COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

EVER GOTESCO RESOURCES AND
HOLDINGS, INC. AND SUBSIDIARY

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

Ever Gotesco Corporate Center,
1958 Claro M. Recto Avenue,
Manila

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
egrhi@evermalls.com.ph	735 - 6901	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
5,675	08/29	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Cynthia T. Dizon	ctdizon@evermalls.com.ph	735-6901	N/A

CONTACT PERSON's ADDRESS

Manila Real Residences, 1129 Natividad Almeda Lopez Street, Ermita, Manila

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

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

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Ever Gotesco Resources and Holdings, Inc.
Ever Gotesco Corporate Center
1958 Claro M. Recto Avenue, Manila

Opinion

We have audited the consolidated financial statements of Ever Gotesco Resources and Holdings, Inc. (the Company) and its subsidiary (collectively, the Group), which comprise the consolidated balance sheets as at December 31, 2016 and 2015 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group has a pending case filed by *Bangko Sentral ng Pilipinas* for the collection of its advances to the now defunct Orient Commercial Banking Corporation, an affiliate, where a notice of garnishment of lease payments has been issued against the Group and certain affiliates, officers, and employees. Further, the Group continued to have substantial deficit amounting to ₱2.4 billion as at December 31, 2016 and 2015. These events or conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Receivables from Related Parties

As of December 31, 2016, the carrying value of receivables from related parties amounted to ₱3.9 billion, net of allowance for doubtful accounts of ₱823.2 million, which constitutes 96.8% of total consolidated assets. These related party receivables are unsecured in nature, fully matured and demandable. This area was significant to our audit because of the magnitude of the amounts and management's use of significant judgement in the assessment of recoverability of these receivables. Refer to Notes 2 and 3 to the consolidated financial statements for the relevant accounting policy and a discussion of significant judgments, and Note 18 for the detailed disclosures on related party receivables.

Audit response

We obtained an understanding of the Group's processes and controls in evaluating the collectability and determining the amount to be provided for allowance with respect to its related party receivables. We considered in our assessment the historical data on payment patterns of related parties. We evaluated the management's estimate on allowance for impairment by considering the related parties' financial position, results of operations and cash flows based on their recent financial statements. We assessed management's specifically identified related party accounts to be doubtful of collection where we focused on the related parties' liquidity ratios, equity positions and ability to generate cash flows.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Philippine Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
SEC Accreditation No. 1509-A (Group A),
October 1, 2015, valid until September 30, 2018
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2015,
March 4, 2015, valid until March 3, 2018
PTR No. 5908679, January 3, 2017, Makati City

April 12, 2017

EVER GOTESCO RESOURCES AND HOLDINGS, INC., AND SUBSIDIARY
1958 C.M. Recto Avenue, Quiapo, Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY,** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company'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.

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

Signature: ______________________
JOSE C. GO - Chairman

Signature: ______________________
JOEL T. GO - President

Signature: ______________________
EVELYN C. GO - Treasurer

Signature: ______________________
CYNTHIA T. DIZON – AVP Controller

SUBSCRIBED AND SWORN TO BEFORE ME
THIS ___ DAY OF APR 05 2017
AT CITY OF MANILA

Signed this _____ day of ____________

DOC NO 475
PAGE NO 024

ATTY. JOSE FRANCISCO ORDOYA
NOTARY PUBLIC UNTIL DEC. 31 2017
NOTARIAL COMM. 2016-007 MANILA

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash	**₱1,354,532**	₱1,502,830
Receivables (Notes 1, 4 and 18)	**3,877,619,472**	2,950,190,984
Creditable withholding taxes (Note 5)	**25,917,789**	61,836,177
Other current assets	**8,250,092**	6,578,644
Total Current Assets	**3,913,141,885**	3,020,108,635
Noncurrent Assets		
Receivables from related parties - net of current portion (Note 18)	–	25,427,379
Investment properties (Notes 7, 9 and 10)	**65,181,576**	858,758,570
Property and equipment (Note 6)	**203,595**	224,747
Deferred tax asset - net (Note 16)	**903,287**	–
Other noncurrent assets (Note 8)	**20,982,179**	20,891,992
Total Noncurrent Assets	**87,270,637**	905,302,688
TOTAL ASSETS	**₱4,000,412,522**	₱3,925,411,323
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 1 and 9)	**₱50,000,000**	₱50,000,000
Payables to bank (Note 10)	–	42,500,000
Accounts payable and other liabilities (Notes 9, 10, 11 and 18)	**1,253,340,491**	1,158,719,333
Operating lease payable (Note 17)	**5,941,100**	12,318,601
Income tax payable	**174,372**	3,003,182
Customers' deposits (Note 17)	**81,850,825**	81,850,825
Total Current Liabilities	**1,391,306,788**	1,348,391,941
Noncurrent Liabilities		
Retirement benefits liability (Note 15)	**3,010,958**	4,222,341
Deferred income tax liabilities - net (Note 16)	–	583,764
Total Noncurrent Liabilities	**3,010,958**	4,806,105
Total Liabilities	**1,394,317,746**	1,353,198,046
Equity		
Capital stock - ₱1 par value (Note 20) Authorized and issued - 5,000,000,000 shares (held by 5,675 and 5,694 equity holders in 2016 and 2015, respectively)	**5,000,000,000**	5,000,000,000
Remeasurement gain (loss) on retirement benefits - net (Note 15)	**847,751**	(788,720)
Deficit	**(2,394,752,975)**	(2,426,998,003)
Total Equity	**2,606,094,776**	2,572,213,277
TOTAL LIABILITIES AND EQUITY	**₱4,000,412,522**	₱3,925,411,323

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015	2014
REVENUES (Note 7)			
Mall rental income (Notes 17 and 18)	**₱313,907,631**	₱319,469,333	₱391,749,516
Cinema ticket sales	–	441,895	1,442,173
	313,907,631	319,911,228	393,191,689
DIRECT COSTS AND EXPENSES (Notes 7 and 12)	**(127,263,119)**	(175,192,546)	(236,853,557)
GROSS PROFIT	**186,644,512**	144,718,682	156,338,132
General and administrative expenses (Note 13)	**(35,266,689)**	(99,131,680)	(55,579,453)
Interest expense (Notes 9 and 10)	**(13,558,333)**	(26,725,455)	(60,839,884)
Other income (charges) - net (Note 14)	**(55,932,344)**	279,936,289	151,600,532
INCOME BEFORE INCOME TAX	**81,887,146**	298,797,836	191,519,327
PROVISION FOR INCOME TAX (Note 16)			
Current	**51,830,514**	88,141,787	45,405,366
Deferred	**(2,188,396)**	2,561,712	(2,994,790)
	49,642,118	90,703,499	42,410,576
NET INCOME	**32,245,028**	208,094,337	149,108,751
OTHER COMPREHENSIVE INCOME (LOSS)			
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 15)	**2,337,816**	(410,232)	201,872
Income tax effect	**(701,345)**	123,070	(60,562)
	1,636,471	(287,162)	141,310
TOTAL COMPREHENSIVE INCOME	**₱33,881,499**	₱207,807,175	₱149,250,061
Basic /Diluted Earnings Per Share (Note 19)	**₱0.006**	₱0.042	₱0.030

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Capital Stock	Remeasurement Gain (Loss) on Retirement Benefits - Net (Note 14)	Deficit (Note 2)	Total
BALANCES AT DECEMBER 31, 2013	**₱5,000,000,000**	**(₱919,153)**	**(₱2,783,924,806)**	**₱2,215,156,041**
Net income	–	–	149,108,751	149,108,751
Other comprehensive income	–	141,310	–	141,310
Total comprehensive income	–	141,310	149,108,751	149,250,061
BALANCES AT DECEMBER 31, 2014	**5,000,000,000**	**(777,843)**	**(2,634,816,055)**	**2,364,406,102**
Net income	–	–	208,094,337	208,094,337
Other comprehensive loss	–	(287,162)	–	(287,162)
Total comprehensive income (loss)	–	(287,162)	208,094,337	207,807,175
Transfer of remeasurement losses on retirement benefits to deficit (Note 15)	–	276,285	(276,285)	–
BALANCES AT DECEMBER 31, 2015	**5,000,000,000**	**(788,720)**	**(2,426,998,003)**	**2,572,213,277**
Net income	–	–	32,245,028	32,245,028
Other comprehensive income	–	1,636,471	–	1,636,471
Total comprehensive income	–	1,636,471	32,245,028	33,881,499
BALANCES AT DECEMBER 31, 2016	**₱5,000,000,000**	**₱847,751**	**(₱2,394,752,975)**	**₱2,606,094,776**

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱81,887,147**	₱298,797,836	₱191,519,327
Adjustments for:			
Depreciation and amortization (Notes 6 and 7)	**114,134,184**	131,845,156	155,142,747
Impairment loss on investment properties (Note 7)	**56,581,260**	–	–
Interest expense (Notes 9 and 10)	**13,558,333**	26,725,455	60,839,884
Interest income	–	(240)	(940)
Gain on disposal of property (Note 7)	–	(565,331,535)	–
Accretion income (Note 18)	–	–	(80,749,895)
Provision for probable loss (Note 11)	–	72,815,848	–
Retirement benefits costs (Note 15)	**1,126,433**	667,812	681,250
Operating income (loss) before working capital changes	**267,287,357**	(34,479,668)	327,432,373
Decrease (increase) in:			
Receivables	**(279,053,497)**	108,546,036	(148,703,791)
Other current assets	**(1,671,448)**	(1,592,531)	(160,153)
Utilities, deposits, garnished collections and advances to contractors	**(90,187)**	66,192,813	(19,658,181)
Increase (decrease) in:			
Accounts payable and other liabilities	**82,621,158**	137,549,462	210,370,102
Operating lease payable	**(6,377,501)**	(5,511,118)	(4,685,992)
Customers' deposits	–	(22,268,166)	(683,475)
Net cash generated from operations	**62,715,882**	248,436,828	363,910,883
Income taxes paid, including creditable taxes withheld and final taxes	**(18,740,936)**	(17,384,446)	(19,150,295)
Interest received	–	192	940
Net cash from operating activities	**43,974,946**	231,052,574	344,761,528
CASH FLOWS FROM IN INVESTING ACTIVITIES			
Decrease in receivables from related parties (Note 17)	–	–	(9,507,714)
Acquisitions of:			
Property and equipment (Note 6)	**(64,911)**	(24,107)	(62,768)
Investment properties (Notes 7, 8 and 24)	–	(241,410)	(6,474,667)
Cash used in investing activities	**(64,911)**	(265,517)	(16,045,149)
CASH FLOWS FROM IN FINANCING ACTIVITIES			
Payments to banks (Notes 9 and 10)	**(42,500,000)**	(221,485,053)	(265,958,190)
Interest paid (Note 10)	**(1,558,333)**	(9,796,836)	(61,594,384)
Cash used in financing activities	**(44,058,333)**	(231,281,889)	(327,552,574)
NET INCREASE (DECREASE) IN CASH	**(148,298)**	(494,832)	1,163,805
CASH AT BEGINNING OF YEAR	**1,502,830**	1,997,662	833,857
CASH AT END OF YEAR	**₱1,354,532**	₱1,502,830	₱1,997,662

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Authorization for Issue of the Consolidated Financial Statements, and Status of Operations

Corporate Information

Ever Gotesco Resources and Holdings, Inc. (the Company) and its wholly-owned subsidiary, Gotesco Tyan Ming Development, Inc. (GTMDI), (together referred to hereafter as the "Group") were incorporated in the Philippines primarily to engage in the business of building shopping malls and leasing out to commercial tenants. The Company and GTMDI were registered in the Philippine Securities and Exchange Commission (SEC) on September 27, 1994 and September 21, 1994, respectively.

The registered office address of the Company is Ever Gotesco Corporate Center, 1958 Claro M. Recto Avenue, Manila, while GTMDI's registered office address is Ever Gotesco Ortigas Complex, Ortigas Avenue, Pasig City.

Authorization for Issue of the Consolidated Financial Statements

The consolidated financial statements of the Group were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on April 12, 2017.

Status of Operations

The Group is faced with significant risks arising from unresolved legal cases. Prior to June 2015, GTMDI's land, including the commercial complex situated thereon, was foreclosed in 1999 by lender banks following GTMDI's loan default. These banks, however, were not able to take possession of the properties pending the decision on the case by the Regional Trial Court of Pasig (RTC-Pasig).

On June 17, 2009, GTMDI and PNB, under the terms of the compromise agreement, agreed to arrive at a reasonable settlement of the case, subject to the terms and conditions set in their underlying compromise agreement, which was approved by the RTC-Pasig on August 14, 2009.

In June 2015, PNB has taken possession of the investment properties in exchange of the extinguishment of its outstanding obligations from the lender banks and return of payments (see Notes 7, 9 and 10). This resulted in the improvement of the working capital and net assets as of December 31, 2016. However, the Group remains to have an accumulated deficit amounting to ₱2.4 billion as of December 31, 2016 and 2015.

In 2000, the Group was impleaded to the civil case between the *Bangko Sentral ng Pilipinas* (BSP), as plaintiff, and the now defunct Orient Commercial Banking Corporation (Orient Bank) and some of its officers and employees, as defendants. In 2003, the parties to the civil case entered into a compromise agreement, which was approved by the Regional Trial Court of Manila (RTC-Manila). Under the terms of the compromise agreement, the rentals and all other income and revenue of the malls, which include those of the companies that are owned and operated by the defendants, shall continue to guarantee the stipulated amortizations due from the defendants. The Group along with the other defendants submitted an amortization schedule to BSP which the latter rejected. BSP sought to impose upon the defendants its own amortization schedule which the Group believes is way beyond the defendants' financial capacity. Despite several entreaties to come up with a compromise amortization schedule, no agreement has been reached. Thus, a deadlock in the negotiation ensued. RTC-Manila issued a Writ of Garnishment on lease rental receivables to the defendants.

In July 2010, a Notice of Garnishment on lease rental receivables was issued by the RTC-Manila against the Company, its subsidiary, officers and certain affiliates. The Notice of Garnishment directed the various tenants that all rental and lease payments to the defendants or funds in the possession of various tenants payable to the defendants are henceforth considered in the Custody of the Court and the various tenants should not deliver, pay or transfer, or otherwise dispose or encumber such rental or lease payments to the defendants or to any other person except to the *Ex-Officio* Sheriff of Manila or his/her Deputy under penalty of the law.

This has impaired collection effort on lease rental receivables and added to the Company's and its subsidiary's cash flow problems. The Garnishment Notice exempted the Company's and its subsidiary's collections of tenants' utility dues and other assessments.

The Company and its subsidiary, along with the other defendants assailed the Order of RTC-Manila granting the Writ of Execution before the Court of Appeals via a Petition for Certiorari. After the submission of the pertinent pleadings by the parties, the petition was submitted for resolution which is still pending as of April 12, 2017.

As of December 31, 2016 and 2015, lease rental receivables amounted to ₱1.16 billion and ₱915.32 million, respectively. Collections on lease rental receivables under the Custody of the Court classified as "Other noncurrent assets" in the consolidated balance sheets amounted to ₱41.0 million and ₱35.1 million which were fully provided with allowance as of December 31, 2016 and 2015, respectively (see Note 8).

On March 31, 2017, the absolute ownership of Ever Commonwealth Commercial Complex (ECCC) was transferred to the lessor without the need of any further act on the part of the Company after the expiration of the lease contract (see Note 17). As a result, the Company ceased its mall operations.

Management believes that in order for the Group to settle its debts, it will also need external financing within the next few years. While management believes that it will be able to raise the necessary capital, there is no assurance as to its exact timetable. The failure to raise such financing would have a material adverse effect on the Group's future working capital requirements.

Management's plans to address these risks and uncertainties include the following:

a. To look at other business opportunities outside of mall operations as industry competition has become capital-intensive and the market continues to be dominated by big players. The Group will assess revenue potentials of other industries such as those in tourism and agriculture which remains to be promising;
b. Search for external financing either through new creditors or investors; and
c. Intensive collection efforts to reduce the outstanding receivables and curtailment of additional advances.

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern. The Group's continuing financial difficulties and the uncertainties over the ultimate outcome of the legal cases involving the Group indicate a material uncertainty on the Group's ability to continue operating as a going concern. The outcome of these uncertainties cannot be determined at the present time. The effects of these uncertainties will be reported in the consolidated financial statements as they become known and estimable.

2. **Summary of Significant Accounting and Financial Reporting Policies**

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis and are presented in Philippine peso (Peso), which is the Group's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016.

Subsidiaries are all entities over which the Company or its subsidiary has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the parent company loses control over its subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received

- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in Other Comprehensive Income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiary are prepared for the same reporting period as the Company.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

<u>Changes in Accounting Policies and Disclosures</u>
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2016. The nature and impact of each new standard and amendment are described below:

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and Philippine Accounting Standards (PAS) 28, *Investments in Associates and Joint Ventures*, *Investment Entities: Applying the Consolidation Exception.* These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments do not have any impact to the Group.

- Amendments to PFRS 11, *Joint Arrangements*, *Accounting for Acquisitions of Interests in Joint Operations.* The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3, *Business Combinations*), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. These amendments do not have any impact to the Group as there has been no interest acquired in a joint operation during the period.

- PFRS 14, *Regulatory Deferral Accounts.* PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of comprehensive income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.

- Amendments to PAS 1, *Presentation of Financial Statements*, *Disclosure Initiative.* The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRSs. They clarify the following:

  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
  - That specific line items in the statement of income and other comprehensive income and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  These amendments do not have any impact to the Group.

- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets*, *Clarification of Acceptable Methods of Depreciation and Amortization.* The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its property, plant and equipment.

- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are applied retrospectively and do not have any impact as the Group does not have any bearer plants.

- Amendments to PAS 27, *Separate Financial Statements, Equity Method in Separate Financial Statements*. The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments do not apply to the consolidated financial statements.

- Annual Improvements to PFRSs 2012 - 2014 Cycle. The Annual Improvements to PFRSs 2012 - 2014 cycle do not have a material impact to the Group. These include:

  - Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations, Changes in Methods of Disposal.* The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The Group shall consider this amendment in future transactions.

  - Amendment to PFRS 7, *Financial Instruments: Disclosures, Servicing Contracts*. PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements.* This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

  - Amendment to PAS 19, *Employee Benefits*, *Discount Rate: Regional Market Issue.* This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - Amendment to PAS 34, *Interim Financial Reporting*, *Disclosure of Information 'Elsewhere in the Interim Financial Report'.* The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Accounting Standards, Amendments to Existing Standards
and Interpretations Effective Subsequent to December 31, 2016
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle). The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments do not have any impact on the Group's balance sheet and results of operation.

- Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative.* The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted. Application of amendments will result in additional disclosures, as necessary, in the 2017 consolidated financial statements of the Group.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses.* The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Group.

Effective beginning on or after January 1, 2018

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

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Group.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4.* The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The amendments are not applicable to the Group since it does not have activities that are predominantly connected with insurance or issue insurance contracts.

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

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of adopting PFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- PFRS 9, *Financial Instruments.* PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle). The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property.* The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 22, *Foreign Currency Transactions and Advance Consideration.* The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

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

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

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of adopting PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Deferred effectivity

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

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

<u>Fair Value Measurement</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the 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 classification of financial instruments

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Financial assets are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, or available-for-sale (AFS) financial assets. Financial liabilities on the other hand, are classified as financial liabilities at FVPL or other financial liabilities. The Group determines the classification at initial recognition and, where allowed and appropriate, reevaluates this designation at every balance sheet date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2016 and 2015, the Group has no financial assets and financial liabilities at FVPL, HTM investments and AFS financial assets.

Day 1 gain or loss

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 gain or loss) in profit or loss unless it qualifies for recognition as some other type of asset. The Group recognizes the Day 1 gain or loss on loans to entities that are under common control with the Group directly in equity.

In cases where data used is not observable, the difference between the transaction price and model value is recognized only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 gain or loss.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables (or portions of loans and receivables) are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2016 and 2015, the Group's loans and receivables include cash in banks and receivables.

Other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization or accretion for any related premium, discount and any directly attributable transaction costs. Other financial liabilities (or portions of other financial liabilities) are included in current liabilities when they are expected to be settled within 12 months from the balance sheet date or the Group does not have an unconditional right to defer settlement of the liabilities for at least 12 months from the balance sheet date.

As of December 31, 2016 and 2015, the Group's other financial liabilities include bank loans, payables to banks and accounts payable and other liabilities.

<u>Impairment of Financial Assets</u>
An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

Loans and receivables
The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in profit or loss. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

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

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

Financial liabilities

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

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

Offsetting Financial Instruments

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

Creditable Withholding Tax

Creditable withholding tax represents the amount withheld from income payments and is deducted from income tax payable on the same year the revenue was recognized. Unused creditable withholding taxes can be carried forward to the ensuing years. The balance of creditable withholding tax is reviewed at each balance sheet date to determine if an objective evidence exists that amounts are no longer recoverable and reduced to the amount the Group expects to recover.

Property and Equipment

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property and equipment item and restoring the site on which it is located to the extent that the Group had recognized the obligation of that cost. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent to initial recognition, property and equipment, is carried at cost less accumulated depreciation and amortization, and any impairment losses.

When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Furniture, fixtures and equipment	5
Cinema furniture and equipment	5
Transportation equipment	5 to 10
Other equipment	5

Depreciation of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, and the date the item is derecognized.

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

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The cost of investment properties is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of PFRS. Accordingly, investment properties acquired under the asset-for-share swap agreement in 1995 were initially measured at the assigned values as approved by the Philippine SEC. These assigned values were deemed costs of the investment properties acquired. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties, except for land, are carried at cost less accumulated depreciation and amortization, and any impairment losses. Land is carried at cost less any impairment in value. Interests on funds borrowed to partially finance the investment property during the construction period are capitalized to the respective property accounts.

The Group assesses if an item of property other than a piece of land or a building is regarded as part of an investment property. If an item is an integral part of an investment property, is being leased to the lessee together with the land and building as a whole and the entire group of assets is generating the income stream from the lease contract, the item is included as part of investment property.

Depreciation and amortization of investment properties is computed using the straight-line method over the following useful lives of the assets, regardless of utilization:

	Number of Years
Commercial complex and improvements	25
Machinery and equipment	10
Cinema furniture and equipment	5

Investment properties and improvements located in leased parcels of land are depreciated and amortized using the straight-line method over their useful lives, or the term of the lease, whichever is shorter.

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 investment properties.

Investment properties are derecognized when they have been either disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

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

Impairment of Nonfinancial Assets

The carrying values of property and equipment, investment properties and other current and noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of property and equipment, investment properties and other current and noncurrent assets is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Any impairment loss is recognized in profit or loss.

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

Value-added tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

VAT payable - net of input tax is included under "Accounts payable and other liabilities" account in the consolidated balance sheet.

Customers' Deposits

Customers' deposits are recognized upon receipt of advance rental payments from new tenants, which can be applied to unpaid rental receivables upon termination of the tenant's contract.

Other Comprehensive Income (OCI)

OCI comprises items of income and expense (including items previously presented under the parent company statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertaining to remeasurements on the Group's defined benefit plans is recognized under "Remeasurement losses on retirement benefits" account in the consolidated balance sheet. Other items are closed directly to retained earnings (deficit).

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Mall rental income

Rent income from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Rent income from fixed tenants is generally recognized on a straight-line basis over the lease term. Rental income from percentage tenants is recognized at the end of every month based on a minimum agreed rental or certain percentage of the tenant's gross sales, whichever is higher.

Cinema ticket sales

Revenue from cinema ticket sales is recognized upon receipt of cash from the customers.

Interest income

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

Direct Costs and Expenses

Direct costs and expenses are expenses directly related to the performance of services, which are recognized as incurred.

General and Administrative Expenses

General and administrative expenses include costs of administering the business, which are recognized as incurred.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition and development of qualifying assets as part of the cost of such assets. Capitalization of borrowing cost commences when the activities to prepare the assets for their intended use are in progress and expenditures and borrowing costs are being incurred; is suspended during extended periods in which active development is interrupted; and, ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. All other borrowing costs are expensed as incurred.

Retirement Benefits Costs
Retirement benefits costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation. Retirement benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

The amount recognized as retirement benefits liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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 fulfillment 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 fulfillment 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).

The Group determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

The Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Group as a lessee
Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss.

Operating lease expense is recognized in the profit or loss on a straight-line basis over the lease term.

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

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

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry forward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

Deferred income tax relating to items recognized directly in equity is recognized directly in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

<u>Provisions and Contingencies</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and the amount of obligation can be reliably estimated.

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

<u>Capital Stock</u>
The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as “Additional paid-in capital”.

<u>Deficit</u>
Deficit represents the cumulative balance of periodic total comprehensive income or loss, dividend distributions, correction of prior year’s errors, effect of changes in accounting policy and other capital adjustments. A deficit is not an asset but a deduction from equity.

<u>Basic/Diluted Earnings Per Share</u>
Basic earnings per share is computed by dividing net income for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the income for the year attributable to stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potential dilutive shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

<u>Segment Information</u>
The Group is engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment. Management monitors the operating results of the Group for the purpose of making decisions about resource allocation and performance assessment.

Events After the Balance Sheet Date
Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Events after the balance sheet date that are not adjusting events are disclosed when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances that are believed to be reasonable at the balance sheet date. Actual results could differ from such estimates used.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Use of the going concern assumption
The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. The underlying assumption in the preparation of financial statements is that the Group has neither the intention nor the need to liquidate. Management takes into account a whole range of factors which include, but are not limited to, expected operations and profitability and potential sources of additional financing. As discussed in Note 1, management still prepares the financial statements on a going concern basis as management has future plans regarding the Group.

Classification of leases
The Group has entered into property leases, where it has determined that all the risks and rewards incidental and related to the underlying properties are substantially retained by the lessors since there is no transfer of ownership of the leased properties. Also, the Group has entered into property leases, where it has determined that all the risks and rewards incidental and related to its investment properties are substantially retained by the Group since there is no transfer of ownership of the leased properties. As such, these lease agreements are accounted for as operating leases (see Note 17).

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement 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 balance sheet. The Group classifies its receivables, advances to subsidiary, and receivable from related parties as loans and receivables while bank loans, payables to banks, and other liabilities as other financial liabilities. The classifications of financial instruments are disclosed in Note 23.

Fair values of financial instruments
The fair values of financial instruments are determined using valuation techniques. To the extent practicable, observable data are used on the valuation models, except for areas that require management to make estimates, such as credit risk, volatilities and correlations (see Note 23).

Determination of investment properties
An item other than a piece of land or a building should be regarded by a lessor as part of an investment property if that item is an integral part of the investment property. The determination of whether or not an item constitutes an integral part of an investment property requires judgment and will depend on the particular facts and circumstances. Considering that the cinema furniture and equipment are leased together with the cinema space in the Company's commercial complex and that these group of assets generate lease income from a lease contract, cinema furniture and equipment are classified as investment property as of December 31, 2016 and 2015.

Impairment of noncurrent nonfinancial assets
The Group determines whether its property and equipment, investment properties and other noncurrent assets are impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considered important which could trigger an impairment review include the following:

- significant adverse changes in the market, or economic environment where the Group operates;
- significant decrease in the market value of an asset;
- significant increase in the discount rate used for the value-in-use calculations;
- evidence of obsolescence and physical damage;
- significant changes in the manner in which an asset is used or expected to be used;
- plans to restructure or discontinue an operation;
- significant decrease in the capacity utilization of an asset; or,
- evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

Management believes that there is no indication of impairment as of December 31, 2015. On March 31, 2017, the Company's commercial complex and improvements and machinery and equipment with net book value of ₱51.2 million was transferred to the lessor at the end of the lease term. The Company recognized impairment loss of ₱56.6 million which corresponds to the portion of the carrying value which is no longer recoverable as of December 31, 2016 (see Note 7).

The aggregate carrying values of property and equipment, investment properties and other noncurrent assets amounted to ₱86.4 million and ₱879.9 million as of December 31, 2016 and 2015, respectively (see Notes 6, 7 and 8).

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

Estimation of allowance for doubtful accounts and probable losses
Provisions are made for accounts specifically identified to be doubtful of collection. The level of this allowance is evaluated by management on the basis of factors that affect the collectability or realizability of the accounts. These factors include but are not limited to the length of the Group's relationship with the other party, the other party's payment behavior and known market factors. Specific accounts are evaluated based on best available facts and circumstances such as information that certain customers may be unable to meet their financial obligations. In the case of creditable withholding taxes, management considers among others, the availability of future tax payable against which creditable withholding taxes may be utilized. These specific reserves are reevaluated and adjusted as additional information received impacts the amounts estimated.

As of December 31, 2016 and 2015, the allowances for doubtful accounts on third party receivables amounted to ₱57.1 million (see Note 4), and on receivables from related parties amounted to ₱823.2 million (see Notes 4 and 18). As of December 31, 2016 and 2015, the allowance for probable losses on creditable withholding taxes amounted to ₱28.6 million (see Note 5) and on other noncurrent assets amounted to ₱72.5 million and ₱66.4 million, respectively (see Note 8). In 2016, the Group provided provision on garnished collections and other noncurrent assets amounting to ₱6.1 million (see Note 8).

Recognition of deferred income tax assets
The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

The Group has recognized deferred income tax assets on retirement benefits liability amounting to ₱0.9 million and ₱1.3 million as of December 31, 2016 and 2015, respectively (see Note 16).

Estimation of useful lives of property and equipment and investment properties
The useful lives of property and equipment and investment properties are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. There is no change in the estimated useful lives of property and equipment and investment properties as of December 31, 2016 and 2015. The estimated useful lives of property and equipment and investment properties are discussed in Note 2 to the consolidated financial statements. The aggregate carrying values of property and equipment and investment properties amounted to ₱65.4 million and ₱859.0 million as of December 31, 2016 and 2015, respectively (see Notes 6 and 7).

Estimation of retirement benefits liability
The cost of defined benefit pension plans as well as the present value of pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in the discount rates and the future salary rates. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the country. Further details about the assumptions used are provided in Note 15.

Retirement benefits liability as of December 31, 2016 and 2015 amounted to ₱3.0 million and ₱4.2 million, respectively. Retirement benefits costs amounted to ₱1.1 million in 2016 and ₱0.7 million in 2015 and 2014 (see Note 15).

Provisions and contingencies
The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle the said obligations. An estimate of the provision is based on known information at the balance sheet date, net of any estimated amount that may be reimbursed to the Group. The amount of provision is being reassessed at least on an annual basis to consider new relevant information. Provisions for probable losses were recognized amounting to nil and ₱72.8 million in 2016 and 2015, respectively. Provisions amounted to ₱132.9 million as of December 31, 2016 and 2015 (see Note 11).

4. **Receivables**

	2016	2015
Trade:		
Related parties (Notes 17 and 18)	**₱1,167,911,171**	₱915,523,612
Third parties	**52,387,935**	52,387,935
Others:		
Related parties (Notes 17 and 18)	**3,529,265,810**	2,850,787,236
Third parties	**8,344,504**	8,117,849
	4,757,909,420	3,826,816,632
Less allowance for doubtful accounts	**(880,289,948)**	(876,625,648)
	₱3,877,619,472	₱2,950,190,984

Trade receivables are non-interest bearing and are generally on 30 days term.

Movements in and details of the allowance for doubtful accounts in 2016, 2015 and 2014 are as follows:

	Trade receivables from		Other receivables from		
	Related parties	Third parties	Related parties	Third parties	Total
December 31, 2013	**₱369,068,309**	**₱33,751,001**	**₱480,100,062**	**₱4,719,113**	**₱887,638,485**
Provision (Note 13)	–	18,645,334	–	–	18,645,334
December 31, 2014	**369,068,309**	**52,396,335**	**480,100,062**	**4,719,113**	**906,283,819**
Addition (Note 18)	–	–	205,060,944	–	205,060,944
Write-off	(95,169,985)	(8,400)	(139,540,730)	–	(234,719,115)
December 31, 2015	**273,898,324**	**52,387,935**	**545,620,276**	**4,719,113**	**876,625,648**
Reclassification (Note 18)	–	–	3,664,300	–	3,664,300
December 31, 2016	**₱273,898,324**	**₱52,387,935**	**₱549,284,576**	**₱4,719,113**	**₱880,289,948**

Provisions are made for doubtful accounts specifically identified as doubtful of collection.

Provisions are made for doubtful accounts specifically identified as doubtful of collection. As of December 31, 2016, non-current advances to related parties amounting to ₱29.1 million were reclassified as current with related allowance for doubtful accounts amounting to ₱3.7 million.

In 2015, trade receivables amounting to ₱142.5 million were written off, ₱95.2 million of which was previously provided with allowance (see Note 18). Other receivables amounting to ₱300.5 million were also written off, ₱139.5 million of which was previously provided with allowance (see Note 18). There were no additions nor reversals for the year ended December 31, 2016.

5. **Creditable Withholding Taxes**

	2016	2015
Creditable withholding taxes	**₱54,558,489**	₱90,476,877
Less allowance for probable losses	**28,640,700**	28,640,700
	₱25,917,789	₱61,836,177

6. **Property and Equipment**

	2016				
	Furniture, Fixtures and Equipment	**Cinema Equipment and Furniture**	**Transportation Equipment**	**Other Equipment**	**Total**
Cost					
Beginning balance	**₱6,352,363**	**₱12,574,270**	**₱1,547,089**	**₱6,358,916**	**₱26,832,638**
Additions	**64,911**	**–**	**–**	**–**	**64,911**
Disposals	**(80,086)**	**(3,587,670)**	**–**	**–**	**(3,667,756)**
Ending balance	**6,337,188**	**8,986,600**	**1,547,089**	**6,358,916**	**23,229,793**
Accumulated Depreciation					
Beginning balance	**6,127,616**	**12,574,270**	**1,547,089**	**6,358,916**	**26,607,891**
Depreciation (Notes 12 and 13)	**86,063**	**–**	**–**	**–**	**86,063**
Disposals	**(80,086)**	**(3,587,670)**	**–**	**–**	**(3,667,756)**
Ending balance	**6,133,593**	**8,986,600**	**1,547,089**	**6,358,916**	**23,026,198**
Net Book Values	**₱203,595**	**₱–**	**₱–**	**₱–**	**₱203,595**

	2015				
	Furniture, Fixtures and Equipment	Cinema Furniture and Equipment	Transportation Equipment	Other Equipment	Total
Cost					
Beginning balance	₱8,990,007	₱16,183,270	₱1,547,089	₱8,882,215	₱35,602,581
Additions	24,107	–	–	–	24,107
Disposals and write-offs	(2,773,224)	(3,609,000)	–	(2,523,298)	(8,905,522)
Reclassification (Note 7)	111,473	–	–	–	111,473
Ending balance	6,352,363	12,574,270	1,547,089	6,358,917	26,832,639
Accumulated Depreciation					
Beginning balance	8,238,394	16,183,270	1,547,089	8,875,112	34,843,865
Depreciation (Notes 12 and 13)	185,761	–	–	7,103	192,864
Disposals and write-offs	(2,300,255)	(3,609,000)	–	(2,523,298)	(8,432,553)
Reclassification (Note 7)	3,716	–	–	–	3,716
Ending balance	6,127,616	12,574,270	1,547,089	6,358,917	26,607,892
Net Book Values	₱224,747	₱–	₱–	₱–	₱224,747

The cost of fully depreciated property and equipment still used in operations amounted to ₱22.5 million and ₱26.2 million as of December 31, 2016 and 2015, respectively.

7. Investment Properties

	2016			
	Land	**Commercial Complex and Improvements**	**Machinery and Equipment**	**Total**
Cost				
Beginning balance	**₱636,943,164**	**₱2,427,073,421**	**₱143,781,005**	**₱3,207,797,590**
Disposals (Note 18)	**(622,947,613)**	**(34,795,964)**	**–**	**(657,743,577)**
Ending balance	**13,995,551**	**2,392,277,457**	**143,781,005**	**2,550,054,013**
Accumulated Depreciation and Amortization				
Beginning balance	**₱–**	**₱2,206,134,126**	**₱142,904,894**	**₱2,349,039,020**
Depreciation and amortization (Notes 12 and 13)	**–**	**113,968,457**	**79,664**	**114,048,121**
Disposals	**–**	**(34,795,964)**	**–**	**(34,795,964)**
Ending balance	**–**	**2,285,306,619**	**142,984,558**	**2,428,291,177**
Allowance for Impairment Loss	**–**	**55,784,813**	**796,447**	**56,581,260**
Net Book Values	**₱13,995,551**	**₱51,186,025**	**₱–**	**₱65,181,576**

	2015				
	Land	Commercial Complex and Improvements	Machinery and Equipment	Cinema Furniture and Equipment	Total
Cost					
Beginning balance	₱864,465,557	₱4,062,215,490	₱ 367,069,712	₱11,565,539	₱5,305,316,298
Additions	–	–	241,410	–	241,410
Disposals	(227,522,393)	(1,635,142,069)	(223,418,644)	(11,565,539)	(2,097,648,645)
Reclassifications (Note 6)	–	–	(111,473)	–	(111,473)
Ending balance	636,943,164	2,427,073,421	143,781,005	–	3,207,797,590
Accumulated Depreciation and Amortization					
Beginning balance	–	2,793,303,109	364,364,333	11,565,539	3,169,232,981
Depreciation and amortization (Notes 12 and 13)	–	130,946,944	705,348	–	131,652,292
Disposals	–	(718,115,928)	(222,161,070)	(11,565,539)	(951,842,537)
Reclassifications (Note 6)	–	–	(3,716)	–	(3,716)
Ending balance	–	2,206,134,125	142,904,895	–	2,349,039,020
Net Book Values	₱636,943,164	₱220,939,296	₱876,110	₱–	₱858,758,570

a. Land consists of GTMDI’s property in Pasig City where the Ever Pasig Mall is situated, the Company’s property in Dagupan City, Pangasinan and certain parcels of land in Calamba, Laguna (see Note 10), which are not used in business. In 2016, the parcels of land in Calamba with cost of ₱622.9 million were assigned to an affiliate (see Note 18).

   The commercial complex and improvements pertain to ECCC located along Commonwealth Avenue in Quezon City and the Ever Pasig Mall which are being leased to several tenants (see Note 17).

   As discussed in Note 1, the absolute ownership of ECCC was transferred to the lessor. The Group recognized impairment loss of ₱56.6 million on the portion of the carrying value which is no longer recoverable as of December 31, 2016 (see Note 14). The recoverable amount is based on the estimated cash flows generated from mall operations of ECCC until the end of the lease term.

There are no contractual obligations either to purchase, construct or develop, or for repairs and maintenance or enhancement in the Group's investment properties.

Fully depreciated commercial complex and improvements in Ever Manila Plaza with cost of ₱34.8 million were transferred to a related party in 2016 (see Note 18).

As of December 31, 2016 and 2015, the market value of the investment properties of ₱1.3 billion, except for the land in Calamba, is based on the valuation performed by a professionally qualified and independent appraiser on March 11, 2016. The market value of the parcels of land in Calamba amounted to ₱1.9 billion based on the appraiser's report dated January 6, 2014. Management assessed that there was no significant change in the fair value of the parcels of land in Calamba for the year ended December 31, 2015.

Due to lack of comparable data from observable transactions, given the nature of the Group's commercial complex and improvements, the fair value of these properties has been determined using the valuation model recommended by the Philippine Valuation Standards as prescribed by the Department of Finance.

The following describes the valuation techniques used and key inputs to valuation on investment properties.

	Valuation technique	Significant unobservable input
Land	Market data approach	Adjusted sales price of comparable properties
Commercial complex and improvement	Sales comparison approach and cost approach	Adjusted sales price of comparable properties and cost to replace or reproduce
Cinema furniture and equipment	Sales comparison approach and cost approach	Adjusted sales price of comparable properties and cost to replace or reproduce
Machinery and equipment	Sales comparison approach and cost approach	Adjusted sales price of comparable properties and cost to replace or reproduce

Significant increases (decreases) in estimated inputs above would result in a significantly higher (lower) fair value of the properties.

Considering the properties' size, shape, topography, current zoning classification and the prevailing land uses and developments in the area, the appraiser identified that:

a. land where the Ever Pasig Mall is situated also represents its highest and best use;
b. certain parcels of land which pertain to the proposed Ever Gotesco - Laguna Plaza Mall, despite being more profitable when continuously developed to a condominium, are held idle for capital appreciation as part of management's strategy, and,
c. the existing commercial use as shopping mall complex represents the highest and best use of the commercial complex situated in Commonwealth, together with the attached machineries and equipment.

b. As discussed in Notes 1 and 9, GTMDI's land and mall, which were used as collaterals for its bank loans, were foreclosed by lender banks in 1999. The lender banks, however, have not been able to take possession of these properties.

In 2015, the lender bank has taken possession of the investment properties with carrying value of ₱1.1 billion as at disposal date in exchange for the extinguishment of GTMDI's outstanding obligations with the banks (see Notes 9 and 10) and return of payments (see Note 18d). The disposal of property and the extinguishment of related obligations resulted in a gain amounting to ₱565.3 million.

c. The table below shows the profit arising from investment properties.

	2016	2015	2014
Revenue generated from investment properties	**₱313,907,631**	₱319,911,228	₱393,191,689
Direct operating expenses (including repairs and maintenance) that generated rental income	**(127,263,119)**	(175,192,546)	(236,853,557)
	₱186,644,512	₱144,718,682	₱156,338,132

8. Other Noncurrent Assets

	2016	2015
Garnished collections (Note 1)	**₱41,049,006**	₱35,088,010
Utilities deposits	**14,623,865**	14,623,865
Advances to contractors	**2,381,901**	2,328,330
Receivable from local government	**31,113,205**	31,113,205
Others	**4,348,524**	4,174,008
	93,516,501	87,327,418
Less allowance for probable loss	**72,534,322**	66,435,426
	₱20,982,179	₱20,891,992

Allowance for probable loss is provided for garnished collections, receivable from local government and others.

Movements in the allowance for impairment relating to other noncurrent assets follow:

	2016	2015
Beginning balance	**₱66,435,426**	₱234,211
Provisions (Note 13)	**6,098,896**	66,201,215
Ending balance	**₱72,534,322**	₱66,435,426

9. Bank Loans

Bank loans as of December 31, 2016 and 2015, consist of the balances of defaulted loans from:

a. Loans from Syndicate of Local Banks

These consist of GTMDI's bank loans that were obtained in April 1995 from a syndicate of four local banks led by PNB, the proceeds from which were used to partially finance the construction of the Ever Pasig Mall. The syndicated loans were secured by a Mortgage Trust Indenture (MTI) dated April 7, 1995, with PNB as trustee, covering GTMDI's land in Pasig, together with the improvements thereon and the assignment of future rental receivables from the said commercial complex.

As discussed in Note 1, GTMDI defaulted on its debt obligations that led to the foreclosure of its land in Pasig and the Ever Pasig Mall in 1999. Prior to this default, the loan agreements originally provided, among others, the following:

i. Repayment of the loan principal in 13 equal and successive quarterly installments, which commenced at the end of the eighth quarter from the initial advance, payment of interest in arrears based on 91-day Treasury bill market rate plus three percent per annum;
ii. Maintenance of current and debt-to-equity ratios at agreed levels; and,
iii. Requirement of the lender banks' written consent for any change in the nature, ownership, and management of its present business, declaration or payment of cash dividends, sale, lease or disposal of a substantial portion of its properties and assets, incurrence of additional loans or to act as surety on behalf of other parties, and the extension of loans and advances to affiliated companies and any of its directors, officers, or stockholders, except in the regular course of business.

As also discussed in Note 1, GTMDI and PNB entered into a compromise agreement on June 17, 2009. Accordingly, GTMDI derecognized portion of the loans payable to PNB amounting to ₱307.7 million representing 50% of the bank loans from syndicate of local banks and the related accrued interest payable, and recognized the total compromise amount of ₱565.0 million as "Payable to Bank" in 2009 (see Note 10).

In 2015, GTMDI accrued the related interest expense on the remaining balance as part of the "Accrued liabilities" included under the "Accounts payable and other accrued liabilities" in the consolidated balance sheets, based on 8.0% interest rate in both years (see Note 11). Total interest expense recognized amounted to ₱4.6 million in 2015 and ₱20.5 million in 2014.

On April 28, 2014, GTMDI paid its ₱76.9 million syndicated bank loan from UCPB through advances made from a related party, with the agreement of waiving the interest accrued for the loan amounting to ₱61.0 million.

As discussed in Note 7, in 2015, the lender bank has taken possession of the investment properties in exchange for the extinguishment of its liabilities and return of payments (see Note 18d). The bank loans amounting to ₱230.8 million and amount payable to PNB amounting to ₱170.5 million (see Note 10) with related accrued interest payable amounting to ₱666.2 million (see Note 11) were derecognized as a result of the agreement with the lender banks.

b. Loan from Land Bank of the Philippines (LBP)

This represents a short-term loan by the Company from LBP amounting to ₱50.0 million which became due in December 1997 but was extended up to March 1998. However, such loan obligation was not settled on maturity date. The Company negotiated with the lender bank for restructuring of the loan but it did not prosper. In July 1999, the lender bank filed a civil case against the Company, demanding immediate payment of the principal and the corresponding default charges. In November 1999, the Company's lawyers filed their reply and submitted to the Regional Trial Court of Makati (RTC-Makati) among others, the ongoing negotiations for the settlement of the obligations, and hence, countered that the lender bank be ordered to sit down with the Company for the amicable settlement of the case. In November 2000, the RTC-Makati considered the Company's submission that it is ready to go into negotiation for the settlement of the case. The outcome of this civil case is not yet known. Pending final decision of the case, the default charges were not recognized in the consolidated financial statements since management believes that such charges are subject to negotiation and the final outcome of the case cannot be presently determined. The Company continues its negotiations for a solution that is acceptable to the lender bank.

The Company accrued the related interest expense amounting to ₱12.0 million in 2016 and 2015 as part of "Accrued liabilities" account included in "Accounts payable and other liabilities" in the consolidated balance sheets, which is based on the interest rate of 24% for both years (see Note 11).

10. **Payables to Bank**

	2016	2015
Beginning balance	**₱42,500,000**	₱263,985,053
Payments during the year (Notes 7 and 9)	**(42,500,000)**	(221,485,053)
Ending balance	**₱–**	₱42,500,000

a. Payables to Development Bank of the Philippines (DBP), Security Bank Corporation (SBC) and PNB arising from the purchase by the Company of parcels of land in Calamba, Laguna

In 2008 and 2009, the Company, entered into separate compromise agreements with DBP, PNB and SBC for the purchase of their respective 16.7%, 50.0% and 33.3% share in the undivided ownership/interest in the same parcels of land in Laguna which gave the Company the right to acquire the whole undivided ownership/interest over the subject parcels of land. The Company recorded the total purchase price amounting to ₱622.9 million as an addition to land, included as part of "Investment Properties" in the consolidated balance sheets (see Note 7) and correspondingly set up the payables to these banks.

The payable to SBC and DBP were settled in October 2014 and January 2013, respectively. In October 2016, the Company has fully settled its loan payable to PNB. Total interest expense recognized on these payables to banks and charged to profit or loss amounted to ₱1.6 million in 2016, ₱5.6 million in 2015 and ₱10.5 million in 2014.

b. Payable to PNB arising from the compromise agreement entered into by GTMDI and PNB

As a result of the compromise agreement entered into between GTMDI and PNB on June 17, 2009, as discussed in Notes 1 and 9, GTMDI derecognized its bank loan from PNB and recognized a payable to PNB amounting to ₱565.0 million.

Under the compromise agreement, GTMDI shall pay ₱80.0 million upon the execution of the compromise agreement for 50% undivided interest of PNB over the mortgaged parcel of land and Ever Pasig Mall. The remaining amount payable to PNB shall be settled within seven years, in fixed monthly principal amortization of ₱2.0 million for the first three years and in fixed monthly principal amortization of ₱10.1 million for the remaining four years at 8% interest per annum (see Note 1).

In 2015, payable to bank amounting to ₱170.5 million were derecognized as a result of the agreement with the lender banks. Interest expense recognized on this payable to bank amounted to nil in 2016, ₱4.6 million in 2015 and ₱17.8 million in 2014.

As of December 31, 2016, the Company and GTMDI have no outstanding payables to bank.

11. Accounts Payable and Other Liabilities

	2016	2015
Trade	**₱46,850,179**	₱47,529,841
Accrued liabilities (Notes 9, 10 and 13)	**303,891,865**	291,819,283
Value-added tax - net of input tax	**287,745,285**	256,027,372
Payable to related parties (Note 18)	**437,848,503**	386,160,089
Provisions	**132,900,217**	132,900,217
Retention payable to contractors and suppliers	**40,891,694**	40,938,694
Others	**3,212,748**	3,343,837
	₱1,253,340,491	₱1,158,719,333

Accrued liabilities include the interest on bank loans amounting to ₱226.1 million and ₱214.1 million as of December 31, 2016 and 2015, respectively (see Note 9).

The Company has determined that no payment is expected to be made and no obligation to pay exists as of December 31, 2016 on certain trade payables that have been long-outstanding amounting to ₱0.6 million.

The Group is currently involved in certain legal, contractual and regulatory matters that require the recognition of provisions for related probable claims against the Group. Management and its legal counsel reassess its estimates on an annual basis to consider new relevant information. In 2015, the Group recognized provision for probable loss amounting to ₱72.8 million (see Note 14). Provisions amounted to ₱132.9 million as of December 31, 2016 and 2015. The disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiation strategies with respect to these matters. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* only a general description is provided.

12. Direct Costs and Expenses

	2016	2015	2014
Depreciation and amortization (Notes 6 and 7)	**₱114,067,630**	₱131,777,041	₱154,995,651
Lease expense	**11,816,527**	11,816,527	11,816,527
Others	**1,378,962**	31,598,978	70,041,379
	₱127,263,119	₱175,192,546	₱236,853,557

In June 2015, GTMDI has ceased its cinema and mall operations which caused the decline in the Group's direct costs and expenses.

13. General and Administrative Expenses

	2016	2015	2014
Salaries, wages and employee benefits (Note 15)	**₱12,283,494**	₱13,154,470	₱14,883,322
Provisions for doubtful accounts (Notes 4 and 8)	**6,098,896**	66,201,214	18,645,334
Insurance	**4,265,236**	3,796,595	2,675,408
Professional fees	**4,033,478**	3,732,882	3,716,437
Taxes and licenses	**2,730,567**	3,119,649	2,135,322
Advertising, promotions and marketing	**1,337,061**	560,504	1,323,012
Transportation and communication	**1,093,950**	2,499,661	3,708,101
Rent	**654,648**	981,456	791,497
Office supplies	**296,485**	401,417	588,327
Entertainment, amusement and recreation	**89,848**	1,954,752	2,759,699
Depreciation and amortization (Notes 6 and 7)	**66,554**	68,115	147,096
Repairs and maintenance	**–**	646,120	628,172
Others	**2,316,472**	2,014,845	3,577,726
	₱35,266,689	₱99,131,680	₱55,579,453

Others include, among others, outside services expenses.

14. Other Income (Charges)

	2016	2015	2014
Impairment loss on investment properties (Note 7)	**(₱56,581,260)**	₱–	₱–
Gain on reversal of payables (Note 11)	**648,916**	–	61,538,462
Gain on disposal of property (Note 7)	**–**	565,331,535	–
Write-off of receivables (Notes 4 and 18)	**–**	(212,604,162)	–
Provision for probable loss (Note 11)	**–**	(72,815,848)	–
Interest income	**–**	240	940
Accretion income (Note 18)	**–**	–	80,749,895
Others	**–**	24,524	9,311,235
	(₱55,932,344)	₱279,936,289	₱151,600,532

In 2016, the Company determined that there is no obligation to pay on certain long- outstanding payables amounting to ₱0.6 million (see Note 11). The Company recognized a gain from the reversal of these payables.

15. Retirement Benefits Liability

The Group accrues the provision for retirement benefits covering all of its regular employees based on the provision of RA No. 7641, Retirement Pay Law. The law does not require minimum funding of the plan. The benefits are based on the years of service and compensation of the employees. Set in the following pages are the relevant details pertaining to the Group's retirement benefits. These are based on the actuarial valuation as of December 31, 2016, calculated using the projected unit credit method.

Retirement benefits costs recognized in profit or loss consist of the following:

	2016	2015	2014
Current service costs	**₱912,783**	₱504,087	₱516,344
Interest cost	**213,650**	163,725	164,909
	₱1,126,433	₱667,812	₱681,253

The retirement benefits liability as of December 31 were derived as follows:

	2016	2015
Beginning balance	**₱4,222,341**	₱3,816,781
Current service cost	**912,783**	504,087
Interest cost	**213,650**	163,725
Remeasurement loss (gain) arising from:		
Changes in financial assumptions	**(514,438)**	(1,038,107)
Changes in demographic assumptions	**(1,823,378)**	1,710,925
Experience adjustments	**–**	(262,586)
Benefits paid	**–**	(103,223)
Transfer to related party	**–**	(569,261)
Ending balance	**₱3,010,958**	₱4,222,341

Changes in the present value of defined benefits obligation follow:

	2016	2015
Beginning balance	**₱4,222,341**	₱3,816,781
Retirement benefits costs	**1,126,433**	667,812
Remeasurements recognized in OCI	**(2,337,816)**	410,232
Benefits paid	**–**	(103,223)
Transfer to related party	**–**	(569,261)
Ending balance	**₱3,010,958**	₱4,222,341

In 2015, GTMDI transferred its remaining employees and their related retirement benefit liability to an affiliate due to the cessation of its mall and cinema operations (see Note 18).

The movements in remeasurement loss (gain) on retirement benefits are as follows:

	2016	2015
Beginning balance	**₱1,126,743**	₱1,111,204
Remeasurement loss (gain)	**(2,337,816)**	410,232
Transfer of remeasurement losses on retirement benefits to deficit	**–**	(394,693)
Ending balance	**(1,211,073)**	1,126,743
Income tax effect	**363,322**	(338,023)
	(₱847,751)	₱788,720

The remeasurement loss (gain) on retirement benefits are presented in the consolidated balance sheets, net of deferred income tax. Remeasurement gain amounted to ₱1.6 million in 2016 and remeasurement loss amounted to ₱0.3 million in 2015.

As of December 31, 2016 and 2015, the average duration of expected benefit payments is 27.47 years and 28.85 years, respectively.

The principal actuarial assumptions as used by the Company and GTMDI to determine retirement benefits costs as of December 31 follow:

	2016	2015	2014
Company			
Discount rate	**5.64%**	5.06%	5.06%
Future salary rate increases	**8.00%**	10.00%	10.00%
Expected average remaining working lives of employee	**15 years**	15 years	15 years
GTMDI			
Discount rate	–	–	4.55%
Future salary rate increases	–	–	10.00%
Expected average remaining working lives of employee	–	–	12 years

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption as of December 31 on present value of benefit obligation (PVBO), assuming all other assumptions were held constant:

	2016		2015	
	Increase (Decrease)	Effect on PVBO	Increase (Decrease)	Effect on PVBO
Discount rate	**1.0%**	**(₱480,738)**	1.0%	(₱737,064)
	(1.0%)	**597,664**	(1.0%)	930,167
Future salary rate increases	**1.0%**	**590,943**	1.0%	893,574
	(1.0%)	**(484,683)**	(1.0%)	(726,000)

The Group does not maintain a fund for its retirement benefit obligation. While funding is not a requirement of law, there is a risk that the Group may not have sufficient cash if several employees retire within the same year.

Shown below is the undiscounted maturity analyses of the undiscounted benefit payment as of December 31:

	2016	2015
Less than 1 year	**₱–**	₱–
More than 1 year to 5 years	**377,543**	430,120
More than 5 years to 10 years	**1,123,539**	1,794,516
More than 10 years to 15 years	**909,179**	749,606
More than 15 years to 20 years	**5,409,208**	8,030,689
More than 20 years	**50,432,089**	85,832,027

16. **Income Taxes**

a. The Group's provision for current income tax is as follows:

	2016	2015	2014
Current	**₱51,830,514**	₱88,141,739	₱45,405,178
Final tax	–	48	188
	₱51,830,514	₱88,141,787	₱45,405,366

b. The net deferred income tax assets (liabilities) is composed of the following:

	2016	2015
Recognized directly in profit or loss:		
Deferred income tax asset on retirement benefits liability	**₱1,266,609**	₱928,679
Deferred income tax liability on capitalized interest	**–**	(1,850,466)
	1,266,609	(921,787)
Recognized directly in equity:		
Deferred income tax asset (liability) on remeasurement loss (gain) on retirement	**(363,322)**	338,023
Deferred income tax asset (liability)	**₱903,287**	(₱583,764)

c. Deferred income tax assets have not been recognized on the following items as management believes that it is more likely that the Group will not be able to realize the deductible temporary differences and the carryforward benefits of excess MCIT over RCIT in the future prior to their expirations.

	2016	2015
Allowance for doubtful accounts and probable losses	**₱876,999,244**	₱870,666,136
Allowance for impairment loss	**56,581,260**	–
Unamortized operating lease expense	**5,941,100**	12,318,601
Advanced rentals (taxed upon collection)	**7,568,452**	7,568,452
Excess of MCIT over RCIT	**–**	1,983,824

d. The following are the movements in excess of MCIT over RCIT:

	2016	2015
January 1	**₱1,983,824**	₱2,993,050
Expiration	**(1,983,824)**	(1,009,226)
December 31	**₱–**	₱1,983,824

e. The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	2016	2015	2014
Provision for income tax at statutory income tax rate	**₱24,566,144**	₱89,639,351	₱57,455,798
Adjustments resulting from:			
Nondeductible expenses	**8,185,177**	43,119,242	11,743,392
Movement in NOLCO and deductible temporary differences for which no deferred income tax assets were recognized	**16,890,797**	(27,601,896)	3,023,378
Accretion income and other nontaxable income	**–**	(14,453,174)	(29,811,710)
Interest income already subjected to final tax	**–**	(24)	(282)
Provision for income tax	**₱49,642,118**	₱90,703,499	₱42,410,576

17. **Lease Commitments**

a. The Group has a renewable two-year sublease and management agreement with a related party as of December 31, 2016 and 2015 (see Note 18). Based on the agreement, the property manager is responsible for the control and complete operations of the mall, which include lease rentals, common area dues and other fees arising from operations, in exchange of a fee amounting to 10% of the monthly lease rentals. All lease rental income are remitted to the property manager as of end of every month (see Note 18).

   The Group's mall rental income are based on certain percentages of tenants' and sublessor's revenue. Total rent revenue amounted to ₱313.9 million in 2016, ₱319.5 million in 2015 and ₱391.7 million in 2014.

   Customers' deposits relating to these leases amounted to ₱81.9 million as of December 31, 2016 and 2015. In 2015, ₱22.2 million of the outstanding customers' deposits were transferred to third party.

b. The Company leases the land from third parties where ECCC is located. The lease term for ECCC is for a period of 25 years at a monthly rate of ₱525,000, with a 5% annual escalation rate.

   Future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015	2014
Within one year	**₱16,893,381**	₱19,467,610	₱18,540,581
After one year but not more than five years	–	16,893,381	36,360,991
	₱16,893,381	₱36,360,991	₱54,901,572

   Operating lease payable amounted to ₱5.9 million and ₱12.3 million as of December 31, 2016 and 2015, respectively. The term of lease contract expired on March 31, 2017.

c. The Company leased its office space from a related party for a fixed monthly rate of ₱70,355 renewable every year. In April 2016, the lease contract ended and was no longer renewed. The Company entered into a three-year contract to lease new office space with another related party at a fixed monthly rate of ₱92,666.

   As of December 31, 2016, future minimum lease payments under non-cancellable operating lease with related party follow:

Within one year	₱1,111,992
After one year but not more than five years	1,945,986
	₱3,057,978

18. **Related Party Transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

In the ordinary course of business, the Group has related party transactions and balances as follows:

	2016			
	Amount/ Volume	**Outstanding Asset (Liability)**	**Terms**	**Condition**
Stockholder				
Advances to	**₱5,489,842**	**₱1,374,136,442**	**Due and demandable**	**Unsecured;**
Advances from	–	**(76,923,077)**		**partially impaired**
Associated companies				
Rent	**252,387,559**	**1,167,911,171**	**Payable in one month; non- interest bearing**	**Unsecured; partially impaired**
Advances to	**643,897,054**	**2,155,129,368**	**Due and demandable**	**Unsecured; partially impaired**
Payable to	**(51,964,834)**	**(360,925,426)**	**Due and demandable**	**Unsecured**

	2015			
	Amount/ Volume	Outstanding Asset (Liability)	Terms	Condition
Stockholder				
Advances to	₱–	1,368,646,600	Due and demandable	Unsecured;
Advances from	–	(76,923,077)		partially impaired
Associated companies				
Rent	319,469,333	915,523,612	Payable in one month; non- interest bearing	Unsecured; partially impaired
Advances to	680,522,551	1,511,232,314	Payable in five years; non-interest bearing	Unsecured; partially impaired
Payable to	182,223,292	(309,237,012)	Due and demandable	Unsecured

a. In 2012, the Group entered into a renewable two-year sublease and management agreement with an affiliate. The affiliate receives future rental income from tenants and pays for the operating expenses relating to the mall operations (see Note 17).

b. The Group grants non-interest bearing advances to entities that are under common control and to its stockholder. These advances are originally payable in five years as approved by the BOD. As of December 31, 2016 and 2015, these advances have no payment terms and are considered payable on demand.

   The long-term non-interest bearing advances were initially recorded at fair value, based on discounted cash flows, and are subsequently carried at amortized cost. The excess of the nominal amounts over the present values of the noncurrent receivables from entities under common control are recognized directly in equity on the date of grant. Accretion of the difference between nominal amount and present value is recognized in profit or loss.

   In 2014, the Company recognized accretion income amounting to ₱80.7 million. In 2015, management assessed that the outstanding receivable from related parties as of December 31, 2014 is recoverable. Thus, management did not recognize further accretion income in 2015 and reclassified the unamortized portion of the excess of nominal amounts over the present values of the receivables from related parties amounting to ₱208.7 million to allowance for doubtful accounts.

c. As of December 31, 2015, movements in and details of the allowance for doubtful accounts relating to receivables from related parties follow:

Beginning balance	₱849,168,371
Addition	208,725,244
Write-off	(234,710,715)
Ending balance	₱823,182,900

Addition pertains to the amounts reclassified from the unamortized portion of the excess of nominal amounts over the present values of the receivable from related parties. In 2015, the Group has written off receivables from related parties amounting to ₱443.0 million, ₱234.7 million of which was previously provided with allowance. There were no additional allowance for doubtful accounts for the year ended December 31, 2016.

d. Receivables from related parties, net of current portion, arising from advances are as follows:

	2016	2015
Receivables from related parties	**₱3,529,265,810**	₱2,879,878,915
Less current portion (see Note 4)	**(3,529,265,810)**	(2,850,787,236)
	–	29,091,679
Less allowance for doubtful accounts - noncurrent	**–**	(3,664,300)
	₱–	₱25,427,379

As discussed in Note 7, as a result of the extinguishment of the GTMDI's outstanding obligations, the lender banks returned the payment amounting to ₱680.5 million, which was directly remitted to an affiliate (see Notes 7, 9 and 10).

e. The Group has non-interest bearing payables to entities that are under common control. Payables to related parties, included as part of "Accounts Payable and Other Liabilities" in the consolidated balances sheets amounted to ₱437.8 million and ₱386.2 million as of December 31, 2016 and 2015, respectively (see Note 11).

f. The compensation of key management personnel representing short-term employee benefits amounted to ₱4.5 million in 2016 and ₱4.1 million in 2015 and 2014. Retirement benefits for key management personnel amounted to ₱0.5 million in 2016, 2015, and 2014.

g. In 2015, GTMDI transferred its remaining employees and their related retirement benefit liability to an affiliate due to the cessation of its mall and cinema operations (see Note 15).

h. The Company granted non-interest bearing advances to GTMDI amounting to ₱204.3 million in 2014. Non-interest bearing advances amounting to ₱204.0 million as of December 31, 2016 and 2015, were fully eliminated in the consolidated financial statements.

i. As of December 31, 2016, the Company has assigned to related parties its parcels of land in Calamba and its fully depreciated commercial complex and improvements in Ever Manila Plaza amounting to ₱622.9 million and ₱34.8 million, respectively (see Note 7).

j. In 2016, the Company entered into a three-year contract to lease new office space with another related party (see Note 17).

19. Basic/Diluted Earnings per Share

Basic/Diluted earnings per share amounts are calculated as follows:

	2016	2015	2014
Net income	**₱32,245,028**	₱208,094,337	₱149,108,751
Weighted average number of shares	**5,000,000,000**	5,000,000,000	5,000,000,000
Basic/Diluted earnings per share	**₱0.006**	₱0.042	₱0.030

The Group does not have potential dilutive shares as of December 31, 2016, 2015 and 2014. Therefore, the basic and diluted earnings per share are the same as of those dates.

20. Equity

The Philippine SEC authorized the offering/sale of the Company's 5.0 billion common shares with par value of ₱1.0 each on September 16, 1996. The Company's common shares were held by 5,675 and 5,694 shareholders as of December 31, 2016 and 2015, respectively.

21. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains sufficient working capital for its operations and safeguard the entity's ability to continue as a going concern, continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2016 and 2015.

The following table summarizes the total capital as of December 31 considered by the Group:

	2016	2015
Capital stock	**₱5,000,000,000**	₱5,000,000,000
Remeasurement gain (loss) on retirement benefits liability	**847,751**	(788,720)
Deficit	**(2,394,752,975)**	(2,426,998,003)
	₱2,606,094,776	₱2,572,213,277

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash, receivables, bank loans and payables to bank. The Group has various other financial assets and financial liabilities such as accounts payable and other liabilities and customers' deposits which arise directly from its operations.

Financial risk management by the Group is governed by policies and guidelines approved by the BOD. Group policies and guidelines cover liquidity risk and credit risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results of operations and financial position.

Liquidity risk
The Group seeks to manage its liquid funds through cash planning. The Group uses historical figures and experiences as well as forecasts of its collections and disbursements in the management of its funds. The Group negotiates for extension of credit terms from its creditors for more manageable repayment terms.

The tables below summarize the maturities of the Group's financial liabilities based on contractual undiscounted payments and the estimated maturities of financial assets used to manage liquidity risk:

	2016			
	On demand	**Less than one year**	**More than one year**	**Total**
Cash	**₱1,354,532**	**₱–**	**₱–**	**₱1,354,532**
Receivables	**3,877,619,472**	**–**	**–**	**3,877,619,472**
	₱3,878,974,004	**₱–**	**₱–**	**₱3,878,974,004**
Bank loans:				
Principal	**₱50,000,000**	**₱–**	**₱–**	**₱50,000,000**
Interest	**226,799,602**	**–**	**–**	**226,799,602**
Accounts payable and other liabilities:				
Trade	**46,850,179**	**–**	**–**	**46,850,179**
Accrued liabilities*	**77,092,263**	**–**	**–**	**77,092,263**
Payable to related party	**437,848,503**	**–**	**–**	**437,848,503**
	₱838,590,547	**₱–**	**₱–**	**₱838,590,547**

**Excludes accrued interest on bank loans amounting to ₱226,799,602.*

	2015			
	On demand	Less than one year	More than one year	Total
Cash	₱1,502,830	₱–	₱–	₱1,502,830
Receivables	2,950,190,984	–	–	2,950,190,984
Noncurrent receivables from related parties	–	–	25,427,379	25,427,379
	₱2,951,693,814	₱–	₱25,427,379	₱2,977,121,193
Bank loans:				
Principal	₱50,000,000	₱–	₱–	₱50,000,000
Interest	214,799,602	–	–	214,799,602
Payables to bank:				
Principal	–	42,500,000	–	42,500,000
Accounts payable and other liabilities:				
Trade	47,529,841	–	–	47,529,841
Accrued liabilities*	77,019,681	–	–	77,019,681
Payable to related party	386,160,089	–	–	386,160,089
	₱775,509,213	₱42,500,000	₱–	₱818,009,213

**Excludes accrued interest on bank loans amounting to ₱214,799,602.*

Credit risk
The Group deals with recognized creditworthy tenants. It is the Group's policy that all tenants who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimize the Group's exposure to bad debts. The Group also limits the advances granted to related parties into manageable levels and exerts effort to collect from these related parties. Creditworthiness of the tenants and related parties is reassessed

at least once or twice a year to determine sufficiency of any allowance for probable losses to be provided. The maximum credit risk exposure on receivables is equivalent to the carrying amount of receivables from tenants and related parties.

The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

Out of the total trade receivables as of December 31, 2016 and 2015, 99% and 98%, respectively, comes from the Group's related parties. Except for receivables from some affiliates under common control, which are provided with allowances, the collectibility of receivables from related parties are highly probable since these related parties have high levels of net income and consistent positive cash flows. The Group manages the concentration risk by extending advances to related parties engaged in different industries such as department stores, supermarket, school, hospital, resorts and golf courses.

The maximum exposure to credit risk for the Group's loans and receivables, without taking into account any collateral and other credit enhancements, is equal to their carrying amounts.

The following tables summarize the credit quality per class of the Group's loans and receivables:

	2016				
	Neither past due nor impaired				
	High grade	**Standard grade**	**Past due but not impaired**	**Past due and impaired**	**Total**
Cash	**₱153,172**	**₱–**	**₱–**	**₱–**	**₱153,172**
Receivables	**–**	**–**	**3,877,619,472**	**880,289,948**	**4,757,909,420**
	₱153,172	**₱–**	**₱3,877,619,472**	**₱880,289,948**	**₱4,758,062,592**

**Excludes cash on hand amounting to ₱1,201,360*

	2015				
	Neither past due nor impaired				
	High grade	Standard grade	Past due but not impaired	Past due and impaired	Total
Cash	₱148,351	₱–	₱–	₱–	₱148,351
Receivables	–	–	2,950,190,984	876,625,648	3,826,816,632
Noncurrent receivables from related parties	–	–	25,427,379	3,664,300	29,091,679
	₱148,351	₱–	₱2,975,618,363	₱880,289,948	₱3,856,056,662

**Excludes cash on hand amounting to ₱1,354,479*

The Group classifies loans and receivables as high or standard grade. "High grade" receivables pertain to those receivables from tenants who consistently pay before the maturity date. "Standard grade" includes receivables that are collected on their due dates even without collection effort made by the Group. Past due but not impaired receivables include those that have not been paid during their respective due dates but are still assessed as collectible by the Group's management. Meanwhile, impaired receivables pertain to those with the least likelihood of collection even after rigorous collection efforts made by the Group. Impaired receivables have been provided with allowance depending on the management's assessment of their collectibility. In assessing collectibility, management considers deposits and advances held by the Group as well as the experience from previous transactions with the tenants.

Cash in banks are classified as "High grade" since these are deposited and invested with reputable banks and can be withdrawn anytime.

23. Financial Instruments

Except for the following financial instruments, the estimated fair value of each class of the Group's financial instruments approximates their carrying value due to the short-term nature of the transaction as of December 31, 2016 and 2015.

Presented below is the comparison of the carrying values and fair values of the Groups's financial assets and financial liabilities:

	2016		2015	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Cash in banks	**₱1,354,532**	**₱1,354,532**	₱1,502,830	₱1,502,830
Receivables	**3,877,619,472**	**3,877,619,472**	2,950,190,984	2,950,190,984
Noncurrent receivables from related parties	–	–	25,427,379	25,427,379
	₱3,878,974,004	**₱3,878,974,004**	₱2,977,121,193	₱2,977,121,193
Financial Liabilities				
Bank loans:				
Principal	**₱50,000,000**	**₱50,000,000**	₱50,000,000	₱50,000,000
Interest	**226,799,602**	**226,799,602**	214,799,602	214,799,602
Payable to bank	–	–	42,500,000	42,500,000
Accounts payable and other liabilities:				
Trade	**46,850,179**	**46,850,179**	47,529,841	47,529,841
Accrued liabilities*	**77,092,263**	**77,092,263**	77,019,681	77,019,681
Payable to related party	**437,848,503**	**437,848,503**	386,160,089	386,160,089
	₱838,590,547	**₱838,590,547**	₱818,009,213	₱818,009,213

**Excludes accrued interest on bank loans amounting to ₱226,799,602 in 2016 and ₱214,799,602 in 2015.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, receivables, due from related party, refundable deposits and accounts payable and other liabilities
The carrying amounts of cash and cash equivalents, receivables, due from related parties, refundable deposits and accounts payable and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Payables to bank
The fair value of payables to bank is determined by discounting the expected future cash flows at prevailing market interest rates for instruments with similar maturities.

Noncurrent receivables from related parties
Fair value is estimated as the present value of all future cash flows discounted using the prevailing market rate of interest. The Group has ceased to recognize the remaining accretion income from advances to related parties in 2015.

Fair Value Hierarchy
The fair value of the Group's investment properties was determined using the Level 3 inputs which are the offer prices of similar properties as of the reporting date.

The fair value of the receivables from related parties was determined using the market interest rate at the reporting date (Level 3).

The Group has no other assets measured at fair value or which fair value has been disclosed using the Level 1 and Level 2 valuation hierarchy. There were no transfers between the different hierarchy levels in 2016 and 2015.

24. Operating Segments

The Group is engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment. The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Revenues, total assets and total liabilities as of and for the years ended December 31, 2016, 2015 and 2014 are the same as reported elsewhere in the consolidated financial statements. Segment information for this reportable business segment is shown in the following table:

	2016	2015	2014
Revenues	**₱313,907,631**	₱319,911,228	₱393,191,689
Net income	**32,245,028**	208,094,337	152,447,446
Total assets	**4,000,412,522**	3,925,411,323	4,622,650,421
Total liabilities	**1,394,317,746**	1,353,198,046	2,257,714,861
Capital expenditures	**–**	–	6,537,435
Depreciation and amortization	**114,134,184**	131,845,156	155,142,747