Financial Assets:		
Cash and cash equivalents	₱232,715,512	₱519,388,835
Receivables*	254,501,688	212,127,220
Advances to subsidiaries	1,844,031,728	1,834,196,719
Amounts held in escrow	26,377,898	20,096,757
Investment in time deposits	21,032,000	19,972,000
	₱2,378,658,826	₱2,605,781,531
Financial Liabilities:		
Accounts payable and other liabilities**	₱545,351,149	₱638,964,906
Advances from subsidiaries	281,425,397	280,202,357
	₱826,776,546	₱919,167,263

*Excludes advances for project development and accrued rent receivables under straight-line basis of accounting aggregating to ₱122.6 million and ₱111.5 million as at December 31, 2018 and 2017, respectively.

**Excludes advance rent, statutory liabilities and payable to buyers aggregating ₱85.9 million and ₱45.5 million as at December 31, 2018 and 2017, respectively.

Cash and Cash Equivalents, Receivables, Amounts Held in Escrow, Accounts Payable and Other Liabilities and Due to Related Parties. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

Investment in Time Deposits. The estimated fair value of investment in time deposits represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted using current market rates to discount cash flows.

26. Classification of Separate Statements of Financial Position Accounts

The Company's current portions of its assets and liabilities as at December 31, 2018 and 2017 are as follows:

	Note	2018	2017
Current Assets			
Cash and cash equivalents	4	₱232,715,512	₱519,388,835
Financial asset at FVPL	5	120,433,615	376,557,528
Receivables	6	377,134,822	323,986,061
Real estate for sale	7	-	102,898,713
Advances to subsidiaries	10	1,844,031,728	1,834,196,719
Other assets*	11	67,455,078	237,541,371
		₱2,641,770,755	₱3,394,569,227

*Excludes deposits, investment in time deposits and non-current portion of deferred input VAT aggregating to ₱72.5 million and ₱65.7 million as at December 31, 2018 and 2017, respectively.

	Note	2018	2017
Current Liabilities			
Current portion of loans payable	12	₱417,723,970	₱1,841,124,980
Accounts payable and other liabilities	13	631,224,906	684,424,159
Advances from subsidiaries	19	281,425,397	280,202,357
		₱1,330,374,273	₱2,805,751,496

27. Events After Reporting Period

The Company's BOD approved and declared the following cash dividends:

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series B preferred shares	February 21, 2019	March 1, 2019	March 6, 2019	₱35,229,000	₱1.76

The dividends shall be taken out of the unrestricted earnings of the Company as at December 31, 2018.



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Arthaland Corporation
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited the accompanying separate financial statements of Arthaland Corporation (the Company) as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, on which we have rendered our report dated March 20, 2019.

In compliance with Securities Regulations Code Rule 68, as amended, we are stating that the Company has 1,942 stockholders owning one hundred (100) or more shares each as at December 31, 2018.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1499-AR-1 Group A
Valid until July 17, 2021

BIR Accreditation No. 08-005144-012-2017
Valid until March 8, 2020

PTR No. 7334342

Issued January 3, 2019, Makati City

March 20, 2019
Makati City, Metro Manila

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Arthaland Corporation
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippines Standards on Auditing, the separate financial statements of Arthaland Corporation (the Company) as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 and have issued our report thereon dated March 20, 2019. Our audit was made for the purpose of forming an opinion on the separate financial statements taken as a whole. The accompanying Schedule of Unappropriated Retained Earnings Available for Dividend Declaration and Schedule of Adoption of Effective Accounting Standards and Interpretations are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 Part II and are not part of the separate financial statements. These information have been subjected to the auditing procedures applied in the audit of the separate financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the separate financial statements or to the separate financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the separate financial statements taken as a whole.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1499-AR-1 Group A

Valid until July 17, 2021

BIR Accreditation No. 08-005144-012-2017

Valid until March 8, 2020

PTR No. 7334342

Issued January 3, 2019, Makati City

March 20, 2019

Makati City, Metro Manila

ARTHALAND CORPORATION

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2018**

Unappropriated Retained Earnings, beginning		P1,506,737,665
Adjustments:		
Cumulative gain on change in fair value of investment properties	(874,791,338)	
Unamortized "day 1" gain on loans payable	(42,869,938)	
Unrealized holding gains on financial assets at FVPL	(1,752,251)	
Accumulated depreciation and amortization of investment properties	(454,603)	(919,868,130)
Unappropriated Retained Earnings, as adjusted, beginning		586,869,535
Add: Net income actually earned/realized during the period		
Net income during the year closed to retained earnings	63,136,465	
Realized holding gains on financial assets at FVPL	1,752,251	64,888,716
Less: Non-actual/unrealized income and realized loss, net of tax		
Reversal of gain on change in fair value of investment properties	281,900,530	
Gain on change in fair value of investment properties	(157,812,227)	
Unrealized holding losses (gains) on financial assets at FVPL	6,759,981	
Reversal of gain on change in fair value due to disposal of parking slots	824,438	
Depreciation and amortization of investment properties	(222,068)	131,450,654
Add: Non-actual losses		
Amortization of "day 1" gain on loan discounting	35,760,698	
Disposal of day 1 gain on dacion en pago	7,109,240	42,869,938
Cash dividends		(204,733,142)
Unappropriated Retained Earnings, as adjusted, ending		P621,345,701

ARTHALAND CORPORATION
SUPPLEMENTARY SCHEDULE OF ADOPTION OF
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2018

Title	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			✓
PFRSs Practice Statement 2: Making Materiality Judgments			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters			✓
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: Classification and Measurement of Share-based Payment Transactions			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
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	✓		
	Amendment to PFRS 7: Servicing Contracts	✓		
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments			✓
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: 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	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities			✓
	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			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: 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	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓

PAS	Title	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			✓
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - 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 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 Advance Consideration			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓